

SRA BOARD  
24 October 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](mailto:paul.philip@sra.org.uk), 0121 329 6940.**

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### Section 1: Priorities for 2017/18

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

#### *Practising certificate renewal exercise (PCRE)*

- 3 The 2018/19 PCRE was launched on 1 October 2018 with a deadline for all renewal forms to be submitted by 31 October 2018. All the relevant teams are fully prepared to support PCRE with additional staff trained within the Contact Centre to respond to the increase in calls expected. We expect to process 26,000 renewal applications to deliver the project.
- 4 Prior to this, in September we reached the end of the annual peak in Admissions, with 2388 individuals admitted to the roll of solicitors during the month, and the annual peak in approving a trainee solicitor's period of recognised training, with almost half of the annual number of applications processed over the summer.

#### Progress against our 2017/18 Business Plan

- 5 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.

<p><b>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</b></p>	<p><b>On track</b></p>
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- 6 We are on track to deliver this objective.

#### *Handbook review update*

- 7 We submitted our application to the Legal Services Board (LSB) for approval of our new rules in August following our Handbook review. We expect a decision about the application in November.

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**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

8 We are on track to deliver this objective.

### ***Regulators' Pioneer Fund***

9 We were successful in our bid to the Regulators' Pioneer Fund as part of the Government's Industrial Strategy launch to help drive forward innovation fund. We have been awarded nearly £700,000 to develop an SRA Innovate 'testbed' to accelerate innovative Artificial Intelligence (AI) and data-driven solutions to address specific access to justice issues for people and small businesses. We worked with Nesta, a charitable foundation specialising in innovation, on the bid and they will be helping us to develop the project.

10 We plan to set up a competition open to law firms, technology providers, academics and other innovators to bring forward AI-powered innovations that could widen access to justice. Prizes of £25,000 will be offered for the best six solutions. A further £50,000 will then be offered to the two that offer the most promise.

**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

11 We are on track to deliver this objective.

### ***Better Information reforms***

12 We published our price transparency guidelines earlier in the month ahead of the introduction of our new price transparency requirements from December (<https://www.sra.org.uk/solicitors/resources/transparency.page>). The guidance sets out what price and service information firms must publish on their websites from this December.

13 Alongside this, we also published our research showing the benefits of price transparency for small businesses (<https://www.sra.org.uk/sra/how-we-work/reports/price-transparency.page>). The research shows that 42% of small businesses shop around online when in need of professional legal support, with 75% saying they would do this even more if more information was available on firms' websites. The research also revealed that small businesses think solicitor

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firms are more expensive than is really the case and that firms market share would potentially go up compared to other providers of legal services if they published prices.

<p><b>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</b></p>	<p><b>On track</b></p>
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14 We are on track to deliver this objective.

#### ***Exiting the EU (Brexit)***

15 On 12 October, the Government published a technical notice entitled 'Providing services including those of a qualified professional if there's no Brexit deal'. This describes at a high level the changes that would take place for EEA lawyers practising in the UK, provision of services and mutual recognition of professional qualifications. These changes are designed to meet World Trade Organisation rules prohibiting the UK from giving preferential treatment to the nationals of some countries as opposed to others and includes the withdrawal of the European Communities (Lawyer's Practice) Regulations 2000 and therefore the Registered European Lawyers (REL) scheme.

16 In response to the technical notice, we published a statement (<http://www.sra.org.uk/sra/news/press/no-deal-brexit-paper.page>), and guidance (<http://www.sra.org.uk/brexit-guidance/>), explaining the changes and how individuals and firms that are affected can contact us for more information via our Ethics helpline. We have also written directly to all Registered European Lawyers (RELs) to draw their attention to the guidance and the implications for their continued practice in the UK.

#### ***Insurance Distribution Directive***

17 On 1 October 2018, we published our rules for dealing with the new Insurance Distribution Directive (<https://www.sra.org.uk/solicitors/handbook/finserconduct/content.page>). We also published supporting guidance (<https://www.sra.org.uk/solicitors/code-of-conduct/guidance/Law-firms-carrying-on-insurance-distribution-activities.page>).

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**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)***

18 The programme is continuing to progress within budget.

### ***Institute of Customer Service ServiceMark Accreditation***

19 As the Board is aware, the Contact Centre started working with the Institute of Customer Service (ICS) in their first step towards achieving ServiceMark accreditation. In September the Contact Centre received its results from the external customer satisfaction survey. The results are extremely positive, and we successfully passed the threshold to be eligible to be assessed for accreditation. We are currently analysing the results to formulate an action plan.

### ***Independent complaints review service***

20 We have retendered for our independent complaints review service, which provides a final review of our handling of complaints about our service. The contract has been awarded to the Centre for Effective Dispute Resolution (CEDR) with effect from 1 October 2018.

## **Section 2: Operational Performance**

### ***KPIs***

21 Below are the KPI results for August:

- 86% of conduct matters closed within 12 months of receipt against a target of 93%.
- 84% of Compensation Fund claims were closed within 12 months against a target of 90%.
- 99% 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**

22 The University College London is sponsoring Professor Stephen Mayson to undertake an independent review of legal services regulation. Earlier in the month, the review published a working paper that sets out its assessment of the current framework and then explores the rationale for and scope of regulation

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(<https://www.ucl.ac.uk/ethics-law/publications/2018/sep/independent-review-legal-services-regulation>).

- 23 Our ongoing engagement programme with stakeholders continues. We spoke at the International Conference of Legal Regulators in the Hague on defining quality and competence in legal services and the implications of AI for legal regulators, and at the International Bar Association Conference in Rome on the Solicitors Qualifying Examination.
- 24 We have held fringe events at the three political party conferences, including an event focused on how technology is changing access to professional services in partnership with Demos, creating a fair and equal workplace in partnership with the New Statesman and a roundtable discussion with Bright Blue on progression in the professions.
- 25 Our engagement with diversity groups continues. We celebrated Black History Month with a series of staff events, and an external event in Leeds hosted by Eversheds and chaired by Board member Elaine Williams.
- 26 We have launched bookings for our December Compliance Conference and already have more than 1,200 solicitors registered to attend.

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