

SRA BOARD
31 January 2018



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Chief Executive's Report

Purpose

- 1 This report sets out progress against our strategic objectives and provides an update on operational performance.
 - Section 1: reports on our priorities and progress against the 2017/18 Business Plan.
 - Section 2: provides an update on operational performance.
 - Section 3: provides details on publication and engagement activity.

If you have any questions about this paper please contact: Paul Philip, Chief Executive, paul.philip@sra.org.uk, 0121 329 6940.

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Chief Executive's Report

Section 1: Priorities for 2016/17

- 2 This section provides an update to the Board on our key priorities, starting with an overview of any key developments, followed by the first update against our 2017/18 Business Plan.

Practising Certificate Renewal Exercise (PCRE)

- 3 The PCRE achieved its key objectives. At the end of the project (27 December), £109.1 million of regulatory income had been collected against a financial year-end target of £109.7 million. The remaining £0.6 million will be collected by 31 October 2018 from newly admitted individuals applying for their first practising certificate and solicitors returning to practice. 137,905 practising certificates, 619 Registered European and 2215 foreign lawyer registrations have been approved.

2016/17 Annual Review

- 4 We are aiming to publish our next Annual Review in March 2018. It will be published in English and Welsh and in an easy read format. The format for this year's Review will follow the same as last year's, with a focus on publishing our regulatory data in a transparent and easy to understand way. We will also discuss the progress of our regulatory reform programmes and provide case studies for our work.

Progress against our 2017/18 Business Plan

- 5 The 2017/18 Business Plan was published in November and can be viewed at the following link: <http://www.sra.org.uk/sra/strategy/business-plan/sra-business-plan-2017-2018.page>. It sets out our planned activity for this year against the five strategic aims in our new Corporate Strategy.
- 6 We are making good progress to achieve the objectives set in our 2017/18 Business Plan. Below I highlight key areas of development to note against each Business Plan objective.

Objective 1: We will set and apply consistently high professional standards for the individuals and firms we regulate and make sure they are appropriate to meet the challenges of today and the future
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On track

- 7 We are on track to deliver this objective.

Solicitors Qualifying Examination (SQE)

- 8 The application to the Legal Services Board (LSB) for approval of the SQE Regulations that the Board agreed in the autumn was made on 12 January 2018.

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Given the significance of the application, we think it is likely that the LSB may need up to three months to reach a decision.

- 9 On 18 December, we held a conference about the SQE for universities and other training providers. 101 representatives from 78 universities attended. We also broadcast the event by periscope to individuals unable to attend, and had over 1,500 views. The event included an opportunity for universities to hear from law firms about how they would adjust to the SQE. There was also a panel discussion led by six universities who outlined their plans for responding to the introduction of the SQE.
- 10 The suite of SQE resources (<http://www.sra.org.uk/sra/policy/sqe.page>) was launched on 15 December 2017. We will continue to add material to this as we move towards implementation.

Youth Courts

- 11 On 4 January 2018 we published a leaflet explaining to stakeholders what to expect of their solicitor practising in the Youth Courts (<http://www.sra.org.uk/solicitors/cpd/youth-court-advocacy/young-people-solicitor.page>). This forms part of our wider resources to support solicitors practising in the Youth Courts (<http://www.sra.org.uk/solicitors/cpd/youth-court-advocacy.page>). It is also part of our efforts to improve the information we receive about the quality of practice in this area. Our leaflet translates the requirements of the Statement of Solicitor Competence into clear and accessible language and style. We developed it in conjunction with Just for Kids Law and solicitors practising in this area. We have also set up a page on our website for people to report poor practice in the Youth Courts to us (<http://www.sra.org.uk/consumers/problems/report-solicitor/unhappy.page>). We will now work with stakeholders to disseminate the leaflet.

Objective 2: We will make sure our regulatory requirements are proportionate, providing solicitors and firms with the flexibility to innovate and better meet the needs of members of the public and businesses, while maintaining appropriate levels of public protection

On track

- 12 We are on track to deliver this objective.

Personal Injury Thematic Review

- 13 The thematic personal injury report, which highlights good and poor practice in the sector, was published on 15 December 2017 and supported the revised warning notice issued on the same day (<http://www.sra.org.uk/sra/news/press/personal-injury-review-warning->

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[2017.page](#)). It has generally received a positive response from the sector and interested parties such as the Insurance Fraud Bureau.

Objective 3: We will increase the availability of relevant and timely information to help people make informed choices in the legal services market

On track

14 We are on track to deliver this objective.

Research into the experiences and effectiveness of solicitors' first tier complaints handling and transparency of conveyancing legal costs

15 I made the Board aware of this joint research with the Legal Ombudsman in my last report, with the report and findings circulated following the Board meeting. The research has now been published and can be viewed at the following link: <http://www.sra.org.uk/sra/how-we-work/reports/first-tier-complaints.page>.

Objective 4: We will make sure that our regulatory arrangements work as effectively as possible for the public, businesses, solicitors and firms in the context of constitutional developments within the UK and any new relationship with the EU

On track

16 We are on track to deliver this objective.

Anti-Money Laundering (AML)

17 The new money laundering regulations place new requirements on supervisors to hold information about those they supervise. In particular, we need to gather information about which firms offer services that fall within the scope of the money laundering regulations, including completing a Disclosure and Barring service check for any individuals that firms declare have a conviction and for any individuals who we do not currently regulate. We are doing this through an online questionnaire that will be mandatory for all firms to complete by 2 February. We are then required to provide some of this information to HMRC by 28 February 2018.

18 To help firms prepare, we published additional information on our website (<http://www.sra.org.uk/solicitors/code-of-conduct/money-laundering/money-laundering.page>). We also contacted all firms in December, providing them with guidance about what they need to do and access to the questions they will be asked on the online application.

Objective 5: We will work better together, and with others, to improve our overall effectiveness, our responsiveness and the delivery of our regulatory functions.

On track

Modernising IT Programme (MIT)

19 In line with the accelerated plan presented to the Finance and Audit Committee with the revised business case in October, all waves in the Programme have been mobilised. The programme is now fully in delivery mode and is progressing to plan. Wave 2 of the programme remains on course for the first tranche of systems developed to be in the production environment for May.

New Website Launched

20 As part of our work to improve our IT, we launched the redesign of our website at the start of January. We worked with members of the profession and the public to understand what makes it easier for people to use the site and find what they are looking for. That has resulted in changes to both the look and navigation of the site, and we have a new search system. The website can be viewed at: <http://www.sra.org.uk/home/home.page>.

Section 2: Operational Performance

KPIs

21 Below are the KPI results for December:

- 92% of conduct matters closed within 12 months of receipt in December against a target of 93%.
- 85% of Compensation Fund claims were closed within 12 months against a target of 90%.
- 98% of medium / high risk applications closed within 3 months in Firm Based Authorisation against a target of 90%.

Section 3: External Developments, Publications and Engagement Activity

Legal Services Board (LSB) Updates

22 As the Board is aware, the LSB has issued a positive interim assessment report on our progress against their revised diversity outcomes for encouraging a diverse workforce. The LSB noted the 'significant progress' we have made against their outcomes and stated that our efforts to mainstream our diversity work were 'extremely positive'. It also commented on our 'extensive efforts to increase diversity internally', noting that this reflected the importance we place on

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encouraging a diverse workforce. A formal assessment will take place in August 2018.

CMA market study of the legal services sector – Government response

- 23 After some delay, the Government published its response to the recommendations set out in the CMA report in December 2017. The response can be viewed at the following link: <https://www.gov.uk/government/publications/the-competition-and-markets-authority-legal-services-market-study-government-response>.

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