

SOLICITORS REGULATION AUTHORITY
Minutes of the SRA Board meeting
held on 27 June 2023 at 09.00 at 125 Old Broad Street. London EC2N 1AR and via
Microsoft Teams

Subject to final approval by the SRA Board at its meeting on 18 July 2023

Present: Anna Bradley (Chair)
Claire Bassett (via Teams)
Ann Harrison
Paul Loft
Rob McWilliam
Lisa Mayhew
Liz Smart
Selina Ullah (via Teams)
Nicola Williams (via Teams)

In attendance: Paul Philip, Aileen Armstrong, Jane Malcolm, Juliet Oliver, Liz Rosser, Chris Handford, Sara Gwilliam (for item 7), Dominic Tambling

1 WELCOME AND APOLOGIES

1.1 The Chair welcomed Board members to the meeting and introduced Aileen Armstrong, the newly joined Executive Director – Strategy, Innovation and External Affairs. Apologies had been received from Vikas Shah.

2 MINUTES OF THE PREVIOUS MEETING ON 6 JUNE 2023

2.1 The minutes of the meeting held on 6 June 2023 were approved as a true and accurate record and the decisions made at that meeting, at which a lay majority of members had not been present, were ratified.

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 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 INVESTMENT UPDATE

4.1 The Board was asked to consider an update on investments as at the end of May 2023 from Cazenove, our appointed investment manager, as well as updated reserves and investment policies. The Board Chair welcomed Adam Bolland and Emilie Shaw of Cazenove to the meeting for this item.

- 4.2 Cazenove took the Board through a slide presentation describing the investment portfolios for SRA Ltd and the Compensation Fund. This included discussion of the sustainable aspects of the portfolio, including the basis on which investments were excluded from the portfolio.
- 4.3 Cazenove also spoke to the Board about the future outlook for investments, noting that markets had recently been performing more strongly than might have been expected but also that there were a number of significant uncertainties, including when and how fast interest rates might decrease once they had peaked. The Board noted the update on investments.
- 4.4 The Board Chair reminded the Board that our annual financial reporting would include information on our approach to investment including in regard to sustainability and responsible investment.
- 4.5 The Board also noted that the reserves and investment policies had been reviewed internally and updated for minor changes such as dates and job titles to ensure that they remained up to date. The Board asked that the paragraph on counterparty risk for cash deposits be reworded to give the maximum allowed in each institution rather than the minimum. Subject to this change, the Board approved the updated reserves policy and investment policy.

NB: annex 3 of this paper will not be published because it relates to issues that are commercially sensitive

5 BUSINESS PLAN AND BUDGET FOR 1 NOVEMBER 2023 TO 31 OCTOBER 2024: CONSULTATION FEEDBACK AND NEXT STEPS

- 5.1 The Board was asked to consider next steps for finalising our net funding requirement, and seeking approval of our fees from the Legal Services Board.
- 5.2 Consultation on our draft Business Plan and Budget for 2023-24, which proposed activities and budget details for the first year of our incoming Corporate Strategy 2023–26, had taken place between 10 May and 21 June 2023. A separate consultation on the draft Corporate Strategy would close on 2 August 2023.
- 5.3 The consultations on the Business Plan and Corporate Strategy were supported by a comprehensive programme of engagement including social media engagement, a webinar, direct engagement with legal service professionals and representative bodies and engagement with MPs and peers.
- 5.4 The annex to the paper set out a summary of responses received from the consultation and engagement programme, which included support for our planned programme of evaluation for the Solicitors Qualifying Examination, calls for extension of our transparency requirements and a significant interest in our proposed further work on innovation and technology.
- 5.5 In response to questions from Board members, it was confirmed that any change to the proposed Business Plan for 2023-24 arising from analysis of responses to the consultation on the new Corporate Strategy would be dealt with by reprioritising resources within the agreed budget envelope.

- 5.6 The Board was therefore asked to approve the SRA budget requirement of £67.6m to be raised from practising fees, which represented an increase of £7.1m (11.7%) on the 2022-23 amount, which would to some extent be offset by the anticipated continued rise in solicitor numbers. The Board would be asked to approve practising fees for 2023-24 at its meeting on 18 July 2023 after the Law Society Council's meeting on 4 July 2023. The expected recommendation would be for an increase to the individual practising certificate fee from £286 in 2022-23, to £307 for 2023-24 (a 7% increase). The SRA's proportion of the individual practising certificate fee was expected to be £162, an increase of £11 (7%).
- 5.7 The Board
- (a) approved the SRA's budget for 1 November 2023 to 31 October 2024 of £67.6m to be provided by practising certificate fee income
 - (b) noted the expected practising certificate fee, which the Board would be asked to consider for approval following the Law Society Council's meeting on 4 July 2023.
- 5.8 The final Business Plan for 2023-24 and Corporate Strategy for 2023-26 would be brought to the Board for approval in September.

6 CONSIDERATION OF RISKS IN THE LIGHT OF THE NEW CORPORATE STRATEGY

- 6.1 The Board was asked to consider emerging risks arising from the development of the new Corporate Strategy 2023-26. At a workshop session in April 2023, the Board had been asked to consider any potential/emerging risks associated with the new Corporate Strategy 2023-26, which was now out for consultation.
- 6.2 The key points made in discussion in April were set out in this paper along with suggestions as to how they might be handled. The paper for this item had been circulated well in advance of the meeting and comments received were reflected in the paper presented to the meeting.
- 6.3 The Board agreed the key risks arising from the development of the Corporate Strategy. The Strategic Risk Register and Mid-tier Risk registers would be refreshed with the new emerging risks and brought to the September ARC and Board for approval.

NB: this paper will not be published because it includes discussion of risk that might be exacerbated by publication.

7 MONEY LAUNDERING REPORTING OFFICER (MLRO) – YEAR ENDED 5 APRIL 2023

- 7.1 The Board was asked to consider the annual report on the work of the Money Laundering Reporting Officer (MLRO) in discharging our legal reporting obligations.

- 7.2 The MLRO introduced her report which provided the Board with a review of the work of her team during the year and assurance on the cooperation they received in carrying out their statutory duties.
- 7.3 Key work during the year including promoting the reporting of potential money laundering and terrorist financing offences to the National Crime Agency (NCA) and continuing to train staff on the process for reporting suspicions internally. The team had also continued to engage with a wide range of external parties to inform both our work in this area and theirs.
- 7.4 This engagement had included working with NCA to support its suspicious activity report (SARs) IT Reform Programme, which was bringing a new SAR reporting system online. We had been heavily involved in user acceptance testing and participated in its initial launch as part of a phased roll out. This had given us the opportunity to provide constructive feedback throughout the Programme's development and helped us gain early awareness of the new system's requirements. We were the first organisation to successfully register and begin submitting SARs using the new online platform.
- 7.5 The MLRO confirmed that she was able to provide the Board with the necessary assurances on the level of cooperation that she received within the organisation, including unfettered access to the senior management team, in carrying out her duties. She had experienced no resistance or restrictions and was able to make decisions independently.
- 7.7 The MLRO reported that the work of her team included quality assurance of a number of investigation cases each month. This work served both as a second line of defence to ensure that any relevant concerns had been appropriately escalated for MLRO consideration and also provided an opportunity to identify and share good practice, give feedback to individuals or teams, and make recommendations if any issues or concerns were found. Year on year comparisons of the findings from this quality assurance work were also made to evaluate how effective training work had been.
- 7.8 In response to questions from Board members the MLRO said that the impact of this work was not always clear as we often did not know the result of our reports to the NCA. We did know that we were having an impact on fraud, including where property was sold by those who did not own it, and had both helped and instigated police investigations through our reporting.
- 7.9 The Board received the annual report of the MLRO for the year ended April 2023, and noted the assurances provided, including that there had been no impediments to the work of the MLRO and her team. The Board Chair reminded the MLRO that she would be welcome to talk to the Board at any time if the need arose. Board members thanked the MLRO for her work, her leadership outside the organisation on the role of the MLRO, and particularly her collaboration with others, including on the NCA's new online system.

8 REVIEW OF MEETING AND ANY OTHER BUSINESS

- 8.1 The Chair thanked the Board and Executive for their contributions. It was agreed that the arrangement of having most of the Board in the room with a small number joining via Teams had worked well.
- 8.2 The Board Chair thanked the team for arranging the dinner with members of the House of Lords the previous evening which had been very successful, and also thanked Board members for attending. The format for discussion had been very successful and should be considered for future stakeholder events.
- 8.3 The Chief Executive updated the Board on the present position regarding the proposal Chartered Institute of Legal Executives to transfer regulation of its members to the SRA.
- 8.4 Finally, the Board Chair thanked Jane Malcolm, who was retiring at the end of the month, for the very significant contribution she had made to the organisation over a number of years.
- 8.5 The next meeting would be held on 17 and 18 July 2023 in Newcastle.