

SRA BOARD  
13 September 2016

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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 2015/16 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.**

## Chief Executive's Report

### Section 1: Priorities for 2015/16

- 2 This section provides an update focusing on developments and progress against our 2015/16 Business Plan.

#### *Progress against our 2015/16 Business Plan*

- 3 We are making good progress to achieve the objectives set in our Business Plan. Below, I provide detail of our programme and highlight areas of development and points to note.

#### *Approval of practising fees for 2016/17*

- 4 Neil Buckley, the Chief Executive of the Legal Services Board (LSB) wrote to Catherine Dixon and I on 23 August to confirm that the levels of the 2016/17 fee determinations have been approved. The LSB welcomed the reduction in the level of fees.

<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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#### *Competition and Markets Authority (CMA) Interim Report and SRA response*

- 5 The CMA published its interim report on 8 July 2016, inviting responses by 19 August. Our response to the interim report welcomes the findings, answers their questions and restates our positions on the issues raised. It also references the future work we have planned in relation to transparency of regulatory data and consumer choice.
- 6 We have subsequently received and responded to a further request for information in relation to the reserved legal activities and their impacts on the market for legal services. We will also be attending a number of meetings and roundtable events with the CMA over the coming months. Each focuses on a different aspect of their report.
- 7 A final report from the CMA is expected at the end of the year. The statutory deadline for publication of the final report is 12 January 2017.

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***Ministry of Justice (MoJ) consultation - Removing barriers to Competition***

- 8 We have recently responded to the MoJ consultation on proposals to make amendments to Schedule 11 and 13 of the Legal Services Act in order to remove barriers to entry for ABSs<sup>1</sup>. This consultation follows the publication in November 2015 of 'A Better Deal: boosting competition to bring down bills for families and firms' – which set out the government's approach to encouraging open and competitive markets<sup>2</sup>.
- 9 We have welcomed the changes which, if implemented, would give us considerably more flexibility in relation to approving owners of ABSs and some other elements of the licensing regime, for example the requirement to have a practising address in England and Wales. We have been working with the MoJ over the past year to make a case for the removal of unnecessary prescription in the legislation and provide information in support of the changes.
- 10 We will need to make a number of changes to our rules once the changes are enacted. We are planning to do so as part of Phase 2 of the Handbook review, which may mean consulting on alternative options so that we are in the best position to respond to Government policy. Likely timings for any legislative change are currently unknown.

***MoJ consultation - File retention***

- 11 We have been working closely with the MoJ and LSB on the ongoing issue of file retention and destruction of documents following interventions. As a result of those ongoing discussions, the MoJ has now written to approved regulators and other interested parties to canvas their views on a proposal to remove the current statutory requirement for approved regulators to apply to the High Court for permission to destroy documents seized or obtained during the course of an intervention.
- 12 The MoJ proposes replacing the current requirement (to apply to the High Court) with an approach based on compliance with a published and approved file retention policy. We have written to the MoJ to set out our strong support for such an approach and emphasise the potential cost savings.
- 13 As with the changes to Schedules 11 and 13 discussed in the paragraphs above, timings for any legislative changes are unknown.

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<sup>1</sup> <https://www.sra.org.uk/sra/news/press/government-consultation-increase-competition.page>

<sup>2</sup> See the ministerial statement here  
<http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-07-07/HCWS69/>

**Objective 2: We will work with solicitors and firms to raise standards and uphold core professional principles**

**On  
track**

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

- 14 The numbers of equivalent means applications, as at 12 August 2016, that had been received since 1 July 2014, when the new regulations came into force are set out at Annex 1.

***Training for Tomorrow - Continuing Competence***

- 15 We continue work to raise awareness of the introduction of the new approach to continuing competence on 1 November 2016.
- We have run a number of webinars for the profession including a specific webinar for members of local law societies on 29 June 2016 focusing on the new approach and how it can work alongside their existing training programmes.
  - There is an ongoing social media campaign promoting the toolkit, resources, case studies, videos and how to adopt the new approach.
- 16 Our new approach is also attracting interest outside of the profession. We have been asked to speak at a conference for regulatory and professional bodies in the Autumn organised by the Professional Associations Research Network and we will feature as a case study in their upcoming research report on CPD in the professions.

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

**On  
track**

***Revocations***

- 17 The Revocation process concluded successfully, three months ahead of schedule. All 103 matters referred to Supervision were resolved, with eight revocation notices being sent, five firms subsequently closing and eight letters of guidance being issued. Three firms continue to be subject to an ongoing formal investigation.

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

**On  
track**

18 Overall we are on track to achieve our 4 objectives.

## **Section 2: Operational Performance**

### ***KPIs***

19 We continued to make good progress against our key disciplinary proceedings target by achieving 90% against the 90% target.

## **Section 3: Publications and Engagement Activity**

### ***Publications, consultations and engagement activity***

20 Our Trust and the Market event proved a success, attracting a diverse audience from beyond the legal sector, with 125 delegates attending, with only a third being legal professionals. We had good feedback from speakers and attendees, while direct engagements on social media totalled more than 2,500. This included more than 500 people watching the event on Periscope.

21 Our annual Risk Outlook attracted more interest than ever before. Digital engagement with the report had doubled since last year, with more than 1,400 engagements in 12 days. We also generated national coverage in The Times with a piece on our insights around risks from bogus firms.

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### **Annexes:**

**Annex 1** Training for Tomorrow - Equivalent means

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Training for Tomorrow - Equivalent means

EQ App 12/08/2016	Received	Granted	Refused	Withdrawn	Work in progress	Unallocated
Common Professional examination	118	58	24	25	11	0
CPE for non graduates	40	29	2	6	3	0
Legal Practice Course	14	3	3	4	4	0
Period of Recognised Training	161	84	21	22	34	0
Professional Skills Course	7	3	0	4	0	0
Morgenbesser	3	0	0	3	0	0