

**SRA BOARD****CLASSIFICATION – PUBLIC****SOLICITORS REGULATION AUTHORITY  
Minutes of the SRA Board meeting  
held on 22 March 2022 at 09.00 by Zoom**

*Subject to final approval by the SRA Board at its meeting on 5 April 2022*

Present: Anna Bradley (Chair)  
Ann Harrison  
Paul Loft  
Lisa Mayhew  
Dermot Nolan  
Vikas Shah  
Liz Smart  
Selina Ullah  
Tony Williams

In attendance: Nicola Williams (Board observer), Paul Philip, Robert Loughlin,  
Benedict Fisher, 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 THE PREVIOUS MEETING ON 1 FEBRUARY 2022**

- 2.1 The minutes of the meeting held on 1 February 2022 were approved as a true and accurate record, other than that paragraph 6.5 should be amended to make clear that we are not planning to publish any equal pay information that we gather.
- 2.2 In relation to paragraph 5.4, it was clarified that the risk relating to cyber would remain on the MRR with oversight from the Audit and Risk Committee (ARC) but that the Board would be separately updated on the wider issue of cyber in the profession and our role in that.

**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.
- 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 updated the Board on key meetings and discussions since the previous meeting. This included a positive and helpful meeting with the new President of the Solicitors Disciplinary Tribunal Alison Kellett, at which they had discussed how the

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two organisations could better work together, for instance in dealing with new types of cases as they emerged.

- 4.2 The Chair had also had helpful meetings with a non-executive director from the Ministry of Justice, and separately with Lord Wolfson, the latter had included discussion of future funding for lawtech work. She had also had constructive discussions on sanctions relating to the invasion of Ukraine with Lord Wolfson and with the Law Officers. The Chair also noted that she had for the time being joined the Remuneration/Nominations Committee and would be giving further thought to membership of committees later in the year.

## 5 CHIEF EXECUTIVE'S REPORT

- 5.1 The Chief Executive presented his report. The Board noted the steps we had taken in relation to the financial sanctions regime that had been put in place following the Russian invasion of Ukraine. The Economic Crime Bill had now been enacted and introduced enhanced powers in relation to unexpected wealth orders and economic sanctions as well as a register of overseas entities and their beneficial owners. The Government had also issued a call for evidence on litigation designed to stifle public debate and discourage public criticism, known as strategic litigation against public participation (SLAPPs) and in doing so had referenced our guidance on litigation.
- 5.2 In addition to the actions we had already taken set out in paragraph 7 of the paper, we continued to respond to queries received and had expanded our guidance on solicitors firms' freedom to choose who they acted for and on the circumstances in which an agreement to represent could be terminated. Targeted anti-money laundering visits were also under way and we were undertaking spot checks on sanctions compliance on a sample of firms. We were also continuing to meet key stakeholders including the Office for Professional Body Anti-Money Laundering, the Office of Financial Sanctions Implementation, the Legal Services Board, and the Law Society and politicians who had shown a particular interest in this area. We were also considering what further steps we might take.
- 5.3 Board members commented that we needed to remain focused on applying the rules that we had in place, in line with any legislation, and to continue to offer guidance to the profession which had been generally well received.
- 5.4 The Board was asked to agree a 3.4% increase in the SQE fees for 2022-23, in the light of previous Board decisions relating to the development of the SQE, such as remote proctoring arrangements. Remote proctoring was an additional requirement following the Covid-19 pandemic and could be deployed if there were widespread test centre closures, or restrictions on international travel impacting a large number of candidates.
- 5.5 The Board was very mindful of the need for SQE to represent value for money on an ongoing basis. It was noted that, looking at both training and assessment, SQE remained a more cost effective route to admission for most candidates than the Legal Practice Course, the cost of which could be up to £17,000. A number of

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training providers also made bursaries and scholarships available to candidates and there were also possibilities to 'earn as you learn' which would assist some candidates.

- 5.6 The Board agreed the candidate fees for the Solicitors Qualifying Exam (SQE) for 2022/2023 of £1,622 for SQE1 and £2,493 for SQE2.
- 5.7 The Board also agreed an extension to the period of time that qualified lawyers who started their qualification under the Qualified Lawyer Transfer Scheme have to complete qualification using the SQE2 until (and including) 31 March 2024.
- 5.8 The Board considered plans to tender for a provider for assessments for the Higher Rights of Audience assessments and agreed that it would return to this issue at its meeting on 5 April 2022.
- 5.9 The Board was reminded that we had been considering how we might meet our statutory duty to introduce rules to prevent the charging of excessive fees for bringing claims related to financial products and services. It had been agreed that we would use the Financial Conduct Authority (FCA)'s proposed approach as a benchmark and we had issued a discussion paper to gather more evidence of the impacts of fee restrictions on solicitor firms. We had also decided to follow a timescale that allowed the FCA to finalise its position, and to understand any new data before we issued our formal consultation paper.
- 5.10 We had now been notified of an application for judicial review against the FCA's rules which came into force on 1 March 2022. We had therefore temporarily paused activity in order to understand the basis of this challenge and how it may or may not impact our proposed consultation. We remained in discussion with the Ministry of Justice to make sure that it was content with our approach and timings.
- 5.11 The Board discussed the FCA's plans to extend its regulation to pre-paid funeral plans from 29 July 2022 and how this might affect our regulation of bodies providing these plans often as part of a wider package of services. We had agreed with the FCA that we needed time to gather further information, including on how many firms were involved and the size of those firms. We were therefore proposing to issue a discussion paper in April and the Board agreed that the Chair should sign this off.
- 5.12 The Board also considered updates on a number of lawtech initiatives outlined in paragraphs 30 to 33 of the paper and noted that it would be asked to consider what further work we might do in the area following an evaluation of work to date and wider practice.
- 5.13 The CEO drew the Board's attention to the Equality, Diversity and Inclusion workplan at annex 1 of the paper which set out plans for our work in this area in 2022.
- 5.14 Board members noted that although the refurbishment of our offices at The Cube in Birmingham had gone well, there had been some minor delays relating to some

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essential maintenance work relating to fire compliance issues. We had taken advice and were now satisfied that we were fully compliant in relation to this and that the landlord of The Cube had also satisfied all of its legal obligations.

- 5.15 Finally, Board members noted that we had applied to become a core participant in relation to the Post Office Horizon IT Inquiry. This was at the suggestion of the Inquiry in order more easily to access documents and information gathered by the Inquiry in taking forward our own investigations.

## 6 SRA FIRST QUARTER PERFORMANCE REPORT

- 6.1 The Board was asked to consider the performance report for the first quarter of 2021/22.
- 6.2 The performance pack had been presented slightly differently to try to better balance the Board's wish to have an overview of the performance position and the need to provide additional information in some areas as a result of recommendations from an internal audit report. The new format also recognised that different members of the Board would want different levels of detail in some areas.
- 6.3 The key achievements highlighted in the covering paper included the first sittings of exams for the Solicitors Qualifying Examination (SQE), the success of the Compliance conference and the achievement of accreditations including the ISO14001 environmental accreditation and the reaccreditation of the contact centre to the ICS service mark. There were no significant exceptions to report and finance was broadly in line with the budget. The one area recommended for discussion was the tackling of rising numbers of cases over 12 and 24 months in Investigation and Enforcement which was addressed in annex 4 of the paper.
- 6.4 The Board considered the financial performance update in more detail and noted that we expected to manage within the overall budget for the year. Detail of the forecast and the progress against that would be provided at our next quarterly update. The report also included a new table providing detail on non-staff costs following a recommendation from an internal audit review of our performance reporting.
- 6.5 The Board noted that reserves would be below the required reserves range at the end of the year and that that would form part of the discussion on next year's budget. Board members noted that there would be a number of pressures on the budget for the next financial year and that the other organisations which were funded from the Practising Certificate fee were likely to be facing similar pressures.
- 6.6 The Board also noted that our investments had, unsurprisingly, fallen in value in recent months but that this was in line with what other funds were experiencing and was not of any immediate concern.
- 6.7 Annex 2 of the paper summarised progress against the business plan including more detail on the achievements and exemptions outlined in the covering paper.

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Board members noted that the objectives within the business had been made SMARTer in response to a recommendation from the internal audit of performance management reporting

- 6.8 Board members also reviewed the balanced scorecard at annex 3 of the paper to which was now attached a detailed commentary. Board members noted changes since the previous scorecard including the addition of a chart on google click throughs and one on staff engagement as well as new investigation and enforcement targets. There was also a new chart within the Finance page on progress against our continuous improvement target and it was confirmed that we expected to make further progress in this area.
- 6.9 In response to questions from Board members about the measure relating to customer feedback on Contact Centre handling of emails, it was reported that this had been affected by issues around the Practising Certificate Renewal Exercise but had now improved to 74% and was forecast to be at the 80% target level by the end of the second quarter.
- 6.10 Finally, the Board discussed the update on tackling timeliness issues in our Investigation and Enforcement work following an in-depth workshop discussion in January 2022 and noted the actions being taken by the Executive. The Board noted the content of the quarterly performance reports.

*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 was asked to consider the Strategic Risk Register (SRR) for the first quarter ended 31 January 2022 and to approve individual strategic risk appetite statements for the SRR risks.
- 7.2 The Board noted the changes to the Register, set out in paragraph 4 of the paper, which had been agreed at its meeting on 1 February 2022. The Board also noted that given potential impacts on several of the existing risks of the ongoing situation in Ukraine, which had been discussed earlier in the meeting, the Senior Management Team would keep the situation under review and provide updates on the situation to ARC and the Board.
- 7.3 The Board considered the individual risk appetite statements for each of the risks on the SRR. These had also been discussed by ARC which had recommended that these should be revisited as part of a review of the Risk Management Framework later in the year, including to consider the titles and descriptions of each category of risk and whether the current five point scale used was appropriate for the SRA. Board members suggested that there was a natural tendency to err towards a 'cautious' rating and that the review might also look at what the criteria would be that would lead to a more or less cautious approach in future.

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- 7.4 Board members also discussed the fact that most of the SRR risks were outside of the attributed risk appetite, though within the risk tolerance, and that further consideration should also be given to whether this was an acceptable position.
- 7.5 The Board agreed that a further deep dive session should be scheduled for later in the year to follow ARC consideration of the points raised in this discussion. The Board also agreed the changes made to the Strategic Risk Register, the Risk Appetite Assessment of SRR risks and the individual strategic risk appetite statements.

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

## 8 SOLICITORS REGULATION AUTHORITY LIMITED 2021 FINANCIAL STATEMENTS

- 8.1 The Board was asked to consider the Solicitors Regulation Authority Limited Financial Statements and Letter of Representation for the year ending 31 October 2021.
- 8.2 This was our first set of accounts operating as a distinct separate legal entity and they had been discussed in some detail at two separate meetings of ARC, most recently on 10 March 2022. The accounts had been audited by our auditors, BDO, who intended to give an unqualified audit report. The accounts were prepared on a going concern basis and annex 4 of the paper provided a going concern assessment to give the Board assurance that this was appropriate.
- 8.3 The accounts showed a surplus of £1.8m due to three main points: increased Practising Certificate fee resulting from our assumptions around firms closing due to Covid not being realised; some underspend on areas such as travel and facilities costs resulting from the impact of Covid-19; and some adjustments to provisions.
- 8.4 The report from BDO on the outcome of the audit had been discussed in detail at ARC, which had noted that no significant issues had been identified and all matters had been resolved. A further review of the accounts by BDO following the March ARC meeting had identified one small change: that on note 15 there should be a prior period comparison (all £0) and that there should not be one on note 16. BDO were awaiting an investment report from Cazenove and once that had been received the Board Chair would be asked to sign the accounts.
- 8.5 The Chair of ARC confirmed that the accounts were broadly as expected and that no major issues had been raised and that we were a solid going concern organisation. The reappointment of BDO was being recommended in part because we had only worked with them for part of one year and also because it was desirable to have the same auditors as TLS at least for the moment, though we could move into a position to retender with or without TLS if we wished to do so.

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- 8.6 The Board discussed the tax implications of its decision to withdraw its application to register for charitable status and noted that the audit of the accounts had confirmed the advice we had previously received that we had non-trading status and that our tax return would be made on that basis.
- 8.7 The Chair thanked the finance team and ARC for the work they had done in preparing these accounts for the first time as a distinct legal entity. The Board:
- a) approved the financial statements for 2021 prepared on a going concern basis.
  - b) agreed that the Letter of Representation could be signed on behalf of the Board.
  - c) agreed to reappoint BDO as auditors of the Solicitors Regulation Authority Limited for the 2022 financial year.

### 9 COMPENSATION FUND 2021 FINANCIAL STATEMENTS

- 9.1 The Board was asked to consider the Compensation Fund 2021 Financial Statements and Letter of Representation for the year ending 31 October 2021.
- 9.2 The Board noted that the Compensation Fund financial statements were presented to the Board each year. The accounts were prepared on a cash basis and showed a planned deficit as we had reduced the level of contributions to the Fund in order to run down reserves to the agreed level. The accounts were prepared on a going concern and an annotated Letter of Representation detailing the evidence behind the assurances was annexed to the paper.
- 9.3 The information within the paper had been discussed at the ARC meeting on 10 March 2022, including that the auditors, BDO, were content with the Statements.
- 9.4 The Board:
- a) approved the Compensation Fund 2021 Financial Statements prepared on a going concern basis
  - b) agreed that the Letter of Representation can be signed on behalf of the Board
  - c) agreed to reappoint BDO as auditors of the Compensation Fund for the 2022 financial year.

### 10 REVIEW OF MEETING AND ANY OTHER BUSINESS

- 10.1 In response to the Chair's request for feedback on the meeting it was noted that virtual meetings continued to be an effective method of dealing with selected business. The next meeting would be held on 5 April 2022.