

SRA BOARD

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**SOLICITORS REGULATION AUTHORITY
Minutes of the SRA Board meeting
held on 31 May 2017 at 09.30
at the Grange Holborn Hotel, 50-60 Southampton Row, London WC1B 4AR**

Present: Enid Rowlands (Chair)
Julia Black
Sharon Darcy
Jane Furniss
David Heath
Geoff Nicholas
Paul Marsh
Barry Matthews
Dame Denise Platt
Chris Randall
Deep Sagar
Shamit Saggar
Elaine Williams
Tony Williams
David Willis

In attendance: Paul Philip, Richard Collins, Robert Loughlin, Jane Malcolm, David Middleton, Crispin Passmore, Dominic Tambling.

SEMINAR

As part of the Board's strategy for engaging with stakeholders Jane Martin, Chair of the Legal Services Consumer Panel and Kathryn Stone, Chief Ombudsman at the Legal Ombudsman attended the seminar session. They made short presentations to the Board and took part in a discussion with Board members. It was recognised that we already enjoy good relationships with both organisations but also that there were further areas of mutual interest to be explored.

1 APOLOGIES

1.1 The Chair welcomed Board members to the meeting. Apologies had been received from Juliet Oliver.

2 MINUTES OF THE MEETING HELD ON 12 APRIL 2017

2.1 The minutes of the meeting held on 12 April 2017 were approved as a true and accurate record subject to a factual correction to paragraph 5.1.

3 MATTERS ARISING AND DECLARATIONS OF INTEREST

3.1 The Board reviewed the action log and noted that all actions had been completed.

SRA BOARD



CLASSIFICATION – PUBLIC

3.2 Dame Denise Platt, Chair of the People Strategy Committee, informed the Board that the Law Society (TLS) Council had agreed to delegate the appointment and re-appointment process for the SRA Board Chair and members for 2017 as in previous years. These processes were now underway under the oversight of the People Strategy Committee.

3.3 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 noted that she and Paul Philip had met their counterparts at TLS on 23 May 2017 and the Legal Services Board (LSB) on 30 May 2017. They had also met Wanda Goldwag, the new Chair of the Office for Legal Complaints on 23 May 2017.

4.2 The Chair thanked Sharon Darcy, Barry Matthews, Geoff Nicholas, Chris Randall and Tony Williams for representing the Board at the SRA Innovate conference on 26 April 2017. This had been a successful event with over 100 solicitors attending and nine out of ten saying that they would attend a similar event in the future.

5 CHIEF EXECUTIVE'S REPORT

5.1 Paul Philip introduced his [report](#) and outlined a number of important pieces of work that were currently underway including: the Modernising IT Programme; the response to the Competition and Markets Authority's report on the legal services market; preparing for the visit of the Financial Action Task Force in April 2018; preparing for the new General Data Protection Regulations; and implementing the changes required to introduce the Solicitors Qualifying Examination.

5.2 Paul Philip noted that the Solicitors Disciplinary Tribunal was expected to report on the outcome of the hearing into the firm Leigh Day which stemmed from the Al-Sweady Inquiry on the week commencing 5 June 2017. The correspondence between us and the Ministry of Justice and Ministry of Defence which we had been asked to disclose did not appear to have detracted from our case.

5.3 The delivery partner for Wave 2 of the Modernising IT Programme, Hunter MacDonald, was now in the discovery phase. The Finance and Audit Committee had looked at the procurement process at its meeting earlier in May and had received a number of assurances about the thoroughness of the process. The Board would look at the Programme in more detail again in September.

5.4 Testing of business continuity arrangements had been successfully carried out. A strong framework was in place but was continuously under review and development.

SRA BOARD**CLASSIFICATION – PUBLIC****6 LOOKING TO THE FUTURE PHASE ONE - PRINCIPLES, CODES OF CONDUCT AND RESPONSE TO CONSULTATION**

- 6.1 The Board considered the analysis of the responses to the consultation on Looking to the Future and revised Principles and Codes of Conduct and our resulting position.
- 6.2 Board members supported the recommendations in the paper and recognised the thorough work which had been done by staff and the policy committee in reaching this position. They suggested that it was important to be clear in the response document that the position on what information solicitors would need to provide about their status and what protections existed for their clients had not yet been finalised.
- 6.3 Some concerns were expressed about the recommendation that solicitors should be able to deliver services to the public from outside SRA-regulated firms but it was acknowledged that it should be supported given the way in which the profession was developing smaller and smaller numbers of newly qualified solicitors wanting to work for high street firms. Doubts were also expressed about whether the proposed reforms would give consumers a wide choice of services. It would also be important to keep a close eye on how the solicitor 'brand' was used.
- 6.4 It was confirmed that guidance was being put together for solicitors who would be regulated by us but work in firms that were not to help them understand their responsibilities.
- 6.5 The Board agreed the analysis of the responses to the consultation on Looking to the Future and revised Principles and Codes of Conduct and our resulting position. This would be published within the next few weeks. The Chair thanked Crispin Passmore and his team and all of the members of the Policy Committee for their work on this issue.

7 LOOKING TO THE FUTURE: PHASE THREE OF THE ACCOUNTS RULES REVIEW - RESPONSE TO CONSULTATION

- 7.1 The Board discussed the analysis of the responses to the consultation on the third and final phase of the Accounts Rules Review and our resulting position. Across the Accounts Rules and Looking to the Future consultations we had engaged with over 20,000 people through our online content, events, meetings and social media engagements.
- 7.2 Board members expressed doubt as to whether the proposed changes, including on third party managed accounts, would bring about any significant reduction in costs and noted that payments were very rarely made by cheque any more. They recognised though that these were positive changes which should be helpful for those in a position to make best use of them.

SRA BOARD



CLASSIFICATION – PUBLIC

- 7.3 It was confirmed that a toolkit would be developed to help firms make sensible choices about whether third party managed accounts could be used, including on advance payments of fixed fees.
- 7.4 The Board agreed the analysis of the responses to the consultation on the third and final phase of the Accounts Rules Review and our resulting position. The analysis and position paper would be published within the next few weeks.

8 SRA DRAFT 2017/18 BUDGET AND NET FUNDING REQUIREMENT

- 8.1 The Board considered and agreed the draft budget for the 2017/18 financial year (1 November 2017 to 31 October 2018) and the net funding requirement (NFR). This represents the amount needed to be collected from regulated individuals and entities, through practising fees for the cost base of the SRA. Finance and Audit Committee had considered drafts of these at its meetings in February and May and supported the recommendation.
- 8.2 In response to comments from Board members the Chair agreed that it would be helpful for the Board have one of its regular looks at operational performance before the end of the year.
- 8.3 The budget and NFR would now be subject to scrutiny and approval by the Law Society before being submitted to the Legal Services Board for approval in August.

9 COMPENSATION FUND CONTRIBUTION FOR 2017/18

- 9.1 The Board considered a paper recommending the level of contributions to the Compensation Fund in 2017/18 for individual solicitors and for firms. The Fund pays discretionary grants to people who have lost money as a result of dishonesty or failure to account by solicitors or law firms. It also has jurisdiction to pay discretionary grants to people who cannot recover damages from a solicitor or law firm because of a failure to obtain indemnity insurance.
- 9.2 David Willis, Chair of Finance and Audit Committee, reported that the Committee had looked at the background figures in great detail at both of its most recent meetings. This had included possible pressures on the Fund and the approach to maintaining a sufficient balance and avoiding wide fluctuations in the level of contributions and supported the recommendation.
- 9.3 The Board agreed the level of Compensation Fund contributions for 2017/18 to be recommended to the Law Society Council.

10 COMPENSATION FUND 2016 FINANCIAL STATEMENTS

- 10.1 The Board considered and approved the Compensation Fund 2016 Financial Statements, Letter of Representation and Statement of Disclosure for the period ending 31 October 2016.

SRA BOARD

CLASSIFICATION – PUBLIC



11 ANY OTHER BUSINESS

11.1 The Board noted the minutes of meetings of:

- Policy Committee on 20 March 2017
- People Strategy Committee on 3 April 2017
- Equality, Diversity and Inclusion Committee on 4 April 2017

11.2 The Board considered arrangements for publishing Board papers and agreed that the aim should be to make as much as possible available, recognising that issues such as the best time to launch consultations or publications would mean that that was not always possible immediately after the meeting.

11.3 The Chair thanked Board members for their contributions. the next meeting of the Board would be in Wednesday 12 July 2017 at The Cube, Birmingham B1 1RN at 10.00.