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This paper will be published

Chief Executive's Report

Purpose

- 1 This report provides an update to the Board on our priorities and any key developments that it needs to be aware of. It also provides information on important external developments and our engagement activity with key stakeholders.

Recommendations

- 2 The Board is asked to:
 - a) consider the Chief Executive's report
 - b) make the SRA Authorisation of Individuals (Keeping of the Roll) (Amendment) Regulations which amend regulations 5.4 and 5.5 of the SRA Authorisation of Individuals Regulations to allow for the keeping of the roll changes to be implemented, including the reintroduction of an administration charge of £20 (paragraphs 10 – 13)
 - c) make the new rules on the treatment of colleagues (paragraph 15).

If you have any questions about this paper please contact: Paul Philip, Chief Executive, paul.philip@sra.org.uk, 0121 329 6940.

Chief Executive's Report

Update against priorities / key developments

Practising Certificate Renewal Exercise

- 3 This year's Practising Certificate Renewal Exercise (PCRE) has been an overall success. At the time of reporting, we had invoiced £112.1m and over 153,000 Practising Certificates had been issued (97% of the total expected as at 28 November 2022). Both our IT provider and operational teams worked hard to prepare the system for the exercise and tackle any issues that arose during this busy time. Customer satisfaction levels were good with call satisfaction levels at 89% and email satisfaction levels at 85% (compared to 89% and 61% last year respectively). Our call handling and email handling time in the Contact Centre also improved with 78% of calls answered in 60 seconds and 99% of emails responded to in 5 days.

Economic Crime and Corporate Transparency Bill

- 4 The Economic Crime and Corporate Transparency Bill is currently going through Parliament, and at time of writing is at Committee Stage. The Bill brings a number of changes to tackle financial crime, including the reform of Companies House, and gives law enforcement greater information gathering powers and powers to seize crypto assets. Most relevant to us, the Bill will give us a new regulatory objective to promote the prevention and detection of economic crime. It will also give us unlimited fining powers for economic crime offences, which are widely defined under the Bill. At Committee Stage, there has been a new clause tabled, which would make us the default supervisor for any independent legal professionals not regulated by another supervisor. This would require us to supervise lawyers (non-solicitors) offering non-reserved legal services (for example will writers offering tax advice) that aren't currently regulated for anti-money laundering purposes. We would need significant legislative changes to allow us to authorise, supervise and charge fees to these types of firms should this come to pass.

Continuing competence update

- 5 The Legal Services Board (LSB) has asked legal services regulators to provide action plans by the end of January 2023 in response to its [policy statement on continuing competence](#). The LSB's statement sets an expectation that regulators will pursue four outcomes, which are to:
- a. Set the standards of competence that authorised persons should meet at the point of authorisation and throughout their careers
 - b. Regularly determine the levels of competence within the profession(s) they regulate, and identify areas where competence may need to be improved

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- c. Make appropriate interventions to ensure standards of competence are maintained across the profession(s) they regulate
 - d. Take suitable remedial action when standards of competence are not met by individual authorised persons.
- 6 We are working closely with the LSB on this. Our action plan will be incremental, building a sound evidence platform on which to take a risk-based approach. Our Statement of Solicitor Competence meets the first outcome, and we are currently mapping a wide range of information with the intention of publishing a report early next year that will address the second outcome. Current thinking is to use our well-established thematic review methodology to further build on this towards outcome c, with a series of interrelated options under consideration for outcome d. If Board members would find it helpful, we will arrange a briefing session on our work in this area.

Solicitors Qualifying Exam (SQE) evaluation

- 7 We received 558 responses to our survey in which we invited candidates, solicitors and training providers and anyone else with an interest to share their perceptions of the SQE and qualifying work experience so far. This is the first part of our ten-year evaluation plan. We plan to publish a report on the responses in the Spring 2023.

Higher Rights of Audience

- 8 The Board has previously agreed that we should explore appointing a sole assessment provider for the higher rights of audience qualification. This work is ongoing, and the tender has closed.

Good practise in the Youth Courts

- 9 In our 2021/22 Business Plan we committed to publish expected behaviours for solicitors practising in the youth courts. The behaviours describe good youth court practice and solicitors can use them to identify any learning and development needs. We have engaged with a wide range of key youth court stakeholders to develop the behaviours and will publish them in early 2023.

Keeping of the roll exercise

- 10 At its 19 July 2022 meeting, the Board considered the responses and feedback to the consultation on restoring the annual Keeping of the Roll exercise and our next steps.
- 11 The Board agreed that:
- a) we should announce that the Keeping of the Roll exercise would be restored on an annual basis to begin in April 2023.

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- b) the initial administration charge should be confirmed later in the year when the IT development and other costs were known. The Executive should review the costs, including the time taken to recover upfront costs, with a view to, if possible, reducing the £30-40 charge proposed in the consultation to £20-£30. We would also commit to keeping the costs under review as the project moves forward.
- 12 We have now completed the work to establish the infrastructure and administration costs of restoring and carrying out the annual Keeping of the Roll exercise. We have concluded that an administration cost of £20 per year is cost effective on this basis. It has been calculated to incorporate the upfront expenditure of the work, including the IT development and all operational costs to run the exercise. This is the same amount as was charged when we last undertook the Keeping of the Roll exercise in 2014.
- 13 To give effect to these changes, regulations 5.4 and 5.5 of the SRA Authorisation of Individuals Regulations need to be amended. Once the changes (attached at annex 1) which are set out in the SRA Authorisation of Individuals (Keeping of the Roll) (Amendment) Regulations are made, we will forward the application to the Legal Services Board for their approval.

Recommendation: The Board is asked to make the SRA Authorisation of Individuals (Keeping of the Roll) (Amendment) Regulations which amend regulations 5.4 and 5.5 of the SRA Authorisation of Individuals Regulations to allow for the keeping of the roll changes to be implemented, including the reintroduction of an administration charge of £20.

- 14 We are working with our IT provider to develop the functionality to deliver the Keeping of the Roll exercise. We have commenced an initial data cleansing exercise of the 60,000 solicitors without practising certificates that will be affected, writing to individuals using existing email addresses, asking that they update their details in MySRA. Where e-mail addresses are unavailable or out of date, we will be following up with postal and phone contact. This activity will be supported by an external communication campaign in order to give those wishing to remain on the solicitor's roll without a practising certificate as much notice as possible and ensure we have accurate contact e-mail data.

CLASSIFICATION – PUBLIC***Rule changes on health and wellbeing in the profession***

- 15 In October 2022 the Board agreed to make rule changes relating to solicitors' health and fitness to practise. The Board concluded that it was also minded to make new rules relating to the treatment of colleagues in the workplace, subject to being content with the accompanying guidance (minutes of the 18 October 2022 Board meeting, paragraph 4.3). We have since circulated the draft guidance to those members who expressed an interest. The Board is now asked to agree to make the new rules on treatment of colleagues, which are attached at annex 2.

Recommendation: The Board is asked to make the new rules on the treatment of colleagues.

Standards and Regulations consultations

- 16 We will soon begin our consultation on some small, technical amendments to address issues on our Standards and Regulations “snagging list”, which have been highlighted by our formal evaluation programme and engagement with internal and external stakeholders. This will be followed by a consultation on proposed amendments to the Standards and Regulations to meet our statutory obligation to introduce rules to ensure an appropriate level of protection against excessive charges for certain claims management activities.

Immigration services – thematic review and guidance

- 17 We have [published new guidance](#) on providing immigration services for solicitors undertaking immigration work. This follows on from our thematic review that looked at the continuing competence of those providing the services and which we have also [published](#). The review found that although generally firms were providing a good level of service, there were areas of concern that needed to be addressed.
- 18 The immigration guidance advises firms on matters identified in the thematic review such as discussing the strengths and weaknesses of the client's case with them, clearly outlining the client's options, preparing properly for online hearings, and making it easier for clients to feedback or complain. Effective supervision of staff was one of the areas looked at in the review and we have produced a [second piece of guidance](#) to look at that issue in depth.

Regulators Pioneer Fund

- 19 We have secured £119,961 of funding in the third round of the Department for Business, Energy and Industrial Strategy's Regulators Pioneer Fund (RPF). This builds upon our two previous successful RPF projects. Our new project, “Making Alternative Dispute Resolution work better for individuals and businesses”, will commence in September 2023 and can run for up to 18 months. The work will look at technological solutions to progress alternative methods of Dispute Resolution (DR) instead of litigation, promote awareness of DR and encourage its use. Partnering The Law Society and the Access To Justice Foundation in this

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project, our intended approach will include live trials with users and service providers with outcomes being openly published.

Equality, Diversity and Inclusion (EDI)

- 20 We are continuing to progress our two pieces of research in relation to EDI. The first is our project looking at the attainment gap for minority ethnic candidates in professional services qualifications, which has now completed an extensive literature review, and the second piece of research examines the overrepresentation of Black, Asian and minority ethnic backgrounds in reports made to us about solicitors and in our enforcement processes. Both are on track to conclude late next year.
- 21 We have continued to highlight topical EDI issues to the legal sector, holding a webinar on inclusive workplaces for neurodivergent lawyers, walking with law firms and other partners in this year's Birmingham Pride parade to show our support for LGBTQ+ inclusion and discussing diversity with the Sole Practitioner's group in a plenary session at their recent Top Table event. We supported the study published by extense, highlighting the experiences of the 1% of Black partners in larger law firms, and were pleased to sponsor the Society of Asian Lawyers annual awards. Birmingham school students enjoyed a day learning about aspects of our regulatory work with our staff during the Social Mobility Business Partnership's (SMBP) activities week, which provides skills and experience to less privileged students interested in a career in professional services.

Enforcement of Transparency Rules

- 22 Our work on the enforcement of the Transparency Rules has recommenced. We are undertaking a staged review of the websites of approximately 2,500 firms that previously provided declarations that they were complying with the Rules. We have undertaken an initial review of 500 websites, and this has indicated a continued low level of full compliance. Whilst we remain committed to engaging with firms and supporting them in the achievement of full compliance with the rules, it is recognised that this must be alongside continued regulatory enforcement. Therefore, given the rules have now been in force for coming up to four years and the fact that this group of firms have previously provided a declaration of compliance, we intend to take a more robust enforcement approach. Longer term we will also be looking to utilise the proposed new fining powers as part of this enforcement exercise.

SRA Law Society (TLS) collaborative working protocol

- 23 There are three areas listed in the protocol that we have agreed to work collaboratively with TLS on in particular: technology, AML and EDI.
- 24 We have engaged the Law Society in developing ideas for bids for this year's Regulators' Pioneer Fund innovation competition run by the Department for Business Energy and Industrial Strategy. TLS were then listed as consortia

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members for two of the bids submitted. We have also been providing advice to TLS about the use of technology in legal services to inform research into the civil justice system.

- 25 We continue to liaise closely with TLS on AML and in particular on potential changes to financial sanctions requirements and the new economic crime plan.
- 26 On EDI, we have worked closely with TLS through our collaborative contributions to the Government's Social Mobility Taskforce being led by the City of London and we will be speaking at the launch of its final report at the end of November.

Ethnicity and Gender Pay Gaps

- 27 Following publication of our ethnicity pay gap information for 2021, a sub-group of Board members met several times this year to help to shape an action plan aiming to address the ethnicity pay gap, in particular within our leadership population. This Action Plan is included at annex 3 to this report.
- 28 We are now in a position to publish our gender and ethnicity pay gaps for 2022. This detail is included within the scorecard in the performance pack later on the agenda. We take these results seriously and will be applying similar principles to addressing the gender pay gap. We will update the Board further as part of the HR deep dive in the Spring.

Hybrid working

- 29 Staff have been back working in the new office environments since April of this year. Contractually we asked staff to come in one or two days a week in the office based on business need. Feedback on the new offices is very good and staff generally are adapting to the new spaces well. From our data, staff are in the majority coming in at least once a week and typically on a Tuesday, Wednesday or Thursday. There has been occasional disruption with the rail strikes and the summer holiday period but overall, it is what we expected.
- 30 We have recently carried out a short pulse survey to help understand how staff are settling into the new office environments. We are currently reviewing the outcome of the survey and engaging with the leadership team to discuss and understand whether the present arrangements are working for us.

Facilities services

- 31 When we went live as Solicitors Regulation Authority Limited in June 2021, we agreed to purchase facilities and health and safety services from The Law Society in the first instance. With effect from 1 November 2022, we are no longer sourcing this from The Law Society but are managing ourselves. In the first instance we will outsource this to the third party that we use for concierge, cleaning and building maintenance.

SRA BOARD
6 December 2022

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Interventions work support contract

- 32 The Board is aware that we are currently finalising the renewal of one of our major contracts for services: the critical support of our interventions work (attendance at intervention; collecting, indexing and storage of files, deeds and wills; storage and retention of electronic data; repatriation of files, deeds and wills to former clients) and the storage of our internal business files and documents. There have been some changes on the contractual position emailed to the Board on 27 October, specifically around the inclusion of an indexation clause and the extension of the proposed term from three to five years. A verbal update will be provided at the meeting.

Stakeholder engagement and public affairs

- 33 We held a number of fringe events at the annual political party conferences, partnering again with think tanks the Institute for Government (IfG), Institute for Public Policy Research (IPPR) and Bright Blue. Anna Bradley and I met Conservative Chair of the Justice Committee Bob Neill MP, and I have also met Labour's Lord Blunkett. Other external engagement activities have included Anna Bradley and I meeting with The Law Society Council. I also spoke at a City of London Law Society symposium and at the Devon and Somerset Law Society Regulation and Compliance conference.

Lords Communications and Digital Committee work on Strategic Lawsuits against Public Participation (SLAPPS)

- 34 Earlier this year the Lords Communications and Digital Committee held a non-inquiry session looking at the conduct of law firms in relation to SLAPPS. Following this I wrote to the committee Chair Baroness Stowell to update her on our work. The Committee recently asked for an update, which I provided and which has now been published and welcomed by Baroness Stowell and others.

Compliance Conference

- 35 We staged our Annual Compliance Officers Conference on 8 November, with more than 700 attendees and 20 sessions covering topics ranging from anti-money laundering to innovation, continuing competence to workplace culture. Feedback has been positive, with more than nine out of ten delegates saying they found the event useful or very useful and 98 per cent of delegates saying they would attend a similar event in the future.
- 36 Following on from the conference we re-ran 11 key sessions as part of our virtual Compliance Officers Conference Week. These were delivered through a mix of recorded and live content, with viewers getting the opportunity to put their questions live to our reconvened online panels. More than 2,000 delegates registered for the virtual event, with recordings of all sessions also now available to watch back on our YouTube Channel. Up until 23 November, there had been 13,000 views of sessions.

SRA BOARD
6 December 2022

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Our work in Wales

- 37 We sponsored an Equality, Diversity and Inclusion award at Cardiff and District Law Society’s annual dinner, which was presented by Board member Nicola Williams. We also attended North Wales and Cheshire Law Society’s annual dinner and continued to meet with a wide range of stakeholders, including the Wales Regulators forum, the National Advice Network for Wales, the Chief Executive of the Welsh Refugee Council, the Director of Asylum Justice and the Chair of the Education and Training working group of the Law Council of Wales. We also partnered with the LSB and Legal Ombudsman to present a workshop at the Legal Wales conference in Llandudno and held a fringe event for the first time at Plaid Cymru’s party conference.
- 38 We provided a briefing to Welsh Government at their request, regarding the Economic Crime and Corporate Transparency bill. Following which, we were named in Welsh Government’s recommendation to the Senedd that they approve a Legislative Consent Memorandum on the bill.

Author Paul Philip, Chief Executive

Date 29 November 2022

Annexes

Annex 1 SRA Authorisation of Individuals (Keeping of the Roll) (Amendment) Regulations

Annex 2 Rule changes relating to treatment of colleagues

Annex 3 Workforce senior ethnicity inclusion action plan