

SRA BOARD

8 October 2024

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*This paper will be published***SRA November 2023 to July 2024 Performance Report**

Reason for papers	These papers (items 8 and 9) provide the Board with an overview of the performance report for the nine months to 31 July 2024 and a report covering the management of the SRA key risks set out in the Strategic Risk Register (SRR).
Decisions(s)	The Board is asked to: <ul style="list-style-type: none"> a) note the content of the performance reports and the overall assessment of performance b) note the update on the LSB performance assessment c) delegate approval of the final submission for the 2024 LSB performance assessment submission to the Chair.
Previous Board and committee consideration	The Board receives performance reports and Strategic Risk updates on a regular basis, three times per annum.
Next steps	The third performance pack for 2023/24, representing the full year to October 2024, including the Strategic Risk Register, will come to the Board at its meeting in January 2025.

If you have any questions about this paper, please contact Liz Rosser, Executive Director Operations and Resources, liz.rosser@sra.org.uk

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**SRA November 2023 to July 2024 Performance Report****Purpose**

- 1 This paper provides the Board with an overview of the performance report for the nine-month November 2023 to July 2024 reporting period.

Introduction

- 2 The Board is asked to consider six separate documents which, together with this summary, provide the Board with an update on performance for the nine-month period November 2023 to July 2024. These are:
 - Annex 1: Financial performance and position
 - Annex 2: Balanced Scorecard with supporting commentary
 - Annex 3: Business plan progress
 - Annex 4: LSB Performance Assessment Update
 - Agenda item 9: Strategic Risk Register.
- 3 This quarter includes the third update on our assurance mapping against the Legal Services Board's Regulatory Performance Assessment Framework Sourcebook of standards and characteristics.

2023/24 business plan performance update

- 22 activities to report against in our business plan (three previously deferred).
- 20 on track and two were 'red' where activity will no longer be completed this year.

Key achievements

Investigation and Enforcement Continuous Improvement programme	Delivered significant improvements in the timeliness and quality of our investigation and enforcement work: meeting or exceeding all of our primary timeliness targets
Anti-money Laundering	Increased firm site inspection visits by 34% and desk based reviews by 350% in the last year of AML regulatory reporting to April.
Continuous Improvement programme	Successful completion of "yellow belt" training programme and initiating a "white belt" training programme, with c.50 staff completing in July.

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Exceptions

- 4 Two activities in the business plan are not on track to be achieved in the year (in addition to the three activities previously deferred. These are:
 - In relation to SQE - We will make data about candidate performance available to help aspiring solicitors make informed choices about how they prepare for the assessment.
 - We will publish our firm diversity data with its new insight into the diversity breakdown at the most senior levels in law firms and improve the diversity data we hold for individuals
- 5 Further information is included in annex 3.

Financial performance

- The nine months financial report shows a surplus of £5.4m against a budgeted surplus of £2.8m (£2.6m more than expected in the budget), with notable components being £1.2m unrealised return on investments and £1.8m underspend on projects. The year-to-date surplus has increased reserves which, if this performance continues as forecast, would be within the “free” (minus fixed assets) reserves range in the reserves policy which was updated in January 2024.
- The revised full year forecast is for a surplus of £2.7m which is £1.5m higher than budgeted. The positive variance is primarily made up of project underspend and return on investments. Our increasing expenditure on external legal costs and projects in the latter part of the year will lead to the movement from a £5.4m surplus at the end of July to the forecast smaller surplus at year end.

Balanced scorecard review

- We have completed an annual review of our key performance indicators, on both the more numerous KPIs used by the executive for ongoing management of the organisation, and the KPIs selected for inclusion in the Board and other stakeholders in our balanced scorecard. This is considered under agenda item 10.

LSB performance assessment

- In June 2023, the Board discussed the LSB’s 2023 regulatory performance assessment and our approach to providing assurance to the Board on our progress against the LSB’s regulatory performance framework. The Board will recall that this had followed a letter from the LSB’s previous Chair in February 2023 that set out a suggested approach for how the Boards of regulatory bodies might seek their own assurance for how regulators were performing against the LSB’s regulatory performance framework.

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- The Board agreed to consider our assurance mapping work against the LSB’s regulatory performance assessment framework sourcebook of standards and characteristics and updates against as part of the performance pack. Over the course of the last year, the Board has also discussed in turn each of the three LSB standards in its sourcebook and the organisation’s progress against them.
- The LSB has told us that the next performance assessment process will start in September with a formal request for information (received on 27 September) to inform the assessment. The assessment will cover the period from June 2023 to September 2024. This year, it will cover all three of the regulatory performance framework’s standards: Well-Led, Effective Approach to Regulation and Operational Delivery.
- We will need to respond to the LSB’s request by 15 November. We will be able to comment on our draft assessment in February 2025 with a view to the final report being published in March 2025.
- Given this, attached at annex 4 is an overview of our progress against each standard that takes into account the period since the last update to the Board in May 2024 and also reflects on the period covered by the performance assessment.
- As this is the last update the Board will receive before our submission for this year’s LSB performance assessment in November, we are asking the Board to delegate approval of our final submission to the LSB to the Chair.

Areas for discussion

<p>LSB Performance Assessment</p>	<p>The Board is asked to note the update on the LSB performance assessment and delegate approval of the final submission for the 2024 LSB performance assessment submission to the Chair.</p>
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Strategic Risk Register

- This is discussed in a separate paper under agenda item 9.

Summary

- Most of our business plan activities are on track to be delivered, with two definitely not on track to be delivered (red).
- The majority of our key performance measures are on target.
- Our financial position for the nine months period is positive with a surplus taking our reserves into the appropriate range.

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Recommendations: the Board is asked to:

- a) **note the content of the performance reports and the overall assessment of performance**
- b) **note the update on the LSB performance assessment**
- c) **delegate approval of the final submission for the 2024 LSB performance assessment submission to the Chair.**

Next steps

- 6 We will continue to report regularly to the Board on our performance. The final report on 2023/24 performance will be in January 2025 and will cover the whole of the reporting year. There will be three updates on the 2024/25 year.

Annexes

- Annex 1 Financial performance update**
- Annex 2 Balanced Scorecard**
- Annex 3 Business Plan update**
- Annex 4 Legal Services Board Performance assessment update**

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