

SOLICITORS REGULATION AUTHORITY
Minutes of the SRA Board meeting
held on 12 September 2023 at 09.00 via Microsoft Teams

Subject to final approval by the SRA Board at its meeting on 17 October 2023

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

In attendance: Paul Philip, Aileen Armstrong, Juliet Oliver, Liz Rosser, Dominic Tambling

1 WELCOME AND APOLOGIES

1.1 The Chair welcomed Board members to the meeting. Apologies had been received from Ann Harrison.

2 MINUTES OF THE PREVIOUS MEETING ON 18 JULY 2023

2.1 The minutes of the meeting held on 18 July 2023 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 were 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 asked the Board to submit comments on the Board forward planner for 2023/24

5 COMMITTEE UPDATES

5.1 The Board was asked to consider reports on discussions at the meetings of the Remuneration Committee on 11 July 2023, the Nomination Committee on the same date and Audit and Risk Committee (ARC) 7 September 2023.

- 5.2 In the absence of the Chair of the Remuneration Committee, the Board Chair reported that the Committee had considered the remuneration of the Chair, NEDs and committee chairs and SID. The Committee received a benchmarking report to inform its decisions.
- 5.3 The Committee noted that remuneration of Board members had last been adjusted in 2014, some nine years ago, since which time there had been significant inflationary pressure.
- 5.4 The Committee also noted that over this period, the organisation, and therefore the role of its Board, had grown significantly on terms of size, complexity, and organisational significance.
- 5.5 Finally the Committee noted that the organisation needed to continue to attract high quality NEDs and would be seeking a new Chair in particular, during the next year.
- 5.6 The benchmarking data showed there was a wide variety of pay and that this was difficult to interpret because it was not clear what was expected by way of time or accountability from other Boards. This meant it could be used only to sense check, but not to direct decisions.
- 5.7 The Committee noted all the above and made the following decisions and recommendations:
- i. To recommend to the Chair and CEO (who are responsible for decisions about NED remuneration) that an increase from 12.5k to 18-20k pa was merited.
 - ii. To recommend to the Chair and CEO that committee members and SID remuneration should be increased from 5k to 7.5k pa.
 - iii. To recommend to the Board that the remuneration for the Chair should be increased from 90k to 105k pa.
 - iv. That all such pay increases should be made with effect of 1 November to coincide with the start of the new corporate strategy and should be reviewed again only at the point of the next corporate strategy.
- 5.8 The Chair and CEO reported to the Board that they had agreed to increase NED remuneration to 18k pa and committee chair and SID pay to 7.5k pa.
- 5.9. The Chair left the room and the Board agreed to increase the Chairs remuneration to 105k pa.
- 5.10 The Chair of the Nomination Committee reminded the Board that the matters considered at the 11 July meeting, primarily around reappointment of Board members, had been reported to the Board meeting on 18 July 2023.
- 5.11 The Chair of the Audit and Risk Committee reported that at its meeting on 7 September 2023 the Committee had discussed the preparation of the latest set of accounts with our auditor, BDO. There were no issues to report other than one which remained under consideration relating to the consolidation of the accounts of the Solicitors Indemnity Fund (SIF) (see item 11).

- 5.12 The Committee had also looked at risk registers (see also item 8) and would do further work before bringing a further iteration of the Strategic Risk Register to the Board at the next performance reporting meeting.
- 5.13 Board members discussed possible areas for future internal audit work, including around the Solicitors Qualifying Examination and differential outcomes, on which research was being undertaken. The Committee had also discussed cyber security and the Board was updated on developments in that area.
- 5.14 The Board noted the reports.

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

5 CHIEF EXECUTIVE'S REPORT

- 6.1 The Board was asked to consider an update on our priorities and key developments that it needed to be aware of. The report provided information on important external developments and our engagement activity with key stakeholders.
- 5.2 The CEO updated the Board on the Chartered Institute of Legal Executive's (CILEX) proposal to redelegate regulation of CILEX members to the SRA. This included the publication on 31 August 2023 of our consultation on the potential changes to our regulatory arrangements that would be required should regulation of CILEX members move to us.
- 6.3 The CEO reported that in August he had attended the Government's 'Professional Enablers' roundtable on misconduct in the legal sector with a focus on immigration services. We had also written to the Government setting out the action we had taken in response to allegations made by the Daily Mail against law firms involving immigration services, as well as setting out our follow-up actions from our 2022 thematic review into immigration lawyers. We were now considering what further action might be needed.
- 6.4 The Board noted that the results for candidates who took Solicitors Qualifying Examination (SQE)2 in April 2023 were released on 22 August. The results for July 2023's sitting of SQE1 were released to candidates on 31 August and a statistical report, that would include the pass rate and demographic data, would be published in the autumn.
- 6.5 The Board noted the successful completion of the Keeping of the Roll exercise for 2023. This was the first time the exercise had run since 2014 and it would now run annually. A total of 33,627 solicitors had applied to stay on the roll after a cohort of around 60,000 solicitors were notified in March that they needed to apply to stay on the roll and pay an administration fee of £20. The Board congratulated the team on the successful completion of this exercise.
- 6.6 The CEO updated the Board on our intervention into the firm Axiom and the associated suspension of the Practising Certificates of three individuals with

immediate effect, In discussion Board members agreed that the deep dive on client protection which was scheduled for the October Board meeting should include a review of recent significant interventions and any lessons that might be learnt from them.

6.7 Finally, the CEO drew the Board's attention to consultations issued by the Legal Services Board on: its draft statutory guidance for regulators on promoting technology and innovation to improve access to legal services; and on its draft proposals to publish revised requirements and guidance and a new statement of policy on first-tier complaints. .

6.8 The Board noted the Chief Executive's report.

6 SRA THIRD QUARTER PERFORMANCE REPORT

7.1 The Board was asked to consider the performance report for the second quarter of 2022/23.

6.2 Key achievements for the quarter included the completion of the Keeping of the roll exercise and the publication of our first annual assessment of competence. The update on progress against our Business Plan (annex 2 of the paper) showed that of the 76 activities in the plan, 71 were on track, two had been deferred and three were amber, with activities identified to ensure that they were delivered.

6.3 The Board noted the financial performance update, including that a moderate underspend was now forecast for the year and that this was likely to be used to increase our reserves to bring them closer to the required range set within the Reserves Policy. The number of interventions into firms was significantly higher than it had been for the previous couple of years. Calls on the Compensation Fund meant that its reserves were likely to come close to the minimum agreed levels

6.4 The Board received an update on progress against the Investigation and Enforcement continuous improvement action plan (annex 5 of the paper) and noted that progress was being made and the further action planned. Further detailed regular reports would be put to the Board.

6.5 The Board considered an update on assurance mapping against the Legal Services Board's (LSB) Regulatory Performance Assessment Framework Sourcebook of standards and characteristics. The Board had looked at this in June and asked for regular updates. It had also agreed that each time it considered the assurance mapping update, it would have a general discussion on one of the three standards and how the organisation was meeting it. On this occasion the Board was asked to discuss the 'Well Led' standard. The Board reviewed the characteristics associated with this standard and agreed that this was an area in which we had been strong for a number of years, and that that had been reinforced by the recent Board Effectiveness Review. The Board also asked the Executive to review how the information on the LSB assessment was presented to assist it in focusing discussion more clearly.

7.6 The Board:

- a) noted the content of the quarterly performance reports and the overall assessment of performance
- b) noted the update on the LSB performance assessment and consider the first standard 'well led'.

NB: annex 1 of this paper 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 3 (May 2023 - July 2023) period of the SRA Strategic Risk Register (SRR) and risk management development.
- 8.2 The Strategic Risk Register 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. Further discussion by the Executive and Audit and Risk Committee would now take place, including on risk appetites and ratings, and a further version of the SRR would be put to the Board with the next performance report.
- 8.3 The Mid-tier risk register had also been significantly revised and one new risk relating to supplier reliance for the delivery of key business operations has been added.
- 8.4 The Board:
 - a) noted the enhanced streamlined risk report
 - b) agreed the revised Strategic Risk Register.
- 8.5 In reviewing the sum of information put to the Board as part of the quarterly performance report (items 7 and 8) the Board agreed that it could be more focused. The Executive was therefore asked to consider providing a summary of risks on the SRR rather than the full register (once the new SRR had been finalised), exception only reporting on the business plan activities set out in annex 2 of the performance report at item 7, and providing less detail on achievements in the same annex. The Executive therefore agreed to review the information provided in the performance report and how best to ensure that the Board could focus on the key information but still have the detail available to review when needed.

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

9 CORPORATE STRATEGY FOR 1 NOVEMBER 2023 TO 31 OCTOBER 2026

- 9.1 The Board was asked to consider a final version of the Corporate Strategy 2023-26 following a consultation and extensive engagement with our stakeholders. Board members complimented the Executive on the thoroughness of the engagement exercise but said that it was still important to consider whether there was anything different or additional that might be done next time.
- 9.2 The Board noted that the proposal for an overarching mission – which in the draft Strategy consulted on had been ‘Enhancing confidence in legal services’ had been well received. Views on enhancing were mixed with some respondents feeding back that it was not the right word. Following discussion the Board agreed that the mission should be ‘Driving confidence and trust in legal services’ which would better meet stakeholder expectations and captured the Board’s original intent as well as being more meaningful to SRA staff.
- 9.3 The Board noted that there had been calls for access to justice and equality, diversity and inclusion to be separate priorities within the Strategy. The recommendation was to explain more clearly in the Strategy they were key elements of all our priorities and to make clearer our commitments in these areas. Other proposed amendments would reference the public as one of our stakeholder communities under our third strategic priority. We would also provide clarity on some points, for instance replacing ‘attainment gap’ with the preferred ‘differential outcomes’ when referring to the assessment results of aspiring solicitors from Black, Asian and minority ethnic backgrounds.
- 9.4 In response to questions from Board members it was agreed that the Executive would review the proposed timescale for our plans to adopt a theory of change model for EDI and evaluate our progress against delivering this against appropriate criteria. It was also agreed that we should consider the timeliness of developing a policy statement on access to justice we should consider whether a separate equality impact assessment should be prepared.
- 9.5 Subject to the points above, the Board agreed the amendments for our Corporate Strategy 2023-26 in response to the consultation and engagement exercise, including a revised mission, and approved the Corporate Strategy for publication.

10 SRA BUSINESS PLAN FOR 1 NOVEMBER 2023 TO 31 OCTOBER 2024

- 10.1 The Board was asked to consider an updated final Business Plan for 2023-24 following consideration of responses to our consultation and engagement activity and the finalisation of our Corporate Strategy for 2023-26.
- 10.2 The Board had considered responses to the Business Plan consultation in June 2023 and the only significant further changes proposed related to amendments resulting from the Corporate Strategy consultation. The Board approved the Business Plan 2023-24 for publication.

11 TRANSFER OF THE CONTROL OF SIF TO THE SRA

- 11.1 The Board was asked to consider an update on the position in relation to the SRA taking responsibility for the management of the Solicitors Indemnity Fund (SIF) from SIF Limited (SIFL).
- 11.2 The Board noted that we remained on track to meet our commitment to take receipt of all new and current SIF claims from 1 October 2023. The paper included updates on the various workstreams (financial, operational, legal and governance and communications) and asked the Board to make some decisions that were necessary as the date for the transfer date approached.
- 11.3 For the finance workstream it was proposed that we appoint BDO (current auditors for both SRA and SIF/SIFL) as auditor of SIF and SIFL for the 2022/23 accounts. One technical issue relating to the consolidation of SIF within the financial statements of the SRA remained to be resolved. It was also proposed that we should not make any immediate changes to the structure of the SIF investment portfolio, but would keep that position under review.
- 11.4 On the operational workstream, it was noted that on 11 September 2023 we had announced the appointment of a third-party claims handler, Polo Commercial Insurance Services Limited (Polo), a known and trusted provider of claims management services to the SRA, to assist us with the delivery of managing claims made to the SIF.
- 11.5 On the legal and governance workstream it was proposed that reporting within the SRA would be via the Client Protection Team and then to the Board. We would be working with Polo and Marsh, our professional advisers, to agree the reporting format. The Board's usual performance pack would report on expenditure, balance/payments and investment performance level for SIF.
- 11.6 The Board also noted that the existing Directors of SIFL (excluding Liz Rosser, our Executive Director of Operations and Resources) intended to resign with effect from 1 October 2023. It was proposed that Juliet Oliver, our General Counsel, and Board member Rob McWilliam would join as Directors with the Law Society remaining as a company member to oversee the winding down of the company.
- 11.7 The Board thanked the Executive and staff involved for the work which had gone in to getting us to this stage and agreed
- a) the appointment of BDO as auditor for SIF an SIFL
 - b) the proposed approach towards the current investment portfolio
 - c) the proposal for ongoing reporting to the Board
 - d) the proposed Director appointments.

NB: the paper for this item will not be published because it contains information which is commercially sensitive.

12 REVIEW OF MEETING AND ANY OTHER BUSINESS

12.1 The Chair thanked the Board and Executive for their contributions. The next meeting would be held on 17 October 2023 in Birmingham.