

## **Chief Executive's Report**

### **Purpose**

- 1 This report sets out progress against our strategic objectives and provides an update on operational performance. It also highlights any important external developments.
  - Section 1: reports on our priorities and progress against the 2018/19 Business Plan.
  - Section 2: provides an update on operational performance, including our resource monitoring information and key performance indicators.
  - Section 3: provides information on important external developments and our relationships with key stakeholders.

### **Recommendations**

- 2 The Board is asked:
  - a) to consider the Chief Executive's report.

**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 2018/19**

- 3 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 2018/19 Business Plan.

**New Corporate Strategy**

- 4 We will be circulating the latest draft of the new Corporate Strategy to the Board soon after this meeting, prior to consideration at the Board's meeting in September.

**Progress against our 2017/18 Business Plan**

- 5 We are making good progress to achieve the objectives set in our 2018/19 Business Plan. Below I highlight key areas of development to note against each Business Plan objective.

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

***SQE - Letter to Justice Select Committee from Junior Lawyers Division***

- 7 On 21 June 2019, we were copied into a letter from the Junior Lawyers Division to the Chair of the Justice Select Committee to ask it to hold an evidence session or a short inquiry to review the LSB's decision making process in relation to the SQE. The letter has been [published](#) and was covered in the legal press.

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

**CLASSIFICATION – PUBLIC*****Preparing for the new Standards and Regulations***

- 9 On 31 May, we received approval from the LSB for changes to our professional indemnity insurance and Compensation Fund rules. These rules were the final set of significant changes that we required the LSB to approve.
- 10 We continue to progress our implementation of the new Standards and Regulations, which will go-live on 25 November. The Board will be provided with a full update on implementation at its September meeting. Our programme of training, support and engagement activities to prepare staff for the new Standards and Regulations will continue throughout the summer. By the end of July, staff in key roles across the business will have received training on the Standards and Regulations and we will continue to roll training out to staff during the summer and early autumn.
- 11 Our recent external communications activities have included [publishing a package of guidance in July](#), which covered our authorisations and accounts rules. The next package of guidance will cover areas such as dealing with conflict and confidentiality when working in an organisation that is not regulated under the Legal Services Act. We have also held or spoken at around 15 events designed to help prepare the profession for the introduction of our new Standards and Regulations.

***Legal Access Challenge***

- 12 Working in partnership with Nesta Challenges, and funded by our Regulators' Pioneer Fund award, we launched the Legal Access Challenge at an event on 30 May 2019. The launch attracted approximately 200 people. The application window closes on 11 August 2019. As of the end of June, we had nearly 80 expressions of interest. The judging panel, chaired by Anna Bradley, will assess and select applications in September.
- 13 We are planning to publish information on how we are spending the funding we received from the award. This is attached at annex 1.
- 14 A key strand of the Legal Access Challenge is to help to connect different organisations that may be able to collaborate in developing and funding technological solutions to access to justice problems. To assist with this, we set up a digital community at the same time as the launch. This gained over 70 members in its first month. There was also a Challenge networking event for innovators held on 24 June. We will continue to develop our collaboration networks and on-going support mechanisms over the coming months.

***Firm Diversity Data collection***

- 15 Our Firm Diversity Data collection exercise is now live. Alongside this, we are working to address the potential under reporting of disability that we have seen in previous diversity exercises. Our project has included a survey of 400 solicitors and we held two events, one in Birmingham and one in London, to share the

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findings of the survey. We engaged with disabled solicitors and legal professionals about disability in the workplace and the challenges some people face, as well as what law firms can do to make their business more inclusive.

<b>Objective 3: We will increase the availability of relevant and timely information to help people make informed choices in the legal services market</b>	<b>On track</b>
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16 We are on track to deliver this objective.

***Information Publication Rules***

17 We have now [published the outcome](#) of our web sweeps of law firm compliance with the information publication rules we introduced in December 2019. We found that most firms were partially compliant, and we have highlighted to them what they need to do to fully comply. We are in a dialogue with those firms that had not published any information.

***First Annual Report on Firms' First Tier Complaints***

18 Earlier this month, we published the [first annual report on firms' first tier complaints \(FTCs\)](#) as part of our Better Information reforms. The number of FTCs received has increased from 26,570 in 2012 to 28,113 in 2018. The Legal Services Consumer Panel tracker survey also shows that there has been a reduction in 'silent sufferers', those people who are dissatisfied but do not make a complaint, over the last few years.

19 The most common complaints firms receive are about: delay, failure to advise and excessive costs. The number of FTCs resolved has increased from 19,089 in 2012 to 22,847 in 2018. This is nine percentage points higher than in 2012, despite firms having received a higher number of complaints.

***Risk Outlook Topic Paper: Standards of Service***

20 To accompany the FTC report, we also published a [Risk Outlook topic paper focusing on Standards of Service](#). This report gives firms information about the risk of poor standards of service and provides tips and case studies on best practice and the benefits of improving service standards.

<b>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</b>	<b>On track</b>
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21 We are on track to deliver this objective.

***Anti-Money Laundering (AML)***

22 Our dedicated AML team is now in place. As the Board is aware, we have called in 400 firms' AML risk assessments, which we are currently in the process of analysing and we will publish some guidance based on findings in the autumn. In the run up to publishing guidance, we are planning to put out a series of blogs to highlight the issues we have identified.

23 HM Treasury has recently consulted on the implementation of the 5<sup>th</sup> Money Laundering Directive. We expect there to be a further consultation in the autumn and the directive must be transposed by 10 January 2020. There is likely to be a number of changes imposed on our supervised population, including the requirement to report discrepancies of ownership information at Companies House, and possible changes to how banks treat solicitors' pooled client accounts.

24 I attended the Economic Crime Strategic Board meeting on 10 July at which we considered the Government's Economic Crime Plan. We have signed up to be listed as an organisation in support of the Plan, which is due to be published this month. I also attended a HM Treasury roundtable on 11 July 2019 on anti-money laundering and counter terrorist financing supervision that focused on improving awareness and compliance within the legal and accountancy sectors.

25 In light of the developing work programme in this area, we are planning to bring a detailed paper to the Board in September.

**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**

***Customer Experience work***

26 We held our latest round of Leadership Team, line manager and all staff offsites during May and June. The focus of these engagement events was on our key work programmes and to formally launch our work on embedding a focus on customer experience across the organisation. This follows the work in our Contact Centre and its ServiceMark accreditation from the Institute of Customer Service earlier in the year.

27 Following the events, we launched our Customer Experience Engagement survey in June for staff to complete. This is a survey developed by the Institute of Customer Service to help organisations to understand and benchmark how well they are doing at embedding a customer-focused culture. We will review the

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results over the summer with a view to developing action plans on how we can improve later in the year.

***Engagement with website users***

- 28 We continue to engage with users of our website to create easy to use systems and improve customer experiences. In May, we conducted interviews and test sessions with more than 50 members of the public and law professionals on: the verification experience for users who click on the SRA clickable logo displayed by authorised firms, the online experience for reporting concerns about a solicitor and the search function for our forthcoming SRA register. We have also surveyed over 2000 adults with an independent YouGov survey to inform the development of our Digital Register.

**Section 2: Operational Performance*****Finance***

- 29 Our financial performance is in line with our recent reforecast of the budget which took place during May.

***KPIs***

- 30 Our KPI results for June 2019 were:
- 86% of conduct matters closed within 12 months of receipt against a target of 93%. This is up from 81% in May. We expect to be back in line with the 93% target by the end of November.
  - 92% of Compensation Fund claims were closed within 12 months against a target of 90%. This is up from 84% in May.
  - 87% of medium / high risk applications closed within 3 months in Firm Based Authorisation against a target of 90%. This compares to 93% in April. 11 out of 83 decisions missed the target in June. We expect to be back on target by the end of October.
- 31 We have been routinely achieving our Legal and Enforcement KPI (80% of matters issued within agreed KPIs), but given the volume of matters coming through, we are expecting a drop in performance in July. We are investigating if this trend will continue and we are hoping to be back on target by September.

**Section 3: External Developments, Publications and Engagement Activity*****Stakeholder Engagement***

- 32 Our ongoing engagement programme with stakeholders continues. We held a Parliamentary reception on 19 June, hosted by Bambos Charalambous MP, with speakers including the Solicitor General Lucy Frazer QC MP and new Justice

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17 July 2019



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Minister Paul Maynard MP. We were joined by colleagues from representative groups within the profession, including the Sole Practitioners Group, Black Solicitors Network, Society of Asian Lawyers and Women in Law, as well as MPs and Peers from all parties. We used the opportunity to launch our Public Engagement Charter, which we have now [published on our website](#).

- 33 We ran our first SRA Innovate event of the year in Leeds in June. There were more than 50 attendees with more than 200 additional people watching online. 100% of attendees said in feedback on the event that they would attend a similar event again. The second event took place in early July in Birmingham.
- 34 Over 30 staff alongside colleagues from Legal Ombudsman, local firms and the Law Society joined our Birmingham Pride float on the 25 May 2019. Our presence sends a strong message to both the profession and the public that legal services are for everyone. We celebrated International Day Against Homophobia, Transphobia and Biphobia (IDAHOBIT) by raising awareness with staff and by sharing a video of Board member Barry Matthews on social media talking about why it is important to celebrate IDAHOBIT.

***Consultation timeline***

- 35 Attached at annex 2 is the schedule of forthcoming consultations that the Board has asked to see on a regular basis.

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**Annexes**  
**Annex 1** Legal Access Challenge update  
**Annex 2** Consultation timeline