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This paper will be published

Chief Executive's Report

Purpose

- 1 This report provides an update to the Board on our priorities and any key developments that it needs to be aware of. It also provides information on important external developments and our engagement activity with key stakeholders.

Recommendations

- 2 The Board is asked:
 - a) to consider the Chief Executive's report
 - b) to agree the changes to the SRA Authorisation of Individuals (AIRs) rules attached at annex 1, following the consultation to amend our rules for solicitors providing immigration advice and services.

If you have any questions about this paper please contact: Paul Philip, Chief Executive, paul.philip@sra.org.uk, 0121 329 6940.

Chief Executive's Report

Update against priorities / key developments

Covid-19

- 3 We continue to closely monitor Government advice about how lockdown restrictions can be lifted in the workplace so we can start to consider any changes needed in line with their guidance. Our homeworking arrangements during the lockdown continue to work well and our main priority is the safety and wellbeing of staff.
- 4 We are starting to consider which staff might need to be in the office for part of their work and what would trigger a partial return. We do not expect to make any significant changes for some time. In line with government guidance, we have prepared a detailed risk assessment covering both of our offices and off-site visits.
- 5 In April we ran a short survey to seek staff feedback on our communications around coronavirus with positive ratings of 90% or more (rated as excellent, very good or good) across all our channels. We have also surveyed staff about a greater degree of home working in the longer term.
- 6 Our Contact Centre telephone service re-opened in a phased way last week following the procurement, roll-out and testing of a new telephony system.
- 7 We are monitoring the impact on casework that we are experiencing as a direct impact of the pandemic. There have continued to be some delays as individual solicitors and firms are unable to respond to our requests (mainly due to ill health or office closures).
- 8 There has been no impact from the pandemic on our ability to lodge proceedings with the Solicitors Disciplinary Tribunal (SDT). We have worked closely with the SDT to quickly adapt procedures where necessary. Cases once issued, have been progressing well, but there has inevitably been some impact to substantive and contested hearings. To date, a total of 27 cases have been affected in some way. However, all cases have now been either heard or relisted to take place before the end of the year. The SDT is currently listing all hearings to take place remotely unless objections are made by either party and only one hearing has been adjourned directly as a result of the Respondent exhibiting covid-19 symptoms.
- 9 We have carried out six interventions since the Government's lockdown measures came into force on 23 March. Given the circumstances, this is not significantly lower than the same period over the past two years, when eight interventions were carried out. For each intervention, we have carefully considered the risks associated with attending the intervened firm and picking up

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the files by the intervention agent. We have attended one intervention in the 'normal' way with the uplift of files on the day of intervention. For the other five, we adjusted our processes to ensure that the impact on clients was minimised. The majority of files have since been collected and dealt with as appropriate. As lockdown begins to ease, we are moving back towards a model of attending interventions as a matter of course and we will continue to risk assess each case on its own merit.

- 10 Our dedicated section on the [SRA website](#) providing information and support in relation to some of the potential regulatory implications of coronavirus has received more than 120,000 visits to date. We have kept the site up to date in the light of queries from the profession and in discussion with the Law Society, publishing further information about the risks of remote working and cybercrime, as well as amended education and training and Professional Indemnity Insurance arrangements (see below) which has attracted further media coverage.

Amendment of education and training requirements

- 11 Following the decision in March to temporarily (until the end of June) adjust our Legal Practise Course (LPC) requirements so as to permit core practice areas and vocational elective subjects to be taken by alternative assessment arrangements, we wrote to the Board on 7 May to inform it of our proposals to allow the temporary arrangements to continue beyond June and permit the arrangements for as long as it is not practical for LPC providers to revert back to their original arrangements. We have communicated this decision to LPC providers and have also allowed providers of the Professional Skills Course (PSC) and the Higher Rights of Audience (HRA) course to continue with temporary teaching and assessment arrangements, where we have agreed to this. We do not prescribe assessments for Qualifying Law Degrees, but providers of these courses have kept us informed where they have made changes to assessments. We will continue to keep our position under review in light of Government advice.
- 12 After considering around 50 applications to temporarily change teaching and assessment methods from LPC, PSC and HRA course providers over the past three months, this activity has now mainly concluded. However, we recognise that some providers may wish to make the temporary arrangements which we have approved permanent, to provide them with more certainty and allow them to plan for the longer term. We will come back to the Board on any permanent change in our approach for discussion once we get through the immediate period and, as part of that, will report on the experience of this period and how that bears on the case for a permanent change.

Professional Indemnity Insurance (PII) Waivers

- 13 On 7 May, we also made the Board aware of our agreement with insurers for an arrangement whereby they may extend interim insurance arrangements with firms who are unable to renew their PII by their renewal deadline as a result of Covid-19. This follows reports we received that some firms were finding it difficult to

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renew their insurance at an affordable cost in April, the second biggest renewal period for firms.

- 14 Having considered different options to help firms, we identified a solution where firms agree with their insurer an extension to either the extended policy period or the cessation period, or both. Firms then apply to us for a waiver of our rules so that they can continue to take steps to secure PII during any extension agreed with their insurer. If the waiver is agreed by us, we continue to monitor the firm's progress in securing PII. Through this process, existing levels of consumer protection are maintained while giving firms more time to complete the PII renewal process.
- 15 We informed insurers and the Law Society of this decision and updated our Covid-19 Q&As on the SRA website accordingly. We also intend to review the impact of the hardening insurance market on the April renewal round more broadly to see if there are learnings to take forward ahead of the October renewal period, the biggest renewal period for firms.

Government's Future Fund scheme: loans to innovative UK companies

- 16 The Government has announced that it is establishing a new Future Fund, in partnership with British Business Bank (BBB), to support businesses affected by Covid-19. The scheme will provide loans to businesses from £125,000 to £5 million which will be unlocked if there is equal match funding from third-party private investors. In order to ensure that the receipt and transfer of money is handled within a trusted and regulated framework, the BBB have made it clear that businesses must nominate a solicitor to collect funding from investors and the loan, which will then be held in a regulated client account before being released to the applicant business.
- 17 We have supported the BBB in developing their resources for solicitors involved in the scheme, and have also developed our own Q&A to provide reassurance and clarity that we do not consider a solicitor's involvement in the scheme to mean that their client account will be used as a banking facility. We have promoted our resources, with links to the BBB's material, through our usual SRA update and our social media channels, and also highlighted the scheme to all those that applied to the Legal Access Challenge.

Fees for Registered European Lawyers (RELS) for 2020-2021

- 18 Under current government plans, the REL regime will come to an end on 31 December 2020. The number of RELs is relatively low, as at 11 May 2020 there were 789 RELs registered with us.
- 19 We plan to proceed with charging the normal registration fee to the majority of RELs in October, on the basis that they will either be passporting to Registered Foreign Lawyer (RFL) status, with limited practice rights (at no additional charge) on 31 December, or will be admitted as solicitors. The annual fee for an individual solicitor, REL or RFL is the same in all cases.

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- 20 However, we propose not to charge a fee to those who choose to cease being regulated by us, which we anticipate will be very few in number, for the short period that they are able to continue to practise as RELs (from 1 November to 31 December). Having considered a range of options, we believe that a reduction in the fee to zero for this period is the sensible and proportionate approach for this small cohort of individuals, and this also aligns to our approach to making the administrative burden on RELs imposed as a result of Brexit as minimal as possible.
- 21 We will write to all RELs asking them to notify us if they do not want to be passported to be an RFL on 1 January 2021. This communication will be coordinated with the Practising Certificate Renewal Exercise and will include notification of the position regarding fees. Should the Government change its position and either apply for, or accept an EU request for, any extension to the current transition period, we will revisit this proposal, and may revise our position, including requiring individuals who fall into this group to pay part or all of the annual fee for 2020-2021 if they choose to remain RELs in any further extension period.

Anti-money laundering (AML)

- 22 The government's ambitions in preventing economic crime were set out last year in the Economic Crime Plan. We anticipate the government will wish to proceed with its consultation over the summer on the idea of a levy on the sector to pay for a new Suspicious Activity Reports online system and we will update the Board should this happen as we consider our response.
- 23 AML supervision has continued during Covid-19. Our programme of proactive supervision is still underway. However, physical visits have been moved to conference calls with firms and have been taking place without the file review element of the visit. We plan to get file reviews happening again in July and will retrospectively check any firms for which this has not taken place. We are also continuing with our monthly rolling programme of calling in firms' AML firm-wide risk assessment, and policies procedures and controls. We have given firms longer to comply with these requests than normal and have also encouraged firms to get in touch with us if they would have any difficulties meeting the request due to Covid-19 related issues.

Expert Reference Panel

- 24 The Board agreed to set up an expert reference panel at its meeting on 21 January. The new panel forms part of our policy development process which was also agreed at the January meeting.
- 25 The purpose of the panel is to advise and help deliver our work in a way that meets the public interest and is responsive to changes in the legal services market. The panel will consist of recognised external and independent subject matter experts who we may call upon to provide advice in an area where a more in-depth, external view would be useful. We have approached individuals in a

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personal capacity, for their particular experience but not as representatives of their employers.

26 We have confirmed the following inaugural core panel members:

- Kate Briscoe - Chief Executive of Legal Beagles
- Claire Blades - Legal Services Policy and Development manager at Citizens Advice.
- Professor Chris Decker - Economist at the University of Oxford
- Professor Martin Lodge - Professor of Political Science and Public Policy at London School of Economics.
- Philip Goodstone - partner at EY and their Head of UK law, an alternative business structure provider of legal services.
- Rosemary Martin - Group General Counsel and Company Secretary at Vodafone Group PLC. She is also a member of the Lawtech Delivery Panel.

27 Most of the panel activity will be virtual. We expect the panel to convene as a whole around once or twice a year once it is fully up and running. We will also seek input outside of these meetings, from individual panel members or the panel as a whole.

UK LawTech ‘Sandbox’ Launched

28 A collaborative initiative between TechNation, the Lawtech Delivery Panel and the Ministry of Justice to support the digital transformation of the UK legal sector was launched last month. This is called LawTechUK.

29 LawTechUK's initial programme of work will include a government backed Lawtech sandbox designed to support tech innovators in the legal sector. We have been involved in the development work so far and will remain an active partner in steering the development of the Lawtech sandbox going forward.

30 The Lawtech Sandbox will include:

- A Regulatory Response Unit bringing together relevant regulators, including the SRA, and policymakers to provide a coordinated and expedited response to live challenges and thematic issues as they arise
- A Business Unit made up of experts and leaders from the business and legal community, to provide technical and operational input, and relevant datasets

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- An Ethics Unit to provide applied ethics input as and where needed
 - Business and investment support.
- 31 The Lawtech Sandbox will initially focus on transformative tech products and services aimed at businesses, including small businesses.

Immigration advice

- 32 At its October 2019 meeting, the Board agreed to introduce transitional arrangements for the authorisation of solicitors providing immigration advice and services. This was at the request of the Office of the Immigration Services Commissioner (OISC).
- 33 The Board was subsequently advised that we would run a short consultation to amend our rules for solicitors providing immigration advice and services, making clear that solicitors can only provide immigration advice and services to the public from:
- organisations authorised by us or another qualifying legal services regulator
 - a narrow range of OISC regulated organisations - law centres and other non-commercial bodies.
- 34 The consultation also made clear that to provide immigration advice and services to the public from other OISC regulated entities, solicitors must be regulated by OISC and explain to consumers that they are providing immigration advice and services on that basis.
- 35 The consultation on the above amendments to the SRA Authorisation of Individuals (AIRs) rules concluded in April. The consultation also sought views on areas that guidance for consumers and solicitors for the sector could cover. We received 10 responses to the consultation. Most respondents supported the proposals. This included positive responses from The Law Society, the Immigration Law Practitioners Association, the Legal Services Consumer Panel and charities representing consumers in this sector. We also received three responses from individuals who said that they were not opposed, but nor were they convinced that the change would have any impact, some people asked for more information.
- 36 Given the positive consultation responses, with no significant issues having been raised, we do not propose to make any changes to the position or the amendments to the AIRs that we consulted on. We therefore ask the Board to confirm the amendments to the AIRs (attached at annex 1).
- 37 Next steps will be to publish a summary of responses to the consultation and our final post consultation position. We will then apply to the Legal Services Board (LSB) to approve the changes to the AIRs.

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Recommendation: the Board is asked to agree the changes to the SRA Authorisation of Individuals (AIRs) rules attached an annex 1, following the consultation to amend our rules for solicitors providing immigration advice and services.

Solicitors Qualifying Examination (SQE)

- 38 Kaplan has been appointed as End Point Assessment Organisation for the Solicitor Apprenticeship by the Education and Skills Funding Agency. The SQE is the end-point assessment for apprentices. The approval followed a rigorous process to make sure Kaplan has the experience, expertise and capacity to perform this role.
- 39 We have continued our series of workshops with The Law Society and the Junior Lawyers Division on different aspects of the SQE, and we joined them, along with members of the Justice Select Committee at a workshop organised by the LSB on 18 May.
- 40 The results of the SQE2 pilot, along with analysis and recommendations, were [published](#) on 5 June, and followed by the 8 June [publication](#) of the Board's decision on the final design of the SQE, and supporting material, which attracted significant coverage. We also raised awareness of the Board's decision through our SQE Update bulletin on 9 June, which goes directly to SQE stakeholders.

Legal Choices website

- 41 After the Board's discussion at its March meeting, I wrote to the Chief Executive of the LSB, expressing concern about the appropriateness of the current Legal Choices collective ownership model in the light of the lengthy delays in agreeing funding and the future development model. We suggested that the LSB, as the oversight regulator, should run the website and use its powers to ensure funding and co-operation in a way that the partners cannot. The LSB Board discussed and decided that Legal Choices was the regulators responsibility, but it would consider the additional assistance that it might offer. I continue to work with the other regulators to achieve agreement on the future development and funding of Legal Choices.

SRA TLS collaborative working protocol

- 42 We have agreed with The Law Society (TLS) that both organisations would report regularly on how we are working together under our collaborative working protocol that has been developed as part of the SRA becoming a distinct legal entity. I have agreed with the Chair that we will do this through my report to the Board.
- 43 As the Board is aware, we have been working closely with TLS on the arrangements for becoming a distinct legal entity and the supporting documents, including revised General Regulations, which were agreed by TLS Council on 3

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June. Solicitors Regulation Authority Limited is now a registered company at Companies House.

- 44 There are three areas listed in the protocol that we have agreed to work collaboratively with TLS on in particular: technology, anti-money laundering (AML) and equality, diversity and inclusion (EDI).
- 45 On technology, we collaborated with TLS on the Legal Access Challenge. Finalists were provided the opportunity to obtain feedback about their offerings from the relevant TLS section committees. The Society also helped promote the challenge and the finalists, including hosting podcast interviews with finalists on its website.
- 46 On AML, we have spoken with TLS regularly on issues such as the economic crime levy and had a very useful meeting with them to make sure that our work is aligned. We will also speak at a TLS webinar on 1 July aimed at helping Money Laundering Reporting Officers to prevent and report money laundering.
- 47 We are continuing to work collaboratively with the Law Society and its diversity divisions on EDI, for example engaging with the Lawyers with Disabilities Division (LDD) about our disability inclusion work and with the LDD, Junior Lawyers Division and the Ethnic Minority Lawyers Division in our work to assess the equality impact of the SQE. We have also been co-ordinating our support for social mobility, working together as part of the legal sector partnership LawSmart and providing students on the Social Mobility Business partnership with information about a career in the law.
- 48 The Ministry of Justice continues to develop a report on judicial diversity, including the profile of the professions involved. We and the Law Society are jointly involved in that work.

Solicitors Indemnity Fund – appointment of SRA representative

- 49 In April, the Board agreed the appointment of Liz Rosser, Executive Director of Resources, to sit as a statutory director on the Board of the Solicitors Indemnity Fund Limited (SIFL) as the SRA's representative from 1 June 2020.

External Developments and Engagement Activity

Stakeholder Engagement

- 50 The final report of the Independent Review of Legal Services Regulation was published on 11 June - [Reforming Legal Services: Regulation beyond the echo chambers](#). Key recommendations from the report include the need for a single, independent regulator of legal services to ensure a consistent approach, and that all 'providers' of legal services, whether qualified or not, should be subject to registration and regulation, including those that are currently unregulated, as well as providers of technology-based legal services.

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- 51 We [launched our business plan and budget consultation](#) on 8 June and included the proposed principles for setting future Compensation Fund contributions in that consultation. Alongside the Law Society consultation on the NFR, we [published](#) a news release on the 2020/21 Compensation Fund contributions.
- 52 Our ongoing engagement programme with stakeholders continues. Meetings with Parliamentarians have continued by phone or Skype, including with the Chair of the Justice Committee Sir Bob Neill QC MP, and we provided a briefing on our response to the Covid-19 pandemic to the Justice Select Committee. Our pack of information to support with constituency casework has been picked up by over 100 MPs' constituency offices, and we have also sent the pack to the offices of National Assembly for Wales members.
- 53 We held our quarterly liaison meeting with the City of London Law Society (CLLS) virtually on 12 May, as well as a live webinar on Covid-19 in the place of our bi-annual symposium.
- 54 As we cannot hold traditional events at the moment, we have developed a series of 20-40 minute virtual events to support the profession. We have run nine webinars since the end of April and the topics have included:
- SQE (4)
 - CLLS/SRA Coronavirus Q&A
 - Covid-19 and other compliance issues
 - Anti-money laundering – what you need to know
 - Disability: Creating an inclusive workplace
 - Accounts Rules – your questions answered
- These have all been well received. We have had more than 4,000 views in total so far. 100% of those people who took the time to complete an evaluation said they would attend a future webinar. 89% rated the webinars as useful to extremely useful.
- 55 We are continuing to add to the programme of webinars and will be launching more shortly. We make relevant webinars available to view on our [YouTube channel](#). We have also focused on further increasing engagement with our Career in Law Facebook page, which aims to help people understand the implications of the new SQE. In under a month, we have attracted more than 750 new followers to our Career in Law Facebook has attracted more than 1,700 engagements.
- 56 We have also contributed to a range of external virtual events, including Liverpool Law Society Compliance Conference and an Indian National Association of Legal Professionals event. We delivered a talk on disability inclusivity in law firms to Women in the Law. This was an opportunity to explore the approach being taken by law firms to support disabled staff, particularly in light of Covid-19. We continue to work with LawCare and other organisations to promote health and wellbeing in the profession.

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Date 15 June 2020

Annexes:

Annex 1 Amendments to SRA Authorisation of Individuals (AIRs) rules