

**SOLICITORS REGULATION AUTHORITY**  
**Minutes of the SRA Board meeting**  
**held on 23 January 2024 at 09.00 at the Hilton London Tower Bridge, 5 More  
London Place, Tooley Street, London, SE1 2BY**

Present: Anna Bradley (Chair)  
Claire Bassett  
Ann Harrison  
Paul Loft  
Lisa Mayhew  
Vikas Shah  
Liz Smart  
Selina Ullah  
Nicola Williams

In attendance: Paul Philip, Aileen Armstrong, Juliet Oliver, Liz Rosser, Ben Fisher  
(for items 9 to 12), Alex Magloire, Chris Handford (for items 9 to  
12), Dominic Tambling

**1 WELCOME AND APOLOGIES**

1.1 The Chair welcomed everyone to the meeting and in particular, Alex Magloire, the organisation's new Chief of Staff. Apologies had been received from Rob McWilliam.

**2 MINUTES OF THE PREVIOUS MEETING ON 12 DECEMBER 2023**

2.1 Board members considered a proposed additional paragraph to the minutes of the meeting held on 23 December 2023 to record discussions on our intervention into Axiom Ince and, in particular, what we had learned so far from our investigation and analysis. The additional paragraph was agreed and the minutes were then approved as a true and accurate record.

**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 were completed or in hand.

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 reported that following Board members' annual appraisals she had agreed that Lisa Mayhew would join the Nomination Committee.

4.2 Ann Harrison, as the Senior independent Director (SID), was leading the process of recruiting a new Board Chair to take up post in January 2025 when Anna Bradley would have served as Chair for six years. The SID asked the Board to

agree to the appointment of Odgers Berndtson to assist with the recruitment. Odgers Berndtson had been appointed as one of two approved executive recruitment suppliers that we would use for appointments following a tendering exercise in 2023. The Board was also asked to agree to the appointment of Cindy Butts as independent chair of the panel which would advise the Board on the appointment. Nominations Committee had agreed to propose her for this role after agreeing that she met the criteria necessary to carry it out.

- 4.3 The Board agreed to the appointment of Odgers Berndtson and Cindy Butts and noted that at the end of the meeting there would be an opportunity for an initial discussion on criteria for selection of the new Chair, which would then be worked up for the Board to agree in March.

## **5 ANNUAL REPORTS FROM COMMITTEES 2022/23**

- 5.1 The Board was asked to consider annual reports from the Audit and Risk, Remuneration and Nomination Committees.
- 5.2 The Chair of Audit and Risk Committee (ARC) summarised the main areas covered by the report including risk, internal and external audit and also the work programme for the coming year. He also reminded the Board that Rob McWilliam would become Chair of the Committee from April 2024.
- 5.3 The Chair of Remco reminded the Board that, following the previous year's Board Effectiveness Review, the former Remuneration/Nomination Committee had been split into separate committees in Spring 2023. Separate terms of reference had been agreed and the committees were working well under the new arrangements.
- 5.4 The Board asked for the reports to be reviewed and, where necessary, amended to ensure that it was clear where members had recused themselves from discussions where appropriate, for instance where their reappointment had been discussed.
- 5.5 The Board also considered a proposal to reduce the quorum of Nomination committee from three to two but, given that the membership of the Committee had now been increased to four (minute 4.1) agreed that this was not necessary.
- 5.6 Subject to the points made in discussion, the Board received the annual reports from the Audit and Risk, Remuneration and Nomination Committees for 2022/23

*NB: the paper relating to this item will not be published as it relates to issues that are commercially sensitive and includes discussion of risk that might be exacerbated by publication. A summary of the reports will be prepared for inclusion in the annual report and accounts.*

## **6 CHIEF EXECUTIVE'S REPORT**

- 6.1 The Board was asked to consider an update on our priorities and on key developments that it needed to be aware of. The report also provided information on important external developments and our engagement activity with key stakeholders.

- 6.2 The CEO updated the Board on our engagement with the Post Office Inquiry amid increasing media and political interest following the recent ITV drama. The Board had seen an update on our investigation into the Horizon IT scandal which we had issued on 19 January 2024. This included information on our approach into the actions of lawyers in this case and how we were gathering evidence, including from the Inquiry.
- 6.3 The Board noted the update and asked for further consideration of how we could best make the public aware of our position in relation to the Inquiry. The Board also said that we should continue to engage closely with the Inquiry on the sharing of information. The Board would be updated on progress when appropriate.
- 6.4 The CEO drew the Board's attention to the update on Anti-Money Laundering and in particular that we expected the Treasury to consult in the near future on changes to the 2017 money laundering regulations. The Board also noted that we expected our unlimited fining powers to come into effect in the next couple of months and that the Board would be asked to consider our proposals for consulting on their use.
- 6.5 The CEO updated the Board on the intervention into Axiom Ince and the Legal Services Board (LSB)'s plans to have an independent review of the events leading up to it. The LSB had appointed a solicitors firm in Northern Ireland, not regulated by us, to carry out the review and we expected further information on the scope of the review to be published in the near future. In the meantime we had published a statement which clarified key points about the case and reflected on the issues it raised, in so far as we were able to given that investigations were ongoing. The Board would be kept informed of developments in relation to the LSB's review as it took shape.
- 6.6 The Board also received an update on other work being done, including relating to the period from the time when we intervened into the practices of the three individuals until we intervened into the whole firm.
- 6.7 The Board noted that with other front-line regulators, through the Legal Choices Governance group, we were now developing a Regulatory Information Service (RIS). The aim was for this to be a single portal for consumers to access information about legal service providers so that people and small businesses could be better informed about services offered and quality before engaging a provider. The Board also noted that the Law Society had published proposals for government justice reforms including the creation of a digital tool to enable individuals and small businesses to identify their legal issue and the appropriate resolution method.
- 6.8 The Board noted the Chief Executive's report.

## **7 SRA FOURTH QUARTER PERFORMANCE REPORT**

- 7.1 The Board was asked to consider an overview of the performance report for the year to 31 October 2023.

- 7.2 The Board noted the top key achievements highlighted for the final quarter of 2022/23: the successful completion of the Practising Certificate Renewal Exercise; the transfer of responsibility for the Solicitors Indemnity Fund to us; and a successful Compliance Officers Conference 2023. Other achievements were set out in the Business Plan update at annex 2. The Board also noted the two activities in the business plan which had not been delivered and two which had been only partially achieved, detailed information on which was set out in annex 2 of the paper.
- 7.3 The Board considered the financial performance update and noted that the surplus from 2022/23 would be used to strengthen our reserves. The Board was also asked to consider a revised SRA reserves policy which included an increased reserves range following an annual review.
- 7.4 This review had involved updating the calculations underpinning the reserve range including consideration of the risks to income, the likelihood of unexpected expenditure outside of budget and the potential impact of significant changes in the regulatory environment. It was confirmed that the new proposed range would cover operating costs for between three and five months. The LSB's requirement in this regard was for between three and six months so our proposed range fitted within its requirements.
- 7.5 The Board approved the revised policy and noted that it was expected that reserves would be within this revised range at the end of the current financial year.
- 7.6 The Board received an update on the Compensation Fund and noted the likely impact of major interventions on the Fund, which was expected to be less significant than the worst case scenarios that had previously been discussed. The Fund's balance was currently approximately £40m.
- 7.7 The financial update now also included a report on the Solicitors Indemnity Fund (SIF) which we had become responsible for from 1 October 2023, along with the Solicitors Indemnity Fund Limited (SIFL), which was previously responsible for managing and running SIF.
- 7.8 The Board noted that the financial statements of SIF and SIFL would be consolidated within the financial statements of SRA for the 2022/23 financial year which the Board would review in May, and was content with the level of information provided on SIF.
- 7.9 The Board reviewed the balanced scorecard at annex 4 of the paper and asked the Executive to consider the future presentation of ethnicity pay gap comparators and also to provide supplementary presentation on gender and ethnicity pay gap excluding high and low bands in the HR annual report. The Board also asked the Executive to present an annual review/report on KPIs to enable the Board to consider their continued suitability.
- 7.10 The Board then reviewed an update of our assurance mapping work against the Legal Services Board's Performance assessment framework for September to December 2023.

- 7.11 The Board had previously agreed that as part of each performance update, it would have a general discussion on one of the three LSB standards and how the organisation was meeting it, and the standard this time was 'Effective approach to regulation'. The Board noted that that work which had been, and would be, done in relation to the consumer protection review (item 10) would help to expand our understanding of the legal services market. The market was, though, very fast moving and so the Board would continue to reflect and review to ensure that the organisation was doing what it needed to meet this standard.
- 7.12 The Board reviewed the new visual updates (at annex 5 of the paper), providing details of progress against the planned actions and targets on our programme of continuous improvement on investigation and enforcement processes. The Board welcomed the visual updates, which would now be provided at each Board meeting, and progress made, and asked for further detail to be provided at its March meeting on progress on the stretch target to close 70% of investigations within 10 months from assessment.
- 7.13 The Board noted the content of the quarterly performance reports and the overall assessment of performance and agreed that the detailed assurance mapping table for the LSB's performance assessment framework should continue to be published alongside the Board papers.

*NB: annex 1 of this paper (other than 1(a) – the SRA reserves policy) will not be published because it contains information which is commercially sensitive*

## **8 SRA STRATEGIC RISK UPDATE**

- 8.1 The Board was asked to consider a progress report covering the Quarter 4 (August - October 2023) period of the SRA Strategic Register (SRR).
- 8.2 At the September Board meeting, the Board had considered a new SRR which had been significantly reworked to reflect the Board's discussions on risks emerging in the light of the development of the new Corporate Strategy for 2023-26. Following further discussion by the Executive and Audit and Risk Committee (ARC) a further version of the SRR was being presented to this meeting.
- 8.3 The number of risks in the SRR had further reduced from five to four following the incorporation of the risk on Risk Based Regulation into the one on Regulatory scope. Following discussion, the Board asked ARC to reconsider the controls for the new combined risk and consider whether they should be separated to show which applied to both elements of the risk and which to just one or the other.
- 8.4 The Board noted that there were not many risks on the SRR, but it was understood that the reason for this was because a separate Mid-tier Risk Register (MRR) sat behind the SRR. This MRR was considered carefully by the Audit and Risk Committee twice per year and the Board would be provided with an overview of its contents following these reviews. The Board also noted the risk ratings and risk appetite settings for all of the risks and that only one risk (that relating to Investigation and Enforcement) was sitting outside of our risk appetite.

- 8.5 Subject to the points above, the Board received the Strategic Risk and Residual Risk Level Report and the revised Strategic Risk Register.

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

## **9 SRA REGULATION OF CHARTERED INSTITUTE OF LEGAL EXECUTIVES MEMBERS**

- 9.1 The Board was asked to consider recommendations for next steps following our consultation on our proposed regulatory arrangements that would apply to authorised members of the Chartered Institute of Legal Executives (CILEX) if CILEX re-delegated regulation to us and we accepted that delegation.
- 9.2 The Board noted that in the consultation we had set out the case for change, including a high level analysis of the impact on the regulatory objectives set out in the Legal Services Act 2007 (the Act). We had not specifically invited feedback on this as it was for CILEX to set out and consult on its assessment of the overall implications of this change for CILEX members, and to reach a view on whether it would bring the benefits and meet the requirements set out in its Case for Change. Our consultation instead focused on our proposed regulatory arrangements in the event of redelegation. Most of the consultation responses had though focused on the rationale for change and the benefits we had set out and it was therefore important to consider the points that were raised when deciding whether to move forward.
- 9.3 The Board discussed the points that had been made in response to the consultation, including by the Law Society (TLS) and noted that it would ultimately be necessary for TLS to agree to amendments to our articles of association if the transfer of regulatory responsibility was to take place. The Board also considered the letter from TLS of 15 January 2024 which raised a number of concerns including about our consumer research. The Board highlighted key points from the consultation exercise and asked that the response to the consultation reflected these issues.
- 9.4 Following discussion, the Board agreed that it remained interested in regulating CILEX members and taking forward further work in some areas before final decisions could be made. This included exploring and consulting on arrangements to regulate CILEX paralegals and students from the outset. We would therefore work with stakeholders to explore and address the issues raised and the Board also said that we should continue to engage with the Legal Services Consumer Panel as we moved forward.

*NB: an updated version of annex 1 to this paper will be published in the coming weeks as the Board has asked for some key points from the consultation exercise to be reflected more clearly in the consultation response document.*

## **10 PROTECTING THE PUBLIC: THE SRA'S CONSUMER PROTECTION REVIEW**

- 10.1 The Board was asked to consider an update on our proposals for reviewing our regulatory approach and arrangements in light of the issues identified as a result of the changing profile of interventions and claims to the Compensation Fund.
- 10.2 The Board was asked to consider a public document setting out the background to the review, its scope, our approach and the timeframe and how we proposed to articulate that we will be looking at changes that we will make over the short, medium and long term.
- 10.3 In discussion the Board suggested that the statement might include something on why we are carrying out the review in the context of our duty to protect the public and to review the language to ensure that it would be understood by a broad audience. The statement might also refer to related work being done by other organisations and how they might interrelate.
- 10.4 The Board also asked for consideration to be given to undertaking a significant piece of research (perhaps deliberative research) with the public on the review and that engagement with the profession needed to be mindful to the different stakeholders within the profession.
- 10.5 Subject to the points above, the Board noted the draft public statement annex and agreed the timeline set out in the draft paper given the formulation of the short, medium and long term actions in annex 3.

*NB: updated versions of the annexes to this paper were published as part of a public statement on 5 February 2024.*

## **11 PROTECTING CONSUMERS DURING FINANCIAL SERVICES CLAIMS**

- 11.1 The Board was asked to consider our recommended final positions to introduce new protections for consumers during financial service claims and to make rules to implement these positions.
- 11.2 The Board was reminded that we had a statutory duty under section 33 of the Financial Guidance and Claims Act 2018 (FGCA) to make rules preventing excessive fees being charged by those we regulate for claims management activities connected to financial products or services. The Board had previously agreed that so far as possible we should align with the Financial Conduct Authority (FCA)'s approach.
- 11.3 We had consulted on our approach and draft rules in 2023, and run a comprehensive engagement programme, and following the consultation had carried out additional work to further strengthen our evidence base including a survey with law firms that provide claims management activities.
- 11.4 Our analysis showed two operating models for law firms working in this sector: those firms that predominantly represented consumers in relation to larger volumes of claims and have operational similarities to many claims management companies; and those firms that predominantly take on claims with complex or

novel features that in some cases cannot be progressed through statutory redress schemes.

- 11.5 We had limited evidence of the cost profile of cases in the second of these groups. Our proposal for dealing with these was therefore to provide an exemption, which would require solicitors and firms to receive approval from the SRA to charge for a claim falling within the criteria set for an exemption. This was a change from the proposal on which we had consulted which would have allowed firms to notify us of a claim falling under the exemption.
- 11.6 In response to Board members it was confirmed that waiver schemes we currently operated were not closely comparable to that proposed. We had looked at other ways of operating an exemption including 'comply and explain' but the proposed model gave us a greater degree of control. It should also enable us to collect the more detailed information on cases and charges that we had so far been unable to obtain. It was also confirmed that there would still be an obligation on firms to charge fees which were reasonable.
- 11.7 It was also confirmed that our expectation was that there would be limited exemptions granted, as the consultation had not revealed any concrete examples. However, it would provide a 'safety valve' for exceptional cases. We should ensure that the guidance reflected this context, and arrangements could also be put in place for monitoring and reporting on any exemptions.
- 11.8 The Board agreed to proceed with the exemption proposed but that this was on the basis that the evidence available suggested that it was needed and that once the nature of cases coming forward for exemption was known we would review this approach and might change it if the evidence supported that.
- 11.9 Subject to these points the Board:
- a) agreed the four objectives that underpin our current and future work in relation to financial service claims.
  - b) agreed that we should implement new information transparency requirements for solicitors representing consumers in relation to financial service claims.
  - c) agreed that we should replicate in our rules the Financial Conduct Authority's banding framework, including its schedule of maximum charges.
  - d) agreed that we should exempt individual cases from the banding framework in exceptional circumstances.
  - e) made the SRA Regulatory Arrangements (Financial Service Claims) (Amendment) Rules 2023 which would implement the recommendations at b), c) and d).

*NB: updated version of the annexes to this paper will be published with our consultation response.*



**12 REVIEW OF MEETING AND ANY OTHER BUSINESS**

- 12.1 In reviewing the meeting Board members said that the dinner the previous evening (with only members and the CEO present) had provided a welcome opportunity for a wide ranging discussion on how the Board worked. Board members also asked for consideration of how agendas could best be ordered.
- 12.2 The Chair thanked the Board and Executive for their contributions. The next meeting would be held on 18 and 19 March 2024 in Exeter.