

SRA BOARD
31 May 2017

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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 2016/17 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, 0121 329 6940.

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Section 1: Priorities for 2016/17

- 2 This section provides an update focusing on developments and progress against our 2016/17 Business Plan.

Anti-money laundering (AML)

- 3 At the last meeting, we informed the Board about the HM Treasury consultations on new money laundering regulations and changes to AML supervision. We submitted our responses in May.
- 4 The new AML regulations will come into force on 26 June 2017 and will have a significant impact on our supervisory arrangements. In our consultation response, we raised concerns about the timescales for bringing in the required checks and the significant extra work that would be required to implement the proposals. Our response can be viewed online: www.sra.org.uk/sra/consultations/consultation-responses.page.
- 5 There will be four further consultations launched in late June on the activities and fee structure of the new supervisor.
- 6 We have also submitted a response to the call for evidence to update the National Risk Assessment. Our wider programme of work also strives to ensure we are ready when the UK is inspected by FATF next spring.

Progress against our 2016/17 Business Plan

- 7 We are making good progress to achieve the objectives set in our 2016/17 Business Plan. Below, I highlight key areas of development to note against each Business Plan objective.

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	On track
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- 8 We are on track to deliver this objective.

Competition and Markets Authority (CMA) Report

- 9 The Legal Services Remedies Implementation Group met for the second time on 12 May 2017 to continue discussions on how we take forward the recommendations set out in the CMA's report. We are currently finalising our action plan in response to the CMA report, which will be published by 30 June 2017.

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- 10 The LSB published its response to the Competition and Markets Authority's (CMA) legal services market study in April: (http://www.legalservicesboard.org.uk/news_publications/LSB_News/PDF/2017/20170419_LSB_Responds_To_The_CMA's_Legal_Services_Market_Study.html). The LSB plans to undertake an initial assessment of the sufficiency of our action plan developed in response to CMA recommendations, with subsequent periodic assessments of progress assessed against four high-level outcomes that mirror the areas of action identified by the CMA. The LSB states that overtime, this assessment will form part of its established regulatory performance assessment.

Objective 2: We will work with solicitors and firms to raise standards and uphold core professional principles	On track
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- 11 We are on track to deliver this objective.

Solicitors Qualifying Examination (SQE)

- 12 The SQE consultation response was published on 25 April 2017. We held a press conference on our decision to go ahead with the SQE and media coverage has been accurate and carried our core messages on consistent high standards and supporting diversity. Much of the coverage has been positive or neutral and we have received supportive international commentary.
- 13 The Association of Law Teachers (ALT) issued a press release criticising us for failing to publish all the stakeholder responses to the consultation which we had received, and for talking in terms of 'general support' for our proposals, when the statistical data showed significant opposition. For the avoidance of doubt, we have pointed out that we published all consultation responses, except those where respondents had asked for their response to be kept confidential, and that we have been open about the resistance to our proposals and the wide range of views.
- 14 The Board will remember at its last meeting when it decided to proceed with the SQE that the next step was to launch a consultation on the detailed regulations to implement SQE. The Board approved the draft consultation and it will be published today following final review and checks.

Objective 3: We will improve our operational performance and make justifiable decisions promptly, effectively and efficiently	On track
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- 15 We are on track to deliver this objective.

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Modernising IT Programme

- 16 The Modernising IT Programme continues to progress well. Following an open and competitive procurement exercise, we have chosen a preferred supplier for Wave 2. The four week solution design phase of work commenced with them on 2 May 2017. Delivery of the programme of work is continuing as planned.
- 17 Our work supporting the Modernising IT programme has reached some 1100 members of the public and we now have over 170 solicitors signed up to our reference panel. In early May we held a series of sessions in Swansea on our IT, including focus groups with students on our website and, on client protection, with the public. The public session was followed by a roundtable, which was attended by a number of organisations to discuss how the SRA could make itself more accessible to vulnerable groups. All the findings have been fed into the Modernising IT programme.

Business Continuity

- 18 We completed a business continuity exercise with the SRA's Gold Team (the Senior Management Team) in May. The exercise tested the robustness of the call cascade system in place should a business continuity incident arise. Similar tests were also completed with teams based at The Cube earlier in the year.

Legal Panel Contract

- 19 The contract with Capsticks LLP to provide legal services was signed on 10 May 2017. Following the announcement, a number of legal publications, including Legal Business and The Lawyer, have covered the story. The contract, which covers disciplinary proceedings and litigation work, will help to ensure consistency across all our legal work.

Objective 4: We will work with our stakeholders to improve the quality of our services and their experience when using them	On track
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- 20 We are on track to deliver this objective.

SRA firms and financial services - Improving our data

- 21 As the Board is aware, we launched our online data collection form in April. This will enable us to improve the data we hold and can provide to the Financial Conduct Authority. All team members within the Contact Centre and Ethics Guidance have been trained to support this project and we have also introduced a feedback questionnaire to understand if there are further improvements that we can make to improve the process.

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Cybercrime: Expert Roundtable

- 22 To help launch the spring update of the Risk Outlook, we welcomed cybercrime experts for a roundtable event. The roundtable enabled us to learn about emerging threats to those we regulate and the public. We hosted delegates from a range of organisations who were supportive of our approach to informing solicitors of the risk of cybercrime through the Risk Outlook and our topic paper: IT security: keeping information and money safe. The delegates agreed it would be helpful to meet again in the future to share ideas and to discuss emerging issues and best practice.

Legal Choices

- 23 We have exceeded our engagement targets for Legal Choices with visits to legalchoices.org.uk in the six months to 30 April totalling 73,000, up 548% from a year earlier. Meanwhile, Legal Choices content reached almost 0.9 million Facebook users, a 73% increase on the same period last year, and almost 60,000 Facebook users actively engaged with Legal Choices content, up 667% from a year earlier.
- 24 A Legal Choices campaign targeting 13-16 year olds ‘went viral’ on Instagram, generating more than 2,000 likes and 250 comments. “Three things you should know if your parents are getting divorced” reached more than 300,000 teenagers on Instagram.

Section 2: Operational Performance

KPIs

- 25 The results for April for our key KPIs were as follows:
- 92% of conduct matters closed within 12 months of receipt in April against a target of 93%.
 - 95% of Compensation Fund claims were closed within 12 months against a target of 90%.
 - 90% of medium / high risk applications closed within 3 months in Firm Based Authorisation against a target of 90%. We achieved all of our KPIs in Authorisation in April.

Section 3: Publications and Engagement Activity

Interim LSB Chair

- 26 Dr Helen Philips was announced as the interim Chair of the LSB in April. We had our first regular update meeting with her on 30 May 2017.

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BSB Consultation on Standard of Proof

- 27 The Bar Standards Board (BSB) is currently consulting on whether to replace the criminal standard of proof in disciplinary matters with the civil standard. The change would apply both to the BSB's own decisions and to the Bar disciplinary tribunals. We are planning to respond to the consultation, which closes in July.

SRA Innovate Event

- 28 Our SRA Innovate event was well received, with more than 100 solicitors attending and nine out of ten saying they would come to a similar event in the future. The event was chaired by Tony Williams with Barry Matthews, Sharon Darcy, Chris Randall and Geoff Nicholas involved in panel sessions. The programme showcased a range of law firm experience and explored key issues such as the diverse workforce of the future and providing information for consumers. We were also able to re-iterate the importance of encouraging innovation and the provision of affordable services in new ways in the legal services sector at an innovation roundtable organised by the Industry and Parliament Trust.

Mental Health Awareness Week

- 29 In early May, we participated in Mental Health Awareness week, with a number of internal activities with staff, but also with the profession. This included a short wellbeing survey that was carried out with delegates at our Innovate conference, with the results shared with the profession as part of Mental Health Awareness Week.

Author Paul Philip, Chief Executive

Date 23 May 2017