

SRA BOARD

1 July 2021

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**Business Plan and Budget for November 2021 to October 2022:
consultation feedback and next steps**

Purpose

- 1 This paper summarises responses received from stakeholders during the [consultation process](#) on our [draft business plan and budget](#) for November 2021 to October 2022 and proposes our next steps.

Recommendations

- 2 The Board is asked to:
- a) note the summary of consultation feedback and our public commitment to publish an analysis of the responses and stakeholder views shortly
 - b) delegate authority to the Chair to approve the final business plan for publication with any additional details stemming from the Board meeting discussion
 - c) approve the SRA budget of £56.8m to be provided by practising fee income
 - d) note the expected reduction in the practising certificate fee that the Board is likely to be asked to consider for approval at the 20 July 2021 SRA Board meeting, following the Law Society Council's meeting.

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Equality, Diversity and Inclusion considerations

Consideration	Paragraph nos
Our business plan for 2021-22 embeds an ongoing commitment to promoting access to justice across all our work activities, to benefit all consumers including protected groups.	Paragraph 4
We consulted on initial equality impact assessments for our proposed practising certificate fee, and Compensation Fund contribution, for 2021-22.	Annex 2: paragraphs 41 - 43
Our consultation approach included engagement events with a range of diversity groups, charities and consumer representative groups, representing diverse communities.	Paragraphs 34 – 38 and Annex 1

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<p>We 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.</p>	
<p>We discussed EDI specifically with stakeholders from different communities and are taking account of their views through the delivery of our 2021-22 Business Plan.</p>	<p>Paragraphs 25 and Annex 2: paragraphs, 27 – 29, 42</p>

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Business Plan and Budget for November 2021 to October 2022: consultation feedback and next steps

Background

- 3 The consultation on our draft business plan and budget for November 2021 to October 2022 took place between 6 May and 25 June 2021. It set out our proposed work activities and budget for the second year of our Corporate Strategy 2020–23.
- 4 The consultation also sought feedback on initial equality impact assessments carried out in respect of the proposed practising certificate fee and proposed Compensation Fund contribution for 2021-21.
- 5 Our draft business plan for 2021-22 was developed around an overarching aim to improve access to justice, and to deliver our three strategic objectives, which are:
 - setting and maintaining high standards for the profession and ourselves
 - technology and innovation
 - anticipating and responding to change.
- 6 The draft plan captured, and sought views on, points raised by the Board in the strategy day and workshop discussion on 27 April 2021. It also reflected topics that had been discussed during the Board’s virtual seminar with external stakeholders during the preceding evening.
- 7 For the first time our consultation on our draft business plan and budget took place alongside the Law Society’s own consultation on its proposed activities and budget proposal for 2021-22. The SRA and the Law Society’s consultation processes and post-consultation decisions on our respective business plans and budgets are informing our joint application to the Legal Services Board, for the approval of practising fees for 2021/12.

Summary

- 8 We received generally positive feedback about the regulatory approach, proposed work activities and budget set out in our Business Plan and budget consultation. This was across the range of respondents that we heard from in formal written responses, as well as from those at the numerous dedicated stakeholder engagement events, such as the technology and innovation roundtable, and wider discussion events. The engagement programme is described in annex 1.
- 9 Most respondents generally supported our Objective One proposals. Across formal responses and at events with the profession, the importance of SQE was highlighted. There were calls to continue publicising its introduction and to target communications at different segments of those impacted. Our approach to independent evaluation, for the Solicitors Qualifying Examination (SQE) as

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- well as other major reforms, was welcomed. Representative bodies highlighted that this would be essential to the credibility of the SQE, given continued concerns raised by some about its potential impacts.
- 10 Several respondents supported our moves to establish a robust quality assurance function. Consistency and proportionality of our decision making was highlighted as a priority by members of the profession. The Law Society, while welcoming our general direction, called for independent auditing of our decision making.
 - 11 We received a specific suggestion at the consumer body roundtable for us to include an additional focus within our Public Legal Education programme around highlighting changes to the immigration rules to the public, and their connected options for legal advice. This would support our on-going commitment to lead and contribute to thought leadership, engagement, and debate regarding the changing immigration and asylum system and access to quality legal support when this is needed.
 - 12 Our proposal to segment the market when considering regulatory issues and how we might target our resources more directly in response to them was universally welcomed - from consumers, legal service providers and newer voices such as tech companies themselves, who were engaging with the SRA for the first time. Our proposal to undertake some independent research around market segmentation was also supported.
 - 13 We received positive feedback about being an evidence-led regulator and the Board's commitment to develop a strategically focused research programme, engaging quality external research bodies was highlighted by several respondents, including the Law Society and the Legal Services Consumer Panel, as being welcome developments. We received support too for our proposal to embed a strong consumer focus into our research activities in 2021-22 and our commitment to position consumer research as a central feature of the evidence base that we use to inform the design of our policies, and the delivery of our regulatory responses.
 - 14 Several respondents noted that they were encouraged by our collaborative and open-source approach to research. For instance, Amplified Global, a technology company, said that publishing information about pain points and developments in the legal sector can provide valuable targets for innovation and well as providing vital proof to demonstrate the potential benefits of innovation to partners and clients, and in attracting early-stage investment. The Law Society encourages us to continue our work leading the collaboration across regulators, and also suggests we increase the use of impact analysis in our work.
 - 15 Similarly, we heard support for evidence-based horizon scanning. For example, Cardiff and District Law Society suggested we work closely with firms to consider future-orientated regulation and get a real understanding of where the legal market is going in the next five years and what the needs of consumers

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- are. In several engagement events, including those with the public, we heard views around the need to understand the changing needs of consumers in a changing world.
- 16 Our proposals around technology and innovation featured prominently in the consultation responses that we received and in the engagement events, with many stakeholders expressing enthusiasm for the focus we have put on this area and the shape of the proposed programme.
 - 17 The Legal Services Consumer Panel said that it was impressed with our direction of travel on innovation and technology. The Legal Ombudsman (LEO) said that it was supportive of the innovation work outlined throughout the draft Business Plan and the potential for shared learning. It gives an offer to help in sharing insights and working with us more.
 - 18 Many members of the public in our consultation focus group confirmed their increased appetite for digital solutions in the legal services world. This was mirrored in sessions with specific communities for example, in our meeting with neuro-diverse consumers, there was interest in how emerging technology might help this community access legal services in new ways. There was a particular ask among the public for the development of unbundled legal services, with the client doing some of the work themselves.
 - 19 However, there was also wariness from some consumers about any movement towards defaulting to tech solutions for all consumers and / or all segments of legal services. The importance of building trust in technology solutions was emphasised. There were calls for the SRA to help make sure that innovation and technology is developed responsibly, and in ways that benefit consumers, the sector itself, and the wider UK economy. It was suggested that this would take collaborative, cross-sector engagement.
 - 20 We heard supportive feedback from stakeholders at our technology and innovation roundtable. Delegates agreed that we were sensible to have taken time to research and build evidence to help us understand where we can make the biggest positive impact, acknowledging that building a targeted and effective innovation offering is a significant undertaking.
 - 21 We heard calls to action from stakeholders to now step up our SRA Innovate offering, with practical suggestions about what innovators would most value. The lawtech community supported all the proposals in our draft Business Plan. They drew particular attention to the benefits of fast support to specific queries, real time information about the issues that we see and advise on, proof of concept activity working closely with innovators and engaging regulated law firms and consumers and open source publication of research.
 - 22 We heard some good additional ideas too, for example at the innovation and technology roundtable we were encouraged to convene an Innovation and Technology Forum where innovators and other interesting stakeholders can share ideas, discuss issues and form partnerships and have the opportunity to

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- inform us of changing stakeholder needs. It was also suggested that we could produce a list of top ten issues for tech adopters.
- 23 The Law Society, Cardiff and District Law Society and Association of Consumer Support Organisations (ACSO) drew attention to and welcomed our approach to innovation and technology. A clear view from the profession in responses and broader discussions was that we should have particular focus on supporting smaller firms adopt, and adapt to, changing technology - to avoid the risk of them being left behind in an increasingly digital-first world.
- 24 We also heard calls for the SRA to highlight poor practice or unethical use of technology, so as to guard against and mitigate developing risks. During our roundtable event with consumer groups, we discussed opportunities to respond to the risks of digital exclusion, including working more closely with frontline advice services who support consumers to access digital information and services.
- 25 There was widespread support for our proposals to continue prioritising equality, diversity and inclusion (EDI), with stakeholders acknowledging the challenges both in relation to diversity in the profession and in supporting access to justice for diverse communities, including the vulnerable. Our proposed research around the attainment gap and EDI issues in our disciplinary processes were broadly welcomed as good examples of thought leadership, while the importance of collecting and sharing good quality data and providing resources and support were also stressed. The further work stakeholders want from us relates to clearly articulating and communicating learning points emerging from our research, alongside setting clear and achievable actions.
- 26 The Law Society supported our proposed activity in relation to Objective Three and encouraged our continued engagement and collaboration on key issues. The Law Society also again suggested that we could be more vocal on calling for higher level of legal aid funding and support for government grants towards legal and education and training for those from lower socio-economic backgrounds.
- 27 In broader discussions with stakeholders, we have heard concerns about the impact of the hardening insurance market on firms' premiums, concerns from insurers about the comprehensive consumer protections within our arrangements and concerns from innovators that insurers may be over-estimating the risk of innovation in their actuarial modelling. This is an area we may wish to explore further in 2021/22.
- 28 We did not hear any significant objection to our proposal to maintain a broadly flat budget or to our practising certificate approach that would suggest that any fundamental change was needed. Although Cardiff and District Law Society did query whether any discount could be provided to individuals who find themselves in a financially precarious position. Similarly, our Compensation Fund levels were broadly supported.

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- 29 The Law Society, LEO, ACSO and Amplified Global praised our open approach to collaboration and sharing research and called for this development to continue. We also heard calls for even greater collaboration from several other stakeholders of all types. We will continue our commitment to be open and collaborative, as set out in the Corporate Strategy, using the segmentation research to target partnerships, for instance with smaller firms.
- 30 Both the Law Society and in-house lawyers, at their roundtable, noted the growing importance of climate change as a global issue for all sectors and all their regulators. It was suggested that we collaborate with the Law Society on identifying what, if any, response is needed by the SRA.
- 31 We have produced a question-by-question breakdown summary of responses at annex 2.

Post Consultation position

- 32 The supportive responses to the consultation do not indicate that fundamental change is needed to the Business Plan or the budget as consulted on.
- 33 There are certain areas where we may wish to amend the emphasis and/or add detail because of new ideas and the feedback received. These might include:
 - a. establishing an Innovation and Technology Forum rather than pursue the Innovation and Technology Specialist Panel we had been considering.
 - b. launching quite quickly our proposed pilot to test if and how unbundling of legal services in a segment of the market might be further developed to benefit consumers, including how technology might facilitate.
 - c. drawing out a focus in our work to support smaller firms in complying with our regulation and to adopt to an increasingly 'digital first' world.
 - d. developing a specific proof of concept around an area of compliance, potentially anti-money laundering.
 - e. drawing on the Standards and Regulations (STARs) year one evaluation results to consider more targeted support materials for different segments of legal services providers.
 - f. considering options for broader collaboration on our new horizon scanning activity.
 - g. focusing on our discounting policy in our practising fee arrangements in our fees review.
 - h. including immigration as an area of enhanced focus in our PLE programme.

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CLASSIFICATION – PUBLIC**Engaging with our stakeholders**

- 34 Our [consultation paper](#) received 11 formal responses, submitted directly by organisations or through our online portal. Formal responses were received from:
- A law firm
 - Two individual solicitors
 - Amplified Global - a tech firm that attended the tech and innovation roundtable
 - The Law Society of England and Wales
 - Cardiff and District Law Society
 - Hampshire Law Society
 - The Association of Consumer Support Organisations – a representative body for consumer claimant organisations
 - The Legal Services Consumer Panel
 - The Legal Ombudsman
 - A member of the public
- 35 Beyond the formal responses, we also engaged with over 8,300 people through a comprehensive engagement programme. Using channels such as social media allowed us to reach a diverse selection of stakeholder communities, beyond those we usually hear from.
- 36 Stakeholder events, roundtable meetings and focus groups were central to our engagement approach. Stakeholders welcomed the participation of our Board members in many of these. These channels allowed us to access constructive, honest feedback about our proposed work activities for 2021-22 - a level of insight that would have been challenging to achieve through the formal consultation response route alone.
- 37 This area of engagement included:
- **Meeting legal professionals and their representative bodies** - featuring virtual roundtables with a group of in-house lawyers (including some in non-commercial bodies), and a range of EDI-focused bodies such as the Association of Asian Women Lawyers, the Black Solicitors Network, InterLaw, Black men in law and the Lawyers with Disabilities Division. The business plan was also discussed at meetings with groups such as local law societies, the Sole Practitioners Group and City of London Law Society.
 - **Discussion with innovators and the lawtech community** – notably including a roundtable event with innovators and leading academics.
 - **Events with members of the public and organisations that represent their interests** - designed and delivered to respond to specific communication preferences of different communities, and including focus groups with people who are neurodiverse, with people with learning

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disabilities and their carers (Conwy Connect), a representative group of the public, as well as a roundtable with consumer and representative groups, including Age UK, Diverse Cymru and several local law centres.

- 38 Social media engagement was another feature of our engagement programme, both in terms of promoting the consultation, and to support our engagement with stakeholders about the draft business plan and budget. Highlights included four polls that we ran through our LinkedIn and Twitter channels that resulted in over 7,700 engagements.

Proposed budget for 2021-22

- 39 The SRA is funded primarily from practising fees. We can charge annual fees to individuals (e.g., practising certificate fee) as well as to firms (recognised bodies and licensed bodies). These are mandatory and must be paid in order for individuals and firms to practise. These fees also fund some of the work of the Law Society (those activities permitted by section 51 of the Legal Services Act), the full cost of the Solicitors Disciplinary tribunal as well as part of the running costs of the Legal Service Board, the Legal Ombudsman and the Office for Professional Body Anti-Money Laundering Supervision
- 40 No changes are proposed to the budget that was set out in the consultation. This included income of £56.8m from practising fees, an increase of £2m from the 2020/21 budget, but broadly in line with the amount we expect to collect this year due to increased numbers of practising certificate holders.
- 41 The Board is asked to approve the SRA practising fee requirement of £56.8m to be included in the Law Society practising fee requirement.
- 42 The Law Society recently consulted on its share of the practising fee and we are not expecting any change from the figure it consulted on. Based on this and the latest estimates of costs for the Legal Services Board, Legal Ombudsman, Solicitors Disciplinary Tribunal and the Office for Professional Body Anti-Money Laundering Supervision, we expect the Law Society Council to approve an overall practising fee requirement of £105.6m - an increase of £4.4m from 2020/21.
- 43 Subject to this approval by the Law Society Council, the Board will be asked to approve the practising fees for 2021/22 at its meeting on 20 July 2021.
- 44 Based on the current number of practising solicitors we expect to recommend a reduction in the individual practising certificate fee from £278 to £270 for 2021/22. At the end of May 2021 there were just over 158,000 practising solicitors and Registered Foreign Lawyers, and there will be additional entrants to the profession during the late summer and early autumn.
- 45 We have not seen any significant impact on solicitor numbers over the last year, although there had been speculation that the Covid-19 pandemic and/or the UK exit from the European Union may reduce the numbers. It seems likely

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therefore that the year-on-year increase¹ in solicitor numbers will continue into 2021/22. A prudent assumption would be that at least 158,000 individuals will renew their practising certificates in 2021/22. As there are discounts available to some individuals, such as those on maternity leave, this would be the equivalent of around 156,500 full practising fees, equating to an individual fee of £270.

Recommendations: the Board is asked to:

- a) **note the summary of consultation feedback and our public commitment to publish an analysis of the responses and stakeholder views shortly**
- b) **delegate authority to the Chair to approve the final business plan for publication with any additional details stemming from the Board meeting discussion**
- c) **approve the SRA budget of £56.8m to be provided by practising fee income**
- d) **note the expected reduction in the practising certificate fee that the Board is likely to be asked to consider for approval at the 20 July 2021 SRA Board meeting, following the Law Society Council's meeting.**

Next steps

- 46 Subject to Board agreement to the recommendations above we will proceed to finalise the business plan and budget for 2021-22 and arrange for publication during September 2021. This will be supported by a summary of responses document.
- 47 We will submit our application to the Legal Services Board for the approval of the practising certificate level. We have been liaising with the LSB for some time to make sure that they are happy with our consultation approach and our approach to equality impact assessment.
- 48 The feedback we received from our stakeholders will be used to inform the development of detailed work plans and our activities during 2021-22. The Board will be considering the Policy Work Programme in workshop on 20 July.

¹ [SRA | Regulated population statistics | Solicitors Regulation Authority](#)

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Supporting information

Links to the Corporate Strategy and/or Business Plan and impact on strategic and mid-tier risks

- 49 The business plan 2021-22 describes our work plans for the second year of our three-year Corporate Strategy for 2020-23, which sets out our forward strategic priorities considering emerging issues and factors within the legal services market and wider environment.

How the issues support the regulatory objectives and best regulatory practice

- 50 The business plan and its objectives have been developed to support the achievement of our Corporate Strategy for 2020-23, and which in turn supports the eight Legal Services Act 2007 regulatory objectives. Access to justice is woven throughout the business plan as an overarching aim. The business plan activities are also designed to meet the better regulation principles, in particular accountability and transparency.

Public/Consumer impact

- 51 The business plan, as with the Corporate Strategy, has access to justice as a cross cutting theme. It also covers our proposals to deliver a range of public and consumer focused workstreams including our public legal education workstream, promoting and supporting legal technology and service delivery that directly benefits consumers, and to build a stronger consumer focus into our research activities. We have proactively engaged consumer representatives and members of the public in the consultation process.

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

- 52 As part of our consultation approach, we have delivered a programme of direct engagement with the profession, consumer groups and individuals. Against the continued backdrop of Covid-19 constraints, we developed social media campaigns and used virtual engagement channels to help people comment on our proposals.

What equality and diversity considerations relate to this issue?

- 53 Our consultation approach included engagement events with a range of diversity groups, charities and consumer representative bodies, including Black, Asian and minority ethnic groups and disability groups. We also used social media activity, delivered across a range of platforms, to engage and reach different parts of our stakeholder community, and used social media polling as a quick and accessible way for people to feed their views to us.
- 54 EDI considerations are referenced throughout our business plan, and we have completed initial equality impact assessments on the proposed practising certificate fee and Compensation Fund contribution. We explicitly invited views

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about our initial impact assessments and for stakeholders to provide and further evidence.

How the work will be evaluated

55 We will report progress to the Board, and build learning points into our future business plans and consultation processes. We have a robust evaluation programme in place for major policy changes.

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Annexes:

Annex 1 Consultation engagement programme

Annex 2 Summary of feedback by question