

SRA BOARD

12 July 2017

CLASSIFICATION – PUBLIC



An update on operational performance

Purpose

- 1 This paper provides the Board with an update on operational performance.

Recommendations

- 2 The Board is asked:
 - (a) to note the progress that has been made.

If you have any questions about this paper please contact: Robert Loughlin, Executive Director, Operations and Quality robert.loughlin@sra.org.uk 0121 329 6576

An update on operational performance

Background

- 3 Strategic objective 3 of our corporate strategy 2014 to 2017 is to improve our operational performance and make fair and justifiable decisions promptly, effectively and efficiently.
- 4 Over the last three years we have pursued a programme of operational improvement as part of our wider transformation of the organisation. This has successfully delivered improvements not only to the timeliness of our operational work but also to the way in which we deliver the work. A key part of that has been embedding a customer centred approach, for example, we now regularly update people who report concerns to us on the progress of their case and explain the steps we are taking..
- 5 We have, at the same time, become more efficient with a reduction in both headcount and expenditure. This has been delivered through a focus on improving and streamlining a number of our key processes.
- 6 There is of course more to do and our focus is currently on improving our IT infrastructure and the experience of our customers through the Modernising IT Programme.

Cultural change programme

- 7 A key element of our transformation programme has been our cultural change programme. This has involved spending significant time and effort engaging leaders, managers and staff from across the organisation on the way we deliver our operational work and on our overall change programme.
- 8 The specific activities that we have delivered under the cultural change programme include:
 - the introduction of regular weekly and monthly updates for staff through team briefs and a new staff newsletter and radio programme
 - regular leadership team, line manager and staff off-site events
 - a refreshed suite of technical training including decision-making and key regulatory risk training
 - a new fully inclusive candidate journey and induction programme for new starters
 - the introduction of a new set of SRA Values (independent, professional, fair, inclusive and progressive)and behavioural competencies
 - a new 'thank you' scheme to recognise and motivate staff - to provide real time recognition – and regular Values Awards for role modelling
 - the implementation of a plain English campaign - 'Writing the SRA Way' - to improve written correspondence with our stakeholders
 - an update of key internal policies and procedures that make up our control environment to ensure appropriate control

SRA BOARD
12 July 2017



CLASSIFICATION – PUBLIC

- the introduction of a range of staff networks to recognise and value diversity both internally and externally.
- the introduction of a range of staff faith events to ensure we are a fully inclusive workplace

9 We recognise that it takes time to change culture and as such this work programme continues.

Business improvement programme

10 Our business improvement programme has successfully delivered a number of improvements in both systems and processes over the last three years. This includes a set of quick-wins that we have identified and implemented over the last year as part of the early stages of our Modernising IT Programme.

11 The use of Lean improvement techniques has been particularly successful and has allowed the teams involved, working with staff across the organisation, with input from our external customers, to identify more efficient and effective ways of working. Examples of the outputs of this work are:

- the introduction of new password reset functionality to help law firms and support our annual Practising Certificate Renewal Exercise (PCRE) - we estimate that this led to a 25% reduction in the number of calls to our Contact Centre during the busy PCRE window
- the introduction of a new contracting arrangement for our legal work - this has involved moving from nine external contractors to a single contractor. We anticipate that this will lead to improvements in both the quality and value for money of our legal work as we develop a strong strategic relationship with the selected partner.

12 The development of KPIs across our operational teams has been another key aspect of our business improvement programme. In January 2015 we began this by introducing a new suite of KPIs, including a new end-to-end KPI for our disciplinary work. We built on this at the end of last year, with a further review that was supported by an internal short-life working group, made up of staff and members of the Board, and included a benchmarking exercise. The output resulted in a further update to our KPIs, including a new set of measures that we have begun to report publicly.

Headcount and budget reduction

13 We have maintained a close focus on headcount and expenditure and challenged the operational teams to improve performance while reducing costs. The info graphic at annex 1 shows our actual expenditure and headcount figures for the operation over the last three years. It shows that we have achieved a 4% reduction in actual expenditure and a 7% reduction in headcount.

CLASSIFICATION – PUBLIC

- 14 Our focus on productivity and performance management has been at the centre of our operational improvement programme. As well as setting new KPIs and individual performance measures we have focused on ensuring our line managers deliver strong and clear direction, with regular 121s and clear objectives. We have also introduced a number of tools to support productivity, including a resource planning tool for each operational team.
- 15 A number of teams have changed in terms of structure and form to support this new approach. This includes our Supervision team, our Regulatory Management team, our Legal and Enforcement team and our Contact Centre. Our Contact Centre, for example, has a completely new structure, a new management team and has seen its headcount reduce over the last three years. At the same time performance has improved. Key to this has been a focus on getting things right first time for our customers and improvement work that has reduced the number of calls received by the Contact Centre (such as the automatic password reset functionality that we have developed).

Modernising our IT

- 16 One of the most significant challenges facing the organisation is its IT infrastructure. This is a major limiting factor in terms of the operation and the service we can provide, and is one that we are addressing. Over the next 24 months we will completely replace our legacy systems with a new fit for purpose suite of systems, developed through close working with members of the public, solicitors and law firms. This will bring opportunities to further improve, not only our levels of service and the engagement that we can deliver, but also the way in which we meet people's needs and deliver the operation and operational efficiency more generally.

Embedding a culture of continuous improvement

- 17 Our Modernising IT Programme is not just a programme to replace our ageing IT estate but an opportunity to make further changes to the culture and performance of the organisation. We are using the momentum of the IT programme to embed a culture of continuous improvement, by adopting a bottom-up engagement approach using key business improvement techniques such as Lean and Agile. We are also in the process of systematically reviewing all our key processes and assessing the capabilities that we currently have as an organisation, and those that we will require in the future.

Improving decision-making

- 18 At the heart of the work we have been taking forward to transform the operation is our approach to decision-making and quality assurance more generally, as part of our strategic commitment to make fair and justifiable decisions promptly, effectively and efficiently. We have developed and published new [decision-making guidance](#) for all our key operational

SRA BOARD
12 July 2017



CLASSIFICATION – PUBLIC

processes and have invested in training for all staff involved in regulatory decisions. As we roll-out the new Handbook and the related revisions to our Enforcement Strategy over the coming months, we will develop our approach further, ensuring consistency and transparency in our decision-making. The development of decision-making guidance sits alongside our wider quality assurance work, which is being delivered by our newly established Business Improvement and Quality Assurance Unit.

Discussion

- 19 A summary of our operational performance over the last three years is shown in annexes 2-5, again using an info graphics format.
- 20 In general, it shows that we are continuing to move in the right direction across the board, with some measures, such as the processing of firm based authorisation applications, the time it takes to conclude a disciplinary investigation and the time it takes for us to answer a telephone call in our Contact Centre showing particularly good progress. Key highlights are summarised below.

Authorisation

- 21 The average processing time for Firm Based Authorisation (FBA) applications has reduced from 36.7 days in April 2016 to 23.9 days in April 2017 (note that we did not record average times in this area prior to 2016 but there has been a sustained improvement over the last three years). This follows a full redesign of our firm based authorisation processes, including a revised suite of applications forms, designed and tested in collaboration with a range of law firms ; the introduction of a 24 hour triage process to identify, at an early stage, gaps in new applications; and the introduction of a pre-engagement meeting to help and support prospective applicants. We have also invested heavily in training and developing staff capability and guidance to support decision-making on FBA.
- 22 Our improvements in this area have led to the removal of Special Measures by the Legal Services Board in relation to Alternative Business Structure (ABS) applications, which were imposed in January 2013. In his letter confirming its decision, LSB Chief Executive Richard Moriarty said: "The SRA has now addressed many of the LSB's original concerns regarding its approach to ABS authorisation".
- 23 In terms of our Individual Based Authorisation (IBA) applications, we have seen our processing times reduce from 22.2 days in April 2016 to 16 days in April 2017. This has again come as a result of a focus on improving our processes, developing our staff and engaging, where appropriate, with applicants directly. We are limited by our IT (introduced in 1994) in this area in particular and expect to see a significant improvement in both service and efficiency as we roll-out new IT over the next few years.

SRA BOARD
12 July 2017



CLASSIFICATION – PUBLIC

Contact Centre

- 24 A new management team and team structure, along with a new call handling strategy, involving the principle of first call resolution, which we put in place at the start of 2016 is proving a success. The strategy ensures customer needs, whatever they may be are fully considered and dealt with appropriately rather than simply focusing on call length. Getting things right first time in this way has helped us to reduce the number of calls from 13,864 in April 2016 to 10,342 in April 2017.
- 25 Our customer insight tool, which we implemented last year to support the new strategy, allows us to track who our customers are, why they are calling and whether we are able to resolve the query first time. The tool allows us to identify business areas that are generating repeat or unnecessary calls, wasting callers time. For example, in the admission area the key queries were confusion regarding specific questions, fee queries and chasing for confirmation of admission to the roll. We have refined the questions, updated the website and have implemented an email confirmation rather than letter to address these problems. We have also reviewed our reasonable adjustments approach and policy so we can help members of the public or solicitors with particular requirements as quickly as possible.
- 26 Our peak period for the Contact Centre is during the annual practising certificate renewal exercise, which usually runs from 1 September to 31 October. During this period calls increase four fold and on the final day of PCRE can be up to five times higher than a non peak day. A key focus for us over the last two years has been on improving the flexible utilisation of staff during this period and in 2016 we cross trained ten members of staff from other parts of the business to support the Contact Centre. This not only improved our call handling performance, which hit 81% in 15 seconds, but also allowed us to reduce the numbers of staff that we brought in specifically for the peak period.
- 27 Our continued focus on improvements in this area has allowed us to improve the experience of those contacting us, as we move to a new call handling target of answering 80% of calls within 20 seconds. This is an increase from the previous target of answering 80% of calls in 60 seconds. In April 2017 we actually answered 94% of calls in 20 seconds (up from 76% in 2014). Our goal is to now answer 80% calls within 15 seconds.

Investigation and Supervision

- 28 Our average time to assess and investigate new complaints has reduced from 121 days in February 2014 to 80 days in April 2017. We have also seen an overall reduction in our caseload from 2,807 cases to 1,821 and an improvement against our end-to-end KPI¹ from 77% to 93%. Our average

¹ To conclude 93% of all events received within 12 months

CLASSIFICATION – PUBLIC

time to undertake a forensic investigation has also improved from 162 days in April 2016 to 142 days in April 2017.

- 29 The number of new receipts has at the same time been rising, with a 9% increase this year compared to last year, and a 12% increase in new cases going into Supervision.
- 30 In order to deliver the improved position, we have reviewed our processes and implemented a new team structure that is focused on timely case progression. This includes new targets for each stage of our processes, improved management reporting and a structure that ensures regular case direction and close supervision of individual cases. As part of this we have merged our Forensic Investigation team with our Supervision team to create a single directorate and established a new Initial Response team. The Initial Response team has been particularly successful and has been a key driver behind the reduction in caseload as it adopts a 10 week early assessment of cases².
- 31 In order to ensure that we tackle areas of developing risk within our regulated community we have established a new Regulatory Management Thematic team. The purpose of the team is to assess key themes that we identify through our risk profiling work and to undertake focused work to identify and understand ways in which poor practice can be addressed to benefit clients, particularly those who are vulnerable, and the wider community.. Recent examples have included our review of Anti Money Laundering arrangements and our review of Asylum Advice. In both cases we engaged directly with firms using a risk based approach and produced external reports summarising good and poor practice. In both cases we also identified a handful of firms that required further regulatory action. This is an important aspect of our disciplinary work and ensures we maintain a proactive approach to public and consumer protection

Legal and Enforcement

- 32 Our Legal and Enforcement Directorate has seen significant improvement in the last 12 months. This followed a review of the function during 2016 which identified improvements that we could make to both our in-house and external Legal provision. In terms of our external legal provision this has involved reducing our external panel down from nine providers to one; a change that will allow us to develop a stronger strategic partnership and improved value for money.

² The Initial Response team was established in April 2016 to undertake an early assessment of matters before they are transferred to Supervision for a full investigation. This is a 10 week process that utilises telephone discussion to ascertain key facts in order for a decision to be made. Approximately 60% of matters handled by the team close with no further action.

SRA BOARD
12 July 2017



CLASSIFICATION – PUBLIC

Client Protection

- 33 We have seen a sharp rise in the number of interventions that we have undertaken to protect client interests during the first half of 2017. From January to May 2017, there were 20 interventions, compared to 10 in the same period last year. There has also been a noticeable increase in the size of the firms being intervened into.
- 34 Our performance against our KPIs in Client Protection has, however, remained strong, with over 95% of compensation claims concluded within the agreed target³ during April 2017 and 100% of Interventions effected within two days. We have also taken a number of measures to achieve a more efficient operation, including a new destruction policy for archived files and improvements in our approach to communicating with claimants, many of whom are vulnerable.

Recommendation: to note the progress that has been made.

³ Timescales are as follows: 4 months for a straightforward matter, 6 months for a moderate matter and 12 months for a semi-complex or complex matter.

SRA BOARD
12 July 2017



CLASSIFICATION – PUBLIC

Supporting information

Links to the Strategic Plan and / or Business Plan

- 35 The issues referred to in this paper relate to strategic objective 3 of our corporate strategy 2014 to 2017: to improve our operational performance and make fair and justifiable decisions promptly, effectively and efficiently.

How the issues support the regulatory objectives and best regulatory practice

- 36 The contents of this paper directly link to objective RO1 Protecting and Promoting the Public Interest. The issues covered in this paper relate to all five of the Better Regulations Principles: Proportionality, Accountability, Consistency, Transparency and Targeting.

Public/Consumer impact

- 37 Our regular KPI reporting through the Chief Executive Report ensures our operational performance is transparent. The KPIs themselves measure how effective we are at performing our regulatory functions in the public interest and how we are working to protect individual members of the public.

What engagement approach has been used to inform the work and what further communication and engagement is needed

- 38 We established a short-life working group in 2016 that was made up of Board Members and staff. The group reviewed our existing KPIs and proposed a suite of new KPIs that are reported to the Board and Public through the Chief Executive Officer's report to the Board. As part of the review we undertook a benchmarking exercise to ensure the proposed KPIs were appropriate. We have worked with both solicitors and members of the public from all backgrounds to test and refine our processes

What equality and diversity considerations relate to this issue

- 39 We are embedding equality, diversity and inclusion throughout our operational work, providing better and more accessible information throughout customer journeys and providing appropriate support for the public and those we regulate. We monitor key measures of equality and diversity in different areas of our operation through both regular quality assurance and also analysis of data through our Risk and Research team.

How the work will be evaluated

- 40 Regular reports relating to our operational performance will be put to the board as part of the Chief Executives Officers report to the Board.

SRA BOARD
12 July 2017



CLASSIFICATION – PUBLIC

Author Robert Loughlin

Contact Details robert.loughlin@sra.org.uk 0121 329 6576

Date 29 June 2017

Annexes

Annex 1: Actual Expenditure and Headcount

Annex 2: Firm Based and Individual Based Authorisation operational performance

Annex 3: Assessment and Supervision operational performance

Annex 4: Investigation and Enforcement operational performance

Annex 5: Client Protection and Contact Centre operational performance