

SRA BOARD**CLASSIFICATION – PUBLIC****SOLICITORS REGULATION AUTHORITY
Minutes of the SRA Board meeting
held on 7 June 2022 at 09.00 by Zoom**

Subject to final approval by the SRA Board at its meeting on 19 July 2022

Present: Anna Bradley (Chair)
Ann Harrison
Paul Loft
Dermot Nolan
Liz Smart
Selina Ullah (from item 5)
Tony Williams

In attendance: Paul Philip, Robert Loughlin, Jane Malcolm, Juliet Oliver, Liz Rosser, Tracy Vegro, Benedict Fisher, Chris Handford, David Adams (for item 8), Sara Gwilliam (for item 9), Dominic Tambling

1 WELCOME AND APOLOGIES

1.1 The Chair welcomed Board members to the meeting. Apologies had been received from Lisa Mayhew and Vikas Shah.

2 MINUTES OF THE PREVIOUS MEETING ON 25 APRIL 2022

2.1 The minutes of the meeting held on 25 April 2022 were approved as a true and accurate record, subject to the point made in paragraph 5.3 relating to post six-year run-off claims.

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. It was noted that Lisa Mayhew, Dermot Nolan, Liz Smart, Selina Ullah and Nicola Williams would form a short life working group to consider actions we could take to address the organisation's ethnicity pay gap. This work would also consider how to learn from good practice in other organisations. The latest position on Board member sponsorship of the internal staff networks was also noted.

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 attendance at two events – a dinner and Senedd reception - in Cardiff on 25 and 26 April 2022. These were opportunities for the Board and senior team to meet stakeholders including from Welsh Government (the Counsel General had spoken at both events), consumer

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groups, local charities, universities, solicitors and members of the Law Council of Wales. Board members had also attended a Parliamentary reception at the House of Commons on 17 May 2022, which was attended by around 30 MPs and Peers. The speakers had been Solicitor General Alex Chalk QC MP and Labour Shadow Justice Minister Ellie Reeves MP, who also sponsored the event, and both were positive about our work.

- 4.2 On 10 May there had been a Board to Board meeting with the Legal Services Board (LSB) which Dermot Nolan and Tony Williams had attended with the Board Chair, Paul Philip and Juliet Oliver. Discussion had focused on developments in relation to sexual misconduct and toxic workplaces as well as the Ukraine/Russia position and sanctions and strategic lawsuits against public participation (SLAPPs). We discussed the business plan and potential opportunities for joint working.
- 4.3 The Board Chair and CEO had their regular meetings with our counterparts at the LSB and the Law Society at which there had been constructive ongoing engagement. The Chair had also been engaged in work relating to sanctions and our powers in relation to those, and work to develop our next Corporate Strategy.

5 CHIEF EXECUTIVE'S REPORT

- 5.1 The Chief Executive presented his report. The Board noted ongoing work on anti-money laundering and that we expected announcements from both the Treasury and Office for Public Body Anti-money Laundering Supervision in the coming months. A deep dive workshop session into AML was planned for later in the year. The Board also noted continuing work in the area of financial sanctions, which included the start of a thematic review in this area.
- 5.2 The Board also noted that we had held post-consultation discussions with the Ministry of Justice (MoJ) on an increase to our internal fining powers. The Board would be updated on developments, including the likely timetable for any potential changes.
- 5.3 The CEO updated the Board on progress on work to establish the affordability of a 12-month extension to the deadline for post six-year run-off claims ahead of making an application to the Legal Services Board, as directed by the Board at its 5 April 2022 meeting. The Board confirmed, in response to correspondence from the Law Society, that the decision it made on 5 April 2022 to seek an extension was on the basis that SIFL considered that this was affordable without the need to levy the profession in order to do so.
- 5.4 The CEO reported that we had looked again to see if the timetable for Solicitors Qualifying Examination (SQE) sittings could be adjusted to enable successful July SQE1 candidates to take SQE2 in October. We had concluded that the options were either not possible or practical or that they came with unacceptable risks of error or unfairness.

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- 5.5 We were still offering candidates the opportunity to progress from SQE1 to SQE2 within a reasonable time period. It was also noted that the extent of the gap for candidates this time round was a one-off situation, because in the future there would be more assessment sittings and we anticipated reducing the time needed to release results.
- 5.6 The Board noted that we had received 500 responses to the restoring the keeping of the roll consultation. Respondee were largely negative about the proposal for the introduction of an administration charge should the exercise be restored, although it was noted that a more accurate idea of costs could not be produced until we could estimate how many people were likely to participate. There would be initial set up costs which required recovery in the first two or three years so it was likely that fees would decrease from their initial levels.
- 5.7 Board members welcomed the publication of a prototype of a new tool which maps deprivation against legal service provision and looked forward to an update at an appropriate time on how we intended to use it, including in collaboration with other organisations.
- 5.8 The Board congratulated the Executive on our successful intervention in the Supreme Court case, set out in paragraphs 28 to 30 of the paper, in which the Court had expressly preserved the current position for cost orders against the SRA in the SDT.
- 5.9 Board members noted the April cyber-attack on the Bar Council and Bar Standards Board. We had taken measures in response as set out in paragraphs 38 to 40 of the paper, and the Audit and Risk Committee would be considering an internal audit report on disaster recovery at its meeting in July.
- 5.10 Board members also noted the report we had made to the Information Commissioner's Office after a completed report form was mistakenly shared with a small number of unconnected individuals, and the steps we had taken to mitigate this mistake.
- 5.11 The Board Chair thanked the CEO for his report and noted the significant successes which it reported including the 'Ska' Gold rating awarded by the Royal Institute of Chartered Surveyors for the refurbishment of The Cube.

NB: the annexes to this paper will not be published because they relate to emerging strategy or policy.

6 SRA SECOND QUARTER PERFORMANCE REPORT

- 6.1 The Board was asked to consider the performance report for the second quarter of 2021/22.
- 6.2 The Board noted that the key areas identified for discussion were inflation and the situation in Ukraine, the latter of which had been discussed under item 5. On inflation, the Board noted that we were starting to see the impacts of cost

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increases, for instance those relating to energy, but that we expected to be able to adapt in this financial year and manage within our budget. Greater challenges were likely to arise in the next financial year.

- 6.3 More generally on finance, we continued to see additional practising fee income collected over and above budget but there were some unknowns, including the volatility of investments and capitalisation of costs of the refurbishment of The Cube. The Board was reminded that reserves would be below the desired level at the end of the year and that the intention was to build reserves in the following strategic planning period.
- 6.4 The Board noted that Compensation Fund activity, which was inherently difficult to predict, was lower than predicted and it was likely that the balance at year end would be higher than expected.
- 6.5 In relation to business plan activities (annex 2 of the paper) it was noted that two activities were rated as Amber in the second quarter but that all were still on track for completion this year with one (previously amber) now on hold. The other two amber activities from the previous quarter had been moved back to green. On the balanced scorecard (at annex 3 of the paper), the Board noted that targets were nearly all being met, with commentary provided where they were not.
- 6.6 The Board noted the content of the quarterly performance report and associated commentary and confirmed that it was content with the information being provided.

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

7 SRA STRATEGIC RISK UPDATE

- 7.1 The Board was asked to consider a progress report covering the quarter 2 (February - April 2022) period of the SRA Strategic Risk Register (SRR) and an update on the development of risk management.
- 7.2 The Board noted that since its last review of risk in March 2022, the number of risks on the SRR and the risk ratings had remained the same and that there had been no movement of risks between the SRR and the Mid-Tier Risk Register. The SRR had been reviewed at the most recent meeting of the Audit and Risk Committee on 26 May 2022 and a schedule for deep dives into the risks had been agreed. The Committee would also be looking at the risk management framework at its meeting in September 2022.
- 7.3 The Board noted the Strategic Register and progress on the ongoing development of risk management. It agreed to schedule consideration of potential new strategic risks as part of its consideration of the new corporate strategy.

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

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8 INVESTMENT UPDATE

- 8.1 The Board was asked to consider an update on our reserves and investment policies and the investment of funds with Cazenove as our appointed investment manager. The Board Chair welcomed Adam Bolland and Catherine Hampton of Cazenove to the meeting for this item.
- 8.2 The Board noted the background to the development of the reserves and investments policies following our establishment as a separate legal entity and the transfer of operational activity from the Law Society. The policies had been amended to reflect the decision not to proceed with an application to register as a charity, but there were no other substantive changes.
- 8.3 Cazenove took the Board through a slide presentation describing the investment portfolios for SRA Ltd and the Compensation Fund with particular emphasis on the sustainable aspects of the portfolio. In response to questions from Board members Cazenove confirmed the basis on which investments were excluded from the sustainable portfolio.
- 8.4 Cazenove also reported on the outlook for the future, which was likely to remain volatile for some time.
- 8.5 The Board noted the update on investments and approved the updated reserves policy and investment policy. Cazenove would be asked to present at least annually, and more often if the Board requested.

9 MONEY LAUNDERING REPORTING OFFICER (MLRO) REPORT 1 NOVEMBER 2020 – 5 APRIL 2022

- 9.1 The Board was asked to consider a report on the work of our Money Laundering Reporting Officer (MLRO) and Deputy MLRO during the year.
- 9.2 The MLRO presented her report and said that despite the challenges presented by the Covid-19 pandemic, she and her team had been able to carry on fulfilling their duties and meeting the legal obligation to report suspicions of money laundering or terrorist financing to the National Crime Agency (NCA). The team also maintained close relationships with law enforcement agencies, including the NCA, and had received positive feedback on some of our Suspicious Activity Reports (SARs). The MLRO has also been involved in the SAR reform programme.
- 9.3 The MLRO team had continued to provide training to all new starters, as well as refresher and tailored training to more established members of staff. Since the Ukraine invasion, training on sanctions and proliferation financing was also being delivered to teams involved in compliance work. The team also invested a lot of its time proactively engaging and responding to technical enquiries from staff, with the volume and quality of internal referrals reflecting the value of this work.

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- 9.4 It was explained that the profession remained vulnerable to enabling money laundering given the nature of its work, with property conveyancing remaining the highest risk area we reported on. In response to Board members questions about whether there was more we could do to warn the profession of the risks involved in doing poor AML checks, the MLRO said that we were already very proactive in this area through our external communications, industry events and engagement with the profession, as well as bodies such as the Law Society.
- 9.5 The MLRO confirmed that the organisation took its legal obligations in relation to her work seriously. She had experienced no restrictions or resistance in undertaking her duties and had unfettered access to the senior management team, CEO, and Board Chair, and had experienced positive engagement and co-operation across the organisation. The Chair welcomed this declaration and thanked the MLRO and her team for her report which was formally received by the Board.

10 REVIEW OF MEETING AND ANY OTHER BUSINESS

- 10.1 There was no other business. The next meeting would be held on 28 June 2022.