

# Closed Consultation

## *Business Plan and budget 2022-2023*

6 May 2022

- Download the consultation paper [#download] or read it below
- The consultation period ends on **17 June 2022**
- How to respond [#respond]

## *About this consultation*

### *Our consultation process*

We are seeking views on our new Business Plan and budget for 2022-23.

Our Business Plan covers the third, and final, year of work under our Corporate Strategy for 2020-23. It describes our work between November 2022 and October 2023.

This consultation runs from **6 May until 17 June 2022**.

After the consultation closes, we will collate and analyse responses. We will publish a final version of the Business Plan and budget in October 2022, alongside a summary of responses we have received and feedback from our other stakeholder engagement.

### *Setting the practising certificate fee for 2022-23*

Feedback from our consultation, and from the Law Society's consultation on its own Business Plan and budget, will be used to jointly set the practising fee for 2022-23.

This fee covers our funding alongside the permitted purposes work of the Law Society. It also covers levies for the:

- Legal Services Board
- Solicitors Disciplinary Tribunal
- Legal Services Ombudsman
- Office for Professional Body Anti-Money Laundering Supervision.

This consultation focusses only on the SRA and the proportion of the practising fee that will be used to fund the work of the SRA.

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## *Foreword*

Welcome to our consultation on our draft Business Plan and budget for 2022-23. Our plan confirms the work we are proposing to take forward between November 2022 and October 2023, and how we propose to allocate our budget. This will be the final year of our current Corporate Strategy and therefore an important linkage point through to our next strategy.

The legal services market has evolved in many ways since 2020, with impacts from Covid-19, the UK's exit from the European Union, and Russia's invasion of Ukraine bringing new challenges. We have worked hard to make sure our regulatory framework maintains important

flexibilities for solicitors and their businesses to work in new ways. This includes embracing new technology and digital-led solutions, while also securing standards through our supervision and enforcement activities in response to the biggest risks.

The objectives we set for ourselves between 2020 and 2023 are rightly ambitious. They have seen us build our evidence and our market insights through a relaunched research and analysis function, improved horizon scanning activity and take a leadership role in relation to technology and innovation in the legal services sector.

We have prioritised partnership work, with new stakeholder relationships developed with lawtech and academic communities, and national research projects delivered. These include our exploration of technology and access to justice (with University of Oxford) and our study of legal service accessibility in deprived communities (with funding from the Regulators' Pioneer Fund). We are better-equipped as we conclude our current Strategy to understand, and take targeted action to help consumers access quality legal services.

Our current strategy has a sharp focus on high professional standards. Last year's launch of the Solicitors Qualifying Examination is a once-in-a-generation development providing greater reassurance that all solicitors are meeting the same high standards. More flexibility, including more affordable training routes should help create a fairer, stronger and more diverse legal profession.

We have also made good progress in other areas. This includes our work to drive good standards of advocacy, as well as continuing competence. We have also further bolstered our resource, and developed our approach, to make sure the sector is tackling money laundering and economic crime. We also now have dedicated resource in Wales to make sure we are regulating in a way that reflects the fast-change Welsh legal landscape. And we have progressed a range of initiatives focused on promoting equality, diversity and inclusion in the profession.

We continue to take steps to make sure we are working as effectively and efficiently as possible. Our hybrid working model is now successfully embedded, supported by new technology and a transformed workspace in Birmingham and London.

Over the three years of this strategy we have tried to keep the practising fee levels for SRA related costs as flat as possible, despite some significant new pressures. We have done this by pursuing efficiency targets, managing budgets tightly and managing new demands (which are often out of our control) within existing budget lines. This year, the cost of living pressures and demands of new activities, for example in relation to anti-money laundering and sanctions, mean that we are proposing an increase in the SRA practising fee requirement of £6. We are able to offset this with a £10 reduction in the individual Compensation Fund contribution. The proposed SRA share of the practising fee is £151 for 2022/23, an increase from the previous year but in line with the level in 2020/21

Please let us know what you think about our proposals for the business plan year 2022/23 plans and budget. There are a range of ways to do this including:

- send us an online response to the consultation through our questionnaire
- get involved in a range of events – from webinars to roundtables – to hear directly from the public and profession
- contact us through our social media channels.

I look forward to hearing your views.

**Paul Philip, Chief Executive**

## *Background*

We are the largest regulator of legal services in England and Wales, with oversight of 214,000 solicitors and around 9,800 law firms. These businesses account for around 90% of the regulated legal services market

Our priority is to protect members of the public, and to support the rule of law and the administration of justice. We work in a number of ways to do this, including:

- overseeing education and training requirements necessary to practise as a solicitor
- licensing individuals and firms to provide legal services
- setting standards for solicitors, their businesses, and their employees
- regulating and enforcing compliance against these standards.

## *Our Business Plan and budget 2022-23*

Our Business Plan and budget describes our work for the period 1 November 2022 to 31 October 2023. It represents the final year of activity under our Corporate Strategy 2020–23.

The plan describes our workstreams, activities, and our priorities. It also confirms our budget and how we plan to allocate our resources.

We will be fully transparent about our progress in delivering the Business Plan and meeting our budgetary commitments between November 2022 and October 2023. This includes reporting publicly about our progress, and about the performance measures and accountability information that we provide to our Board [[/sra/how-we-work/our-board/public-meetings/archive/](#)].

Our quarterly performance reporting [[/sra/how-we-work/our-board/public-meetings/archive/](#)] is published in the minutes and summaries of our Board meetings, and includes balanced scorecards, our key performance indicators, and our progress in delivering our workstreams.

## *Our ambition*

We aim to be a progressive and agile regulator that anticipates and responds to emerging opportunities and challenges for the legal sector in England and Wales.

This ambition informs the work we carry out through our Business Plan, and how we approach our core regulatory duties, our projects, and the customer service we provide.

## *Our strategic objectives*

Our Corporate Strategy sets out our strategic priorities and sets three specific objectives that shape our work through to the end of October 2023. These are:

- setting and maintaining high standards for the profession and ourselves
- supporting the adoption of technology and innovation
- anticipating and responding to change.

We prioritise initiatives that positively impact access to justice, and good quality legal services. Equality, diversity and inclusion (EDI) considerations also drive our work, and we take time to assess the impacts that we are having and to identify opportunities to promote EDI across our organisation, and across the legal services sector. We are increasingly looking to assess and segment how different types of consumer and communities interact with the legal market. This helps us better assess risks – and opportunities – and target our

work and resources more effectively.

### *What we plan to do*

Our Business Plan and budget for 2022-23 describes our proposed workstreams and activities under our three strategic objectives. It also confirms the proportion of our budget we are proposing to allocate to our work under each objective.

Some of our work involves long-term projects and commitments, such as the SQE, which have reached key milestones during the lifespan of our current strategy period. There are other areas of focus that are new, representing emerging priorities for us. We set out specific activities that we are proposing to progress in both areas.

The outline budget for the year is also included, alongside information about the practising certificate fee and the Compensation Fund contribution for 2022-23. We know fees may impact different people in different ways. Our equality impact assessment supports our continued monitoring of impacts from our fees and relevant equality, diversity and inclusion (EDI) considerations.

We would be grateful for your views on any element of our proposed approach, including our proposed work plan and budget.

### *Strategic objective one – setting and maintaining high standards for the profession and for ourselves*

Our work under our first strategic objective aims to assure that solicitors and law firms across England and Wales achieve high professional standards through their delivery of legal services. However it also applies those commitments to our own operation and confirms how we will work during 2022-23 to secure high levels of service for our customers.

A number of our proposed workstreams under this objective are focused on initiatives that aim to assure high professional standards across different components of our regulatory framework. Proposed commitments for 2022-23 include:

- Completing SQE assessments that are reliable, fair and cost effective as well as monitoring the impact the SQE is having and finalising our approach to publishing candidate performance data
- Continue to improve our approach to regulating advocacy and developing the Police Station Representatives Accreditation Scheme around a statement of expected behaviours
- Enhancing our data and analysis to inform our approach towards assessing continuing competence and consider piloting new interventions
- Progressing actions resulting from our evaluation activity of the SRA Transparency Rules and our Standards and Regulations
- Delivering post-consultation outcomes across a number of areas, including our fining powers, our publication policy for regulatory decisions, and health and wellbeing considerations within law firms
- Consulting on rules to protect consumers from excessive fees during certain financial service claims.

Our anti-money laundering (AML) work will remain high priority, with proposed commitments to:

- expand numbers of firm inspections and our desk-based review activity

- evolve our approach in light of new legislative requirements, learning points from HM Treasury's review of AML supervision, and international sanctions
- continue refining our AML risk rating methodology for law firms, and to carry out thematic reviews into AML topics.

Through years one and two of our current Corporate Strategy we have made good progress in improving the accessibility and availability of information for the public about legal services and lawyers. We are proposing activities for 2022-23 that will continue to add value, including further progression of our public legal education workstream and the 'Legal Choices' website. This is alongside targeted information resources for vulnerable and harder-to-reach communities including within the immigration sector.

We also propose to continue delivering our response to the Competition and Markets Authority's blueprint for consumer information in the legal services market. We will build outcomes from our quality indicators pilot into that response alongside learning points from the Legal Service Board's recent policy statement.

We embed equality, diversity and inclusion (EDI) considerations across all our workstreams, and in 2022-23 we are proposing specific initiatives in this space. This includes:

- further improvements for our approach to collecting professional diversity data
- working to promote retention and progression for underrepresented groups, with a focus larger law firms
- complete EDI research projects looking at the overrepresentation of Black, Asian and minority ethnic solicitors in our enforcement work, as well as the attainment gap in professional assessments and reporting back outcomes and potential next steps

At the outset of our Corporate Strategy for 2020-23 Covid-19 was already impacting working arrangements across the economy. We adapted quickly, introducing new technology and working arrangements, and which position us well as we head into the Strategy's final year.

In 2022-23 we are proposing to continue building on these achievements by delivering the third year of our Resources Strategy. This will see us maximising the benefits from our technology transformation and our hybrid working model. In doing so we will make good use of our refreshed, modern workspaces in London and Birmingham, alongside further development of our presence in Wales. We will make sure that we are realising the benefits from our investments and increase our efficiency and effectiveness.

Our continuous improvement programme will also play a big role in supporting our delivery of targeted action to enhance the experiences of our customers. We are proposing to focus on initiatives to further reduce the time taken to investigate complaints and improve our authorisation processes, and to improve customer service, maintaining our Institute of Customer Service accreditation.

We propose to allocate around 92% of our total budget towards this objective in 2022–23.

You can read the full detail of our proposed activities under this objective in our draft Business Plan.

### *Question 1*

**Do you have any views on our proposed activities and areas of focus for 2022-23 under objective one of our Corporate Strategy?**

*Strategic objective two – technology and innovation*

Our second strategic objective to proactively supporting the adoption of lawtech solutions, and other innovation, to better meet the needs and expectations of the public, businesses, regulated organisations and the wider economy.

Under years one and two of our Corporate Strategy we have made good progress. Our landmark research with the University of Oxford, for example, has delivered insights around the changing use and adoption of lawtech across different segments of the market.

We have invested time to build relationships and partnerships with lawtech providers, regulators, academics and government departments, so that we can co-deliver responses and maximise our impact as we do so. We have worked hard to share insights and learning from our work, using social media and our tech-focused newsletters to provoke discussion with stakeholders.

In 2022-23 we are proposing to make further progress with our work in this area, particularly focusing on innovation that responds to access to justice problems. Our proposed activities include partnering with the Ministry of Justice and others on access to justice initiatives and working to explore the application of technology solutions towards regional access problems. This will build on lessons-learned from our Regulators' Pioneer Fund access to justice programme piloted in Wales and Southwest England. We will consider how those learning points could inform strategies in other regions. We will also look to convene a roundtable involving 'social good' investors to build and share understanding around any potential for legal services designed to improve access to justice to attract investment.

We propose to also nurture our partnerships and work in collaboration with others. This will include continuing to work closely with regulators and law firms to deliver outcomes from our unbundled legal services pilot, and continuing engagement with comparison websites to take forward outcomes from our quality indicators pilot.

We will continue to work in partnership with government departments and other regulators to foster stronger links between those bodies and legal service providers, including through the Department for Business, Energy and Industrial Strategy's smart funding, and the Information Commissioner's Office's Regulator AI working group. We also plan to expand membership of our expert panel to build in stronger representation from the lawtech sector. We will also continue to support the Government Agile Nations international regulatory cooperation initiative, which we chaired the lawtech strand of in 2021/22 - its inception year.

We propose to continue expanding our SRA Innovate programme through 2022-23 and to support the development and adoption of lawtech on several fronts and understand risks.

This will include continuing to promote and refine our 'front door' service for innovators and lawtech developers. We will provide sector wide learning through regular publications, including more case studies, and guidance that focuses on managing and reducing barriers - including considerations such as attracting investment and supporting small law firms to identify compliant and effective technology. Alongside this we propose to extend our 'proof of concept' work, and to continue our work with the Lawtech UK Regulatory Response Unit.

We propose to allocate around 4% of our total budget towards this in 2022-23.

You can read the full detail of our proposed activities under this objective in our draft Business Plan.

## *Question 2*

**Do you have any views on our proposed activities and areas of focus for 2022-23 under objective two of our Corporate Strategy?**

*Strategic objective three – anticipating and responding to*

## *change*

Our work under our third strategic objective aims to build our capacity and agility in responding to the legal services market, and to national and international developments. As the world evolves and market conditions change, we want to take forward activities that help us to identify, monitor and analyse developments. These include capturing information about emerging issues, assessing the impacts for consumers and legal services, and considering the challenges for our regulation.

As a regulator we are often well-positioned to lead debate with others about these issues. We will seek out opportunities to engage, and to use our insights to frame discussion with stakeholders.

In years one and two of our current Corporate Strategy we have built up our horizon scanning programme. This has helped us to not only monitor developments and risks but to also then be proactive in exploring potential impacts for legal service consumers and providers, and how legal service regulation and those we regulate should respond.

Alongside this we have invested in improvements to our engagement activity, making good use of digital channels and broadening our events programme. This is so we continue to add value where we see challenges or gaps.

Our research and analysis programme is described under this strategic objective, and in 2022-23 we are proposing to progress a range of initiatives. This includes new research activity delivered from the conclusions of our consumer segmentation research with Bayes Business School and EDI-focused projects that will offer fresh insight into important areas.

Our research programme also proposes to deliver a quantitative analysis of the Professional Indemnity Insurance (PII) market, providing detailed analysis and exploration of the market's impacts for solicitors, law firms and consumers.

Our research and analysis activity, and outcomes from our other workstreams, often identify opportunity for debate across the legal services sector, and consideration of potential collective action.

A further area of our activity for 2022-23 will be to publish our market insights as a starting point for conversation, with one of our proposed areas of focus will be the changing picture of unregulated areas of legal service, and how they impact law firms and consumers. We also propose to publish more SRA-voiced opinion pieces on access to justice issues, building on learning points from our research and our horizon scanning activity, and seeking views from stakeholders within and outside the legal services market.

We are proposing to consider legal regulator responses and possible partnership approaches to the Government's review of regulation, as described in the 'The benefits of Brexit [<https://www.gov.uk/government/publications/the-benefits-of-brexit>]' paper. And to work with the Ministry of Justice and others to evaluate interventions in areas with the highest potential for negative impact on access to justice. Our work here will be underpinned by a public affairs analysis to seek and collect perspectives from solicitors, members of the public, and opinion formers.

In 2022-23 we also propose to build our events schedule with a combination of virtual and face-to-face events. This will include delivering our annual Compliance Officers Conference, and expanding our approach to include new discussion events focused on strategic issues. This will include a proposed flagship event focused on future development of regulation in the legal sector, bringing together stakeholders to explore priorities and approaches.

We also propose to deliver a programme of bespoke events with consumer groups across England and Wales, and to meet regularly and directly with members of the public and groups

that represent them – including engagement between our Board members and the public in different regions of England and Wales.

We propose to allocate around 4% of our total budget towards this in 2022- 2023.

You can read the full detail of our proposed activities under this objective in our draft Business Plan.

### *Question 3*

**Do you have any views on our proposed activities and areas of focus for 2022-23 under objective three of our Corporate Strategy?**

#### *Our budget 2022-23*

Our draft Business Plan includes an outline of our budget for 2022-23.

This confirms how we propose to allocate our funding across our work and under each of our three strategic objective areas.

The SRA's funding requirement for 2022-23 is expected to be £60.5m.

We propose to allocate around:

- 92% to our work under strategic objective one
- 4% to our work under strategic objective two
- 4% to our work under strategic objective three.

### *Question 4*

**What do you think about our budget for 2022-23 and the proportion we propose to allocate to our work under each of the three objectives?**

Our draft Business Plan confirms the element of the proposed practising certificate fee that will fund the SRA. For 2022-23 this is expected to be £151. This is an increase from £145 in 2021/22.

The draft Business Plan confirms the expected Compensation Fund contribution for individuals. For 2022-23 the contribution is expected to be £30 and reducing from the £40 contribution that was required in 2021-22. The contribution for firms is expected to be £690 reducing from £760.

The fee payable by individuals in respect of the work of the SRA, from the practising fee and compensation fund contribution, will therefore reduce from £185 in 2021/22 to £181 in 2022/23.

### *Question 5*

**Do you agree that the SRA proportion of the practising certificate fee is reasonable and appropriate?**

### *Question 6*

**Do you agree with the proposed Compensation Fund contribution level for individuals?**

#### *Monitoring the equality impacts of our fees*

Our Business Plan sets out our commitment to monitor, identify and assess the impacts of our



work against equality, diversity and inclusion considerations, and to then work to manage those impacts through our workstreams.

As part of this we undertake equality impact assessments (EIAs) of our fees, based on our data about protected characteristics for firms and individuals.

Our updated EIA accompanies this consultation and we welcome any feedback.

### *Question 7*

**Do you have any comments on the equality impact assessment? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?**

### *Consultation questions*

1. Do you have any views on our proposed activities and areas of focus for 2022-23 under objective one of our Corporate Strategy?
2. Do you have any views on our proposed activities and areas of focus for 2022-23 under objective two of our Corporate Strategy?
3. Do you have any views on our proposed activities and areas of focus for 2022-23 under objective three of our Corporate Strategy?
4. What do you think about our budget for 2022-23 and the proportion we propose to allocate to our work under each of the three objectives?
5. Do you agree that the SRA proportion of the practising certificate fee is reasonable and appropriate?
6. Do you agree with the proposed Compensation Fund contribution level for individuals?
7. Do you have any comments on the equality impact assessment? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

## *How to respond*

### *Use our online questionnaire*

Our online consultation questionnaire is a quick and easy way to take part in our consultation. You can save a partial response online and come back to complete it later, and you can also download a copy of your response before you send it to us.

[START YOUR ONLINE RESPONSE NOW](https://form.sra.org.uk/s3/business-plan-and-budget-2022-23-consultation) [https://form.sra.org.uk/s3/business-plan-and-budget-2022-23-consultation]

### *Reasonable adjustment requests and questions*

We offer reasonable adjustments, and our policy [sra/equality-diversity/diversity-policies/policy/reasonable-adjustment-policy] sets out how we can do this.

Please contact us [contactus] if you need to respond to this consultation using a different format, if you have any specific requirements to help you respond, or if you have any other questions about the consultation process.

### *Publishing responses*

We will publish a summary of responses to our consultation. As part of that we will publish and attribute your response unless you request otherwise.

## *Downloads*

- Consultation - Business Plan and budget 2022-23 (PDF 16 pages, 234KB) [[globalassets/documents/sra/consultations/consultation--business-plan.pdf?version=49931c](#)]
- Draft business plan (PDF 28 pages, 473KB) [[globalassets/documents/sra/consultations/draft-business-plan-2022-23.pdf?version=499685](#)]
- Equality impact assessment (PDF 5 pages, 169KB) [[globalassets/documents/sra/consultations/initial-eia-pc-and-comp-fund-fee-2022.pdf?version=499330](#)]