

SRA BOARD  
2 December 2015

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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 2014/15 Business Plan. *(NB: Although we are now a month into the new financial year most of the activity reported here refers to year 2014/15).*
  - 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 2014/15

- 2 This section provides an update to the Board on our key priorities, starting with an update on any key developments and then moving onto an update against our 2014/15 Business Plan.

#### *Progress against our 2014/15 Business Plan*

- 3 We are progressing well on the activities being undertaken to deliver our objectives in the Business Plan. Below, I highlight to the Board whether objectives are on track and provide any further updates on key activities that the Board needs to be aware of.

<p><b>Objective 1: We will reform our regulation to enable growth and innovation in the market and to strike the right balance between reducing regulatory burdens and ensuring consumer protection</b></p>	<p><b>On track</b></p>
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- 4 Overall we are on track to achieve this objective.

#### *Consumer Credit*

- 5 The FCA approved our rules on 3 November 2015. The rules will now be reviewed by the Legal Services Board (LSB). We are on track to have the final rules and guidance published this month. This will provide clarity and certainty for firms ahead of the existing transitional provision ending and the new rules going live on 1 April 2016.

#### *SRA innovate*

- 6 Last month the Board was updated about the start of our Innovate project. The aim is to provide dedicated support for organisations wishing to offer innovative legal services and products to the market. This would be open to all existing and prospective SRA authorised solicitors and firms (including Alternative Business Structures (BS)). The ultimate beneficiaries of greater innovation within the legal services market will be consumers, and potential consumers, through the emergence of greater choice in terms of quality, access and value.
- 7 It is important to note that we already do much work informally to support innovation. This new service builds on and expands on this work - bringing it into the open. This should increase the numbers advantaged.

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- 8 SRA Innovate launched on 9 November 2015 at a seminar to support the joint LSB/SRA research into innovation in legal services, held at the Department of Business, Innovation and Skill.
- 9 The service initially comprises:
  - dedicated pages on our web-site setting out details of the service and useful information for innovators: <https://www.sra.org.uk/solicitors/innovate/sra-innovate.page> Our ambition is for the web pages to become a 'hub' of information;
  - new dedicated support through our Professional Ethics Helpline via the phone and through the webpage. Anything received through the innovation banner will be categorised as of high importance and will be discussed by a small team of our most experienced advisers, bringing in expertise from across the organisation where necessary before guidance is issued. We will be monitoring management information and are aiming to provide call backs within 24 hours;
  - support through the Authorisation process – our message it that we are open for business for organisations that want to propose new business models - if someone approaches us with something a bit more unusual, our Authorisation Team would arrange an engagement meeting with senior members of staff and we will provide a dedicated contact throughout the application process; and
  - external Reference Group – opportunity for innovators and potential innovators to join our group and be our sounding board on new ideas for the project and for our regulatory reform.
- 10 We will also be looking at what more we could be doing to support innovation through our operational work and also through our regulatory reform.
- 11 As the project develops over the next few months, the content of the website will grow to include:
  - more information on the more unusual business models that we are seeing and the support we provide through the Authorisation process; and
  - latest research and peer commentary.
- 12 We propose to hold an Innovation seminar early next year to publicise the service.

***Professional standards/ A Question of Trust***

- 13 The consultation period for this work runs until 31 January 2016. Members of the public and the profession can take part by attending one of our roadshow events, answering our short online survey or responding to the consultation on our reference framework: <http://www.sra.org.uk/home/hot-topics/A-question-of-trust.page>

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- 14 So far we have had over 260 responses to the online survey, and in the week commencing 9 November 2015 alone we ran roadshows in conjunction with Chester and North Wales Law Society, and the National Association of Gypsy and Travellers Officers. The final version of the reference framework is due to be published in summer 2016.

***SRA Handbook – version 15***

- 15 We published the fifteenth version of the Handbook on 1 November 2015, and all the changes in this new version came into effect on that date. The publication process went smoothly.
- 16 The changes put into effect the work of our projects on separate businesses and activities of recognised bodies, the 2015 phase of our Accounts Rules reforms, the Improving Regulation measures and the changes to the authorisation of sole practitioners.

<b>Objective 2: We will work with solicitors and firms to raise standards and uphold core professional principles</b>	<b>On track</b>
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- 17 Overall we are on track to achieve this objective

***Training for Tomorrow - Solicitors Competence - Assessment Framework***

- 18 The initial pre-consultation testing phase of our work to explore the possibility of a new common professional assessment for intending solicitors is drawing to an end. Engagement undertaken since the last update has included the following events:
- we held a meeting on 13 October 2015, sponsored by the City of London Law Society, with senior and managing partners at City law firms. We stressed the core objective of any assessment – to set and assure high standards of practice for solicitors and through that to uphold the reputation of solicitors domestically and internationally;
  - a workshop on the proposals was held with learning and development professionals from Birmingham Law Firms, under the aegis of the Legal Education and Training Group; and
  - individual meetings with universities continue to be held.
- 19 Feedback from stakeholders and recommendations from the external research has been very helpful in refining our assessment model.
- 20 Subject to Board approval, we plan to consult on our proposals in December 2015. The consultation will be launched by a speech from the Chair of the Education and Training Committee at the Westminster Legal Policy Forum and we are recording a short film to promote our proposals. Stakeholder engagement will continue throughout formal consultation and as we develop the new assessment framework. We are establishing a reference group of experts and key stakeholders.

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***Training for Tomorrow - Apprenticeships***

- 21 The rule change permitting this route to qualification was implemented as part of the 1 November 2015 Handbook change. An event for firms which are interested in offering legal apprenticeships was held on 6 November 2015 at the offices of DWF. The presentation included presentations from two very impressive school leaver apprentices employed by Withers, and presentations from Addleshaws and Kennedys about their experience of employing apprentices. Their view was that after a few weeks, school leaver apprentices were indistinguishable from their graduate or Legal Practise Course graduate paralegals.

***Training for Tomorrow - Equivalent means***

- 22 As at 11 November 2015, the following numbers of equivalent means applications had been received since 1.7. 2014, when the new regulations came into force:

EQ App Oct	Received	Granted	Refused	Withdrawn	Work in progress	Unallocated
Common Professional examination	79	28	15	12	16	8
CPE for non graduates	25	13	0	0	9	3
Legal Practice course	7	0	0	4	3	0
Period of recognised training	85	23	5	14	37	6
Professional Skills Course	4	2	0	0	1	1
Morgenbesser	3	0	0	2	1	0

***Insolvency***

- 23 The rule change ceasing our regulation of solicitor insolvency practitioners was made with the Handbook re-issue on 1 November 2015. At that point there were two individuals who had live appointments who had not made arrangements to transfer to another Recognised Professional Body. One only took bankruptcy appointments, and so their live cases automatically reverted to the official receiver. The other practitioner had ongoing insolvency matters and so a court application was made to transfer their cases to another Insolvency Practitioner.
- 24 We are now making an application to the Secretary of State for the SRA to be removed as a Recognised Professional Body for insolvency purposes.

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**Objective 3: We will improve our operational performance and make justifiable decisions promptly, effectively and efficiently**

On track

***Practising Certificate (PC) Fees for 2015/16***

- 25 The 2015 PC renewal window closed on 31 October. The exercise has gone extremely well with good system performance throughout. Extensive load testing of the system in advance and close monitoring of user experience as well as a number of improvements to the system has helped to achieve this. We are ahead of our target to process applications and as of 12 November had issued 109,397 Practising Certificates (compared to 101,336 at the same point last year). In addition, 1,758 registered foreign and European lawyer registrations had been granted.
- 26 The Contact Centre has also performed well. In 2014, the Contact Centre targets were to answer 70% of calls within two minutes and to respond to 95% of emails within ten days. In October 2015, we successfully answered 85% of calls within 20 seconds and replied to 95% of emails within five working days. This was due to improved training of Contact Centre staff and a better utilisation of resources across the Operations and Quality Directorate. 38,750 calls were answered in October 2015 compared to 49,949 in October 2014. This is due to better signposting of information, improvements to the IT systems and targeted communications. In addition, the Contact Centre opened on Saturday 31 October to offer support to individuals who had left renewing their Practising Certificate to the deadline day.

**Objective 4: We will work with our stakeholders to improve the quality of our services and their experience when using them**

On track

**Section 2: Operational Performance**

- 27 We continue to report against our end to end KPIs. We continued to make good progress against our key end-to-end 12 month target by achieving 91% against the 90% target. This was down 1% from 92% in September because we had a high volume of closures 13 months ago (note the KPI is measured on a 12 month rolling basis). The actual performance in October was 93%.
- 28 The average number of days from assessment to Tribunal proceedings remained the same between September and October at 581 days. As mentioned previously this figure can be influenced by the low number of cases actually issued (the point at which a case is sent to the Solicitors Disciplinary Tribunal) in any given month. It can take only one or two newly issued cases to be older than the norm, which could be due to the complexity of the case and the material that needs to be collated, to have an impact on the reporting. Given this, we do expect monthly fluctuations with this KPI.

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***Firm Based Authorisation***

- 29 A simplified firm application (FA1) form was launched on 1 November 2015 to coincide with the Legal Services Board (LSB) approval of changes to the Handbook. The regulatory changes include introducing a life time license for sole practitioners; removing the requirement for managers of ABS corporate owners to be authorised and removing the need for the Compliance Officers of smalls firms to apply to be licensed. These changes should enable us to further reduce the time it takes to be authorised.

**Section 3: Publications and Engagement Activity**

***Media coverage***

- 30 October's media coverage focused around the A Question of Trust programme, with the launch and regional events securing trade and social media attention. There was also significant coverage, including in the national press, around our intervention into Blavo & Co. The media briefing following October's Board meeting generated coverage in the specialist press, focusing on our self-assessment submitted to the LSB.
- 31 November saw the launch of SRA Innovate, v15 of the Handbook, our 'A Question of Trust in a box' package, our revised policy position statement and the 'Looking to the Future' position piece.

***Events***

- 32 We held our annual Compliance Officer conference in October. Almost 600 delegates attended the event – more than double the number who attended last year - with almost 85% in a Compliance Officer role – compared to less than 50% last year. The event centred on an interactive Question of Trust voting session, and we also held six topic specific breakouts running over four sessions. We attracted considerable social media interest with over 60,000 impressions and around 900 forms of engagement.
- 33 We visited the Isle of Man on Monday 19 October 2015 for a Board dinner hosted by the Isle of Man Law Society. Paul Marsh attended from the Board. Our A Question of Trust campaign visited Birmingham and Bristol in October, giving solicitors and members of the public the chance to have their say on the standards expected of solicitors, and what should happen when solicitors fall short of those standards. November saw QoT visits to Chester, Leeds and Maidstone. We also ran A Question of Trust event for The National Association of Gypsy and Travellers Officers (NAGTO) in Northampton and a session with the Lawyers for Disability Division.
- 34 We had a stand at LawExpo for the first time, alongside my speaking slot. We also negotiated accompanying video and podcast coverage, and a feature piece in Partner Magazine.

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***Equality, Diversity and Inclusion***

- 35 On 30 November we held an event on social mobility with the Sutton Trust (an organisation that aims to improve social mobility through education). We sponsored the Black Solicitors Network UK Diversity League Tables and attended their Legal Awards and dinner on 24 November.
- 36 A workshop on the assessment framework for the Training for Tomorrow programme took place on 9 November 2015 for EDI Committee members. And we held a joint TLS EDI Committee and SRA Committee meeting on 16 November 2015.
- 37 We are meeting the Sole Practitioners Group, Ethnic Minority Lawyers Division, Association of Women Solicitors and Association of Asian Women Solicitors in the next few months to discuss the Handbook review (in particular Principle 9 and Chapter 2 on equality and diversity) and EDI in the Training for Tomorrow programme

***City of London Law Society***

- 38 Our second open forum meeting of the year took place in November at the City of London Law Society. The session focused on discussing the research report on lawyer-client relationships in large firms and the impact on independence, representation and risk carried out by Dr Steven Vaughan of the University of Birmingham and Claire Coe of Claire Legal Ltd for the SRA.

***New reviewer for stage 3 complaints***

- 39 Following an open tender process, we have appointed a new independent reviewer to consider complaints that reach stage 3 of our complaints procedure, with The Ombudsman Service Limited taking over from the Independent Complaints Resolution Service (ICRS) on 26 October 2015. After 5 years with us, the ICRS decided not to submit a tender, pursuing some new projects and focussing on their interest in setting up new complaints handling services for organisations. The ICRS will present its final annual report to the Board in January.
- 40 The Ombudsman Service Limited is a large not-for-profit company with a wealth of experience in providing Ombudsman, complaints handling, and alternative dispute resolution services to a number of organisations including regulated industries and professional bodies.

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