

SRA BOARD**CLASSIFICATION – PUBLIC****SOLICITORS REGULATION AUTHORITY
Minutes of the SRA Board meeting
held on 8 December 2020 at 12.45 by Microsoft Teams**

Subject to final approval by the SRA Board at its meeting on 26 January 2021

Present: Anna Bradley (Chair)
David Heath
Peter Higson (for items 1 to 7)
Paul Loft
Barry Matthews
Geoff Nicholas (recused for item recorded at 6.13)
Selina Ullah
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 8 OCTOBER 2020

2.1 The minutes of the meeting held on 8 October 2020 were approved as a true and accurate record subject to an amendment to paragraph 4.1 to record that the Board would have periodic discussions about our enforcement work.

3 MATTERS ARISING AND DECLARATIONS OF INTEREST

3.1 There were no matters arising that would not be covered elsewhere on the agenda. All actions due had been completed or were in hand though it was noted that discussions on efficiency targets for the financial year 2021/22 would form part of Board consideration of plans and budgets in Spring 2021.

3.2 Interests were as previously declared and available to view on the SRA website. Members would declare any additional particular interest in an individual item if necessary.

4 CHAIR'S UPDATE

4.1 The Chair thanked Board members for their contributions to the morning workshop session. This had included discussion of our current fining powers and whether work should commence to consider changing these. It was agreed that further work would be undertaken on a possible review and proposals for consultation would be brought to the Board in summer 2021.

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- 4.2 The Board had also considered proposals to review the current approach to publication of regulatory decisions including: how long we publish decisions for; how much information is provided in the publication and the rationale for our policy of not publishing decisions in exceptional circumstances. Proposals for consultation on these matters would also come to the Board in summer 2021.
- 4.3 Finally, the Board had considered questions about the scope, scale, and timing of a potential review of our regulatory fees. Scoping work to shape further stages of review would now be undertaken and the Board would be updated on progress.

5 COMMITTEE CHAIR REPORTS

- 5.1 The Board considered a written update from the Chair of the Audit and Risk Committee (ARC), which had met on 24 November 2020 and an oral report from the Chair of the Remuneration Committee, which had met on 1 December 2020.
- 5.2 The Board noted the updates and that annual reports from the two committees would come to the Board meeting in March 2021.

NB: the paper relating to this item will not be published as it relates to issues that are commercially sensitive.

6 CEO REPORT

- 6.1 The Chief Executive presented his report. The Board noted an update on homeworking arrangements put in place during the lockdown which was continuing to work well. Consideration was being given to opening The Cube at some point in the New Year for those who most needed to work in the office for at least some of the week, subject to Government guidance. The Board would be asked to consider future workspace needs at its meeting in January 2021.
- 6.2 The Board noted the extension of the Practising Certificate Renewal Exercise (PCRE) window by three weeks until 20 November 2020, in the light of teething problems with the new IT systems. We continued to work with some firms to resolve any remaining difficulties and had now raised invoices for a total of £113.5m.
- 6.3 The CEO reported on media coverage of the Legal Services Board's (LSB) decision to approve our application for the Solicitors Qualifying Examination in full. This had been both widespread and mixed, with a good number of positive comments but also continued criticism from some commentators.
- 6.4 The Board also noted that we had issued a request for potential suppliers to deliver the first phase of the evaluation of the SQE. This phase would require a supplier to identify the framework and metrics we will use to measure outcomes and assess the impact over the short, medium and long-term.
- 6.5 We has also started a procurement process to appoint a single assessment provider to carry out the criminal and civil Higher Rights of Audience assessment

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and Board members noted the need to consider the advantage of having a diversity of providers for our assessments.

- 6.6 In relation to anti-money laundering, the Board noted that the second supervisory visit by our oversight supervisor, the Office for Professional Body AML Supervision (OPBAS), would take place in January 2021 and that it was anticipated that around 20 staff would speak to them.
- 6.7 The CEO said that we expected the Competition and Markets Authority's assessment of the implementation and impact of the recommendations of its 2016 market study into the legal services sector in England and Wales to be published within the next week or so. This would be scheduled for Board discussion at an appropriate time.
- 6.8 The Board agreed to delegate authority to the Chair to make minor changes to the Standards and Regulations that do not involve any changes to agreed policy and to make commencement orders or Commencement and Revocation Rules. Any changes agreed under this delegated authority would be reported to the Board in the following CEO report.
- 6.9 The Board noted that we would be publishing the full suite of our 2018/19 operational reporting in December including reporting on the diversity profile of people in our processes. This again shows an over representation of black, Asian and minority ethnic solicitors, and men, in both the concerns raised with us and then investigated, when compared to the diversity of the profession as a whole. It was noted that the Board has committed in the 2020/21 Business Plan to commissioning independent research to examine why we are seeing more concerns about BAME solicitors reported to us than should be the case in the light of the profile of the profession.
- 6.10 The CEO said that the Board would be discussing the plans for the research, including commissioning an external partner, at its workshop session in January 2021.
- 6.11 Board members noted that in November 2020 the LSB had published its State of Legal Services 2020 report. This reflected on legal services regulation in England and Wales since the Legal Services Act 2007 came into force and would be used to inform the LSB's work on developing a new strategy for legal services regulation. The Chair and Chief Executive of the LSB had agreed to attend the Board's workshop meeting in January 2021 to discuss the report.
- 6.12 Board members also noted a recent High Court appeal decision which overturned the decision of the Solicitors Disciplinary Tribunal to make findings, and issue a fine, against a solicitor in relation to allegations of sexual harassment. Geoff Nicholas recused from the meeting for this discussion because the solicitor had worked at the same firm.

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7 SRA FOURTH QUARTER PERFORMANCE REPORT

- 7.1 The Board was asked to consider an overview of the performance reports for the fourth quarter of 2019/20. The paper set out the main themes which had affected performance in the quarter including the continuing impacts of Covid-19 and delivery of the latest phase of our modernising IT programme.
- 7.2 The Board noted that the financial update (which was subject to external audit) presented a positive picture with a surplus of £931K, £360K of which related to project spend and would therefore be automatically carried forward to the present financial year as usual.
- 7.3 In relation to the work programme update, the Board noted that a number of activities had come to fruition and that the report at annex 2 noted that only one activity was still rated as amber. This related to introducing a fee limit for solicitors and authorised firms carrying out claims management activities relating to financial products and services. The rationale for this rating and corrective action being taken were set out in the report.
- 7.4 The Board noted the report and thanked all of the staff of the SRA for their work to achieve this position at the end of 2019/20
- 7.5 The Board also noted the fourth quarter balanced scorecard. The covering paper provided further explanation of performance shown on the scorecard including the impacts of Covid-19 and the steps being taken to restore performance to target levels where they had fallen below it.
- 7.6 Board members commented that performance had been good despite the difficulties which had been faced over the previous nine months.
- 7.7 On Contact Centre performance, it was noted that a number of staff from around the organisation had been seconded to the Centre to help with the high volume of enquires generated by the PCRE exercise. The Board commented on the need to anticipate problems of this nature as early as possible to maximise the chance of mitigating them. It was agreed that a deep dive into the core operational areas of the organisation should be scheduled for 2021.
- 7.8 The Board noted the content of the fourth quarter performance reports.

NB: annex 1 of this paper will not be published because it contains information which is commercially sensitive

8 SRA STRATEGIC RISK UPDATE (INCLUDING REVISED STRATEGIC RISK REGISTER)

- 8.1 The Board was asked to consider a progress report covering the management of the SRA key risks as set out in the Strategic Risk Register (SRR) and a periodic review of the SRA risk appetite.

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- 8.2 The Board noted that the SRR had been updated following a workshop discussion in July and that the Audit and Risk Committee had been closely involved in its development. The Chair of ARC said that the Committee considered the new SRR to be a good translation of the views expressed by the Board in the workshop. The Board Chair said that the Register contained a good mix of items which were rising up the risk agenda because we were taking specific actions in relation to them and broader environmental issues which could affect us. Board members agreed the new SRR but asked for consideration to be given to its presentation.
- 8.3 Board members discussed the individual risk appetites for each of the new strategic risks, which had also been considered by the ARC and reviewed the appetite levels for some risks. The risk appetite statements were approved, subject to review of the statement relating to our duties as an anti-money laundering regulator after receipt of the OPBAS report following its supervisory visit in January 2021.
- 8.4 Board members also considered changes to risk levels and appetites and risk tolerance levels, the latter of which showed the difference between the ideal level of risk and that which we felt we could tolerate. It was noted that large projects would sometimes move from ideal levels of risk to a higher, tolerable, level, and then back again as they progressed. It was confirmed that any risk which moved beyond the agreed tolerance level would be notified to the Board.
- 8.5 The Board agreed the revised Strategic Risk Register, approved the SRR risk appetite statements and changes to risk levels and appetite and noted the updated Risk Management Framework.
- 8.6 In conclusion the Chair said that it was important for the Board to understand and own the overall approach to risk and that, given that four new members would be joining the Board in the New Year, a further discussion session should be scheduled in 2021.

NB: the annexes to this paper will not be published as they include discussion of risk that might be exacerbated by publication

9 REVIEW OF MEETING AND ANY OTHER BUSINESS

- 9.1 The Chair noted that this would be the final Board meeting for David Heath and David Willis, who were leaving the Board at the end of the year, and that Denise Platt and Elaine Williams had left the Board after the October 2020 Board meeting. On behalf of the Board she thanked them all for their significant contributions to the work of the organisation over the years and wished them luck for their future endeavours.
- 9.2 The Chair noted that David Heath's departure meant that a new Senior Independent Director (SID) for the Board was required. She had discussed a replacement with individual Board members when she had spoken to them as part of the appraisal process and recommended that Tony Williams should be

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appointed as SID. The Board agreed the appointment of Tony Williams as SID until the end of his term as a Board member on 31 August 2022.

9.3 The Chair also updated the Board on the process to appoint four new Board members which she hoped to conclude within the next couple of weeks.

9.4 The next meeting would be held on 26 January 2021.