

SRA BOARD**CLASSIFICATION – PUBLIC****SOLICITORS REGULATION AUTHORITY
Minutes of the SRA Board meeting
held on 22 June 2020 at 10.45 by Microsoft Teams**

Subject to final approval by the SRA Board at its meeting on 14 July 2020

Present: Anna Bradley (Chair)
David Heath
Peter Higson
Paul Loft
Barry Matthews (for items 1 to 5)
Geoff Nicholas
Dame Denise Platt
Selina Ullah
Elaine Williams
Tony Williams
David Willis

In attendance: Paul Philip, Robert Loughlin, Jane Malcolm, Juliet Oliver, Liz Rosser, Tracy Vegro, Julie Brannan, Chris Handford, Dominic Tambling

1 WELCOME AND APOLOGIES

1.1 The Chair welcomed Board members to the meeting. There were no apologies.

2 MINUTES OF PREVIOUS MEETING ON 2 JUNE 2020

2.1 The minutes of the meeting held on 2 June 2020 were approved as a true and accurate record. There was one matter arising in relation to the Expert Reference Panel which would be picked up under the CEO report.

3 COMMITTEE CHAIR REPORTS

3.1 The new Remuneration (Remco) and Nominations (Nomco) Committees had met for the first time on 18 June 2020. The Remco Chair reported that the committees had adopted their terms of reference. Remco had considered a paper relating to its duties to determine a policy for Board directors' remuneration and to determine the total individual package for the Board chair, and non-executive directors. This had not been discussed since 2014. The committee had agreed that it would consider advice on these matters at its meeting in November 2020 with no assumption about whether and when any changes might be implemented.

3.2 The Nomco Chair reported that the committee had discussed the future structure and composition of the Board. The committee had agreed the appointment of an external agency to assist with the recruitment. It also agreed that it would adopt the new Governance Protocol on Board composition and appointments which the Board had approved as part of its consideration of new governance arrangements being put in place for its distinct legal entity status.

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- 3.3 The committee had recommended the reappointment of two Board members which the Board Chair had agreed. The committee had further noted that four Board members would be leaving by the end of the year. The Board Chair had decided that following an analysis of the skills needed by the Board (see below), especially in the light of the new Corporate Strategy for 2020-23, four members would be recruited this year (two solicitor and two lay) and that the total Board membership would therefore remain at 11. This would be reviewed in 2021 when further members were due to leave.
- 3.4 On skills, the Nomco Chair said that the Committee had considered, and updated, the skills matrix used to identify skills gaps and Board members discussed the skills which should be prioritised when recruiting new members. The Nominations Committee would meet again in July to take further decisions relating to the recruitment exercise and the Chair would report again to the Board meeting on 14 July 2020.

4 CEO REPORT

- 4.1 The Chief Executive presented his report. The Board noted the continuing work to deal with the impacts of Covid-19, particularly in relation to the safety and wellbeing of staff, and also plans for an eventual partial return of staff to our offices. The Board also noted that the Contact Centre telephone service had fully reopened that day following the procurement, roll-out and testing of a new telephony system.
- 4.2 Board members noted that an evaluation of staff views on our communication with them on coronavirus had provided positive feedback. Response to a staff survey on working from home had also been positive, but some staff members did face difficulties, for instance with childcare and having the necessary space at home to work. Planning was therefore focusing on which staff needed to come back into the office first to help with the management of these issues.
- 4.3 The Board noted an update on our work on anti-money laundering and that we expected the government 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.
- 4.4 The Board discussed the initial membership of the new expert reference panel which would provide the executive with expert input to policy development, complementing our existing stakeholder engagement channels and outreach work. Other members might be asked to join the panel, which will be refreshed from time to time. Board members suggested potential additional expertise that might be helpful. Terms of reference for the panel would be circulated to Board members.
- 4.5 The CEO reminded the Board that it had previously agreed to introduce transitional arrangements for the authorisation of solicitors providing immigration advice and services at the request of the Office of the Immigration Services Commissioner

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(OISC). A short consultation had been run on the proposed amendment of our SRA Authorisation of Individuals (AIRs) rules for solicitors providing immigration advice and services.

- 4.6 Responses to the consultation had been positive and we did not therefore propose to make any changes to the position or the amendments to the AIRs that were consulted on. The Board agreed the changes to the SRA Authorisation of Individuals (AIRs) rules (annex 1 of the paper) to amend our rules for solicitors providing immigration advice and services, subject to LSB approval
- 4.7 The Board noted and welcomed the work being done under the new collaborative working protocol developed as part of the new Law Society Group governance arrangements.
- 4.8 In relation to the public discussion around 'Black Lives Matter', Board members asked for a note summarising how the organisation was responding.
- 4.9 The CEO told the Board that it would be necessary to novate the contract with Kaplan, our assessment supplier for the Solicitors Qualifying Examination (SQE), to the new SRA Assessment Ltd before the final application on the SQE was submitted to the Legal Services Board. He confirmed that the details of the novation were being finalised, and a note would be circulated providing more detail and proposing that the Board Chair would sign off the final agreement.

5 SRA SECOND QUARTER PERFORMANCE REPORT

- 5.1 The Board was asked to consider an overview of the performance reports for the second quarter of 2019/20 and the development of the balanced scorecard within the performance reporting pack, which comprised the Financial Performance Update, Work Programme Update, Balanced Scorecard and Strategic Risk Register at item 6. The Board was also asked to consider whether the balanced scorecard and performance reporting met its requirements.
- 5.2 The Board noted that the covering paper provided a narrative on overall performance and that the key issue covered this quarter was the impact of Covid-19. The Board noted that pressures were emerging in relation to income (this did not relate to Practising Certificate fees) and recoveries which might put a strain on the full year position. Further work was being undertaken to determine the likely extent of this problem and how it could be mitigated.
- 5.3 The Board noted that the financial performance update had been amended following comments on the first quarter report in March and focused on the information that Board members would find most useful, given the transition from the Finance and Audit Committee to the new Audit and Risk Committee. Board members agreed that it would be important for the Board to also receive more detailed information on the operation of the Compensation Fund.
- 5.4 It was reported that there had been some savings arising from the move to home working, for instance in travel and subsistence, but that additional expenditure had

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been incurred in other areas, for instance in purchasing IT equipment to enable home working.

- 5.5 In relation to the work programme update, Board members were content with the information provided, but asked for some small amendments, including summaries of the activities listed in the table, to help in their interpretation of the information provided.
- 5.6 On the balanced scorecard, the Board noted that the information provided had been amended following consideration of the first quarter report in March and also that some of the content of the report might vary from quarter to quarter. An example included information on the gender pay gap which was included this quarter but would not be updated for a further year, which provided an opportunity for an additional occasional measure to replace it.
- 5.7 In response to questions from Board members it was reported that, understandably, engagement with firms and individuals is more difficult in the current climate. As a result a number of firms were not responding within agreed timescales. Mitigating actions were in place.
- 5.8 The Board also noted that there had been a slight dip in levels of customer satisfaction in relation to the service provided by the Contact Centre which had likely been caused by the closure of the telephone advice lines. As reported earlier in the meeting, these were now up and running again.
- 5.10 The Board considered the information provided in the external section of the balanced scorecard and recognised that some of the information reported, for instance in relation to sentiment of media coverage, were industry standard measures. More broadly, it noted the increase in engagement with our social media and our website in a Covid-19 environment.
- 5.11 The Board recognised that the information provided in relation to performance reporting was continuing to evolve and that it would continue to consider whether it required additional or different information.
- 5.12 The Board requested a paper on performance reporting, identifying any further developments of the pack with a timeline.

NB: annex 1 of this paper, the Financial Performance update, will not be published because it contains information which is commercially sensitive

6 SRA STRATEGIC RISK UPDATE

- 6.1 The Board discussed and noted the Strategic Risk Register for the second quarter ended 30 April 2020. A workshop discussion to discuss strategic risk in the light of the new Corporate Strategy for 2020-23 was planned for the 14 July 2020 Board meeting.

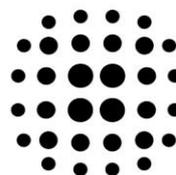
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NB: the Strategic Risk Register annex will not be published as it includes discussion of risk that might be exacerbated by publication.

7 PROFESSIONAL INDEMNITY INSURANCE – POST SIX-YEAR RUN-OFF COVER

- 7.1 The Board was asked to consider recent representations made by the Law Society and others to extend the post six years run-off cover provided by the Solicitors Indemnity Fund (SIF) for a further three years beyond September 2020. David Heath declared an interest as he was Chair of the Policy and Public Affairs Board of the Institute and Faculty of Actuaries.
- 7.2 The Board noted that the provision of post six year cover by SIF was quite separate to the mandatory six-years run off cover which we require firms to have in place, and participating insurers to provide, in order to ensure appropriate and proportionate consumer protection. The Board noted that following an earlier discussion in May 2020 it had agreed that the Solicitors Indemnity Fund Limited (SIFL) should commission some actuarial analysis of:
- the potential exposure to the SIF arising from post six year run off claims for a one, two and three-year period from 30 September 2020
 - whether or not Covid-19 and the subsequent economic fall-out would likely impact on claims and liabilities.
- 7.3 That advice had been considered by the Board of SIFL at its meeting on 16 June 2020. It was clear from the advice that a three year extension of run-off cover was not affordable but that a shorter extension would be possible.
- 7.4 In discussion Board members noted that they had discussed SIF in 2016 and then again in January, March and May this year. The Board recognised that the insurance market was hardening prior to the Covid-19 pandemic, and that alternative products which firms might choose to purchase in the absence of cover from SIF have been slow to develop. Anecdotal evidence appeared to suggest this had been exacerbated by the current situation.
- 7.5 The Board agreed to extend the post six year run-off cover provided by SIF for a further year to September 2021 when SIF will close. This additional year will allow time for all parties to focus on the development of products for all firms including those which are currently included in SIF. The SRA stood ready to play a role in facilitating this development, but expected the profession, especially those firms who will be most affected and the insurance market to lead this work.
- 7.6 The Board agreed that further action should be taken to notify those who would be affected by the termination of run-off cover provision from SIF to remind them that the cover would be coming to an end in 2021 and encourage them to work together.



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NB: the actuarial advice considered as part of this discussion will not be published because it includes professional advice on sensitive or confidential matters

8 REVIEW OF MEETING AND ANY OTHER BUSINESS

- 8.1 There was no other business. The next meeting would be held on 14 July 2020 at 10.00.