

SRA BOARD
15 September 2020

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This paper will be published

Update of SRA Governance Handbook and supporting annexes

Purpose

- 1 This paper provides a summary of the changes made to the SRA Governance Handbook and supporting annexes (the Handbook) to update the content, reflect the establishment of the SRA as a separate legal entity, changes to the committees and various other consequential changes.
- 2 The Handbook has been drafted with the expectation that by the time of this meeting, the Board would be operating as the new company. If that is not the case, until the transfer does take place, references in the documents to the SRA/Board are to the existing Board/members. We will make this clear, if appropriate, on the landing page for the Handbook on our website.

Recommendation

- 3 The Board is asked to agree the new Handbook including revised annexes.

If you have any questions about this paper please contact: Juliet Oliver, General Counsel; email Juliet.oliver@sra.org.uk

Equality, Diversity and Inclusion considerations

Consideration	Paragraph nos of Handbook
The responsibilities of the Board include to 'ensure an appropriate focus on fairness and equality, diversity and inclusion issues, in all the organisation's work.'	3.1
The responsibilities of Board members include 'to ensure that issues are explored from a range of viewpoints, and with appropriate focus on equality, diversity and inclusion issues.'	3.3
The Handbook states that: We are an organisation where diversity is valued and we are committed to working in an inclusive way and harnessing the contribution every member of the organisation makes towards our success. Similarly, we aim to treat those we regulate fairly and to encourage a strong and diverse profession where all have an opportunity to succeed.	4.2
All Board members are required to have an induction, which includes a session on equality and diversity.	6.2

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- 4 The Handbook was first published in 2014 following a Board governance review earlier that year and has been subject to minor updates over time to reflect various changes to practice and procedures, including the committee structure.
- 5 The Handbook is intended to support members of the SRA Board, and seeks to ensure good corporate governance by setting out expectations about the role and responsibilities of Board members and a common understanding and consistent approach to Board business and governance matters.
- 6 In light of changes over the past year, a review of these documents has been undertaken. In particular, various changes have been made to reflect the new pending status of the SRA as a corporate entity and the roles and responsibilities of the members of its Board as directors of the company. It is anticipated that the new company will take over the regulatory functions of the SRA in Autumn of this year.
- 7 In July 2020, the Law Society made changes to the Law Society's General Regulations, to establish the new SRA company, and to meet the requirements of the Legal Services Board's new Internal Governance Rules. These introduce new arrangements for assurance and governance by the Law Society of the work of the SRA and have been reflected in amendments to the SRA Board's delegation framework annexed to the Handbook, as well as the new Assurance Protocol agreed with the Law Society.
- 8 Further, the updated documents reflect new board protocols for handling appointments to the Board as well as changes to the Board's committee structure, including the terms of reference of the new Audit and Risk Committee and Remuneration/Nominations Committee.
- 9 Alongside this, amendments have been made to the Board member appraisal framework and behavioural competencies to reflect decisions made by the Remuneration Committee on 13 July 2020, as well as an updated protocol for handling complaints against Board members. These provide for simpler and more streamlined processes, including that the Chair conducts all appraisals (save that the Senior Independent Director conducts the appraisal of the Chair).

Summary of Updates

- 10 Updates have been made to:
 - The SRA Governance Handbook
 - Annex 2 – committee terms of reference
 - Annex 4 - Code of Conduct for the Board and committee members
 - Annex 5 - Protocol for dealing with concerns about the conduct of members of the board of the Solicitors Regulation Authority
 - Annex 6 – Delegation Framework
 - Annex 7 – Appraisal of Board members

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- 11 This paper does not detail each change to the SRA Governance Handbook, but in summary the changes broadly fall into the following categories:
- (i) changes consequential to our new distinct legal entity status:
 - Removal of reference to the SRA Board
 - Terminology change to reflect that the current SRA Board “members” are now, as directors of SRA Limited, members of the board of SRA Limited
 - Reference to additional obligations as directors
 - (ii) changes to reflect the establishment of the two new committees (Audit & Risk Committee and Remuneration/Nominations Committee – annex 2) and differences in their terms of reference from the Finance and Audit and People Strategy Committees which preceded them. The terms of reference for the new committees were approved by the Board earlier in the year.
 - (iii) changes to reflect the new working relationship with the Law Society, including the removal of the Business and Oversight Board and involvement in the appointment of Board members
 - (iv) consequential changes to reflect the amended General Regulations, the LSB’s Internal Governance Rules and SRA Limited’s Articles of Association
 - (v) a change to reflect that in future the lead Board contact for internal whistle blowers will be the Senior Independent Director (SID) rather than the Chair of Audit and Risk Committee
 - (vi) amendments to the protocol for dealing with complaints about Board members, including that complaints should be made to the Chair rather than the SID and that any investigation is carried out by the SID and or General Counsel
 - (vii) a simplification of the appraisal process for Board members including that the Chair conducts all appraisals other than that the SID conducts the appraisal of the Chair (annex 7).

Next steps

- 12 Subject to the Board’s agreement to the revised Handbook it will be published on the Board pages of our website, ensuring that we are transparent and open about our governance.
- 13 The Handbook and annexes will be kept under review periodically by the Board and updated from time to time by the Board Secretary.

Recommendation: the Board is asked to agree the new Handbook including revised annexes.

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Supporting information

Links to the Strategic Plan and / or Business Plan

- 14 The issues covered relate to the operation of the organisation at Board level and as such are relevant to all strategic objectives. The updates to the Board Handbook are designed to ensure effective corporate governance and stewardship of the SRA, enabling it best to meet its strategic objectives.

How the issues support the regulatory objectives and best regulatory practice

- 15 The proposals help to ensure sound corporate governance of the SRA, allowing it to operate effectively to achieve the regulatory objectives and best regulatory practice.

Public/Consumer impact

- 16 The proposals help to ensure sound corporate governance of the SRA, allowing it to operate effectively in the interests of the public and consumers, and to build and maintain relationships with key stakeholders.

What engagement approach has been used to inform the work and what further communication and engagement is needed

- 17 There has been no external engagement associated with these proposals other than with the Law Society and Legal Services Board on our establishment as a distinct legal entity from which the majority of these changes flow.

What equality and diversity considerations relate to this issue

- 18 The responsibilities of the Board include to 'ensure an appropriate focus on fairness and equality, diversity and inclusion issues, in all the organisation's work.' The responsibilities of Board members include 'to ensure that issues are explored from a range of viewpoints, and with appropriate focus on equality, diversity and inclusion issues.'
- 19 The Handbook states that: We are an organisation where diversity is valued and we are committed to working in an inclusive way and harnessing the contribution every member of the organisation makes towards our success. Similarly, we aim to treat those we regulate fairly and to encourage a strong and diverse profession where all have an opportunity to succeed.

How the work will be evaluated

- 20 The Handbook will be kept under review periodically by the Board and updated from time to time by the Board Secretary.

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Author Stephen Nelson, Legal Adviser

Contact Details stephen.nelson@sra.org.uk

Date 1 September 2020

Annexes

- Annex 1** The SRA Governance Handbook (with tracked changes and clean)
- Annex 2 – Committee terms of reference
 - Annex 4 - Code of Conduct for the Board and committee members (with tracked changes and clean)
 - Annex 5 - Protocol for dealing with concerns about the conduct of members of the board of the Solicitors Regulation Authority
 - Annex 6 – Delegation Framework (with tracked changes and clean)
 - Annex 7 – Appraisal of Board members (with tracked changes and clean)