

SRA BOARD  
12 September 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](mailto:paul.philip@sra.org.uk), 0121 329 6940.**

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## Chief Executive's Report

### Section 1: Priorities for 2017/18

- 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.

#### ***Reporting concerns of misconduct***

- 3 We published our consultation on proposed changes to the rules on firms reporting potential misconduct in August. As the Board is aware, the changes are designed to make sure that firms are clear about their role and responsibilities in reporting misconduct and the stage at which they should inform us of potential misconduct. We are consulting for eight weeks. Any amendments to the rules on reporting are expected to come into force during 2019 alongside our wider regulatory changes following approval by the Legal Services Board (LSB). The consultation can be found here: <https://www.sra.org.uk/sra/consultations/reporting-concerns.page>.

#### **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.

<p><b>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</b></p>	<p><b>On track</b></p>
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- 5 We are on track to deliver this objective.

#### ***Solicitors Qualifying Examination (SQE)***

- 6 On 1 August, we announced the appointment of Kaplan as the assessment organisation to develop and run the SQE. Kaplan will work with stakeholders from across the legal and education sectors to develop and test the SQE. It will then run the SQE for a period of eight years from its inception. As expected, this has attracted widespread attention from the press.

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**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

7 We are on track to deliver this objective.

***Regulatory reform programme updates***

8 We submitted the application to the Legal Services Board on 8 August for our new standards and rules following the Handbook review which were approved at the Board meeting in May. We expect the LSB to take at least three months to consider our application.

**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

9 We are on track to deliver this objective.

***Better Information reforms***

10 On 3 August, the [LSB approved the rules](#) that the Board made in May in relation to our Better Information, Consumer Choice consultation. This included our response to the Competition and Market Authorities recommendations made in its market study. The main aspects are: price transparency, publishing more information about how to make complaints, a digital badge and improved digital registers for solicitors and firms.

**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

11 We are on track to deliver this objective.

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### ***Risk Outlook***

- 12 Our Annual Risk Outlook 2018/19 was published on 25 July 2018 and can be viewed at the following link: <http://www.sra.org.uk/sra/news/press/risk-outlook-2018.page>.
- 13 The report provides an overview of the risks that we have identified as the most important to us because they are risks to the protection of the public, the rule of law and the proper administration of justice. The report also helps firms to manage their own risks. This year's Risk Outlook includes two new risks on cyber security and managing claims. Reports of cybercrime rose 50 percent in 2017, with £10.7m of client money reported stolen. Concerns over firms failing to properly check the validity of personal injury claims or charging fees which cannot be justified in areas such as payment protection insurance claims, have led to us highlighting managing claims as a key risk for the first time.

<p><b>Objective 5: We will work better together, and with others, to improve our overall effectiveness, our responsiveness and the delivery of our regulatory functions.</b></p>	<p><b>On track</b></p>
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### ***Modernising IT Programme (MIT)***

- 14 The programme is continuing to progress within budget.

### ***Service Mark Accreditation – Institute of Customer Service***

- 15 Our Contact Centre has started working with the Institute of Customer Service (ICS) in its first step towards achieving 'ServiceMark' accreditation. This is a national standard which recognises an organisation's commitment to, and achievement in, customer service. The process includes an external customer satisfaction survey, an assessment of employee engagement with their customer service strategy and a visit by an external assessor.
- 16 In June, we asked Contact Centre customers if they would be willing to complete a survey about their experience and 30 percent agreed. The survey was sent to 3,000 customers and we have received over 400 responses. ICS will analyse the results and present a report to us this month, which will include feedback on strengths, areas for development and recommendations for improvement.

### ***Annual Review 2016/17***

- 17 Our Annual Review has now been published in Welsh and in easy read. It can be viewed at the following link: <http://www.sra.org.uk/sra/how-we-work/reports/annual-review/annual-review-2016-17.page>.

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## Section 2: Operational Performance

### *Finance*

- 18 The LSB approved our section 51 and Compensation Fund applications in August to allow us to set 2018/19 Practising Fees and Compensation Fund contributions.

### *KPIs*

- 19 Below are the KPI results for July:

- 91% of conduct matters closed within 12 months of receipt against a target of 93%.
- 84% of Compensation Fund claims were closed within 12 months against a target of 90%.
- 98% of medium / high risk applications closed within 3 months in Firm Based Authorisation against a target of 90%.

## Section 3: External Developments, Publications and Engagement Activity

- 20 The LSB has published its [response and decision](#) following its consultation on the internal governance rules (IGRs) for the legal services regulators. It has decided to consult in the Autumn on changes to the IGRs, with new rules and guidance to be introduced in Spring 2019. We will discuss our response to the forthcoming consultation with the Board once it is published.
- 21 In late July, the House of Commons Women and Equalities Committee published its final report from its [inquiry into sexual harassment in the workplace](#), to which we provided oral and written evidence. The report sets out a five-point plan to tackle sexual harassment in the workplace, including a proposed new duty on employers to prevent harassment, clearer non-disclosure agreements (NDAs) and a requirement on regulators to take a more active role. The report welcomed the warning notice on NDAs we published earlier in the year.
- 22 It was our fourth year at London Pride and again we welcomed colleagues from the other legal regulators and law firms onto our bus. Our theme this year was Legal Choices. We also participated in the Pride parade in Cardiff for the first time. Board members supported our involvement with messages that we used both externally and within the organisation to show both the profession and the public that legal services should be inclusive and welcoming to all.

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**Date** 20 August 2018