



SRA BOARD

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SOLICITORS REGULATION AUTHORITY
Minutes of the SRA Board meeting
held on 9 March 2021 at 12.00 by Microsoft Teams

Subject to final approval by the SRA Board at its meeting on 27 April 2021

Present: Anna Bradley (Chair)
Ann Harrison
Peter Higson
Paul Loft
Barry Matthews (for items 1 to 9)
Dermot Nolan
Geoff Nicholas
Vikas Shah
Liz Smart
Selina Ullah
Tony Williams

In attendance: Paul Philip, Robert Loughlin, Jane Malcolm, Juliet Oliver, Liz Rosser, Tracy Vegro, Julie Brannan, Chris Handford, Sara Gwilliam (for item 9), Dominic Tambling

1 WELCOME AND APOLOGIES

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

2 MINUTES OF PREVIOUS MEETINGS ON 26 JANUARY AND 22 FEBRUARY 2021

2.1 The minutes of the meetings held on 26 January and 22 February 2021 were approved as a true and accurate record, subject to a note being added to the latter that comments and approval of the proposal were received from one member in advance of the meeting.

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, other than that the Board noted that we had the previous evening received formal feedback from the Office for Professional Body Anti-Money Laundering following its supervisory visit in January 2021. The detail of this would be reported to the Board in April.

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.

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4 CHAIR'S UPDATE

- 4.1 The Chair thanked Board members for their contributions to discussions at the workshop that had been held that morning. The Board had considered progress on work to deliver efficiencies, including benefits associated with the Modernising IT (MIT) programme, as well as ideas for a continuous improvement and efficiency programme. A formal recommendation would be brought to the Board in the autumn, reflecting the Board's discussions.
- 4.2 The Board had also had an initial discussion of the factors that will impact on the 2021/22 budget (and net funding requirement (NFR)) and activities that the Board may wish to consider when setting the budget for 2021/22, as well as activities it may want to prioritise within the 2021/22 business plan. The Board would be asked to approve a consultation on the NFR and business plan for 2021/22 at its meeting in April 2021.
- 4.3 The Chair reported that following the discussion with the Chair and CEO of the Legal Services Board (LSB) at the January workshop, she and the CEO had been meeting the Chairs of other legal regulators to follow up joint working suggestions. These meetings had been positive and the proposals would be further developed and discussed with the LSB and regulators.
- 4.4 The Chair reminded the Board that at its January meeting the new members of the Remuneration Committee had been confirmed. The Board noted that Vikas Shah and Ann Harrison had now joined the Audit and Risk Committee and had attended their first meeting the previous week.
- 4.5 The Chair reported that she and the Chief Executive would attend the Law Society Council meeting on 23 March 2021 to present the SRA annual report to the Council and to further discuss the move to distinct legal entity status. The Chair also noted that the President of the Law Society, David Greene, would step down later in the month. The current Vice President, Stephanie Boyce will become President.
- 4.6 Finally, the Chair outlined plans for forthcoming Board meetings, including the hope that the Board would be able to meet in person from July.

5 CEO REPORT

- 5.1 The Chief Executive presented his report. The Board noted an update on working arrangements under Covid-19 constraints, including the intention to run some pilots in due course on the collaborative working components of our future workspace planning. The CEO also noted that we had served notice to exit the 14th floor at The Cube, which we would leave by 1 March 2022 and had now finalised negotiations on the 11th and 12th floors in accordance with the proposal agreed by the Board at its meeting on 22 February 2021.
- 5.2 The CEO noted that work on preparing for the introduction of the Solicitors Qualifying Examination (SQE) was progressing well. Work on continuing

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competence was also ongoing and we would return to this once the LSB had reached conclusions on what it would require in this area.

- 5.3 The Board was updated on discussions, including with the government, on the mutual recognition of qualified lawyers with international jurisdictions. We were waiting for the detail of any further legislation, which would clarify the position. It was also noted that we had had positive discussions with the Law Society of Ireland (LSI) on mutual recognition following concerns about whether Irish solicitors would be granted equivalence once the SQE was introduced.
- 5.4 The Board agreed a minor change to the SRA Regulatory and Disciplinary Procedure Rules to make reference to the Civil Liability Act 2018 which was due to come into force in May 2021 and would introduce a ban on regulated people from offering or agreeing to settle road traffic accident-related whiplash claims without a medical report. The effect of this change would be that an alleged failure to comply with this ban could be treated as an allegation of misconduct and, if proved, appropriate sanctions could be imposed. We would also include a reference to section 58 of the Criminal Justice and Courts Act 2011, which bans inducements in personal injury. A rule change application would now be submitted to the LSB.
- 5.5 The Board considered a proposal to consult on small changes to our minimum terms and conditions (MTCs) for professional indemnity insurance (PII), in the light of work by the Prudential Regulation Authority and Lloyd's of London on the clarity that insurance policies provide on cyber-attack related losses. The purpose of the proposed change was to be clear about what was and was not covered by a PII policy in the event of a law firm being subject to a cyber-attack, without changing the scope of consumer protection. Following discussion the Board asked for a note on the issue to be circulated for agreement, including agreement to a delegation to the Chair for final sign off of the consultation document.
- 5.6 The Board discussed the quality indicators pilot which had been launched in February and asked how issues such as the registering of false reviews was being addressed. It was reported that a pilot group which included volunteer law firms, consumers and digital content providers were looking at codes of conduct and behaviour as part of testing the LSB's proposals in this area. It was noted that as part of our evaluation of the transparency rules we had already introduced, consumers were asked what information they would like to be available and that there had been a strong appetite for the availability of quality indicators to assist them in choosing providers.
- 5.7 The Board noted that digital comparison tool providers encouraged service providers to engage with consumers who left critical reviews, but that those who left defamatory reviews could be subject to appropriate legal action.
- 5.8 The Board also noted that there would be an opportunity at a future meeting, as part of our series of 'deep dives' into areas of our work, to look at our work to prosecute cases at the Solicitors Disciplinary Tribunal.

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6 FIRST QUARTER PERFORMANCE REPORT

- 6.1 The Board was asked to consider the performance report for the first quarter of 2020/21, which was the first quarter of the new business plan. The Board noted that the Modernising IT Programme had been successfully completed. The Covid-19 pandemic continued to put pressure on our processes but we are managing its impacts and performance was close to pre-pandemic levels, with our enforcement casework due to be on track next quarter.
- 6.2 The Board reviewed the annexes to the report and noted that one activity in the business plan update (annex 2) was marked as Red. This related to the planned second round of the Regulators' Pioneer Fund, the first round of which had supported our Legal Access Challenge. The funding for this had been suspended pending the outcome of the Government Spending Review so we were not able to progress this activity at this time.
- 6.3 The Board noted that we had achieved Cyber Essentials Plus Certification and that the Executive would be discussing whether to use this as a stepping stone to ISO 27001 accreditation. It was agreed that it would be helpful to know what other regulators did in this area before deciding whether or not to pursue ISO 27001. This would also be considered further by ARC and an update provided in the next quarterly performance report. The Board asked for a future report on accreditations, so the Board could take a view in the round about where we should invest our resources.
- 6.4 In relation to updates on operational performance in annex 3 of the paper (the balanced scorecard) the Board noted that, as forecast in the previous quarterly report, we expected to be back to meeting all operational KPI targets by the end of the second quarter. The Board asked for future reports to include information about previous forecasts. It was also important that any lessons learned about productiveness of staff working from home during the pandemic should be fed into work to develop more flexible working practices in the longer term.
- 6.5 The Board noted the information in the scorecard on the median gender pay gap and that there would be an opportunity for further discussion on this and the underlying reasons at the Board's April strategy day.
- 6.6 The Board noted the content of the quarterly performance reports and the commentary provided.

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

7 SRA STRATEGIC RISK UPDATE

- 7.1 The Board considered the Strategic Risk Register (SRR) for the first quarter ended 31 January 2021. The five risks on the Register were the same as for the previous quarterly report and updates therefore related to mitigation of those risks.

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- 7.2 The Board noted that a ‘future workspace at the SRA’ working group had been established to look at how we might use our office facilities in the future. The draft risk register on proposals for our future working model had been discussed at ARC on 2 March 2021 and the Chair of ARC confirmed that the Committee had agreed that the key risks had been captured.
- 7.3 Board members discussed the risks on the SRR and asked for the likelihood and impact assessments for some risks, to be reviewed, including the likely reputational impacts of some of the risks. There was also a suggestion that the risks associated with a data breach could be included. These points would be considered by the ARC and the Executive ahead of the next scheduled reporting of the SRR to Board in June..
- 7.4 The Board also noted the progress taking place on the further developments of risk management.

NB: the annex to this paper will not be published as it includes discussion of risk that might be exacerbated by publication

8 ANNUAL REPORTS FROM AUDIT AND RISK AND REMUNERATION COMMITTEES 2019/20

- 8.1 The Board was asked to receive and consider the annual reports from the Audit and Risk (ARC) and Remuneration Committees (Remco) for 2019/20 and note the report of the Audit and Risk Committee meeting on 2 March 2021
- 8.2 The Chair of ARC presented its first annual report following the creation of the Committee in June 2020. The report and its annexes, which included a statement from the Executive on the internal control environment, together provided a picture of how risk was managed with and by ARC on behalf of the Board. Board members welcomed the report which provided assurance that this work was being properly managed on the Board’s behalf.
- 8.3 The Board also agreed an addition to ARC’s Terms of Reference to give authority to the Committee to seek external advice where necessary, as was standard for audit and risk committees.
- 8.4 The Chair of Remco presented its annual report which was similarly its first, following the creation of the Committee in June 2020. The Remco Chair summarised the work covered in the report and welcomed the new Committee members, Liz Smart and Peter Higson who would attend their first meeting in April.
- 8.5 Board members discussed the future work of the Committee and in particular the need to ensure that all necessary policies, including in relation to remuneration, were reviewed and recorded, especially in the light of our move to distinct legal entity and potential charitable status.

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- 8.6 The Board received the annual reports from the Audit and Risk and Remuneration Committees for 2019/20, subject to an agreed addition to the Remco report relating to the handling of Executive pay awards.
- 8.7 The Chair of ARC reported on its most recent meeting on 2 March 2021, noting that the Committee was instituting a series of deep dives into particular risks. The Committee had also heard from the TLS Group auditors, BDO, and discussed, and confirmed that it was content with the handling of some specific accounting issues. The Board noted the report.

NB: the paper relating to this item will not be published as it includes discussion of risk that might be exacerbated by publication.

9 MONEY LAUNDERING REPORTING OFFICER ANNUAL REPORT 2019/20

- 9.1 The Board was asked to receive and consider the annual report of the Money Laundering Reporting Officer (MLRO) for 2019/20.
- 9.2 The MLRO presented her report and said that work had gone well throughout the year, despite the impact of the pandemic. During the year 26 Suspicious Activity Reports (SARs) had been made to the National Crime Agency (NCA) based on suspicions of money laundering involving more than £200 million in suspected criminal proceeds. A total of 266 matters escalated to her for review, of which 31 were internal Suspicious Activity Reports (iSARs).
- 9.3 Given the lack of opportunity for face to face meetings there had been a particular emphasis on other engagement with staff to ensure that they remained vigilant and were confident about escalating matters when appropriate. There had been an increase in work on capturing and cascading information internally to inform the risk based approach to this work.
- 9.4 The MLRO has also been pro-actively engaging with external stakeholders including other MLROs, government departments and agencies, including the NCA, and police officers working within financial crime. The MLRO also confirmed that she shared best practice with the Law Society of Scotland and liaised with the Law Society of Northern Ireland.
- 9.5 In response to questions from Board members, the MLRO confirmed that she received iSARs and other matters escalated for review from a broad spectrum of teams across the organisation, including the Contact Centre and HR team. This demonstrated a good level of awareness of potential problems across the organisation. She also confirmed that as well as all staff being required to undertake Money Laundering and Counter Financing of Terrorism training, more bespoke training was delivered to those teams most likely to encounter matters which should be reported. The MLRO also confirmed that although we had not yet encountered matters relating to the use of cryptocurrency, she was aware of the potential for this to become a factor in her work. It was also noted that this was something that the separate anti-money laundering team was cognisant of and that

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it had been raised as an issue in the most recently published sectoral risk assessment.

- 9.6 The MLRO confirmed that she had experienced no restrictions or resistance in undertaking my duties and had unfettered access to the senior management team and experienced positive engagement and co-operation across the organisation. The Chair welcomed this declaration and thanked the MLRO for her report which was formally received by the Board.
- 9.7 The Board also agreed the proposal to move the MLRO annual reporting period from the Year end 31 October to year end 5 April and that an interim MLRO report covering the period 1 November 2020 to 6 April 2021 should be presented to align with this new annual reporting period.

10 REVIEW OF MEETING AND ANY OTHER BUSINESS

- 10.1 There was no other business. The next meeting would be held on 27 April 2021.