

SRA BOARD



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SOLICITORS REGULATION AUTHORITY
Minutes of the SRA Board meeting
held on 6 December 2022 at 09.00 by Zoom

Subject to final approval by the SRA Board at its meeting on 31 January 2023

Present: Anna Bradley (Chair)
Ann Harrison
Paul Loft
Lisa Mayhew
Vikas Shah
Liz Smart (for items 1 to 7)
Selina Ullah
Nicola Williams

In attendance: Paul Philip, Robert Loughlin, Jane Malcolm, Juliet Oliver, Liz Rosser, 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 MEETINGS ON 18 OCTOBER 2022

2.1 The minutes of the meeting held on 18 October 2022 were 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 had been completed or were dealt with in the papers for this meeting.

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 workshop discussions earlier in the day. The Board had considered a report from Independent Audit (IA), Board evaluation consultants, following its evaluation of the effectiveness of the Board and its committees in the preceding months. The Board had been pleased that the report was overwhelmingly positive and noted that there were a number of suggestions in the report for ways in which the Board could continue to develop. A small group including the Board Chair, Senior independent Director and Chief Executive would consider these and report back to the Board on how best to take them forward.

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- 4.2 The Board had also received an update on progress on due diligence work following its agreement in October 2022 that we should take forward the Chartered Institute of Legal Executives' (CILEX) proposal to explore SRA Regulation of CILEX members. The Board was content with progress and looked forward to seeing a substantive proposal in February 2023.
- 4.3 Finally, the Board had considered next steps on information sharing, as we consider how the Solicitors Register, which is already used by some digital comparison tools, will develop. The Board had identified a number of questions which the Executive would explore further before returning to the Board with recommendations.
- 4.4 The Chair informed the Board that following interviews in the preceding weeks two new lay Board members had been identified to join the Board in 2023. A public announcement would be made in the coming weeks and the Chair thanked those Board members who had been involved in the recruitment process for their help.
- 4.5 The Chair reminded the Board that, due to a casual vacancy, we had been granted a waiver until the end of December 2022 from the Legal Service Board (LSB) requirement that we have a lay majority when making decisions. The appointment of the new lay members would restore the Board's lay majority but notwithstanding this the LSB had asked us to consider changes to our governance arrangements to ensure that we would not need to ask for a similar waiver in future.
- 4.6 A number of options had been considered but we had concluded that the most straightforward solution, should the need arise, would be to ask the most recently appointed solicitor member to stand down for any decisions that needed to be made. The Board agreed this approach and the Governance Handbook would be amended accordingly.

5 COMMITTEE CHAIR REPORTS

- 5.1 The Board was asked to consider reports from the Chairs of the Remuneration and Audit and Risk Committees on their meetings held on 31 October and 24 November 2022 respectively.
- 5.2 The Board noted the reports and that some of the points from these meetings would be reported under the following item.

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

6 ANNUAL REPORTS FROM AUDIT AND RISK AND REMUNERATION COMMITTEES 2021/22

- 6.1 The Board was asked to consider the annual reports from the Audit and Risk (ARC) and Remuneration Committees for 2021/22.

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- 6.2 The Chair of ARC presented its annual report which confirmed that the Committee was able to provide the assurances required by its terms of reference. He noted that the internal auditors for the period, KPMG, had been complimentary about the exemplary way in which management actions arising from internal audit investigations had been addressed. The ARC Chair also reported that new internal auditors, RSM, had now been appointed and that the Committee had received the organisation's accounts for the first time since it became a distinct legal entity, The Committee would review its constitution and terms of reference when it next held a face to face meeting and report on any significant outcomes. The Chair thanked the Committee membership, secretariat and supporting staff for their work during the year.
- 6.3 The Board received an update on an incident in which a Board members email had been hijacked to send a phishing message. Our existing controls had limited the extent of the incident but we would in any case be reviewing these and looking again at email security arrangements for each Board member.
- 6.4 The Chair of the Remuneration Committee presented its annual report and set out the areas considered by the Committee during the year, including in its Nomination Committee form when it considered matters relating to Board appointments.
- 6.5 Among the subjects considered had been remuneration of Board members, overall remuneration packages for the Executive, and succession planning for the Executive and Directors. The Chair thanked the Committee membership, secretariat and supporting staff for their work during the year.
- 6.6 The Board received the annual reports from the Audit and Risk and Remuneration Committees for 2021/22.

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7 CHIEF EXECUTIVE'S REPORT

- 7.1 The Chief Executive presented his report and highlighted the success of the recent Practising Certificate Renewal Exercise, reflected in higher customer satisfaction levels.
- 7.2 The Board noted that we would be submitting an action plan to the Legal Services Board (LSB) in January 2023 in response to its policy statement on continuing competence. Board members stressed the need to consider the needs of different parts of the profession, including in-house solicitors, in this work and it was confirmed that the action plan included work to map competence issues across the profession. An opportunity to discuss the workplan would be arranged for any Board members with a particular interest.
- 7.3 The Chief Executive updated Board members on work to explore appointing a sole assessment provider for the Higher Rights of Audience qualification.

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- 7.4 The Chief Executive reminded the Board that at its 19 July 2022 meeting it had agreed that we should announce that the Keeping of the Roll exercise would be restored on an annual basis to begin in April 2023. Board had noted that the initial administration charge should be confirmed later in the year when IT development and other costs were known.
- 7.5 The Executive had now completed the work to understand the infrastructure and administration costs of restoring and carrying out the annual Keeping of the Roll exercise. It had concluded that an administration cost of £20 per year was cost effective on this basis - the same amount as had been charged when we last undertook the Keeping of the Roll exercise in 2014. To give effect to these changes, regulations 5.4 and 5.5 of the SRA Authorisation of Individuals Regulations needed to be amended and an application then made to the Legal Services Board for its approval.
- 7.6 The Board agreed to make the SRA Authorisation of Individuals (Keeping of the Roll) (Amendment) Regulations which amend regulations 5.4 and 5.5 of the SRA Authorisation of Individuals Regulations to allow for the keeping of the roll changes to be implemented, including the reintroduction of an administration charge of £20.
- 7.7 In October 2022 the Board had agreed to make rule changes relating to solicitors' health and fitness to practise. The Board had concluded that it was also minded to make new rules relating to the treatment of colleagues in the workplace, subject to being content with the accompanying guidance. The draft guidance had since been circulated to those members who had expressed an interest and the Board agreed to make the new rules on the treatment of colleagues.
- 7.8 The Chief Executive reported on our success in securing £119,961 of funding in the third round of the Department for Business, Energy and Industrial Strategy's Regulators Pioneer Fund (RPF). The Board congratulated those involved in the bid which would fund a project to look at technological solutions to progress alternative methods of Dispute Resolution (DR) instead of litigation, promote awareness of DR and encourage its use.
- 7.9 The Chief Executive updated the Board on work on the enforcement of the Transparency Rules including undertaking a staged review of the websites of a number of firms that had previously provided declarations that they were complying with the Rules. The Board noted the low level of compliance and considered the potential reasons for this. The Board suggested that we should send a strong public message about the need to comply with these existing rules and that we would take appropriate action against those who did not. It also noted that there may be lessons to be learned from this area of our work
- 7.10 The Board noted that information on our gender and ethnicity pay gaps for 2022 was included in the scorecard in the performance pack at item 8 on the agenda. There was a discussion about changes in the pay gaps compared to previous years. Following the publication of our ethnicity pay gap information for 2021, a

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sub-group of Board members had helped to shape an action plan (at annex 3 of the paper) aiming to address the ethnicity pay gap, particularly within our leadership population.

- 7.11 The Chief Executive also reported on a successful annual Compliance Officers Conference which had been held in Birmingham on 8 November 2022. There had been more than 700 attendees and 20 sessions covering topics ranging from anti-money laundering to innovation, continuing competence to workplace culture. Feedback had been positive, with more than nine out of ten delegates saying they found the event useful or very useful and 98 per cent of delegates saying they would attend a similar event in the future. Board members who had attended suggested that more time might be provided for questions at future conferences and it was noted that the follow up sessions online provided further opportunity for questions.
- 7.12 The Board Chair noted that the report included references to our work with the Law Society (TLS) and suggested that it would be timely for the Executive to consider whether there were any matters which had not been fully resolved following our establishment as a distinct legal entity from TLS. The Executive would report back at a future meeting.
- 7.13 Board members also requested that future Chief Executive's provide more information on our engagement with stakeholders in England as well as in Wales.

8 SRA THIRD QUARTER PERFORMANCE REPORT

- 8.1 The Board was asked to consider the performance report for the fourth quarter of 2021/22. The Board noted the key achievements set out in the covering paper including the opening of our office in Wales and, in relation to innovation and technology, SRA Innovate's support of six startups. In response to questions from Board members about our 'Mapping deprivation and legal service provision' tool, it was confirmed that public beta testing and promotion would take place in the first part of 2023 and that we aimed to be in a position to share it more widely from Spring.
- 8.2 The Board also noted the one activity reported as amber in the final quarter resulting from a growing number of Lawtech organisations pressing us to share further regulatory data to develop their products and our consideration of this.
- 8.3 The Board considered the Financial Performance Update which provided the draft year end position. Income had increased because of the prudent position, which the Board had previously discussed, taken on the number of solicitors paying practising certificate fees. The draft year end position suggested a surplus of £1.3m. The Board also noted the cost of living payments that had been made to lower paid staff.
- 8.4 Project spend had been below forecast due to a finite capacity, internally and externally, to deliver IT-led change. It was confirmed that current projects were all revenue rather than capital and would run into the current financial year. If capacity

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allowed for additional activity to catch up this delivery then a related request for funding would be referred to the Board. Board members asked for more detail on individual projects in future reports.

- 8.5 The Board noted arrangements in place for monitoring investment and cash management and the current impact of economic conditions. The Board also considered risks and opportunities to the 2022/23 budget position. Risks included inflation, the potential that the headcount tolerance might not be achieved and additional project spend. Opportunities around income included growth in PC fees and bank interest,
- 8.6 The Board also noted the update on progress against the Business Plan and the balanced scorecard.

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

9 SRA STRATEGIC RISK UPDATE

- 9.1 The Board was asked to consider a progress report covering the quarter 4 period of the SRA Strategic Risk Register (SRR) and an update on the development of risk management.
- 9.2 The Board reviewed the risks on the SRR and agreed that it would be helpful to have a more succinct summary of the elements of the risks that the Board should be focusing on. This should better enable it to ask the right questions of the Executive on how the risks were being addressed.
- 9.3 The Board noted that further work was being done on appetite and tolerance for the risks on the register, including by the Audit and Risk Committee, and that an update on our risk management framework would be brought to the Board in due course.
- 9.4 The Board noted the Strategic Register and the progress on the ongoing development of risk management.

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

10 REVIEW OF MEETING AND ANY OTHER BUSINESS

- 10.1 The Chair thanked Board members for their contributions. Board members said that the discussions had been interesting in both workshop and formal Board meeting and commended the standard of the papers.
- 10.2 The next meeting, which would be short single issue meeting would be held on 31 January 2023, with the next full Board meeting scheduled for 28 February 2023.