

SRA BOARD

27 April 2021

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This paper will be published

SRA Business Plan and Budget 2021-2022

Purpose

- 1 This paper sets out the SRA's draft Business Plan and Budget for 2021 – 2022, and describes the next steps required for public consultation, finalisation of the Business Plan, and its publication by 31 October 2021.

Recommendations

- 2 The Board is asked:
 - (a) to review the draft Business Plan and Budget for 2021-22, and the public consultation process outlined.
 - (b) to approve the recommendation for the 2021/22 Compensation Fund contributions.
 - (c) to delegate final approval of the Business Plan and Budget 2021-22 consultation documents to the Chair.

If you have any questions about this paper please contact: Tracy Vegro, Executive Director – Strategy and Innovation Tracy.Vegro@sra.org.uk or Liz Rosser, Executive Director – Resources Liz.Rosser@sra.org.uk

Equality, Diversity and Inclusion considerations

Consideration	Paragraph nos
The draft Business Plan and Budget includes an overarching focus on improving access to justice and introducing new technology solutions, which have potential to benefit people from disadvantaged communities.	Paragraph 4
The draft Business Plan and Budget is accompanied by an equality impact assessment that is being carried out on our practising certificate fee.	Paragraphs 19 - 22
Our intended consultation approach includes targeted engagement events with people from diverse communities.	Paragraphs 14 - 17

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SRA Business Plan and Budget 2021-2022

Background

- 3 The SRA's Corporate Strategy for 2020 – 2023 sets out our strategic objectives in three areas:
 - Setting and maintaining high standards for the profession and ourselves.
 - Technology and innovation.
 - Anticipating and responding to change.
- 4 Our commitment to improve access to justice is woven throughout our strategic objectives and across all areas of our work, with each objective supported by an outcome statement describing the approach we take to deliver it.
- 5 Our Business Plan sits under our Corporate Strategy to describe our work plans and the ways we intend to spend our budget and deploy other resources across a twelve-month period. The Business Plan year starts on 1 November and concludes on 31 October.
- 6 We will consult with our stakeholders on our Corporate Strategy, on our Business Plan, and on our budget proposals.

Proposed work activities for 2021-22

- 7 The draft Business Plan and Budget, to take effect from 1 November 2021 until 30 October 2022, is attached at annex 1.
- 8 The draft Plan follows the same structure as our Business Plan for 2020 – 21, and groups our proposed work activities under each of the three strategic objectives.
- 9 Highlights from our proposed activities for 2021 – 2022 include:

Objective One: Setting and maintaining high standards for the profession and ourselves

- Launching an extensive monitoring and evaluation programme for the SQE.
- Surveying and working closely with firms and candidates to understand the SQE's impacts for recruitment and training of qualifying work experience.
- Taking forward the CMA recommendations, including possible further pilots on specific ideas to ensure that choices in the legal services market continue to improve for consumers.

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- Progressing a strategic review of continuing competence requirements to help inform and enhance our regulatory approach.
- Actioning independent evaluation activity relating to our recent reform programmes, including the SRA Standards and Regulations, and the SRA Transparency Rules, to identify their impacts and understand their effectiveness in the legal services market.
- Continuing our post-consultation work to improve the assurance of advocacy standards.
- Working closely with the Department for Business, Energy and Industrial Strategy and the Ministry of Justice following the EU Exit to develop our policies in line with any new requirements for the mutual recognition of qualifications.
- Expanding our programme of anti-money laundering visits to firms to make sure we continue to develop our knowledge and our response to AML regulatory approaches in the legal services sector.
- Publishing independent research on law firm diversity data and of the EDI impacts of the SRA's operational work, and taking forward engagement with our stakeholders about actions we are taking and the impacts those actions are having.
- Embedding an internal independent Quality Assurance team to support continual improvement.
- Delivering a strategic approach to resourcing to get the most from our people, processes, technologies, data and information, including our regional representation in Wales.
- Broadening our public legal education workstream through collaboration opportunities with charities, consumer groups and others so that we can continue to access opportunities to engage with the communities that they represent.

Technology and innovation

- Completing year two of the Lawtech UK Sandbox commitments, to continue our leading role and to ensure a successful conclusion of the project.
- Identifying and testing out experimental regulatory approaches to support the introduction of new technology, including internationally through, for

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example, the Agile Nations forum, so that we encourage innovation and are an authoritative commentator on lawtech.

- Using findings from our research with Oxford University to develop targeted projects that continue to support innovation in the market and reduce regulatory barriers.
- Developing a programme of ‘proof of concept’ activity and collaborative actions to be delivered through the relaunched SRA Innovation Space, to make sure that we continue to stimulate adoption of, and learn from, new technology.
- Continuing our work to understand and address regulatory barriers so that we can in turn support legal services providers to understand the benefits of technology for their businesses.
- Building an integrated network of business schools and innovation labs to help us explore new uses of technology in the legal sector.
- Developing a programme of activity focused on supporting small businesses to take advantage of new developments in the lawtech market, both as users and providers of legal services.

Anticipating and responding to change

- Delivering a strategically focused research programme and embedding our new in-house horizon scanning and intelligence gathering functions to make sure we continually improve our knowledge of the legal services sector.
- Continuing our work to develop strategic partnerships, including with the Government Digital Service, Tech Nation and others so that we continue to build the profile of the SRA as a thought leader.
- Identifying opportunities to host and participate in discussions on strategic issues in the legal sector and beyond, so that we are able to bring a diverse range of subjects to the table to debate with our stakeholders.
- Monitoring trends and emerging themes that impact consumer information needs and responding to those needs so that consumers can continue to access support and information they may need about legal services, and at the times they most need it.

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- Mapping consumer experiences across different parts of the legal services sector in order, to make sure we can direct our resources appropriately to deliver our regulatory functions, and to provide support to consumers in different ways and at the point of need.
- Continuing to build our understanding and scenario planning for systematic changes in the legal services market, for example through any continued 'hardening' of the PII market, to make sure we are agile and can respond in good time to risks as they emerge.

Budget and the net funding requirement

- 10 The draft Business Plan sets out our proposed budget for 2021-22, confirming that it derives from the Net Funding Requirement (NFR) process used to identify the amount to be collected from the profession through practising fees.
- 11 Separately the Law Society's Board is discussing proposals for its 2021-22 business plan and budget, and for a consultation process scheduled to begin in May 2021, which will seek views on the Law Society's budget proposal and its share of the NFR.
- 12 This means that both the SRA and the Law Society will consult on their own respective parts of the practising fee requirement, rather than the total Practising Certificate fee. Both consultation papers will explain how these parts relate to the individual Practising Certificate fee.
- 13 Post-consultation, the SRA Board and the Law Society Board will consider feedback and confirm the Practising Certificate fee requirement for 2021/22. The Law Society Council will then approve the total Practising Certificate fee requirement, following which the SRA Board will be asked to approve individual and firm practising fees before the application is made to the Legal Services Board.
- 14 The NFR and draft budget and Compensation Fund Contribution for 2021-22 are attached at annex 2.

Consulting our stakeholders

- 15 Our consultation process on the draft Business Plan and Budget 2021–22 will take place between 4 May 2021 and 25 June 2021.
- 16 We are developing an engagement plan to promote the consultation to our stakeholders and to seek feedback from a range of different groups and communities.

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17 Our engagement approach will include:

- Digital activities, including polls targeted at members of the public and legal services professionals, social media blog posts, webinars, and video messages.
- Roundtable events with stakeholders including consumer groups, lawyers, and equality and diversity bodies.
- Focus groups with members of the public.
- Targeted communications to key stakeholders to encourage participation.

18 We will report back to the Board to summarise stakeholder feedback and to confirm a final version of the Business Plan and Budget.

Identifying and understanding equality impacts

- 19 Our draft Business Plan for 2021 – 2022 describes our commitment to continue monitoring, identifying and assessing the impacts of our work towards equality, diversity and inclusion considerations, and to then manage those impacts through our work activities. In 2021-22 this will include reviewing our evaluation of our Standards and Regulations, and taking forward relevant actions that we identify through that evaluation process.
- 20 We have undertaken initial equality impact assessments (EIAs) of the Practising Certificate Fee and Compensation Fund fee. This includes analysing data about protected characteristics, as defined in the Equality Act 2010, of solicitors and the diversity profile of law firms, and how this data correlates with fees paid during the practising certificate renewal exercise. Our initial analysis has not identified adverse impacts linked to our fee structures.
- 21 The initial EIAs are attached at annexes 3 and 4. They will be described in the Business Plan consultation paper, as a means of seeking initial feedback from our stakeholders about them, and our overall approach towards assessing the impacts of our fees. Following the completion of the consultation, we will analyse any feedback received before finalising the EIAs and our evaluation to accompany the application to the Legal Services Board seeking approval for the fees for 2021-22.
- 22 Going forward, we will refresh the Practising Certificate Fee EIA annually and we will continue to monitor the impacts of our fee structure on individuals with protected characteristics. Alongside this we will continue to work to improve the quality of our diversity data.

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Next steps

- 23 Subject to Board approval, we will finalise the draft Business Plan and Budget 2021-22 and publish it for consultation on 4 May 2021.

Recommendations: The Board is asked:

- a) to review the draft Business Plan and Budget for 2021-22, and the public consultation process outlined
- b) to approve the recommendation for the 2021/22 Compensation Fund contributions
- c) to delegate final approval of the Business Plan and Budget 2021-22 consultation documents to the Chair.

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Supporting information

Links to the Corporate Strategy and/or Business Plan

- 24 The draft Business Plan and Budget 2021-22 describes our work activities, and the ways in which we will use our resources to deliver those activities. It sits beneath our Corporate Strategy 2020-2023, and contributes directly to the delivery of our three strategic objectives for this period.

How the issues support the regulatory objectives and best regulatory practice

- 25 The work activities set out in our draft Business Plan and Budget 2021-22 have been developed with the eight regulatory objectives from the Legal Services Act 2007 in mind, as well as the better regulation principles. In particular the activities support the delivery of our Corporate Strategy 2020-2023, which includes a focus throughout on the Act's regulatory objective to improve access to justice.

Public/Consumer impact

- 26 The activities we describe in the draft Plan aim to improve access to justice, but to more broadly benefit consumers in terms of improved interactions with the legal services market.

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

- 27 As part of our consultation approach we will be engaging with a range of consumer groups, charities representing diverse groups, and members of the public. Our draft Business Plan also sets out our intention to continue to build new relationships and partnerships with our stakeholders, and to work with them in new ways and by speaking out for example on areas where we can add value by commenting and leading debate.

What equality and diversity considerations relate to this issue?

- 28 Our draft Business Plan and Budget confirms our intention to continue prioritising equality and diversity assessments across our projects and workstreams, and to continue our work activities that help us to promote diversity and inclusion and to build partnerships that enable us to do so. Our initial equality impact assessments of the practising certificate fee and compensation fund contributions helps make sure we understand the equality impacts of fees we charge and the contributions that we collect..

How the work will be evaluated

- 29 Progress in delivering the work activities set down in the Business Plan and Budget for 2021-22 will be reported to the Board, and to our stakeholders through our engagement channels.

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Author Richard Silver, Policy Associate

Contact Details tracy.vegro@sra.org.uk

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Annexes

Annex 1 Draft Business Plan and Budget for 2021-22

Annex 2 SRA 2021-22 Net Funding Requirement and Draft Budget and Compensation Fund Contribution

Annex 3 Practising Certificate Fee Equality Impact Assessment

Annex 4 Compensation Fund Equality Impact Assessment

NB: The annexes to this paper were published on 6 May 2021 as a [consultation](#)