

SRA BOARD**CLASSIFICATION – PUBLIC**

SOLICITORS REGULATION AUTHORITY
Minutes of the SRA Board meeting
held on 20 October 2020 at 12.30 by Microsoft Teams

Subject to final approval by the SRA Board at its meeting on 8 December 2020

Present: Anna Bradley (Chair)
David Heath
Peter Higson
Paul Loft
Barry Matthews
Geoff Nicholas
Dame Denise Platt
Selina Ullah (from item 7)
Elaine Williams
Tony Williams
David Willis

In attendance: Paul Philip, Robert Loughlin, Jane Malcolm, Juliet Oliver, Liz Rosser, Tracy Vegro, Julie Brannan, Chris Handford, Rachel Pillinger (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 15 and 28 SEPTEMBER 2020

2.1 The minutes of the meetings held on 15 and 28 September 2020 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 and all actions due had been completed or 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 thanked Board members for their contributions to the morning workshop session. This had included a deep dive into our enforcement work. Discussion had included the management of casework and the types of issues and themes that are emerging, for example on sexual harassment in the workplace and the health and wellbeing of respondents. We would be covering the detail in our annual Upholding Professional Standards report later this year, along with a breakdown of

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the profile of people in our disciplinary processes. The Board would return to these matters periodically.

- 4.2 The Board considered the longer term implications of how we might work in the light of the changes that had been brought about by Covid-19 and the lessons that we had learned since March.
- 4.3 The Board discussed our strategic financial planning and in particular what our financial objectives should be for the three years covered by the 2020-23 Corporate Strategy in terms of both income and expenditure. It was agreed that progress against efficiency targets, including those relating to the Modernising IT Programme, should be regularly reported to the Board.
- 4.4 Finally the Board had looked at ideas for the further development of quality indicators in the legal services market, building on the findings of our research commissioned to evaluate the impact over their first year of our new Transparency Rules which had been published the previous week. Further work would be undertaken which would take into account Board members' suggestions for working in partnership with others and for piloting of any new measures.
- 4.5 The Chair told the Board that the recent Board recruitment campaign had attracted significant interest with more than 200 applications from a real diversity of candidates, both in terms of background and the different perspectives they would bring. The shortlisting meeting for the recruitment of four new Board members had taken place the previous day and 15 candidates had been shortlisted for interviews which would take place in November in London and Birmingham.
- 4.6 The Chair also reminded Board members that Board member appraisals were imminent and encouraged them to provide her with any feedback for colleagues if they wished to do so.
- 4.7 Finally, the Chair updated the Board on progress towards our achieving distinct legal entity and charitable status. Since the last Board meeting on 28 September 2020 positive discussions had been held with the Legal Services Board (LSB). The intention now was for a memorandum of understanding between the LSB and Charity Commission to be developed alongside our submission to the Commission for charitable status. The Law Society Board had approved the charitable articles and requested to be kept in touch with progress.

5 COMMITTEE CHAIR REPORTS

- 5.1 The Board considered written updates from the Chairs of the Audit and Risk Committee (ARC), which had met on 29 September 2020, and the Remuneration Committee, which had met on 6 October 2020.

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

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6 CEO REPORT

- 6.1 The Chief Executive presented his report. The Board noted that the Legal Services Board would be meeting that week to consider our application for final approval of the Solicitors Qualifying Examination (SQE). The Board noted the government's announcement that A level results would be published three weeks later than usual in 2021 and that we would extend our deadlines by three weeks so that students intending to undertake Qualifying Law Degree courses and take advantage of transitional arrangements before the introduction of the SQE would need to accept QLD offers by 21 September 2021 rather than 31 August 2021.
- 6.2 The Board was asked to agree a minor change to the commencement date for the introduction of a previously agreed rule that only admitted solicitors could take the criminal or civil Higher Rights of Audience (HRA) assessment. The change would mean that it would take effect from 1 April 2021 rather than 1 January 2021 to give stakeholders more notice of the forthcoming rule change and to enable us to provide an appropriate lead in time. The rule change would now be submitted to the LSB for approval.
- 6.3 The Board made the SRA Authorisation of Individuals (Higher Rights of Audience) (Amendment No 2) Regulations [2020], with the revised commencement date, which would now be submitted to the LSB for approval.
- 6.4 The Board also agreed some minor amendments to the SRA determination on Compensation Fund contributions 2020 following agreement of the 2020/21 Compensation Fund fees in July 2020. The amendments were set out in annex 2 of the report.
- 6.5 The CEO updated the Board on progress with the Practising Certificate Renewal Exercise (PCRE). This year we were running renewals on a new IT system and with new telephony, which had been particularly challenging against the backdrop of the impact of the Covid-19 pandemic on us as well as on the profession. Although renewal has been straightforward for most applicants, there had been some teething problems and some firms have experienced technical issues. The position would continue to be monitored carefully as we moved through the PCRE window at the end of the month.
- 6.6 The CEO told the Board that we were continuing to liaise with the Law Society and the government on arrangements after the end of the transitional period following the UK's departure from the EU which would come to an end on 31 December 2020. Any necessary steps would be implemented as soon as possible once the terms of any agreement were known or if no agreement had been reached.
- 6.7 The Board also noted that the position in relation to firms securing Professional Indemnity Insurance was not as problematic as had been predicted in some quarters and the numbers of firms with difficulties was in line with usual years. We would continue to monitor the position and to support firms as appropriate.

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6.8 The CEO informed the Board that we had responded to the LSB's consultation on its plans to increase practising certificate fee (PCF) transparency. We were also in the process of responding to a request for information from the LSB ahead of its annual assessment of our performance against the regulatory outcomes. This included a request for more information on publication of Board papers and a request for a statement from the Board, explaining why the KPIs in the performance reporting pack were considered to be the most relevant ones for reviewing the executive's performance against the SRA's strategic and statutory objectives. The Board agreed that it was continuously improving the level of Board transparency and had further to go. It also agreed that given that in July 2020 it had reviewed the performance reporting options and confirmed that it was satisfied with the content of the current performance reporting pack, the Chair should provide this confirmation to the LSB.

7 BUDGET 2020/21

- 7.1 The Board was asked to consider an update on the proposed budget for 2020/21. The Board had considered a draft budget along with the Net Funding Requirement in April 2020 and variances between this and the proposed final budget were set out in the table in paragraph 13 of the paper. Changes were largely due to the impact of Covid-19 on working practices, for instance an increase in IT costs to support the new telephony solution implemented to allow the Contact Centre to operate successfully while working remotely.
- 7.2 Board members noted that there was no contingency included in the budget as there had been in previous years to avoid the need to draw on TLS Group reserves. This was in expectation of us having control of our own reserves in 2020/21 and the Board noted the risk associated with this approach given that we had not yet become a distinct legal entity. The Board confirmed that it was comfortable with this given the next steps being taken to conclude the discussions about distinct legal entity.
- 7.3 The Board also noted the risks and opportunities inherent in the implementation of the next significant part of our modernising IT programme, RegOps 2, which will update our case management systems. This was due to go live in December and carried with it risks always associated with bringing such projects to fruition, though steps were being taken to mitigate these risks. Against this there was an opportunity that we may see benefits from the implementation of the new systems later in the financial year.
- 7.4 In response to questions from Board members it was confirmed that it was too early to say whether the number of solicitors in practice would vary significantly from previous years, though the Board had previously agreed that a prudent approach should be taken and the budget had been prepared on that basis.
- 7.5 Board members also noted that there was a small risk associated with the presumed staff vacancy rate used to prepare the budget, given that turnover of staff appeared to have reduced, presumably as a result of uncertainty associated with Covid-19.

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7.6 The Board approved the proposed budget for 2020/21.

8 MONITORING OF SRA INVESTMENTS

8.1 The Board was asked to consider proposals for monitoring SRA investments once Solicitors Regulation Authority Limited began trading. This would apply to practising certificate revenue to fund activities throughout the year, to any reserves held and to Compensation Fund balances once we became a distinct legal entity.

8.2 Board members noted the need to have appropriate governance in place for its management of these funds and asked for consideration to be given to how often Cazenove Capital, which managed the portfolio currently held by the TLS Group, should attend Board meetings. Triggers should also be identified for reporting to the Board on investments outside of the proposed quarterly reporting. In response to questions from Board members it was also confirmed that consideration of ethical investments will be built onto development of the investment strategy for the management of funds to be brought to the Board for approval..

8.3 The Board:

- a) approved the proposal for the short term development of our strategy and approach to investments and reserves and confirmed membership of the working group as the Board Chair, the Chair of ARC, Peter Higson and Tony Williams.
- b) approved the proposal for oversight of investments in the long term.

9 SRA CORPORATE COMPLAINTS

9.1 The Board was asked to consider an update on our corporate complaints for 2018/19, including the Independent Reviewer's (IR) annual report. This was the first such report provided by the Centre for Effective Dispute Resolution (CEDR) which had taken over as IR on 1 October 2018.

9.2 The Head of Corporate Complaints summarised the work of the team and its role as part of the quality control mechanisms for our operational work and the handling of corporate complaints across the organisation. Board members noted that the number of corporate complaints received in 2018/19 was slightly down from the previous year at 815 against 827 and that given the total number of transactions undertaken across the organisation this represented a very small percentage.

9.3 The team's work included looking at, and then seeking to address, the root of complaints. In 2018/19 around 10% of complaints were related to delays in operational matters, and around half of these were upheld. Steps had been taken to reduce this, with teams acknowledging complaints quickly, providing details of who was looking after the case and being clear about timetable for further steps.

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- 9.4 A good deal of work had been done to improve communication, including the introduction of 'Writing the SRA Way' guidance, which was regularly updated, and the training of all new staff. This had reduced the number of complaints received about our communication, but further work was ongoing, including making sure we say sorry more quickly when that was the appropriate response.
- 9.5 The third main reason for complaints was a dissatisfaction with the outcome of our investigations into concerns about solicitors or firms. It was reassuring to note that CEDR had concluded that these issues were to do with the customers' perception of unfairness, rather than finding any evidence of actual unfairness in how we handled their case. This was though another area in which communication was important and further work was being done to improve it. It was also noted that wider work on improving customer experience across the organisation would help to address some of the problems identified.
- 9.6 Board members thanked the team for its work and welcomed the positivity of the IR report and the willingness of the organisation to seek continual improvement in this area. It was agreed that the paper and report provided the Board with robust assurance around the handling of complaints. In response to questions from the Board it was confirmed that the complaints team worked well with CEDR which was constructive and helpful in its dealings with us.
- 9.7 The Board noted the Independent Reviewer's Annual Report 2018/19, which would be published by us and CEDR, and the key areas we continue to focus on to improve our service.

10 REVIEW OF MEETING AND ANY OTHER BUSINESS

- 10.1 The Board discussed the balance of work considered in the workshop session and formal meeting. It was noted that summaries of workshop discussions were included in the minutes of formal meetings and also covered, when appropriate, in the Chair's blog. Workshop discussions in December would include arrangements to use. There was no other business. The next meeting would be held on 8 December 2020.