

SRA Business Plan

November 2018 to October 2019

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Introduction and summary

The Solicitors Regulation Authority is the regulator of solicitors and law firms in England and Wales, protecting consumers and supporting the rule of law and the administration of justice. We do this by overseeing all education and training requirements necessary to practise as a solicitor, licensing individuals and firms to practise, setting the standards of the profession and regulating and enforcing compliance against these standards.

This business plan sets out our programme of work for 1 November 2018 to 31 October 2019 (our financial year runs from November to October) and the second year of our Corporate Strategy 2017–20, which we published in November 2017. It provides more detail on what we will do and the resources we will use in 2018/19 to deliver our strategy.

[Our Corporate Strategy \[https://qltt.sra.org.uk/sra/corporate-strategy/\]](https://qltt.sra.org.uk/sra/corporate-strategy/) sets out what we want to achieve between now and 2020. We want to make sure that what we do helps, rather than hinders, an open and competitive legal market that meets people's needs at affordable prices. And people must be able to trust and see a diverse profession which we regulate and which reflects their own communities. We also want to play our part in helping people find useful information about the services they can choose.

So, we set ourselves five objectives for delivery over the three-year period our strategy covers. These are:

- 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.
- We will make sure our regulatory requirements are proportionate, providing solicitors and firms the flexibility to innovate and better meet the needs of members of the public and businesses, while maintaining appropriate levels of public protection.
- We will increase the availability of relevant and timely information to help people make informed choices in the legal services market.
- 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.

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

Over the following pages, we have set out more detail on each objective and the work programmes for 2018/19 that will deliver these aims.

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Strategic 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.

The public, users of legal services and the justice system need to have confidence that those we regulate are competent, have high professional and ethical standards and operate within a framework that puts the interests of the proper administration of justice and clients before their own. We will focus on high, consistent standards of entry into the regulated community and on our systems of supervision and enforcement. This is to make sure that there is confidence that standards are maintained and applied in practice.

As part of maintaining public confidence, we will work to deliver our new approach to regulation. That means a real focus on high professional standards and a move away from lots of unnecessary rules – rules that add cost and get in the way of offering affordable, accessible legal services that meet people's needs.

Our new SRA Standards and Regulations will set out our new approach, replacing the current Handbook in 2018/19. We will also publish supporting information to make sure that people using legal services know what to expect from solicitors and what our standards mean.

Part of our new approach is to free up solicitors to work in different ways. This will remove out of date constraints that restrict solicitors from providing services to consumers in only firms we or another legal services regulator regulates, with all the obligations and potential cost that brings.

Our changes will mean that solicitors can work as freelancers in the same way many professionals can, as well as offer a range of legal services while working in businesses that are not regulated by a legal services regulator. We will expect solicitors practising in these new ways to be clear with clients about what consumer protections they have and what the limitations of their services are. We believe this will help to reduce cost and widen access to high-quality legal services.

Changing the way solicitors qualify and join the profession is also a priority for us. This is because we want to make sure everyone meets the same high standards however and wherever they learn and to make it easier for people from every background to become a solicitor. We will continue to work closely with everyone involved in training the profession of the future, including academics, providers and solicitors from every part of the profession, as we develop the Solicitors Qualifying Examination (SQE) ahead of its introduction in autumn 2021.

To support the introduction of the SQE, we will continue to manage the quality assurance system for the qualifications we regulate and put in place arrangements for the transition to the SQE. This will also give both providers and aspiring solicitors confidence in what will be a robust assessment.

Importantly, we want to make sure the SQE plays its part in building a truly diverse profession, open to people from every walk of life. As part of that, we will introduce our [Career in Law Facebook initiative](https://www.facebook.com/careerinlaw) [<https://www.facebook.com/careerinlaw>], designed as a suite of easily accessible and digestible information to help young people from every background who are considering going into law to choose the best route for their needs.

We will continue to keep the quality of advocacy and criminal practice under review to make sure that the public from every community has confidence in these services. As part of that, we will consider whether we need to do more to quality assure criminal advocacy.

We also want to do more to help vulnerable young people in the criminal justice system find the help they need. We will do this by working with charities, the police, and young people themselves, to promote our new easy-access information for people to use when they get into difficulty (see our youth advocacy leaflet below right).

We are planning to publish a number of research and analysis reports throughout the year. We want to understand the difference our changing approach to regulation is making. Our research reports will support our work on the impact of our policy reforms for the public, businesses and the profession. This will include work to understand any Equality, Diversity and Inclusion (EDI) implications for both the public and the profession.

We will also deliver a programme of thematic projects that address topical risks such as anti-money laundering, so that we can widely share insight into what is happening. In addition, we will continue to look at what issues there are in the legal sector and publish our Risk Outlook and supporting materials.

These will include a report on how technology and artificial intelligence (AI) can help law firms provide affordable, accessible legal services for

people from every community who need them. And our work to raise awareness of how to properly use non-disclosure agreements will continue as we publish a fully revised version of our 'Walking the line' report on balancing duties in litigation.

Mainstreaming EDI across all areas of the organisation is part of who we are. 2018/19 will see us building on our progress to date, making sure that EDI is at the heart of our operational, policy and outreach work. We will monitor the potential EDI implications and impacts of our regulatory reform work and the new SQE. [The evaluation approach](https://qltt.sra.org.uk/sra/research-publications/abs-evaluation/) (<https://qltt.sra.org.uk/sra/research-publications/abs-evaluation/>) developed for us by the Centre for Strategy and Evaluation Studies sets out how we will do that.

We will promote diversity in the profession through working with key groups in the sector, participating in Pride parades in London, Birmingham and Cardiff, sharing best practice and guidance with the profession, such as our wellbeing project, and online campaigns.

We will also review and update our firm diversity data collection questionnaire ahead of collecting the information in 2019, which we will then share with the profession.

Strategic objective 2

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

We will continue to review and modernise our regulatory arrangements, removing unnecessary restrictions and requirements that burden firms with unnecessary costs and prevent solicitors and firms from meeting the needs of the public and businesses. At the same time, we will make sure that protections for people that need them are set and maintained at appropriate levels.

Last year we consulted on changes to key protections for the users of legal services (professional indemnity insurance and the Compensation Fund). We want to make sure they are fit for purpose and provide appropriate levels of protection for those most in need when things go wrong, without placing an unduly high cost burden on firms, which in turn increases cost for consumers. We will review all the responses and then decide on our next steps.

Our new SRA Standards and Regulations will set out our modernised regulatory arrangements, replacing the current Handbook in 2018/19 and reducing the burden of unnecessary but costly regulation. Reducing costs will make law firms more competitive and increase consumer access to affordable legal services.



In addition to opening up the legal sector by freeing up solicitors to work in new ways, as set out under objective one, we also want to free up law firms to try new ways of doing business, offering services that will help people at a cost they can afford. So we will make sure that we encourage positive innovation, while making sure we manage any risks. That means promoting the use of our dedicated web service, SRA Innovate and publishing information about the waivers (exemptions to our rules) we grant to help firms think about what might be possible.

We welcome the government's new Regulators' Pioneer Fund. We successfully bid for funding, in partnership with [Nesta](https://www.nesta.org.uk/) [<https://www.nesta.org.uk/>], securing nearly £700,000 to support business innovations that use AI to transform the legal services market for small businesses and consumers.

As part of keeping everyone up to date on how to maintain the standards we expect, we will continue to publish topical warning notices and information on risks in the legal sector.

Ensuring public protection means taking action when things go wrong. We are keeping our disciplinary processes under review so that everyone from every community has confidence in our work to set and enforce standards. We will also publish more data about our disciplinary work, adding to the information in our Annual Review and other publications.

Changes to the Compensation Fund

In 2017/18, we consulted on changes we want to make to the Compensation Fund.

We did this because we want to make sure that:

- The money in the fund goes to people most in need when things go wrong
- The fund can cope with the value of claims made on it
- The fund is able to cope with changing risks and types of claim

How the Compensation Fund works

- Solicitors and firms pay money into the fund every year, and we manage the money
- If someone loses money because of a person or firm we regulate, they can make a claim
- We can make payments to people if their claim falls under our rules

Top five reasons we paid money out in 2017/18

| Reason | Amount |
|---------|--------|
| Probate | £5.3m |

| | |
|------------------------------------|-------|
| Conveyancing fraud | £3.7m |
| Property sale proceeds | £2.8m |
| Money paid but no work carried out | £1.7m |
| Mortgage fraud | £1.4m |

Total money paid out in 2017/18: £17.9m

Strategic objective 3

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

We will implement the recommendations made in the [Competition and Market Authority's legal services market study](https://www.gov.uk/cma-cases/legal-services-market-study) [<https://www.gov.uk/cma-cases/legal-services-market-study>], published in December 2016. We will engage in a fully inclusive way with the public and with other regulators to identify the most appropriate information and the best means of making it available in a consistent, comparable and readily accessible form. We will work with the profession to explain the benefits of providing better information and will seek to minimise the impact of data collection on those we regulate. We will also set out our commitment to sharing information with the public in an accessible way, making sure they know what they expect from us.

We will continue our work to help people identify their legal needs and find the services that are right for them. Research shows that nine out of 10 people and small businesses do not use regulated legal services when they have a problem. We want to address the barriers that prevent people from getting the help they need, when they need it. The lack of useful information has been shown to be part of the problem.

Our new SRA Transparency Rules have now been approved by the Legal Services Board and go live in December 2018. Under these rules, the firms we regulate will need to publish a range of information, including on price, if they offer services in specified legal areas. This additional information should help the public and businesses to choose a service that suits them, as well as making legal services overall more open and understandable.

We are also working to introduce a new clickable logo for firms to use to let people know about the protections that come with using a regulated firm. The logo will also be available in Welsh. Alongside its introduction, we will promote the availability of this important consumer information to the public, businesses and consumer groups.

Our focus will then move onto supporting firms as they publish this wider information about what they do and what their services cost. We will monitor the publication of information and the use of the clickable logo and are looking ahead to an initial evaluation in around 12 months' time.



We want to see if, as expected, these changes make it easier for consumers to compare legal services providers and choose the one that best meets their needs.

As part of improving the information available to the users of legal services, we are working to introduce a new digital register, which is a key part of our Modernising IT programme. We will work closely with the public to make sure the register is both user friendly and accessible, helping people to confirm the status of a solicitor or firm they are considering using and increasing confidence in the profession.

We will also continue to develop [Legal Choices](https://www.legalchoices.org.uk/) [\[https://www.legalchoices.org.uk/\]](https://www.legalchoices.org.uk/) the public-facing website and social media presence that we manage on behalf of the eight legal regulators.

After several years establishing Legal Choices, we have embarked on an ambitious plan to launch new interactive products, designed in conjunction with the public, to help people identify whether they have a legal need and then navigate the legal landscape to find the right service for them.

Using social media and working with partners and our new Legal Choices Advisory Panel, made up of consumer and expert groups, we will promote the enhanced website as widely as possible.

With the additional information firms will now have to publish, and our forthcoming digital register, we anticipate that users of legal services will see a real improvement in how they can find and use legal services. We want to make sure everyone sees that improvement. So, we will undertake research into the experience of people with disabilities when accessing and using legal services, identifying best practice and encouraging firms to meet people's needs more effectively.

What people will see when they shop for legal services

- A rough price of how much the legal service costs.
- If we regulate the firm.
- Key details about what the legal service includes, such as completion timescales.
- A future register which will list all the firms we regulate.
- Legal Choices, run by the joint legal regulators, helping people make better decisions about the legal services they buy.
- Information on firm websites about how to complain.

People

- can research whether they have a legal problem
- can shop around for a legal service that is best for them
- know if we regulate a firm, adding an extra layer of protection.

Strategic 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.

The political and legal environment within which we and those we regulate operate is changing rapidly. We will work to make sure that regulatory arrangements within the UK and across national boundaries work well, making it as easy as possible for firms to operate in the interests of UK businesses and the public.

We will make sure that our regulatory arrangements work as effectively as possible from when we exit the EU. We are working closely with the government to make sure we can respond effectively to developments and are ready to implement the necessary changes that will arise from the UK exiting the EU.

We are monitoring how the UK exit from the EU will change the way solicitors and law firms work. Our priority is to make sure that the public can be confident that high standards are maintained in a changing landscape.

That means looking at what will need to happen to allow EU lawyers to work safely in England and Wales, if the current registered European lawyer and exempt European lawyer arrangements become redundant.

We have already published information on the implications of a 'no deal' scenario, in response to the government's technical notice. We will continue to provide clear guidance for EU lawyers and for the firms that want to employ them, so that people can continue to access the services they need while being properly protected.

We will work closely with the government and other agencies to ensure a smooth transition to any new arrangements.

We will also work across the UK and further afield as we bring in the SQE, to consult on and introduce effective mechanisms for solicitors from Northern Ireland and Scotland, as well as internationally, to qualify to work in England and Wales. We anticipate consulting on this later in 2018.

We will continue our dialogue with the Welsh government and others as we work to make sure that our regulation meets the needs of all the users of legal services in Wales. As part of the development of the SQE, and our work to meet the needs of Welsh speakers, we will explore the provision of the SQE in Welsh.

The work of the International Conference of Legal Regulators (ICLR) helps to raise a shared understanding of what matters in regulation and encourages collaboration. We run the [ICLR.net website \[https://iclr.net/\]](https://iclr.net/) and will continue to grow its membership this year and deliver a monthly ebulletin drawing together good practice and information from around the world.

We share the government's commitment to tackling money laundering and the funding of terrorism and we have specific regulatory and statutory reporting responsibilities in this area. We will work to address money laundering by supervising law firms effectively, as well as helping firms and solicitors to meet their obligations to prevent money laundering and terrorist financing. We will do this by building on our current knowledge of firms' procedures and processes, publishing reviews and providing guidance, risk assessing firms and by taking robust action if a firm falls short of the standards we set.

In response to government changes, we will develop, subject to approval, regulatory arrangements that implement the new fee cap on solicitors and authorised firms that carry out claims management activities relating to financial products and services. This is so that people who want to make claims about, for example, mis-sold financial services, get both good service and proper redress.

Strategic objective 5

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

To deliver our strategic aims, we must evolve and improve our performance – across all areas of our responsibilities. During this period, we will focus particularly on improving engagement and collaboration with our customers, so we can meet their needs. We will make sure our staff have the right skills to meet new challenges and will focus on modernising our business systems and IT, putting our customers at the heart of our development.

We are continuing to drive forward the delivery of our change and improvement programme, in particular our Modernising IT work. Using industry-standard programme and project management techniques, we are:

- improving our core technology
- supporting our wider regulatory objectives
- making sure there is a high-quality service for all our customers
- working with our customers to get our design right.

As we have done for two years now, we will continue to report on our work through an engaging Annual Review, to make sure the work we do



as an organisation, and our performance against our plans and objectives, is transparent. We will use plain English and publish Welsh and easy-read versions to make the review as accessible as possible for both the profession and the public. Our corporate reporting will also include the Law Society Group Annual Report and Financial Statements and a new annual report on our disciplinary work.

We will continue to deliver a co-ordinated programme of communication and genuine engagement, listening to as wide a range of views as possible, increasing understanding and supporting everyone we work with to shape what we do and to benefit from any changes we introduce.

As part of this, we will deliver a programme of accessible corporate events. These will include our annual Compliance Conference and an SQE annual conference, as well as a series of workshops and seminars, a strong presence at LegalEx, the Citizens Advice Service and Advice UK annual conferences, fringes on topical issues at party political conferences and a series of SRA Innovate events.

Over the last few years we have very significantly increased our online presence. We will build on this across all our social media platforms, making sure people can talk to us and find information in the way that suits them best.

We are continuing our work with the many diverse groups in the profession representing women, disabled lawyers, LGBTQ+ groups, faith and black, Asian and minority ethnic (BAME) based groups. We will also work to encourage social mobility in the profession and support initiatives to nurture both entry into and progression within the profession, so that the public can see their communities reflected in the legal sector.

We will work closely with members of the public to develop and consult on a new public engagement charter. This will set out what people can expect from us and how we will involve people in developing what we do.

And, as part of mainstreaming our EDI work internally, we will continue to embed our values in a new staff code and support a workplace where everyone is welcome. EDI is at the heart of what we do and allows us to work collaboratively and properly communicate with one another. We will continue to develop and deliver high-quality staff communications through a range of channels and maximise the benefits of our new IT to support this work.

We remain focused on developing and expanding our staff support networks and building our allies group to work across all networks.

This includes our:

- accessibility network



- BAME network
- Christian network
- iCare network, supporting colleagues with caring responsibilities
- LGBTQ+ network and its allies group
- women's network.

We continue to review, improve and mature our organisational information security and environmental activities. We are working to implement an ISO 27001-aligned Information Security Management System, improve our records management and continue the development of our data protection activities.

We will review our environmental management processes and procedures to support the reaccreditation of the organisation with ISO 14001.

We are also committed to developing our pay, recognition, reward, and training strategies to acknowledge and develop the right behaviours of our staff, aligned with our values, so that we can provide a high-quality service to all our customers.

We report on three key performance indicators (KPIs) in our regular Board report. Performance during the full year to the end of 31 October 2018 was as follows:

- 98% of firm applications, where we deem the firm to be medium to high risk, closed within three months against a target of 90%
- 89% of concerns about potential misconduct closed within 12 months of receipt against a target of 93%
- 81% of Compensation Fund claims closed within 12 months against a target of 90%.

We have developed our Authorisation teams and worked closely with firms applying for regulation, which has helped us to improve performance.

Training and development in preparation for the 2019 implementation of our new SRA Standards and Regulations – the revised and focused rules which will replace the lengthy and prescriptive SRA Handbook – and the introduction of our new IT has resulted in a drop in performance against our key disciplinary KPIs. Our significant improvement in timeliness over the last four years, during which we have reduced the average (median) case length from 136 days in 2013/14 to 88 days in 2017/18, has given us the opportunity to make this important investment in our teams.

We received nearly 22% more claims on the Compensation Fund during 2017/18 than in the preceding year – up from 2,174 in 2016/17 to 2,648 in 2017/18. The increasing volume of this complex work means that we missed our target.

We have restructured our Client Protection team, to better help us with claims on the Compensation Fund. This will give us more flexibility to deal with these peaks as we move forward into 2019.

We will continue to keep our key KPIs under review. We know that the operational changes resulting from the delivery of our SRA Standards and Regulations, and the implementation of new IT, will have a positive impact in the long term. But, in 2019, we expect that the transition period will continue to put real pressure on our performance against our current KPIs, as we make sure that staff have the training and development they need.

Resources 2018/19

Most of our funding received comes from fees paid by solicitors and firms. We collect these practising fees every October. The rest of our income is from other sources, for example:

- fees paid for specific activities, such as applying to set up a new firm
- recovering costs when we conclude a disciplinary case
- the Compensation Fund, as the fund covers the cost of managing the fund itself and any interventions into firms.

In table one we have set out details of our 2018/19 funding (our financial year runs from 1 November to 31 October) compared with 2017/18.

| SRA income summary | 2018/19 budget (£000s) | 2017/18 budget (£000s) |
|--|---------------------------------------|---------------------------------------|
| Individual and entity (firm) practising fees | 52,624 | 52,624 |
| Regulatory fees (eg payments for applications) | 2,939 | 2,939 |
| Recoveries (eg cost orders) | 2,040 | 2,040 |
| Compensation Fund | 10,523 | 10,924 |
| Reserves | 8,100 | 13,600 |
| Total SRA income | 76,226 | 82,127 |

Funding from reserves in 2018/19 will be used predominantly for our Modernising IT programme (MIT). The amount to be taken from reserves has reduced from 2017/18 as the programme will complete during 2018/19. The figure for the Compensation Fund is the recharged cost of the overheads and administration costs of running the fund (the basis of the recharge is reviewed annually by our Finance and Audit Committee) and any interventions.

We have restructured our Client Protection directorate and made reductions in outsourcing costs, which has reduced this figure for 2018/19.

Expenditure 2018/19

In table two we have set out a breakdown of how we will spend our money in 2018/19.

Table 2

| SRA expenditure summary | 2018/19 budget (£000s) | 2017/18 budget (£000s) |
|--|---------------------------------------|---------------------------------------|
| Staff expenditure | 32,123 | 30,174 |
| SRA directly managed budget for intervention costs | 6,610 | 6,610 |
| External disciplinary and enforcement legal costs | 3,619 | 3,619 |
| SRA cost of shared services and property | 10,792 | 13,016 |
| Projects (mostly IT) | 15,000 | 23,000 |
| Other | 8,082 | 5,708 |
| Total SRA income | 76,226 | 82,127 |

Project spend is predominantly for our Modernising IT programme. The budget for 2018/19 includes £6.2m of planned spend rolled forward from 2017/18. The overall cost for the MIT programme remains unchanged. The increase in staff expenditure is due to pay inflation and the transfer of the IT function from Shared Services to the SRA, in part offset by the reduced charges for shared services.

'Other' costs include non-staff IT spend, consultancy, Board and committee costs, external advisers including adjudicators and examiners, research, engagement activity and staff travel. The increase from 2017/18 includes the transfer of the IT function from shared services.