

**SRA BOARD**  
13 September 2016

**CLASSIFICATION – PUBLIC**



**Risk Outlook 2016/17: release of a paper about the United Kingdom exiting the European Union**

**Purpose**

- 1 This paper provides a summary of the publication of the Risk Outlook 2016/17 and confirms the release of a Risk Outlook topic paper about the UK exiting the EU.

**Recommendations**

- 2 The Board is asked to note:
  - (a) the publication and early impact of the Risk Outlook 2016/17, which is attached at Annex 1
  - (b) the release of a Risk Outlook topic paper about the UK exiting the EU, which is attached at Annex 2.

**Next steps**

- 3 We will update the Risk Outlook online tool and release a topic paper about information security in November.
- 4 We are monitoring the possible consequences of the UK exiting the EU and what this means for the people and businesses we regulate. We are talking to Government, other regulators and several other parties. We will continue to provide updates and support.

**If you have any questions about this paper please contact: Crispin Passmore, Executive Director of Policy, [crispin.passmore@sra.org.uk](mailto:crispin.passmore@sra.org.uk) or 0121 329 6687 or 07834 856 564.**

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**Risk Outlook 2016/17: release of a paper about the United Kingdom exiting the European Union**

**Background**

- 5 We released our fourth annual Risk Outlook on 25 July 2016. The report is available on our website together with an online tool.
- 6 The Risk Outlook provides an overview of risks to the protection of people who use legal services, the rule of law and the proper administration of justice. Its overriding purpose is to:
  - set out our position on risk in the legal services market
  - show the priorities to which we will allocate our resources
  - explain how we will control these risks and act in the public interest
  - help solicitors and firms manage risk.
- 7 It sets out the main trends in the legal market and discusses the following priority risks:
  - lack of access to legal services
  - standards of service including considering vulnerability
  - information security
  - independence and integrity
  - protecting client money
  - money laundering
  - diversity.

For each risk we explain why it matters to us, any relevant trends we have observed and how the risk can be managed.

- 8 We update the online tool twice-yearly (autumn and spring) which allows us to add in any pertinent information that emerges during the year. Alongside the updates, we publish topic papers which bring together useful information on specific risks. Our next update is due in November, when we are also due to publish a topic paper about information security with a focus on cybercrime.

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- 9 Where an emerging issue requires more imminent discussion we will deliver reports outside of the twice-yearly timeframe.
- 10 This paper confirms the release of a topic paper on the UK exiting the EU and the impact this may have on the people and businesses we regulate. Although it is far too early to draw any clear conclusions, we hope the paper is a useful starting point for those considering how the UK's future relationship with the EU could affect them.

**Discussion**

*The publication of the Risk Outlook 2016/17*

- 11 Our approach to producing the Risk Outlook was approved at the SRA Board meeting on 9 March 2016. We have welcomed the oversight Board members have provided while producing this year's Risk Outlook.
- 12 The evidence base for the Risk Outlook 2016/17 is wide and varied. Our activities have included:
  - hosting internal events to understand what issues our staff are seeing when engaging with solicitors and law firms
  - analysing internal data, conducting horizon scanning and considering key research
  - hosting webinars and engaging smaller firms, through a virtual reference group
  - meeting with the Legal Ombudsman, the Mental Health Lawyers Association and subject matter experts on consumer affairs, equality and diversity, money laundering and other topics.
- 13 These evidence gathering activities led us to make a number of changes to this year's Risk Outlook, including:
  - the inclusion of a new risk of lack of access to legal services
  - combining risks of cybercrime and bogus firms into one risk of information security
  - combining the risks of lack of independence and improper and abusive litigation into one risk of independence and integrity.
- 14 Our aim is for this year's Risk Outlook to be the most accessible yet. We have worked on removing any jargon, shortening the document and developing the online tool.

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- 15 To improve accessibility, we also conducted a series live five-minute Periscope broadcasts to accompany the release of the Risk Outlook. In the first two weeks they had received over 700 views.
- 16 Reaction following the publication of the Risk Outlook has been very positive. Our work highlighting the lack of access to legal services has been reported widely across the legal media. The national media reported on the information security chapter, focusing on cybercrime and bogus firms.
- 17 The Risk Outlook content on our website received over 2,300 web hits in the first two weeks. There was a relatively evenly split between people accessing the full report (1,204) and the Risk Outlook online tool (1,152). On average, people spend about six minutes reading the full report online, with this falling to around two minutes for the online tool.
- 18 Promotion of the Risk Outlook 2016/17 will continue on our social media accounts and at events such as the compliance officer's conference in October. We will continue to gather evidence and undertake analysis to inform the Risk Outlook updates over the months ahead.

**Recommendation: to note the publication and early impact of the Risk Outlook 2016/17.**

*The release of a topic paper about the UK exiting the EU*

- 19 In the Foreword to the Risk Outlook 2016/17 we explained that we would provide an update to the people and businesses we regulate about the possible consequences of the result of the EU referendum. We have produced a topic paper about the UK exiting the EU, which is attached at Annex 2. This paper is the first in what is likely to be a series of updates in which we will provide the latest information and practical advice.
- 20 The paper describes the current practising rights enjoyed by lawyers and law firms in the EU, considers some of the possible impacts of the UK exiting the EU and provides a checklist of issues firms may wish to consider over the months and years ahead.
- 21 The key messages arising from the paper can be summarised as follows:
  - We are aware that that people working in legal services, and those considering a career in law, may feel uncertain about how they will be affected following the result of the EU referendum.
  - We are talking to the Government, the Council of the Law Societies and Bars of Europe and other regulators about practising rights and other issues.
  - It is too early to tell what the UK's future trading relationship with the EU will look like, particularly as formal negotiations are yet to begin. At

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present there has been no change to the practising rights of lawyers in the EU.

- We are taking steps to understand the implications of the different trading relationships the UK may have with the EU in future.
- We know many businesses will be concerned about their future competitiveness. We will continue to reform our regulation to support innovation and increase competition, ensuring solicitors and law firms in England and Wales have greater flexibility when serving their clients.
- We will continue to actively monitor the situation and will provide regular updates.

22 To accompany the topic paper we have produced some “hot topic” web content on the website, which will enable us to provide updates promptly.

**Recommendation: to note the release of a Risk Outlook topic paper about the UK exiting the EU.**

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### **Supporting information**

#### **Links to the Strategic Plan and / or Business Plan**

- 23 This work links directly to strategic objective two in the Corporate Strategy, to work with solicitors and firms to raise standards and uphold core professional principles. The Risk Outlook communicates what is important to us and helps solicitors manage risks to the rule of law and their professional standards.
- 24 The production of the Risk Outlook updates and topic papers form part of the risk analysis and research business plan for 2016, under our new Market Intelligence work stream.

#### **How the issues support the regulatory objectives and best regulatory practice**

- 25 Proportionality includes the requirement to ensure action and remedy is appropriate to the risk posed. This is also relevant to the principle of being targeted. By communicating with solicitors about the risks and providing case studies, trends and information about controls, we are able to be transparent about when regulatory intervention is and isn't necessary. In respect of the topic paper, we seek to support the legal market in a time of uncertainty by providing independent and objective information, demonstrating our commitment to making regulation user friendly and easy to follow.

#### **Public/Consumer impact**

- 26 We work with the consumer affairs team to incorporate consumer views into the Risk Outlook programme of work. By highlighting the fact that many people and businesses can not access legal services in this year's Risk Outlook, we are encouraging firms to consider how best to serve the public. We have made our Risk Outlook and online tool easier to read and in many cases shorter, which is also likely to have a beneficial impact on people using our services.

#### **What equality and diversity considerations relate to this issue**

- 27 The Risk Outlook, online tool and topic papers can be made available in paper form on request. One of our priority risks relates to the diversity of the profession and we have worked with the EDI team to ensure an appropriate approach to these messages. We are not aware of any adverse impacts on equality and diversity.

#### **How the work will be evaluated**

- 28 Following release of the Risk Outlook we hold a post project evaluation meeting where lessons learned are carried forward to the next iteration. We also monitor media coverage and web hits. We will continuously use horizon scanning to monitor the impact of the UK exiting the EU and will embed this risk into our future work on the Risk Outlook.

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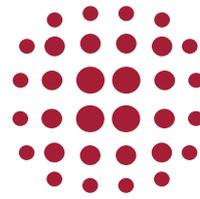
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**Date** 15 August 2016

**Annexes**

**Annex 1** Risk Outlook 2016/17

**Annex 2** The UK exiting the EU Risk Outlook update



Solicitors  
Regulation  
Authority



# Risk Outlook 2016/17

July 2016



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# Foreword



Paul Philip

Chief Executive

The legal market is changing rapidly and we need to keep pace by changing the way we regulate. Whether through reducing unnecessary bureaucracy, or moving away from complex and confusing rules, we want to free up firms to innovate and grow, while ensuring proper public protection.

Many of the risks in this report will be familiar to you. This does not make them old news - the challenges around areas such as cybercrime and money laundering are changing rapidly and require constant vigilance. You will find the latest intelligence and insight to help solicitors and firms manage these risks effectively.

We have also included one new priority risk this year – access to legal services.

We know that people who take independent legal advice are happier with the outcome of their legal problems than those who do not. Yet there are too many people who either cannot afford, or choose not, to access legal services.

Our report shows that things are slowly moving in the right direction. More people are now shopping around for legal services, yet the majority still are not. There is a long way to go and we are committed to playing our part. By changing the way we regulate - ensuring high standards while lowering barriers and driving costs down - we want to help tackle the problem of unmet legal need and build public trust in legal services.

You may notice that there is one risk, or opportunity depending on your point of view, we have not included in this year's outlook – the potential consequences of the EU referendum. In our view it is simply too early to draw conclusions, but we are monitoring developments closely and are planning an Autumn Risk Outlook Brexit update.

Everyone can agree that the situation is uncertain. But I do not see this as the time to put the brakes on reforms that will support a healthy legal market, improving access to justice and public confidence. On the contrary, the forthcoming changes mean we need modern regulation and a vibrant domestic and international legal market more than ever before.

We are consulting at the moment on further freeing up firms and solicitors to deliver the services the public need. We are also entrusting them with responsibility to manage their own risks. We hope the Risk Outlook helps you do just that.

## What is the Risk Outlook?

The Risk Outlook provides an overview of risks to

- the protection of people who use legal services
- the operation of the rule of law
- the proper administration of justice.

The purpose of the Risk Outlook is to

- set out our position on risk in the legal services market
- show the priorities to which we will allocate our resources
- explain how we will control these risks and act in the public interest
- help solicitors and firms manage risk.

### How to use the Risk Outlook

Our priority risks are a guide for legal services providers who want to understand where we are focusing our attention, what matters to us and why.

For each risk, we explain:

- why it matters
- trends
- actions that we are taking, and actions that providers can take to help manage the risk.

Where relevant we also provide details of potential changes on the horizon. Our assessment of risk is based on a wide range of input from across the sector.

The risks that matter to us will be much the same as the risks that concern solicitors and law firms – for example, providing a proper standard of service, increasing access to legal services and protecting client money.

To get best value out of the Risk Outlook, providers should think about how these risks apply to their practice – you are the expert in your business.

For small firms we have tailored Risk Outlook content on our [small firms webpage](#).

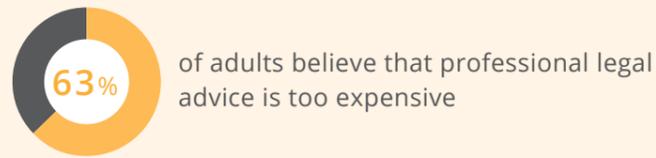
Further risk resources are available at [www.sra.org.uk/risk](http://www.sra.org.uk/risk).

# The legal landscape 2016

## Legal need



**However** Fewer than **1 in 10** people experiencing legal needs instruct a solicitor or barrister

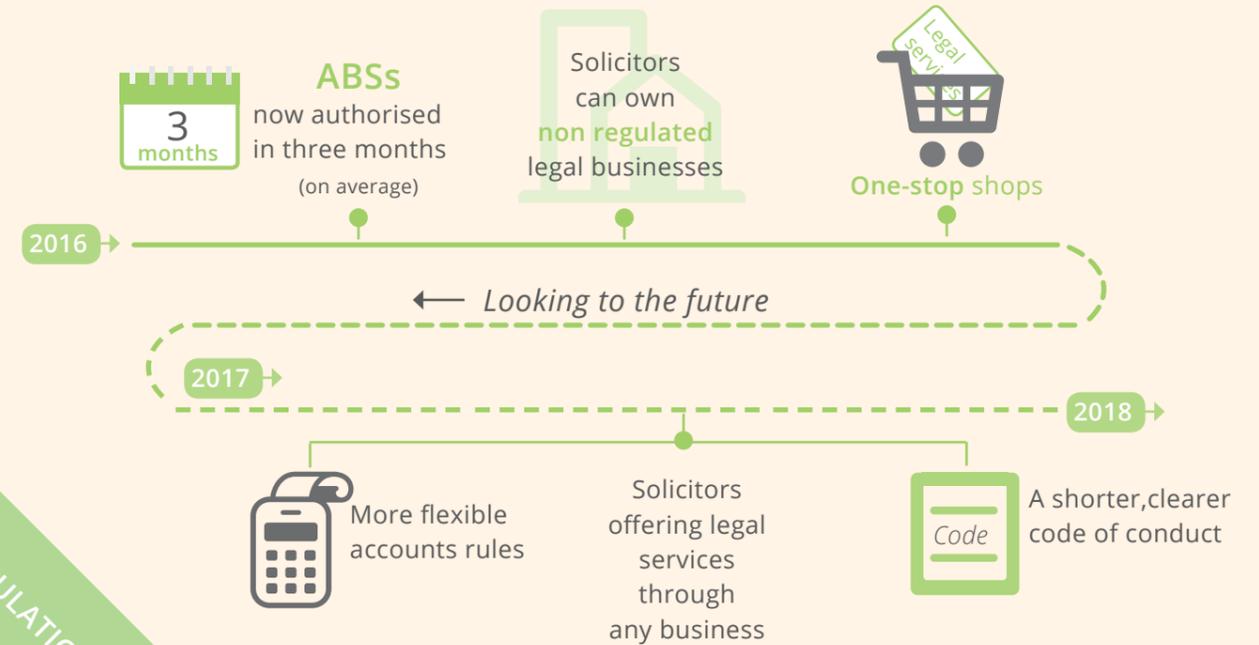


Each year the average small business has **4** legal problems to solve

Only **1 in 10** small businesses use a solicitor or barrister for their legal problems

## A more flexible regulator...

## Regulation



## Market

The UK's regulated legal sector in England and Wales we regulate is worth **£30.1bn**

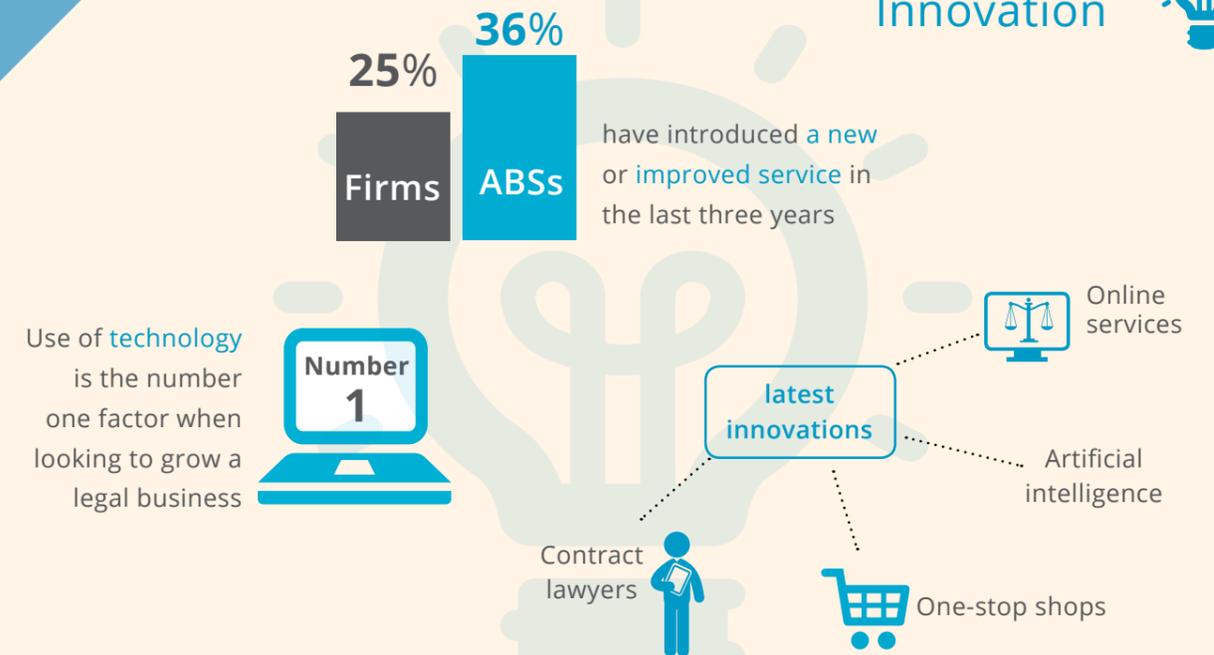
**133,837** practising solicitors + **10,300** solicitor businesses

of these **One in 20** is an ABS

However it is estimated that... **25%** of the overall legal market operates outside of legal services regulation

## INNOVATION

## Innovation



# Our priority risks

## Lack of access to legal services

Professional legal help is of real value; people who get independent advice about their legal problems are more satisfied with the outcome than those who do not.<sup>1</sup> However, many people still do not get the legal help they need.

### Why this risk matters

Our core purpose is to protect the public and support the rule of law and the proper administration of justice. To achieve this we must set high professional standards and encourage a legal market that is strong, diverse and accessible to those who need help.

Only a third of people with a legal problem seek professional advice. And only one in 10 will take advice from a solicitor or barrister.<sup>2</sup> The picture is very much the same for small businesses, the majority of which have little contact with solicitors or law firms. 83 percent of small businesses see legal services as unaffordable, with over half of those that have a problem trying to resolve it on their own. And when small businesses need legal advice, they are more likely to go to accountants than lawyers.<sup>3</sup> Although we are seeing solicitors working with accountants in multi-disciplinary practices, there is still legal need not currently being met by regulated lawyers.

There is no one barrier to accessing legal services. But barriers can include:

- cost and the perception of cost
- lack of local provision
- lack of information to help people compare providers
- not identifying a problem as 'legal'
- feeling a problem is too complicated and will never be resolved
- lack of trust in professional advice
- not knowing if the benefit of taking action is worth the time/cost.

There is evidence that cost is one of the main barriers:

- 63 percent of people do not believe that professional legal advice is affordable for ordinary people<sup>4</sup>
- 75 percent state that cost influences their choice<sup>5</sup>

"The present legal services market faces challenges. People need significantly better access to affordable legal services. Small businesses need cost-effective ways of solving legal problems. Providers of legal services can better meet these challenges if regulation facilitates rather than inhibits innovation and growth."

– Crispin Passmore, SRA Executive Director

- when people handle legal issues without help from a solicitor, it is often because they assume it would be too expensive or offers poor value for money.<sup>6</sup>

We know that regulation costs time and money. These costs are ultimately passed to the public, so we need to make sure that our rules and regulations are proportionate and targeted. We also recognise that an innovative and competitive legal market can give the public more choice, increasing access to high quality legal services at a price they can afford. We have a clear commitment to reducing costs, both through ensuring we offer value for money and through cutting bureaucracy and unnecessary regulation. Our reform programme is delivering significant changes, with over 40 red tape cuts in the last 18 months. We have more to do and are working closely with the profession as we take the programme forward.

### Trends

Less than a quarter of the public believe that the justice system is 'fair and transparent', and 81 percent find it intimidating.<sup>7</sup> When taken alongside perceptions that many people feel legal advice is not affordable, it is clear the market could be more accessible.

For example, we know that in 2015 only 25 percent of people shopped around for help, and although this is an improvement on 2011 (19 percent), this is still relatively low. One way this might improve is through comparison websites for legal services, which are still developing.<sup>8</sup> Our law firm search provides accessible data for the growing number of such websites.

1. [Online survey of individuals' handling of legal issues in England and Wales 2015](#), Ipsos Mori Social Research Institute for The Legal Services Board and the Law Society, 2016

2. [Online survey of individuals' handling of legal issues in England and Wales 2015](#), Ipsos Mori Social Research Institute for The Legal Services Board and the Law Society, 2016

3. [The legal needs of small businesses](#), Kingston University for the Legal Services Board, 2015

4. [Legal Services 2015](#), YouGov, 2015

5. [Legal Services 2015](#), YouGov, 2015

6. [Online survey of individuals' handling of legal issues in England and Wales 2015](#), Ipsos Mori Social Research Institute for The Legal Services Board and the Law Society, 2016

7. [Unjust Kingdom: UK Perceptions of the Legal and Justice System](#), Innovation in Law Report 2015, Hodge, Jones & Allen, 2015

8. [LSCP Tracker Survey: How consumers choose legal services](#), Legal Services Consumer Panel, 2015



“I want us to help address the problem of access to justice – the widespread unmet need of the public and small businesses. People want affordable and relevant services.”

– Enid Rowlands, Chair, SRA Board

We also see that many law firms are beginning to respond to unmet need. The proportion of people who used legal services and were satisfied with the choice of provider available to them has increased from 65 percent in 2011 to 70 percent in 2015.<sup>9</sup> Over a quarter of solicitors have introduced an innovation to their business in the last three years, and this figure is 40 percent in alternative business structures (ABS).<sup>10</sup>

### Actions

We believe that solicitors are well placed to help people access justice. We encourage an innovative and competitive market where solicitors can offer services in new ways to meet these needs.

We are reforming our regulation to ensure solicitors have the flexibility to meet legal need. So far, we have changed our approach to separate

businesses, allowing solicitors to own any kind of legal business. We have also made our processes for approving firms simpler and quicker. This includes approval of multi-disciplinary practices, which are firms who deliver both regulated legal activities and other legal and professional services.

“We wanted to diversify and increase our range of services and meeting new demand for legal support in fields such as travel compensation was a way to do this. The idea actually came from one of our fee earners and we provided the support they needed to get the idea off the ground.”

– Mid-sized firm <sup>11</sup>

Empowering the public to make good choices is also a key part of breaking down some of the barriers to access. We manage the joint regulator website [Legal Choices](#), which offers information and guidance for people who think they might need a lawyer, and our [law firm search](#) allows consumers to check whether a law firm is regulated by us.<sup>12</sup>

### On the horizon

We will continue reforming our regulation. Our consultation *Looking to the future* opened in June and will close in September 2016. Proposals include:

- opening up opportunities for all solicitors to freely deliver services to the public outside of a regulated ‘firm’
- short, separate codes of conduct for firms and individuals
- reformed accounts rules, which will remove unnecessary prescription and allow more flexibility.

The solicitors and law firms we regulate have a pivotal role to play in making sure that unmet legal need does not become a permanent feature of the legal services market.

“We believe there is a substantial demand for legal services in many areas. By taking this step, we are better equipped and can be more flexible in meeting some clients needs; at the same time, we can research and develop, potentially, new ways through the ABS of delivering legal services which could be adopted more widely.”

– University law clinic, ABS model

Encouraging innovation

[SRA Innovate](#) is open to existing firms and new entrants, alternative business structures (ABS) and traditional law firms. It provides information on the kind of innovation we are seeing in legal services, including how IT can help law firms innovate.

We are also encouraging people to discuss the impact of our regulation on their business directly with us. Firms and solicitors can join our [innovate virtual reference group](#), or [let us know](#) about any ideas they have where they think regulation might be a barrier. If aspects of our regulation are preventing innovation, there are things we can do to help, such as applying our waivers policy.

9. [LSCP Tracker Survey: How consumers choose legal services, Legal Services](#) Consumer Panel, 2015  
 10. [Innovation in legal services](#), Enterprise and Research Centre and Warwick Business School for the SRA and Legal Services Board, 2015  
 11. Quotes taken from [IT and Innovation](#), SRA, 2016

12. [www.legalchoices.org.uk](http://www.legalchoices.org.uk), [www.sra.org.uk/consumers/using-solicitor/law-firm-search.page](http://www.sra.org.uk/consumers/using-solicitor/law-firm-search.page)

## Standards of service and considering vulnerability

Law firms provide help to people at some of the most difficult times in their lives. However, sometimes people get a poor service from the solicitor or law firm that they are relying on to help them.

### Why this risk matters

When a person receives a poor standard of service, this can affect their ability to receive the help they need. For example:

- delay in progressing a case could lead to missing key deadlines that can impact on someone's quality of life
- failure to update a client could make someone unsure about what is happening and whether they still have a case
- failure to clarify costs and billing could leave someone with an unexpected expense and in real difficulty.

If a person is vulnerable, poor service can have even more of a profound impact. There is no one definition of vulnerability. But examples include:

- people in a stressful situation where things like delay or poor communications could significantly add to their distress, for example, family law clients whose cases involve access to children
- people who may be at risk of harm if mistakes or delay cause problems with their case, for example, asylum clients
- people who require a third party to instruct a lawyer on their behalf, for example, acting as a power of attorney for a person who lacks capacity

- people who may be less able to understand the law and their rights and fail to understand that something has gone wrong, for example, clients with learning or sensory disabilities, or who do not have English as a first language.

### Trends

Trends in service complaints can help firms to understand areas of work where clients may be at higher risk of poor service.

#### First-tier complaints

Complaints made directly to law firms are called first-tier complaints, as the firm is the first port of call to resolve a problem.

Since 2011, law firms have been providing us with information about their complaints. The most common types of first-tier complaints are delay, failure to advise and excessive costs. The figures for 2015 show that although numbers of first-tier complaints have gone up by six percent since we started collecting the data in 2011, the percentage referred to the Legal Ombudsman has reduced from 18 percent to 15 percent, suggesting firms are resolving more complaints in-house.<sup>13</sup>

13. SRA first-tier complaints data

### The Legal Ombudsman

If someone is unhappy with how a law firm has responded to their complaint, they can complain to the Legal Ombudsman. Trends from the last five years reported by the Legal Ombudsman show that:

- overall numbers of complaints are reducing year on year, which again suggests that more complaints are being resolved in-house<sup>14</sup>
- the areas of law with the highest number of complaints are residential property, family law, personal injury, and wills and probate<sup>15</sup>

- the most common types of complaints are failure to follow instructions, failure to advise, excessive costs, lack of costs information, and delay.<sup>16</sup>

These trends mirror what is happening at the first tier, and so firms can look at these areas of law and types of poor service to better understand where people are likely to experience problems. The Legal Ombudsman has more detailed information about complaint trends on its website.<sup>17</sup>



"I am really pleased to see a focus on customer service and complaints handling in this year's Risk Outlook. Nobody enjoys receiving a complaint but we know that doing complaints handling well can show consumers that you value their business."

– Kathryn Stone OBE, Chief Ombudsman

14. [Annual report and accounts for the year ending 31 March 2015](#), Legal Ombudsman, 2016

15. [Data and decisions: complaints data](#), Legal Ombudsman, 2016

16. [Data and decisions: complaints data](#), Legal Ombudsman, 2016

17. [www.legalombudsman.org.uk](http://www.legalombudsman.org.uk)

## Focus on family law

Family law is a particular area of interest for us at the moment, due to the vulnerability of many family law clients, and the relatively high number of complaints to the Legal Ombudsman about this area of law. We have commissioned research into vulnerability and family law, which is due to be published towards the end of 2016. The research will look at expectations and experiences of family law clients that may be vulnerable, focusing on access, quality and cost.

The research will involve a consumer survey, contact with consumer groups and charities, and speaking to family law practitioners. Findings from the research will inform our regulatory approach to ensure the public are protected in this complex and often emotive area of law.

The Legal Services Consumer Panel has also highlighted family law as a priority area of law for regulatory action to increase access to advice and representation.<sup>18</sup>

## Actions

Good complaints handling can go a long way to making sure a client has a good standard of service. This not only benefits the individual firm but also affects the reputation of the profession. If people feel their complaints are listened to, it can boost their confidence in solicitors and legal services.

Law firms have to inform their clients of complaints procedures.<sup>19</sup> However, as well as fulfilling compliance requirements, effective complaints

procedures can benefit firms and clients. The Legal Ombudsman has outlined the potential benefits, including:

- increases in operating profits for firms of 2 to 3 percent
- increased overall demand for legal services
- cost efficiencies
- improved quality and value of services for clients.<sup>20</sup>

The Legal Ombudsman has advice about good complaints handling on their website, and can advise firms in more detail if required.<sup>21</sup>

Our paper, '[Providing services to people who are vulnerable](#)', looks at ways firms can consider vulnerability when providing services.<sup>22</sup> It includes real-life examples of what some firms have achieved in this area.

As well as our research into family law, we are also interested in the possibility of further research into other aspects of vulnerability.

Appropriate complaints handling, good service standards, and considering vulnerability can all help make sure people get the legal help they need.

# Information security

The public and small businesses want affordable and easy to access legal services. Firms are looking for the most efficient ways of delivering these services. However, there can sometimes be a tension between convenience and security.

## Why this risk matters

Information security breaches can harm clients' interests, result in financial loss and cause reputational damage.

The Information Commissioner's Office believes that solicitors are at risk of data loss due to their reliance on paper files containing highly sensitive information.<sup>23</sup> Security of paper-based systems is always limited: paper can be lost, requires archiving and cannot be encrypted. Many of these risks can be managed through effective use of IT, but this also comes with challenges.

Cyber security is an increasingly widespread issue. Law firms are targeted by criminals because they hold sensitive information and large amounts of money. They can also add credibility to a potential attempt to defraud. They can be a target for cybercrime and other scams, such as 'Friday afternoon fraud' (discussed below) or being tricked into dealing with a bogus law firm.

We want law firms to be aware of the risks of information security breaches and take proportionate measures to protect their clients.

## Trends

### Cybercrime

We know that cybercrime continues to be a significant concern for law firms.<sup>24</sup> A quarter of firms have reported being targeted by cyber criminals, with nearly one in ten of these attacks resulting in money being stolen.<sup>25</sup>

In the wider economy, around two thirds of large businesses detected a cyber security attack or breach in 2015-16.<sup>26</sup> But the true figure is likely to be higher because not all attacks will have been detected or reported.<sup>27</sup> Crime overall is falling, but cybercrime is rising.<sup>28</sup>

Most cybercrime involves an element of trickery. The most common form is the use of fake 'phishing' emails or 'vishing' phone calls to access information such as passwords.

Information security is about people and processes just as much as it is about the secure use of technology. Well-informed staff are just as important as keeping antivirus systems up to date when it comes to being cyber secure.

18. [Priority areas of law](#), Legal Services Consumer Panel, 2016

19. [Outcome 1.9, SRA Code of Conduct 2011](#)

20. [The business case for good complaints handling in legal services](#), Economic Insight for the Legal Ombudsman, 2013

21. [www.legalombudsman.org.uk](http://www.legalombudsman.org.uk)

22. [Providing services to people who are vulnerable](#), SRA, 2016

23. [Information Commissioner 'sounds the alarm' on data breaches within the legal profession](#), Information Commissioner's Office, 2014

24. Cybercrime was the top issue for our small firms virtual reference group. See [Virtual reference group for small firms and sole practitioners](#), SRA, 2016

25. [Professional indemnity insurance research](#), Law Society, 2016

26. [Cyber security breaches survey 2016](#), HM Government, 2016

27. [Improving crime statistics in England and Wales](#), Office for National Statistics, 2015

28. [Improving crime statistics in England and Wales](#), Office for National Statistics, 2015

Cybercrimes and scams include:

 <p><b>Malware</b> Harmful software including viruses, programs allowing access to data, and 'ransomware' programs that encrypt files and demand a ransom in return for a decryption key</p>	 <p><b>Friday afternoon fraud</b> Using details gained from hacking or social engineering to impersonate a bank or client</p>
 <p><b>Social engineering</b> Where a criminal gains confidential information through building a personal relationship with a solicitor or law firm employee</p>	 <p><b>CEO fraud</b> Here a criminal impersonates a senior figure at a law firm through hacking their email address or purchasing a very similar email address, in order to impose authority and order money transfers</p>

**Bogus law firms**

Some bogus law firms directly target people under the guise of being a genuine law firm or solicitor. Other bogus law firms target genuine law firms with a view to deceiving them into sending money or information.

They are an increasing threat: reports to us about bogus law firms have doubled since 2012 to more than 700 per year.

Almost half of all reports of bogus law firms involve criminals copying the identity of an existing law firm.<sup>29</sup> The remainder usually involve bulk emails from individuals claiming to be solicitors.

**Actions**

The professional principles in the Legal Services Act (2007) include a duty to maintain client confidentiality. We also require solicitors and law

firms to keep the affairs of clients confidential unless disclosure is required or permitted by law or the client consents.<sup>30</sup>

There are proportionate and affordable steps that can help protect information and money.

- The government's 'cyber essentials' scheme can help make law firms become more cyber secure.<sup>31</sup>
- Training staff can help mitigate the risk of social engineering, phishing and vishing.
- Informing us, the bank, the police and insurer if a client account is compromised by an attack can help the authorities take appropriate action.

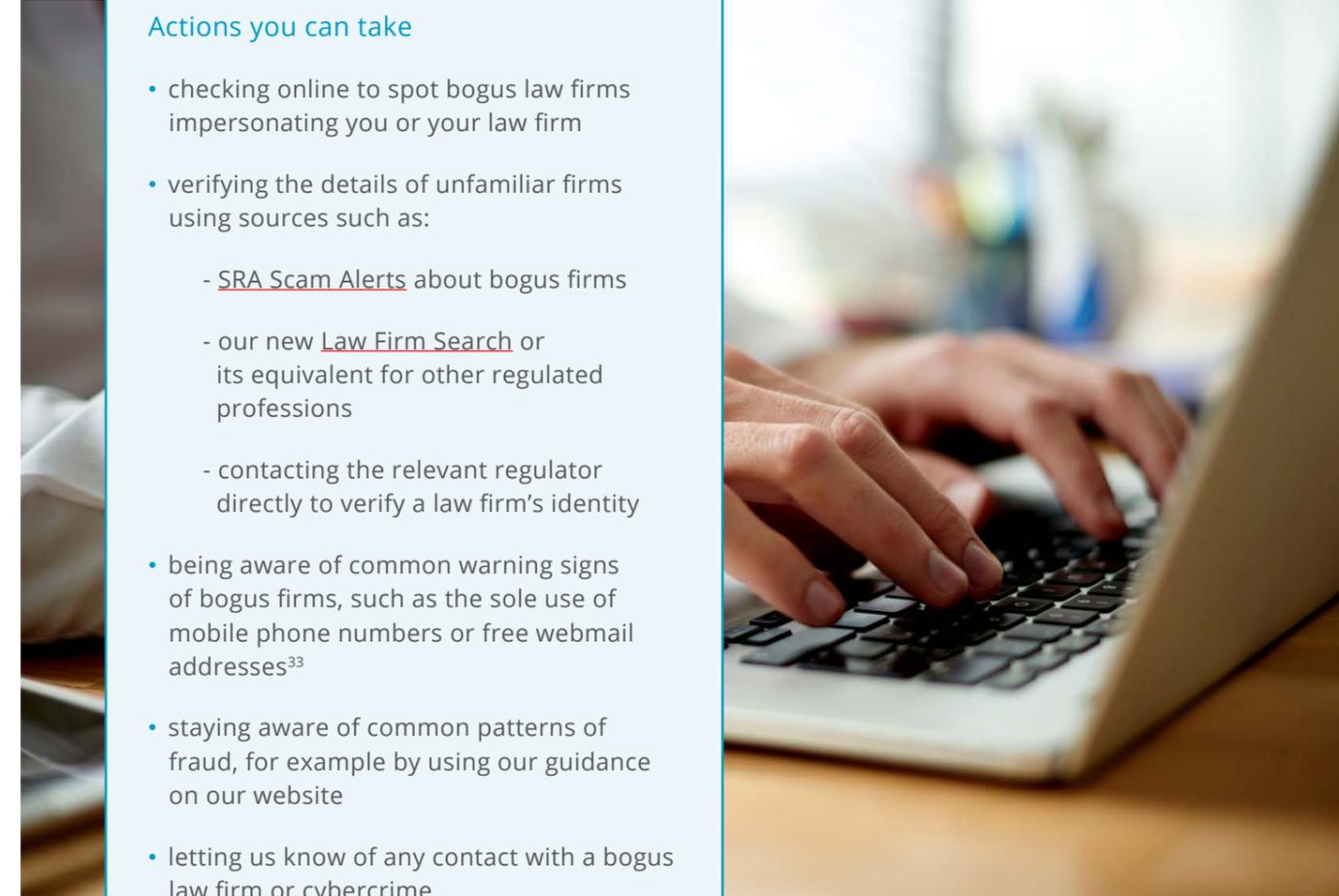
29. [In the shadows: risks associated with bogus law firms](#), SRA, 2014

30. [Outcome 4.1 SRA Code of Conduct 2011](#)

31. [Cyber essentials scheme: overview](#), Department of Business Innovation and Skills, 2014

Our report on [IT and innovation](#) includes more detail on what law firms can do to keep information secure. It is the latest in a series of reports and alerts on cybercrime that we provide to the profession, which have included content tailored for [small firms](#), [a guide to common scams](#), [up to date scam alerts](#), and [case studies](#).<sup>32</sup>

Protection from bogus law firms and cybercrime also involves solicitors policing their own identity and confirming the identity of others. Again, there are straightforward actions that firms and solicitors can take.



**Actions you can take**

- checking online to spot bogus law firms impersonating you or your law firm
- verifying the details of unfamiliar firms using sources such as:
  - [SRA Scam Alerts](#) about bogus firms
  - our new [Law Firm Search](#) or its equivalent for other regulated professions
  - contacting the relevant regulator directly to verify a law firm's identity
- being aware of common warning signs of bogus firms, such as the sole use of mobile phone numbers or free webmail addresses<sup>33</sup>
- staying aware of common patterns of fraud, for example by using our guidance on our website
- letting us know of any contact with a bogus law firm or cybercrime.

32. [Regulating small firms](#), SRA, 2015; [Common types of scam](#), SRA, 2016; [Scam alert search](#), SRA, 2016

33. [In the shadows: risks associated with bogus law firms](#), SRA, 2014

## Independence and integrity

It is essential that solicitors meet the high professional standards we set. People who need legal help expect solicitors to act with independence and integrity at all times.

### Why this risk matters

The independence and integrity of legal advice is central to the rule of law. For example, improper conduct in litigation can lead to unfair outcomes for litigants and prevent the proper administration of justice. This is damaging to the interests of consumers and the public.

If solicitors act without independence or integrity, it can damage public confidence in legal services and the rule of law. As we noted in our paper on balancing duties in litigation, the status of English and Welsh law as a forum of choice, and many decisions to invest in the UK, depends on that confidence.<sup>34</sup> This is particularly important during any changes regarding the UK's membership of the European Union.

We want to see a legal services market that functions effectively in the public interest, one of the regulatory objectives set out in the Legal Services Act 2007.

### Trends

#### Personal injury

This year we are researching concerns raised with us about personal injury work. We outlined these concerns in a warning notice, and the results of our research will inform our work in this area.

The full warning notice is available [on our website](#).

#### Corporate law

Many corporate law firms have said that the balance of power between them and their corporate clients has shifted, with the clients seeking to impose terms on the firm.<sup>35</sup>

In some cases, this includes contractual terms restricting the firm's freedom to act. These can include 'no sue' clauses, where the client intends to give the firm little work but is able to restrict the ability of opposing litigants to find representation.<sup>36</sup> This sort of control by clients or by third-party funders can harm the independence of the firm. It can also affect the public interest by reducing the choice of representatives.

#### Actions

Solicitors sometimes need to make difficult choices. Their professional obligations may require them on occasion to decline a client's request or even go against their wishes.

We published a report in 2015 to support solicitors in balancing their duties to the court, their clients and others. It gave some examples of inappropriate behaviours in litigation.

The full report is available [on our website](#).

#### Extract from SRA Warning notice: Risk factors in personal injury claims – March 2016

Our concerns

We are concerned that firms are failing in their duties to act in accordance with the Principles and Outcomes of the Code by:

- allowing third parties to cold call potential clients
- entering into referral agreements that are in breach of the Legal Aid Sentencing and Punishment of Offenders Act 2012
- taking and acting on instructions from third parties without ensuring that the instructions originate from the client
- paying damages or sending cheques to third parties without accounting properly to the client
- bringing personal injury claims without their clients' authority
- in some extreme cases, bringing claims without the knowledge of the named client claimant.

Firms who conduct cases which demonstrate one or more of these features may face regulatory action for breach of our Principles or Code. Further, this may give us reason to suspect dishonesty by their principals or staff.

In 2015 we also published research looking at lawyer-client relationships in large firms, which found that some solicitors see the Compliance Officer for Legal Practice (COLP) as the 'holder' of professional values for law firms, rather than this being the responsibility of everyone in the firm.<sup>37</sup> However, every solicitor has a responsibility to act with integrity and independence, in line with the SRA Principles 2011.<sup>38</sup>

We are also continuing our work on professional standards. Please see our [Question of Trust](#) campaign for more information.

34. [Walking the line: balancing duties in litigation](#), SRA, 2015

35. [Independence, representation and risk](#), Claire Coe and Dr Steven Vaughan for the SRA, 2015

36. [Banks' lending practices: treatment of business in distress](#), A report by Lawrence Tomlinson, Entrepreneur in Residence at the Department of Business Innovation and Skills, 2014

37. [Independence, representation and risk](#), Claire Coe and Dr Steven Vaughan for the SRA, 2015

38. [Principle 2 and Principle 3, SRA Principles 2011](#)

#### Extract from *Walking the line: balancing duties in litigation, SRA, 2015*

Many instances involve the solicitor unduly prioritising the client's interest over their other duties:

- predatory litigation against third parties, where the solicitor, in the interest of the client, uses the threat of litigation to obtain settlement, often from several opponents, on cases that have no real merit, but where the cost of settlement is less than the financial, emotional or reputational cost of fighting the claim
- abuse of the litigation process, where a solicitor uses the courts or general litigation process for purposes that are not directly connected to resolving a specific dispute, for example by incurring unmanageable costs for a commercial rival of a client
- taking unfair advantage of a third party. For example, by exploiting another party's procedural errors or lack of legal knowledge in certain circumstances
- misleading the court, where the solicitor knowingly or recklessly gives false information to the court or permits it to be given
- excessive litigation, where the solicitor fails to consider their other duties when following a client's wish to pursue aggressive and, in particular, speculative litigation.

We have also seen instances where the solicitor fails to act in their client's interest:

- predatory litigation, where clients are induced to proceed with litigation where there is little or no legal merit, or where litigation is not actually required
- taking on weak or unwinnable cases, where a solicitor accepts instructions without making the potential costs and risks clear to the client. The most harmful examples are often predatory litigation schemes, which can become widespread and affect very large numbers of individuals.

## Protecting client money

The risk of failing to protect client money remains a priority for us due to the severe impact it can have on clients and the proper administration of justice. Failure to protect client money can also constitute a lack of integrity.

### Why this risk matters

The number of law firms who misuse client money is low. However, the impact can be so high that it is important that all law firms, regardless of size and make up, take steps to protect their clients' money. This includes making sure adequate systems and controls are in place.

Aside from the obvious risks of client harm and reputational damage, firms who do not protect client money can indirectly create a cost to other law firms. This is through contributions to the Compensation Fund, which provides a safety net for clients who have lost out financially in certain cases, and through higher professional indemnity costs.

### Trends

Reports to us about the misuse of client money remain broadly stable at around 100 per month. The numbers have slightly reduced as the economy has recovered from recession, but there is no indication of a strong upward or downward trend. We look into all such reports. In the small number of cases where we identify inappropriate conduct, we take action.<sup>39</sup>

Cases that have resulted in a striking off in the last year include:

- a solicitor who misused money from vulnerable clients for whom they were acting as power of attorney

- a solicitor who misused client money over a number of years to keep their overdraft low
- a solicitor who stole thousands of pounds from clients to fund a gambling addiction.

Many Compensation Fund payments relate to misuse of client money. For example, we paid out £17.8m from the Compensation Fund in 2015, of which around a quarter was paid due to dishonesty issues such as theft of client money or fraud.<sup>40</sup>

### Actions

Steps to protect client money from misuse include:

- appropriate vetting, supervision and training of staff
- good accounts management and audit
- appropriate controls on the client account, including who can access it, when, and how.

39. SRA data

40. SRA data

Last year we published a warning notice, which outlined the steps to take if money is missing from client account.

You can read the full warning notice [on our website](#).

#### Extract from SRA Warning notice: Money missing from client account – June 2015

##### If you identify that money is missing

If you identify that money is missing, you have a duty to take steps to ensure it is replaced, in full, immediately.

If you are a manager of the firm, you have a duty to replace missing client money from your own resources. It may be necessary for you to obtain a loan to do this. It is irrelevant that fault may not lie with you personally.

You may be able to make a claim on your professional indemnity insurance. The obligation to remedy a breach of the SRA Accounts Rules 2011 is treated as civil liability for the purposes of clause 1 of the Minimum Terms and Conditions.

Operating the client account when it is deficient may make you liable for breach of trust and failure to act in the best interests of your clients. If you cannot replace the missing money and your insurers do not do so very promptly, you may be unable lawfully to operate the account. You will have to consider the position as a matter of trust law including whether you need to apply to court for directions as trustee.

#### On the horizon

We are consulting on changes to our Accounts Rules, including making them shorter and clearer. The biggest change we have proposed is around how we define client money. We are also looking at third party managed accounts, which may mean some firms can choose an alternative to having a client account if that suits them. However, all regulated firms and individuals will be under a core obligation to keep money and assets safe.



## Money Laundering

There is always a risk that those who wish to launder money will target the legal sector because of the perceived legitimacy it offers. Although instances are few, the impact can be severe as solicitors can act as a gateway to property and financial markets and other regulated professionals.

### Why this risk matters

The UK's National Risk Assessment (NRA) described the risk to the legal sector as significant and highlighted that there are knowledge gaps about the sector's role in money laundering.<sup>41</sup>

As we have anti-money laundering (AML) supervisory responsibilities, we are required to monitor AML compliance as part of our wider risk assessment.

### Trends

The NRA noted that the number of Suspicious Activity Reports (SARs) from the legal sector has fallen every year since 2007. While we recognise the challenges that solicitors face when considering legal professional privilege, SARs are low compared to the overall size of the sector and the nature of its activities. The National Crime Agency (NCA) has also reported that many SARs from the legal sector are of poor quality.<sup>42</sup>

Our thematic review of AML compliance found that firms generally have effective processes, procedures and controls in place but there were instances of poor practice. All firms need to make sure they update policies and practices regularly.<sup>43</sup>

### Actions

Solicitors and firms have obligations under the:

- Money Laundering Regulations 2007 (MLR)
- Proceeds of Crime Act 2002 (POCA)
- Terrorism Act 2000
- SRA Handbook 2011.

Firms should assess the risks that relate to individual clients, the type of legal services offered, the method of service delivery and jurisdiction. By using this risk-based approach, firms can tailor their AML policies and appropriate controls, and decide how best to deliver them.

Our thematic review included examples of how firms have implemented AML procedures cost-effectively.

- Accessing online resources, such as the SRA website, to find out about the warning signs of money laundering, firm and individual duties and information about submitting SARs.<sup>44</sup>

- Reviewing AML policies regularly to ensure they are up to date, relevant and fit for purpose, including being appropriate to a wide audience.
- Having a process to test the effectiveness of systems and controls, such as client due diligence (CDD) procedures.
- Recording and monitoring staff training in AML, including finance staff.
- Where possible, appointing a Money Laundering Reporting Officer (MLRO) that is not a fee earner involved in transactional client work, and appointing a Deputy MLRO for support.
- Not providing client account details on websites or in client care letters – only after CDD is completed.

We recognise that some aspects of AML compliance can be more challenging for smaller firms. For example, succession planning and providing relevant training to staff are both mandatory under the MLR. We therefore encourage firms to use the SRA's Small Firms web pages to access support from us.<sup>45</sup>

### On the horizon

The government's current Action Plan for AML and counter-terrorist finance (CFT) includes:

- making sure the supervisory regime is consistent and that it brings the few companies who assist money laundering to task
- increasing international information sharing and law enforcement
- addressing the gaps in knowledge.<sup>46</sup>

The government has also confirmed its aim to set up a public register of companies, including sharing information internationally about beneficial ownership.<sup>47</sup>

Internationally, the EU has agreed the fourth AML Directive, which is likely to impose greater demands on the legal profession. And the Financial Action Task Force (FATF) will begin its Mutual Evaluation Review of the UK in 2017. This is likely to focus on assessing whether the AML and CFT systems are working.

41. [UK national risk assessment of money laundering and terrorist financing](#), HM Treasury, 2015

42. [Suspicious Activity Reports \(SARs\) Annual Report 2014](#), National Crime Agency, 2014

43. [Anti-money laundering report, SRA, 2015](#)

44. [Warning notice: Money laundering and terrorist financing – suspicious activity reports](#), SRA, 2014; [Warning notice: Money laundering and terrorist financing](#), SRA, 2014; [Submitting A Suspicious Activity Report \(SAR\) within the Regulated Sector](#), United Kingdom Financial Intelligence Unit (UKFIU) Guidance Note, 2015; [Cleaning up: Law firms and the risk of money laundering](#), SRA, 2014

45. [www.sra.org.uk/solicitors/small-firms.page](http://www.sra.org.uk/solicitors/small-firms.page)

46. [Action Plan for anti-money laundering and counter-terrorist finance](#), HM Treasury, 2016

47. [Initiative for automatic exchange of beneficial ownership information](#), HM Government, 2016

## Examples from the Tribunal

Failure to carry out AML checks or report possible money laundering activities can have serious consequences, as illustrated by these recently published Solicitors Disciplinary Tribunal (SDT) findings.

### Example

The SDT considered a case about a solicitor who failed to complete some CDD checks, which could have prevented a fraud. They also falsely created a document in an attempt to cover up what had happened.

The solicitor was struck off the roll and ordered to pay costs as the judge ruled that:

*"In terms of harm, the impact of her misconduct and her admitted criminal and dishonest behaviour would have a serious effect upon the reputation of the profession as would her approach to the identity checks for Mr and Mrs K which had in effect facilitated a mortgage fraud. [...] There was deception of her by another party but her misconduct did not result from it; indeed if she had carried out the identity checks properly their dishonest purpose might have been thwarted."*<sup>48</sup>

### Example

The SDT fined a solicitor for failing to report possible money laundering activities.

The judge said:

*"The conviction of a solicitor for any offence linked to money laundering had to be regarded as serious, as it would have an impact on the reputation of the individual and the profession. There had clearly been breaches of two of the core Principles of the profession"*.<sup>49</sup>

48. [SRA vs Henry \[2015\] 11302-2014](#)

49. [SRA v Tidd \[2015\] 11178-2013](#)

## Diversity

We care about the diversity of the profession because of the benefits it brings to firms and the public.<sup>50</sup>

### Why this risk matters

A strong and diverse legal market encourages:

- **high standards** – allowing the most talented people to become solicitors and progress in their careers
- **the effective administration of justice** – a diversity of views and approaches supports an independent and effective justice system
- **improved access to services** – some people may be more likely to seek legal advice if they share some social or cultural characteristics with solicitors

### Trends

Our latest diversity data shows that the legal sector is becoming more diverse, but still does not reflect the diversity of the general working population of England and Wales.<sup>51</sup>

### Student differences affect access to the solicitor population

Inequalities in legal education and training lead to inequalities in the profession. Our research shows that:

- there are fewer black law students than most other ethnic groups, and black solicitors are underrepresented in the profession<sup>52</sup>
- the number of law students and solicitors with disabilities does not reflect the wider population.<sup>53</sup>

However, inequality in access to the profession is more complicated than just being about one characteristic, such as ethnicity, gender or social background. For example, BAME female trainees are on average paid less than both white female trainees and BAME male trainees,<sup>54</sup> and there are well-documented problems of access to higher education for white working class boys.<sup>55</sup>

50. [SRA News Release](#), 17 May 2016

51. [How diverse are law firms?](#), SRA, 2016

52. [SRA News Release](#), 17 May, 2016; [Baseline attainment data: legal education, training and post-qualification: Supporting paper](#), SRA, 2015

53. [SRA News Release](#), 17 May, 2016; [Baseline attainment data: legal education, training and post-qualification: Supporting paper](#), SRA, 2015

54. [Baseline attainment data: legal education, training and post-qualification: Supporting paper](#), SRA, 2015

55. For example: [Background to success: differences in A-level entries by ethnicity, neighbourhood and gender](#), Sammons, Toth and Sylva for the Sutton Trust, 2015; [Socio-economic, ethnic and gender differences in HE participation](#), Crawford and Greaves for the Department of Business, Innovation and Skills, 2015

There are some social mobility initiatives, such as RARE, Prime and the Legal Social Mobility Partnership, which encourage and enable firms to recruit and manage talent and consequently improve diversity. Changes to the way large firms collect and report on their diversity data may help to assess the outcomes of these, and other, initiatives and inform others of their usefulness.<sup>56</sup>

### Career progression

Once qualified, some groups progress differently to others. Our data shows that BAME solicitors, women, people with disabilities and those over 55

are less likely to be partners in large firms than in small firms. The reasons for this are complex. They could include personal choice, recruitment and promotion practices, as well as flexible working options. It is also clear that the reasons are not unique to the legal market: there are national campaigns to ensure that the boards of all large companies are more diverse.<sup>57</sup>

“Encouraging diversity in legal services is not about ticking boxes. It is of course the right thing to do, but it also helps to make sure the sector is as competitive as possible.”

– Paul Philip, Chief Executive of the SRA



56. [Going Public: Diversity Disclosures by Large U.K. Law Firms](#), Vaughan, S., *Fordham Law Review*, Volume 83, Issue 5, 2015; The LSB's Diversity Reporting Rule: 5 Years on, Vaughan, S., 2016

57. [The Green Park Leadership 10,000: Spring 2015](#), Green Park, 2015 and [Improving the Gender Balance on British Boards: 5 year summary](#), HM Government, 2015

With 20 percent of all practising solicitors working in the City of London, the City has a great opportunity to make the profession more diverse.<sup>58</sup> Several firms have gained external recognition for their inclusive working practices, such as those listed in Stonewall's 'Top 100 Employers' list for LGBT inclusion and in the Black Solicitors Network 'Diversity League Table' for their ethnic and gender diversity.<sup>59</sup>

Inclusive access, progression and working practices within large firms need to remain on the agenda if they are to recruit and retain the best talent.

### Example

#### LGBT diversity and inclusion: from policy to practice

A multi-disciplinary practice has looked at ways to advance LGBT inclusion in large companies, many of which firms could apply to other protected characteristics. These include:

- keep making the business case for diversity – talent will be retained in an inclusive environment
- senior out LGBT role models are important as they demonstrate leadership and the possibility of advancement
- straight people, or 'allies', can also be role models when given opportunities to demonstrate their support for LGBT colleagues
- create opportunities for reverse mentoring and education, so managers are aware of the issues faced by their staff
- use social media and other communication tools locally and globally
- build global LGBT networks to boost visibility and strength, including inviting 'allies' to participate.

58. Over 50 percent of the firms with 20-50 partners are based in London. Additionally, a third of those large London firms only have one branch in England and Wales and therefore our data about 'large London firms' refers largely to those working in London. Over 80 percent of the firms with 10 or more partners that specialise in Corporate and Intellectual Property work are based in London. Source: SRA data.

59. [Stonewall Top 100 Employers](#), Stonewall, 2016; [Diversity League Table](#), Black Solicitors Network, 2015; [Equality, Diversity and Inclusion Strategy 2014/15 to 2016/17](#), SRA, 2014; [Equality Diversity and Inclusion \(EDI\) Action Plan 2015/16](#), SRA, 2016

## Actions

There are many factors affecting the diversity of the profession, many of which are not within firms' control.

We take an active role in supporting the profession to make sure it is contributing to a diverse and inclusive legal sector. Our current Equality, Diversity and Inclusion (EDI) Strategy and EDI Action Plan detail our commitment to EDI in the profession and in our own organisation.<sup>60</sup> We are currently planning research looking at diversity and career progression, and have refreshed our diversity toolkit with the latest data collected from firms.

And there are some actions that firms can take to help address risks in this area. For example:

- encourage staff to respond to our biennial diversity survey, attend our EDI events and join our EDI virtual reference group
- use our diversity research and comparison tool to benchmark your performance to other similar businesses – we have an online tool where you can explore the diversity of law firms by region, type of firm, and other factors<sup>61</sup>

- set external benchmarks to assess diversity performance – check out the government's work on this<sup>62</sup>
- explore other firms', and other sectors', practices for ideas of how diversity and inclusion can be improved, such as recruitment policies, social mobility initiatives for trainees and potential recruits, and mentoring support for existing staff
- larger firms could encourage staff support networks and set up links with national groups, such as the Black Solicitors Network, the Society of Asian Lawyers and Stonewall.<sup>63</sup>

We also make sure we assess the impact on EDI when considering policy changes, such as the training reform and Handbook reform proposals.

### Example

'Red light' any unsuccessful policies

A large City law firm colour codes its diversity reporting (red, amber, and green) to denote success with its diversity goals. The 'red light' can highlight policies and initiatives that are either unsuccessful or are still in progress. If a policy relating to improving diversity for a particular characteristic receives a 'green light', it could be replicated for other protected characteristics. Lessons could be learned, and shared with other organisations, about the reasons for success or otherwise.

60. [Law firm diversity toolkit](#), SRA, 2016

61. For example [Equality and diversity – external benchmarks](#), HM Government, 2012

62. There is a list of networking groups on the [Law Society website](#).

63. See the Legal Social Mobility Partnership website for more information.

### Example

#### Social mobility initiatives

The Legal Social Mobility Partnership (LSMP)<sup>64</sup> is a collaboration of law firms, their partner clients and commercial organisations who work together to provide school-aged students from less-privileged backgrounds access to a Work Insight and Skills Programme with the ultimate aim of broadening access to the legal profession and developing students' career aspirations.

Since its launch in 2014, the LSMP has grown considerably and extended its reach from London to other areas of England. As the number of participating organisations increase, the students gain insight into more sectors.

They have produced an LSMP 'Format Bible', which contains a toolkit with a step-by-step guide to enable others to replicate the programme.

Most of the commercial businesses reported that LSMP helped strengthen their relationships with their partner legal firm or in-house legal team and that there had been an increase in senior management support for community initiatives

## On the horizon

The first legal apprenticeship trainees can join the legal Trailblazer scheme in September 2016.<sup>65</sup> Apprenticeships allow an alternative route to qualification, which will encourage access to the profession for talented people from all backgrounds.

We will be undertaking a thematic review of career progression in the profession, and are currently considering options for further diversity research.

To ease the burden on firms of data collection, the SRA will now be collecting diversity data every two years. The next survey will be in May 2017.

64. See the [Legal Social Mobility Partnership website](#) for more information.

65. [News Release: Apprenticeship standards will benefit the legal profession, says the SRA](#), SRA, 2015

## The legal landscape infographic – sources

### Legal Need

[Online survey of individuals' handling of legal issues in England and Wales 2015](#), IPSOS Mori – commissioned by the Legal Services Board and the Law Society, 2016

[Unjust Kingdom: UK Perceptions of the Legal and Justice System](#), Innovation in Law Report 2015, Hodge, Jones & Allen, 2015

[The legal needs of small businesses](#), Kingston University, commissioned by the Legal Services Board, 2015

### Markets

[TOPSI: Turnover of Legal Activities](#), Office for National Statistics, 2016

SRA Data, March 2016

[Balancing regulatory risk](#) (slides used in conference: UCL International Access to Justice), Legal Services Board, 2014. Please note that the 25% figure is an estimate

### Regulation

SRA Data, 2016

[Looking to the Future](#), SRA 2016

### Innovation

[Innovation in legal services](#), Enterprise Research Centre – commissioned by the Solicitors Regulation Authority and the Legal Services Board, 2015

[Brave New World](#), LexisNexis Bellwether Report: 2014, LexisNexis, 2014

## Keep up to date

We will be providing further updates, including a post-EU referendum update in the autumn.

Our Risk Outlook is supported by an online priority risks tool which is regularly updated. Visit our website for more information.



[www.sra.org.uk/priorityrisks](http://www.sra.org.uk/priorityrisks)



# Your notes



The Risk Outlook is available in alternative formats.  
Please contact 0370 606 2555