

SRA BOARD
7 March 2018



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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 2017/18 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.

SRA BOARD
7 March 2018



CLASSIFICATION – OFFICIAL

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Section 1: Priorities for 2016/17

- 2 This section provides an update to the Board on our key priorities, starting with an overview of any key developments, followed by an update against our 2017/18 Business Plan.

Gender Pay Gap data

- 3 UK companies with 250 or more employees have to publish their gender pay gap data by April 2018. We published our data as part of the TLS group on 19 February (<https://www.lawsociety.org.uk/about-us/the-law-society-group-2017-gender-pay-gap-report/>). The national median gender pay gap is 18.4%. Our group results (TLS, Shared Services and SRA) show that the median gender pay gap is 5.6%. We are discussing our results with staff through a range of internal fora.

Progress against our 2017/18 Business Plan

- 4 We are making good progress to achieve the objectives set in our 2017/18 Business Plan. Below I highlight key areas of development to note against each Business Plan objective.

Objective 1: We will set and apply consistently high professional standards for the individuals and firms we regulate and make sure they are appropriate to meet the challenges of today and the future	On track
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- 5 We are on track to deliver this objective.

Solicitors Qualifying Examination (SQE)

- 6 We expect to have received detailed bids from the organisations bidding to be our assessment supplier by 2 March. We are still aiming to select a preferred bidder in April and to be in a position to announce the successful organisation in May.
- 7 On 7 February, we received formal notification from the LSB extending its time for reviewing our application for approval of the SQE regulations. They have extended their decision period by 28 days, expiring on 9 March 2018.

SRA BOARD
7 March 2018



CLASSIFICATION – OFFICIAL

Objective 2: We will make sure our regulatory requirements are proportionate, providing solicitors and firms with the flexibility to innovate and better meet the needs of members of the public and businesses, while maintaining appropriate levels of public protection

On track

8 We are on track to deliver this objective.

Diversity in the profession

9 On 14 February, we published our law firm diversity data. We have had coverage in both the national and trade press. The data shows that overall diversity in the sector continues to improve, but with challenges remaining at more senior levels. At the same time, we published a Risk Outlook paper 'The Business Case for Diversity', which outlines the benefits of diversity for both the public and firms. The reports can be viewed at the following links:

<http://www.sra.org.uk/solicitors/diversity-toolkit/diverse-law-firms.page> and
<http://www.sra.org.uk/risk/resources/risk-business-case-diversity.page>.

10 We also launched a Mentoring Programme in January 2018 with Stonewall involving 10 top performing law firms offering to mentor smaller firms who want to be more LGBT inclusive.

Objective 3: We will increase the availability of relevant and timely information to help people make informed choices in the legal services market

On track

11 We are on track to deliver this objective.

Looking to the Future consultations – phase 2 of Handbook reforms and better information, more choice

12 Our two Looking to the Future consultations closed on 20 December and we are currently analysing the responses. We received a total of 77 responses to the consultation on phase two of our Handbook and 80 responses to the Better Information consultation. Throughout the consultation period, we engaged with more than 25,000 people (solicitors and members of the public) on our proposals through a range of channels. This included more than 16,000 people engaging through online polls. Current plans are for the Board to consider the responses at its meeting in May.

SRA BOARD
7 March 2018



CLASSIFICATION – OFFICIAL

Objective 4: We will make sure that our regulatory arrangements work as effectively as possible for the public, businesses, solicitors and firms in the context of constitutional developments within the UK and any new relationship with the EU	On track
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13 We are on track to deliver this objective.

Anti-Money Laundering (AML)

14 As the Board is aware, we launched an online application in January to enable us to approve those firms carrying out work captured by the 2017 Money Laundering Regulations. The deadline to complete the application was 2 February 2018 and we had a 94.6% response rate (9812 firms). At the time of writing, there were 430 firms that had not started the online application. We have sent several reminders to firms and we are currently considering an enforcement strategy for these firms. The approval process has commenced for the firms that have submitted a response. All applications need to be assessed and data provided to HMRC by 1 March 2018 and we are on track to meet this deadline.

Financial Claims and Guidance Bill

- 15 The Financial Guidance and Claims Bill is likely to be enacted in April 2018 and will transfer supervisory responsibility for regulation of claims management companies from the Claims Management Regulation Unit (CMRU) to the Financial Conduct Authority (FCA)
- 16 The Bill introduces an interim fee cap of 20% for compensation following a payment protection insurance (PPI) claim. It has been amended since January and solicitors and firms that we regulate will not have to be dual regulated by the Financial Conduct Authority. We will have a duty to introduce rules that maintain a fee cap for claims management activities relating to financial services and products. We will also have a power to introduce rules to extend a cap to other claims management activities.

Implementing the Insurance Distribution Directive (IDD)

17 The Board is aware of the IDD that was due to come into force on 23 February 2018. However, the current proposal to be agreed by the European Parliament is to now delay the transposition date to 1 July 2018, and the application date (by which firms must comply) to 1 October 2018. We have issued a press release to law firms explaining the reasons for the delay (<https://www.sra.org.uk/sra/news/press/insurance-distribution-directive-february-update.page>). In the meantime, we are working with the FCA to agree our draft rules.

SRA BOARD
7 March 2018



CLASSIFICATION – OFFICIAL

Objective 5: We will work better together, and with others, to improve our overall effectiveness, our responsiveness and the delivery of our regulatory functions.

On track

Modernising IT Programme (MIT)

18 The programme is continuing to progress to plan and budget.

New Website

19 As the Board is aware, we recently launched major improvements in the design of our main website - sra.org.uk. Our bounce rate (one-page visits as a proportion of all visits) for the first month following launch of the redesign is down by 8 percent from the immediately preceding comparable period. In a survey of more than 10,000 SRA website users, more than three quarters of those who responded (1,223) expressed positive or neutral feelings about the redesign and in a post-launch focus group with 25 members of the public, only 6 percent of responses across a series of user tasks were negative about the redesign.

Stonewall Workplace Equality Index (WEI)

20 We submitted our second application to the Stonewall Workplace Equality Index (WEI) last year. This is a benchmarking tool used by employers to assess their achievements and progress on Lesbian Gay Bisexual and Trans (LGBT) equality in the workplace. We have been told that our position in the 2018 WEI is 171 out of 434 organisations. This is an improvement of 70 places on the previous year. The aim is to achieve a Stonewall Top 100 place and we will be meeting with Stonewall to develop an action plan in readiness for this year's submission in September.

Section 2: Operational Performance

KPIs

21 Below are the KPI results for January:

- 93% of conduct matters closed within 12 months of receipt in January against a target of 93%.
- 75% of Compensation Fund claims were closed within 12 months against a target of 90%.
- 100% of medium / high risk applications closed within 3 months in Firm Based Authorisation against a target of 90%. We achieved all of our targets in Authorisation in January.

SRA BOARD
7 March 2018



CLASSIFICATION – OFFICIAL

Section 3: External Developments, Publications and Engagement Activity

22 The SRA Innovate event has taken place in Central London for the last two years. In order for us to engage with solicitors outside the south east, this year we are taking Innovate out of London and delivering a series of morning events in Cambridge, Bristol and Newcastle in June / July:

- 5 June, Hilton City Centre, Cambridge
- 26 June, MShed, Bristol
- 4 July, Crowne Plaza, Newcastle Upon Tyne

23 Our Compliance Conference will take place on 11 December. This year we will be hosting the event at the International Convention Centre in Birmingham due to increasing numbers attending this event.

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