

Legal Insight

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Introduction

Welcome to our latest legal newsletter.

As the UK slowly but surely navigates its way out of the third national lockdown many law firms are finding themselves far busier than they might have envisaged twelve long months ago. There are certainly waves of optimism regarding how quickly the UK economy will bounce back from the Covid pandemic and current signs are promising with the legal sector well placed to play its part. In this issue we cover a variety of topics from how to stay safe when working from home to the SRA's formation of an independent monitoring team.

We hope you enjoy the content of this newsletter, and as ever if you have any questions about any of these articles please do not hesitate to contact us.



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How has Brexit impacted the legal sector?

Since the UK officially left the EU on 1 January 2021, stories about the impact of Brexit on the legal sector have not been a prominent feature in the headlines. The initial response to the deal from many legal professionals was mixed, albeit with a general feeling of relief that a much-feared 'no-deal' Brexit had been avoided.

What were the positives of the deal?

For starters, legal services were recognised in their own section as part of the agreement. This will ensure that UK legal services are almost certainly going to be an important aspect of future trade deals with other countries which will elevate their profile globally. Many businesses trading internationally have also increased their demand for legal assistance as they adapt to the new arrangements.

What were the negatives of the deal?

When the UK was a member of the EU, UK solicitors had comprehensive access to the EU legal market. Lawyers that qualified within an EU member state are able to access the entire EU legal market. But countries that are not members of the EU (known as third countries) will not receive the same privilege. UK qualified lawyers can no longer operate in EU member states as freely as they could pre-Brexit. For lawyers who regularly work in Europe, this will create additional hassle and time to try and reach the same

level of service offered pre-Brexit. Inevitably this time cost will end up being passed onto their clients.

Some also fear the English legal system could be less influential in Europe and question whether judgments made in the UK will be enforceable across the EU. In the past, many non-EU litigants would choose an English Commercial Court because they expect that judgments made will be enforceable across the EU. However, for many years the UK legal system has been seen as a global standard setter with many businesses opting for UK jurisdiction when cross-border issues arise. This is for many reasons including language, familiarity, age, and a number of historic precedents. Brexit should not impact this unduly.

Overall whilst Brexit has undoubtedly been disruptive the UK legal sector has remained very active and looks to remain so as lots of legal activity deferred from 2020 looks to catch back up in 2021.



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SRA penalise firms for breaking transparency rules

In December 2018 the Solicitors Regulation Authority (SRA) brought in the transparency rules. Firms were required to publish price and service information for particular services on their website. These rules were brought in by the SRA to ensure potential clients had accurate information about the firms they are considering to help them make informed choices.

The SRA has stepped up its approach and begun to enforce these rules after firms have been warned for over two years with additional advice and warning letters, with nine firms (one is appealing the decision at the time of writing) being maneuvered into enforcement action by the regulator already this year. The penalties range from a rebuke up to a £2,000 penalty.

[You can see a full list of penalties here.](#)

The SRA reports that the recent COVID-19 lockdowns have made it more crucial than ever for law firms to provide a useful and detailed online presence. Following the transparency rules not only helps to avoid a penalty, but also demonstrates to potential clients that your services are competitive and affordable.



ICAEW publish updated guidance on SRA Accounts Rules

The SRA (Solicitors Regulation Authority) Accounts Rules have been updated and are now more condensed with the focus shifting from prescriptive rules to principles. The requirements and approach that should be taken by the reporting accountant have been removed from the SRA Accounts Rules and have been put into the SRA guidance.

The recently released TECH 10/21 AAF from the ICAEW provides practical guidance for the role of the reporting accountants to the SRA under the SRA Accounts Rules.

The SRA Accounts Rules must be followed by solicitors regulated by the SRA when they receive or handle client money. The aim of these rules is to make sure client's money is kept safe. If you have, at any time during an accounting period, held or received client money, or operated a joint account or a client's own account as a signatory, you must follow the SRA Accounts Rules.

<https://www.icaew.com/technical/technical-releases/audit-technical-releases/tech-0121-solicitors-regulation-authority-accounts-rules>

What next?

We would welcome the opportunity to work with you and your business and are more than happy to come out and speak to you to identify where we might be able to help. If you would like further details on any of the above, please get in touch.



SRA plan to form independent team to evaluate enforcement quality

The SRA is planning to create an internal independent team to monitor and evaluate the quality of the disciplinary policies and decisions the SRA has put in place. This proposed new team will work at a distance from SRA operations and will maintain and prepare quality assurance checks over the SRA's enforcement work. This news was announced by the SRA in their 2021/22 business plan which was released on 6 May 2021.

Over the past couple of years, the current enforcement policy has been subject to criticism. Much of this criticism concerns costs and diversity, with the number of individuals subject to action from ethnic minority backgrounds being disproportionate. In the newly released business plan, the SRA said that diversity and inclusion will continue to be a high priority over the next 12 months. Furthermore, they have confirmed that

they will continue to investigate why there is an over representation of ethnic minority groups in their enforcement process.

In this business plan, the SRA has set out and prioritised three objectives in an ongoing three-year Corporate Strategy. These objectives are:

- Maintain high standards
- Support the adoption of technology and innovation
- Anticipate and respond to change
- It is important to note that this business plan is subject to consultation until 25 June 2021.

Further details regarding the 2021/22 business plan can be found [here](#).





How to stay safe when working from home

For many businesses, working from home (WFH) looks like it is here to stay even after the COVID-19 pandemic is over. Companies are typically looking at a hybrid model where staff split their week between home working and working in the office. Cybercriminals are as usual quick to exploit any vulnerabilities so it's important to ensure your security is at the appropriate level.

Train your employees on cybersecurity – phishing email and passwords

It is vitally important that all employees are trained on the basics of cybersecurity and this importance can only be emphasised when working from home as additional risks come into play.

Phishing emails are a common technique that cybercriminals use to access your network and steal your data so training your employees on the signs of phishing is very important. It's also worthwhile doing training refreshers on password creation and security, ensuring passwords are both complex and unique. Using passphrases is a good method, for example taking the first letter from the words of songs and adding numbers and special characters.

Use a VPN

A Virtual Private Network (VPN) creates an encrypted tunnel and is essential when working remotely or from home. If you are accessing your network remotely without a VPN you could be leaving yourself vulnerable to cyber threats. Not all VPNs are equal and, especially if you have been using the same VPN method for a long time, it's worth Googling the vulnerabilities of your VPN as well as making sure you are using the most up-to-date version.

Two-factor authentication

Using two-factor authentication is becoming increasingly common. You should look to implement this wherever it is available and ideally on your VPN and webmail. This means an attacker not only has to know your password they also need access to your text messages or authenticator app on your mobile. This is significantly more secure.

Continued overleaf



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How to Stay Safe When Working from Home (continued)

Anti-virus

Ensure all machines connecting to your network have regularly updated anti-virus software even if staff are using their own machines. Ideally use the same anti-virus you use at work. Some supplier licenses allow staff to install the software on their home PCs at no extra cost.

Wi-Fi and Network security

When working remotely you should always avoid using public Wi-Fi. Cybercriminals can use an insecure/public connection to plant malware onto the Wi-Fi. If you download or share files once you are on an insecure connection you could be potentially installing malware onto your device. Depending on the type of malware it can be used to steal sensitive business information.

Keep everything on your computer fully updated
It is vitally important that you keep all of your devices up to date as many of the updates will provide new security features to help protect your device against new threats. The easiest way to do this is to enable automatic updates on your device or force updates via automated policies.

Device encryption

Ensure the devices being used at home are encrypted. Windows 10 Pro provides encryption and is likely to be commonplace on work laptops but if staff have taken home desktop PCs then they should also be encrypted to protect data in the event of theft. Make sure you have the decryption keys in case you need to recover data due to a lost password.

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We act for a large number of law firms across all three of our offices and offer a wide range of services which are tailored to meet their individual needs. Our legal client base consists of a multitude of firms of varying structure and size, from sole traders to limited companies and LLPs with corporate members.

Our understanding of the unique issues that many in the sector are facing, combined with our technical experience, allows our solicitor specialists to provide you with proactive, commercial and informed accountancy and tax advice.



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