

SRA BOARD
15 September 2020

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This paper will be published

**Consultation feedback and next steps:
Business Plan and Budget, November 2020 to October 2021**

Purpose

- 1 The purpose of this paper is to summarise responses and other stakeholder feedback received in relation to our consultation on our draft business plan and budget for November 2020 to October 2021 and the principles for setting the levels of contributions to our Compensation Fund, and to confirm next steps.

Recommendations

- 2 The Board is asked to:
- (a) note the summary of feedback received, and our intention to publish an analysis of consultation responses and stakeholder views
 - (b) approve the publication of our business plan and budget for November 2020 to October 2021, subject to approval of the amendments set out at paragraph 33
 - (c) formally adopt the principles for setting the levels of contributions to our Compensation Fund.

If you have any questions about this paper please contact: Jane Malcolm, Executive Director External and Corporate Affairs, jane.malcolm@sra.org.uk, 07813 432583

Equality, Diversity and Inclusion (EDI) considerations

Consideration	Paragraph nos
Our business plan for 2020-21, as with the Corporate Strategy for 2020-23 under which this sits, embeds our ongoing commitment to promoting to access to justice across all our objectives, which will benefit all consumers, including the vulnerable.	
Our consultation approach included engagement events with a range of diversity groups, charities and consumer representative groups, including black, Asian and minority ethnic (BAME) groups and disability groups. We also used a range of social media platforms to reach different parts of our stakeholder community, and social media polling to provide an easy access way of responding.	10,11

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We have identified a strong theme throughout the consultation around vulnerable consumers, on whom the Covid-19 pandemic may be impacting disproportionately	16
For objective one, we received particularly strong support from the stakeholders in relation to the Solicitors Qualifying Examination (SQE) and our work on equality and diversity.	18
For objective two, responses to our proposed focus on technology stressed the importance of diversity, digital exclusion and variation in legal services providers' capacity and capability in this area.	23

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**Consultation feedback and next steps:
Business Plan and Budget, November 2020 to October 2021**

Background

- 3 We consulted over twelve weeks between 8 June 2020 and 26 August 2020 on our draft business plan and budget for November 2020 to October 2021, the first year of our new Corporate Strategy 2020–23.
- 4 This is the first time we have done so and aligns with our commitment to greater accountability and transparency.
- 5 The business plan consultation took place, in part, alongside the Law Society Group consultation on the level of the Practising Certificate fees for 2020/21, which ran from 8 June 2020 until 10 July 2020. We therefore asked for responses on the budget component to be made prior to 10 July, with the Board considering the 2020/21 Practising Fees contributions at its meeting on 14 July 2020. We did not receive any submissions in relation to the budget component before 10 July. The fees were subsequently approved by the Legal Services Board.
- 6 The consultation also set out and sought feedback on our new principles for setting future Compensation Fund contribution levels.
- 7 The draft business plan followed the Corporate Strategy 2020-23 and included an overarching aim to improve access to justice and to focus on three objectives:
 - setting and maintaining high standards for the profession and ourselves
 - technology and innovation
 - anticipating and responding to change.
- 8 Our plan, and indeed the consultation itself, have been set against the backdrop of the Covid-19 pandemic. We have been clear throughout that it will be some time before the implications of that for the users of legal services, the wider economy and the profession itself are fully understood, and that we will keep our work under review accordingly.

Our consultation approach

- 9 We published and promoted a full written [consultation](#), which received eight formal written responses. These were from organisations including the Law Society, Junior Lawyers Division, Legal Ombudsman, Legal Services Consumer Panel and the Association of Consumer Support Organisations (ACSO), as well as individuals.
- 10 Recognising the difficulties with face to face outreach, and as part of our commitment to accessibility for all, we also sought views from our stakeholders through our social media channels, including online surveys on LinkedIn (to

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which over 700 responded) and Twitter (with almost 10,000 responses). We had more than 100,000 impressions to our social media posts overall.

- 11 We delivered a programme of virtual events to discuss the business plan, including:
 - a webinar session on our YouTube channel that summarised our consultation (with over 100 views)
 - a roundtable discussion with consumer groups and charities
 - meetings involving with a range of diversity groups, including charities and consumer representative groups, including black, Asian and minority ethnic (BAME) groups and disability groups
 - a discussion with key technology stakeholders.
- 12 Our consultation received broad support for our plans for the year ahead, as well as attracting a range of views and perspectives on the specific proposals.
- 13 Our responses document is attached at annex 1.

Responses to our social media polling

- 14 Our polls on professional networking site LinkedIn asked about which current issues we should be focusing on and the priorities for our own work. The impact of the Covid-19 pandemic was at the forefront of respondent's thinking:
 - the impact of Covid-19 was viewed as the most significant current issue (40%), with around a third of respondents prioritising each of the UK-EU relationship (29%) or developments in legal technology (31%)
 - the introduction of the SQE was viewed as our most important area of work (highlighted by 41% of respondents). This was followed by work relating to the impact of Covid-19 (26%) and the adoption of legal technology (24%).
- 15 On Twitter, where we are more likely to reach a broader range of respondents across the public, profession and interest groups, the polls:
 - gave greater prominence to the importance of looking at the impact of Covid-19 (53% of respondents), and rather less to developments in legal technology (9%)
 - at the same time, however, nearly two-thirds of respondents felt that our work on supporting Lawtech could help increase access to justice.

**Responses in relation to the three key objectives
(Consultation Questions 1-3)**

- 16 The impact of the pandemic was a strong and consistent theme across much of the feedback we received during the consultation process. During our roundtable meeting with organisations that represent and advise consumers

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and the public, we heard calls to focus on the experiences and needs of vulnerable consumers amid concerns that the Covid-19 pandemic is impacting them disproportionately. Stakeholders felt that negative impacts on the legal profession and the consumers that rely on their services might increase further still over the coming year, and that certain areas of law such as housing advice might well become stretched and harder to access.

- 17 For objective one, we received particularly strong support from the stakeholders in relation to:
- the SQE, including from the Law Society and law firms. Firms also called for a focus on supporting firms on understanding the SQE as we introduce it
 - our Anti-Money Laundering (AML) work, with respondents advising that we include a strong focus on the impact of the significant increase in remote working across the legal sector because of the Covid-19 pandemic
 - the evaluation of our regulatory changes
 - our work on equality and diversity.
- 18 On the SQE we were grateful to hear suggestions for specific elements of this, including fully addressing EDI recommendations and social mobility considerations, career retention and progression, and more generally to make sure that our ongoing delivery of the SQE is transparent and inclusive of stakeholder views. We agree, and we also welcomed the Law Society's offer to continue working with us to help prepare the legal profession for the SQE's implementation in 2021.
- 19 The Junior Lawyers Division (JLD) called for stronger engagement with the SRA as we continue to progress our work on the delivery of the SQE, alongside confirmation from the SRA about testing protocols for the SQE ahead of its launch in 2021, and more information about the evaluation process. The JLD also referenced its concerns about the EDI impacts of the SQE and our intended approach to monitoring. We will review and take account of these comments, and all others about the SQE, as we continue our work in this area. We will continue to engage with the JLD, and others as we progress.
- 20 On AML the Law Society expressed support for our proposal to undertake a thematic review of tax advice, while ACSO suggested we set our sights clearly on achieving an environment where solicitors and their firms take responsibility for reporting suspicious financial activities.
- 21 Our proposals to develop our work in Wales attracted support, with topical points that we ought to consider focusing firstly on establishing a stronger virtual presence in Wales given the challenges of the pandemic.
- 22 We also received a suggestion that we should also look at how continuing competence requirements for the profession have been impacted by the pandemic.

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- 23 Our proposed focus on technology, as set out in objective two, also received strong levels of support, with recommendations we give greater consideration to the disparities in access, capacity and capability and potential inequalities that might be associated with developments in this area. This included variation in access to the use of technology by law firms and solicitors. Specific difficulties for certain groups and vulnerable consumers were also highlighted, including digital exclusion and digital poverty, and how these may be exacerbated by the Covid-19 pandemic.
- 24 Our proposed work under objective three, with plans and ideas for engagement, research and partnership working, in areas such as public legal education and factoring in the emerging realities of the Covid-19 pandemic received a mixture of views. For example, some in the profession felt we should avoid debate in well-established areas such as access to legal aid and focus more on regulatory improvements. Others, including the Law Society felt that work in this area would help better articulate and understand issues that impact the legal profession.

**Responses in relation to our proposed budget 2020-21
(Consultation Question 4)**

- 25 This was the first time we had consulted on our anticipated budget in this way, and we were pleased to receive feedback from our stakeholders about this.
- 26 We received overall support for our anticipated budget and for its allocation, including from the Law Society. Respondents flagged that we will need to be agile to adjust our expenditure as required during the year as new priorities emerge, with particular reference to the impacts of the Covid-19 pandemic. No specific comments on the budget were received before July 10.
- 27 The Law Society also expressed disappointment that our budget proposal did not result in a reduction in Practising Certificate fees. The JLD wondered whether the allocated budget for technology and innovation initiatives might be decreased in favour of work under our third objective, particularly given the emerging impacts of Covid-19 in the legal market. We acknowledge the feedback here, and, through our review of our regulatory fees, we will engage with colleagues at the Law Society and other stakeholders to make sure we take these views and perspectives on board.

**Responses on our proposed principles for setting the levels of contributions to the Compensation Fund
(Consultation Question 5)**

- 28 The Compensation Fund is a critical feature of our regulatory framework and the wider protection package for consumers, so we were pleased to hear general support for the design of our principles, and for our overarching commitment to focus on keeping the fund viable while avoiding the creation of unnecessary financial burdens for law firms and solicitors.

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- 29 We also welcomed views about the practical workings of the Fund, and as part of our ongoing programme of work to review its stability and future demands we will consider all the feedback we received during the consultation process.

Responses on future consultations on our business planning and budget (Consultation Question 6)

- 30 This is the first time that we have consulted on our forward business planning and how we allocate our funding across our work. We sought views on how we can best we can consult on this in the future.
- 31 Our overall approach to consult annually was widely welcomed. We also received some helpful suggestions, including calls for more detail about anticipated project expenditure, including implementation dates and flags on those projects that might potentially impact solicitors and their businesses.
- 32 We agree that there is scope for us to provide further detail and other information about our work and the ways we intend to approach and fund that work. Feedback will be built into the format and content of our future consultations on business planning and discussions regarding our budget and will also help to shape the practical ways in which we look to engage with our stakeholders on those issues.

Proposed changes to the business plan

- 33 In light of feedback we received we are proposing to make the following small amendments to the business plan and budget for November 2020 to October 2021:
- give greater acknowledgement to the challenges that the year ahead from the direct and indirect (economic) impacts of the coronavirus pandemic, particularly for vulnerable consumers, and the potential increased risks for the profession
 - include greater focus in our scoping work across the year on what we can do as a regulator to address inequalities and variation in the use and access to the benefits of Lawtech
 - propose that we look at the timing to recruit staff in Wales and delay the opening of a physical office in Wales in the light of uncertainty about Covid-19 constraints over the months to come
 - publish our budget unchanged but keep this and our work programme under close review across the year in the light of developments, particularly in response to the Covid-19 pandemic.

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Recommendations: the Board is asked to:

- (a) note the summary of feedback received, and our intention to publish an analysis of consultation responses and stakeholder views**
- (b) approve the publication of our business plan and budget for November 2020 to October 2021, subject to approval of the amendments set out at paragraph 33**
- (c) formally adopt the principles for setting the levels of contributions to our Compensation Fund.**

Next steps

- 34 Subject to Board agreement to the recommendations above we will now finalise the business plan and budget for 2020-21 and arrange for publication during September 2020.

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Supporting information

Links to the Corporate Strategy

- 35 The business plan 2020-2021 sets out plans for the first year of the next three-year Corporate Strategy which sets out our forward strategic priorities in light of emerging issues and factors within the legal services market and wider environment.

How the issues support the regulatory objectives and best regulatory practice

- 36 The new plan and its objectives have been developed to support the Corporate Strategy which in turn supports the eight Legal Services Act 2007 regulatory objectives. It also supports the better regulation principles, in particular accountability and transparency.

Public/Consumer impact

- 37 The plan, as with the Corporate Strategy has access to justice as a cross cutting theme. It also covers a range of public and consumer focused workstreams including public legal education and supporting legal technology that directly impact on consumers.

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

- 38 As part of our consultation approach, we have built on the work begun as part on the consultation on the Corporate Strategy last year and directly engaged with the profession, consumer groups and individuals on our plan. Against the backdrop of the Covid-19 constraints, we developed social media campaigns and a series of virtual events to help people engage with the consultation.

Equality and diversity considerations related to this issue

- 39 Our business plan for 2020-21, as with the Corporate Strategy for 2020-23 under which this sits, embeds our ongoing commitment to promoting access to justice across all our objectives, which will benefit all consumers, including the vulnerable.
- 40 Our consultation approach included engagement events with a range of diversity groups, charities and consumer representative groups, including black, Asian and minority ethnic (BAME) groups and disability groups. We also used a range of social media platforms to reach different parts of our stakeholder community, and social media polling to provide an easy access way of responding.
- 41 We have identified a strong theme throughout the consultation around vulnerable consumers, on whom the Covid-19 pandemic may be impacting disproportionately.

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- 42 For objective one, we received particularly strong support from the stakeholders in relation to the SQE and our work on equality and diversity. For objective two, responses to our proposed focus on technology stressed the importance of diversity, digital exclusion and variation in legal services providers capacity and capability in this area.

How the work will be evaluated

- 43 We will report progress quarterly to the Board and build learning into future business plans and our next consultation exercise.

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Annexes

Annex 1 Our consultation responses document

Annex 2 Draft Business Plan and Budget for November 2020 to October 2021