

SRA BOARD
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SOLICITORS REGULATION AUTHORITY
Minutes of the SRA Board meeting
held on 14 January 2025 at The Clermont, The Strand, Charing Cross, London
WC2N 5HX

Subject to final approval by the SRA Board at its meeting on 24 February 2025

Present: Anna Bradley (Chair)
Claire Bassett (via Teams)
Ann Harrison
Rob McWilliam
Simon Millhouse
Claudio Pollack
Lisa Mayhew
Vikas Shah
Liz Smart
Nicola Williams

In attendance: Paul Philip, Aileen Armstrong, Liz Rosser, Juliet Oliver, Alex Magloire, Jennifer Ackers (for items 1 to 7), Dominic Tambling

1 WELCOME AND APOLOGIES

1.1 The Chair welcomed everyone to the meeting including the two new Board members, Simon Millhouse and Claudio Pollack, who had joined the Board on 1 January 2025. There were no apologies.

2 MINUTES OF THE PREVIOUS MEETING ON 8 OCTOBER 2024

2.1 The minutes of the meeting on 8 October 2024 were approved as a true and accurate record. The Board Chair confirmed that Selina Ullah had ratified the decisions taken at this meeting at which there had not been a lay majority.

3 MATTERS ARISING AND DECLARATIONS OF INTEREST

3.1 There were no matters arising that would not be covered 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 In terms of decisions taken since the last meeting on 8 October 2024, the Board had resolved to accept the resignations of Paul Loft and Selina Ullah (who had come to the end of their terms of appointment) as Directors and appoint Claudio Pollack and Simon Millhouse to the Board. The Board Chair had approved minor amendments to our rules needed to give effect to the professional qualification aspects of the UK/Swiss Trade Agreement. The Board had delegated authority to the Board Chair to do this at its 8 October 2024 meeting.

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- 4.2 The Board Chair updated the Board on her recent meetings including with Tom Hayhoe, Chair of the Legal Service Consumer Panel, who would be attending the Board's meeting in February 2025. She had also met the new Counsel General in Wales, Julie James MS, for what had been a positive introductory meeting. The Board Chair and the CEO would be meeting the new Minister of State for Courts and Legal Services, Sarah Sackman MP, the following week.
- 4.3 The Board noted that Liz Rosser, Executive Director Operations and Resources, had been appointed to the Board of Qualifications Wales.
- 4.4 The Chair summarised the workshop discussions that had taken place that morning (on the Post Office Horizon Scandal and Solicitors Qualifying Examination (SQE)) and at the 18/19 November 2024 Board workshop (*at annex 1*):

Post Office Horizon Scandal

- 4.5 The Board considered an update on work in relation to the Post Office Horizon scandal and our investigations into the conduct of firms and individuals involved in the events. The scale of the issues and volume of documentation to be considered was significant and concerned a considerable number of individuals and firms. We also looked at key ethical themes and questions for regulation arising from events and highlighted in the recent Hamlyn Lectures. We asked the executive to develop a single view of the way it is threaded through our work. This will inform a discussion about whether and where there might be more that we could do to ensure that solicitors are working to the standards the public expect.

The SQE - responding to feedback, data publication and actions on differential outcomes

- 4.6 We discussed what we had recently heard about the sentiment around the Solicitors Qualification Examination (SQE), including at the most recent Board dinner with stakeholders in Birmingham. We reminded ourselves that the introduction of the SQE had been a real success, including achieving the primary aim of ensuring that every solicitor was being assessed to the same high standard. We are confident that this is the case. There continued to be some hearts and minds to win. And of course, there are further improvements we are working on. We asked the Executive to share a plan for in the round communications about the achievements so far, the improvements that have been made in response to early issues and the plans for review and enhancement going forward. We also discussed updates on the publication of SQE data and actions on differential outcomes on which the Executive needed to make decisions.

5 ANNUAL REPORTS FROM COMMITTEES 2023/24

- 5.1 The Board was asked to consider annual reports from the Audit and Risk (ARC), Remuneration and Nomination Committees and an update from the Chair of ARC.
- 5.2 The Chair of Audit and Risk Committee (ARC) summarised the main areas covered by the report and a report of the most recent ARC meeting on 10

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December 2024. In relation to internal audit, the Committee was keen for the auditors to consider our systems for identifying and managing risk. This included the need for us to be confident about our processes for identifying risks associated with our data strategy. The Committee would be looking at this in more detail at its meeting in March 2025. The internal audit programme would be adjusted to include an advisory audit of the Risk and Intelligence Framework process, recognising that this would still be at the stage of development.

- 5.3 The Chair of Remuneration Committee highlighted discussions that the Committee had had on gender and ethnicity pay gaps which was an area on which it would continue to focus. The Board also noted the Committee's review of staff benefits which had resulted in the recent introduction of a monthly wellbeing allowance for staff and the imminent introduction of a benefit relating to the option to buy or lease an electric or hybrid car.
- 5.4 The Board Chair, who Chairs Nominations Committee, reminded the Board that much of the work of the Committee related to the campaign to recruit a new Chair, led by Senior Independent Director. More recently, the Committee had also overseen the recruitment of the two new Board members. The Committee's priorities for the New Year included establishing a more formal training plan for the Board and an evaluation of the implementation of the Board Effectiveness Review.
- 5.5 The Board received the annual reports from the Audit and Risk, Remuneration and Nomination Committees for 2023/24 and noted the update from the Chair of ARC.

NB: the paper relating to this item will not be published as it relates to issues that are commercially sensitive. 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 highlighted the success of the practising certificate renewal exercise in October 2024 which had gone smoothly with improvements made to customer experience, including through our IT systems and performance enhancements to ensure that our systems ran more effectively.
- 6.3 The CEO updated the Board on progress with a number of high profile cases including that the Serious Fraud Office had charged five individuals with offences related to the collapse of Axiom Ince. The charges included fraud and conspiracy to use false instruments and conspiracy to conceal, destroy or otherwise dispose of documents.
- 6.4 The Board noted that in November 2024 we had published a further update on our investigations on the SSB Group in relation to former clients unexpectedly being

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pursued to pay adverse legal costs in relation to discontinued cavity wall insulation litigation claims. The Board was updated on progress in relation to our work flowing from the Axiom Ince and SSB cases.

- 6.5 The Board also received updates on a number of other high profile cases and discussed how we might best continue to work collaboratively with the Solicitors Disciplinary Tribunal, including a further meeting of our Board Chair with the SDT Chair.
- 6.6 The CEO highlighted the work we had done in 2024 collecting information from the whole profession about anti-money laundering (AML), sanctions and Suspicious Activity Reports (SARs) and the publication of our annual report on our AML work in October 2024.
- 6.7 The Office for Professional Body Anti-Money Laundering Supervision (OPBAS) would be visiting our offices on 14 February 2025 to inspect our SARs submissions and meet our Money Laundering Reporting Officer as well as staff in the AML Directorate as part of its work to improve the quality of SARs. We expected this to be followed later in the year by OPBAS's next full inspection.
- 6.8 The Board also noted that as we continued to grow our resources based in the Wales office we had found new office space in Cardiff which we had taken on a two-year managed service contract and were expecting to move into during the spring of this year.
- 6.9 Finally, the CEO thanked staff who had been involved in the organisation of the annual Compliance Conference in November which had been attended by around 1,300 people, all of those who provided feedback said that they would attend a similar event again.
- 6.10 The Board noted the Chief Executive's report.

7 SRA YEAR ENDED 31 OCTOBER 2024 PERFORMANCE REPORT

- 7.1 The Board was asked to consider an overview of the performance report for the year ended 31 October 2024 and (at item 8) a report covering the management of the SRA key risks set out in the Strategic Risk Register (SRR).
- 7.2 In relation to financial performance, the Board noted that there had been a £5m surplus against budget for 2023/24 in SRA Limited. This was largely due to expenditure being lower than budget, particularly on projects, greater than budgeted income and an unbudgeted investment gain. The corresponding increase in reserves would fund a level of expenditure in 2024/25 which would materially exceed the budget. The reserves at the end of 2023/24 were in the middle of the agreed range but were likely to be near the bottom of the range at the end of the current financial year.
- 7.3 Significant further claims were expected on the Compensation Fund including those resulting from the Axiom Ince case but also due to a high number of interventions generally. As the Fund operated on a cash basis it might be necessary to call upon the banking facility which had been set up to cover just

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such a situation, towards the end of the financial year. The Board was reminded that in most cases we recovered significant amounts of the awards paid from the Compensation Fund, but that this could take some years and it was not yet clear what and when we might recover in relation to the Axiom Ince case.

- 7.4 The number of claims on the Solicitors Indemnity Fund was at the level expected when we had taken on its management and at expected future levels of claims the Fund had sufficient reserves to last well into the future without any need for additional funding. It was confirmed that the process of closing the Solicitors Indemnity Fund Limited was proceeding as planned.
- 7.5 The Board also considered and agreed revisions to the investment policies for SRA Limited, the Compensation Fund and the Solicitors Indemnity Fund.
- 7.6 The Board reviewed the balanced scorecard annexed to the paper, recognising that proposed improvements to the scorecard were set out at item 9 on the agenda. The Board noted that although the target for authorisation of medium and high risk firms had not been met towards the end of the time period shown on the scorecard, we were now back on target for November and December 2024. Similarly, although the scorecard showed a downturn for the target relating to Assessment and Early Resolution, this had been caused by a significant increase in the number of cases received and action was being taken to put performance back to where we wanted it to be. In terms of the number of cases which took more than 24 months to resolve, which had remained at 60, Board members were reminded that this was not a fixed cohort, and there was a throughput of cases with some being resolved and others tipping over into this time bracket.
- 7.7 The Board noted the update against Business plan activities at annex 3 of the paper and considered the LSB performance update at annex 4. The Board agreed that regular reporting on the latter could be more focused, to look at progress to address the areas where we believed we were at risk of failing to meet the LSB's standards, and any changes to our performance by exception. This might be set out in a RAG table which identified the areas for consideration. The reports should also include any LSB position papers which had been published and information about our responses to them.
- 7.8 The Board:
- a) noted the content of the performance report annexes and the overall assessment of performance
 - b) approved the investment policies included
 - c) noted the update on the LSB performance assessment and considered the approach to providing the Board with assurance against the LSB's performance assessment framework moving forwards
 - d) asked to ensure that the performance report cover papers include key issues for the Board as well as key achievements.

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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 on the SRA Strategic Register (SRR) and an annual update on our approach to risk management.
- 8.2 The Board noted that the number of risks on the SRR remained the same at five and the changes within SRR1 (Regulatory Focus) which helped to better distinguish it from SRR4 (Risk Based Regulation). The Board also noted the work that was being done to review the Risk Management Framework (set out in paragraphs 9 to 11 of the paper) and that this would be considered further by the Audit and Risk Committee before being put to the Board.
- 8.3 The Board:
- a) agreed the Strategic Risk and Residual Risk Level Report
 - b) agreed the revised Strategic Risk Register
 - c) noted the update on the review of the Risk Management Framework.

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

9 IMPROVING OUR BALANCED SCORECARD

- 9.1 The Board was asked to consider a high-level summary of the changes made in creating the proposed new balanced scorecard.
- 9.2 The Board noted that the new scorecard used performance information on a monthly rather than quarterly basis which would achieve consistency between reporting the Board and reporting to the Executive. It would also ensure that performance data better presents a full and clear picture of any variation in performance.
- 9.3 The Board also asked for the section of the scorecard on People to be revisited, suggesting that the Executive should consider including information on the number of vacancies within the organisation.
- 9.4 The Board asked the Executive to review the data we received from Kaplan, our service provider for the Solicitors Qualifying Examination, to ensure that it met the needs of the Board and the organisation more broadly.
- 9.5 The Board also asked how the various elements of the performance report fitted together, recognising that the scorecard was only one part of the picture and included a key published set of information, which the Board needed to monitor operational performance. Other aspects of performance were reported through other means including the business plan performance which showed progress towards delivering our corporate strategy. Alongside that the Board would see

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information, sometimes in confidential workshop discussions, on progress with specific areas of work, such as the development of the data strategy and risk identification and management. This all helps to complete the picture for the Board and provide assurance of progress in areas that did not lend themselves to reporting via KPIs and the scorecard.

- 9.6 The Board also asked the Executive to ensure that an appropriate narrative accompanied all forms of material that we published, to ensure it is clear what the SRA think and what, if appropriate, we will be doing as a result.
- 9.7 Subject to these comments, the Board approved the new scorecard as the basis for future performance reporting.

10 REVIEW OF MEETING AND ANY OTHER BUSINESS

- 10.1 The Board reviewed the meeting and agreed that a further discussion on ethics, following the workshop session in the morning, would be worthwhile.
- 10.2 The next meeting would be held on 24 February 2025.

Annexes

Annex 1

Notes of discussion at 18/19 November 2024 Board workshop