

SRA Business Plan

November 2017 to October 2018

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Comments or ideas about our business planning? Let us know [<https://form.sra.org.uk/s3/businessplan17-18>]

Introduction and summary

1

The SRA regulates the conduct of solicitors and law firms in the public interest, protecting consumers and supporting the rule of law and the administration of justice.

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This Business Plan sets out our programme of work for the period 1 November 2017 to 31 October 2018 (the financial year runs from November to October).

3

The plan is set in the context of our Corporate Strategy 2017-20, published in November 2017, and provides greater detail on the activities we will undertake and the resources we will use in 2017/18 to progress the delivery of that strategy.

4

The business plan document and the activities set out are not static and will undoubtedly evolve over the next year. They will be kept under constant review and changed, if required, to ensure that the SRA is focused on the right things to deliver the on its overall objectives.

5

The strategy sets five objectives for delivery over the three-year period it covers. These are:

We will set and apply consistently high professional standards for the individuals and firms we regulate and make sure they are appropriate to meet the challenges of today and the future.

We will make sure our regulatory requirements are proportionate, providing solicitors and firms the flexibility to innovate and better meet the needs of members of the public and businesses, while maintaining appropriate levels of public protection.

We will increase the availability of relevant and timely information to help people make informed choices in the legal services market.

We will make sure that our regulatory arrangements work as effectively as possible for the public, businesses, solicitors and firms in the context of constitutional developments within the UK and any new relationship with the EU.

We will work better together and with others to improve our overall effectiveness, our responsiveness and the delivery of our regulatory functions.

Strategic Objective One

We will set and apply consistently high professional standards for the individuals and firms we regulate and make sure they are appropriate to meet the challenges of today and the future.

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We will publish a number of research and analysis reports throughout the year which will provide ongoing support to our policy reforms and increase thought leadership. Our research programme will include work to understand the views of the public and will have a sharp focus on EDI implications for both profession and the public.

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We will work to realise the consistent high professional standards, public confidence and diversity benefits of the Solicitors Qualifying Examination (SQE) by continuing the development of the SQE and the associated transitional arrangements to prepare for the introduction of the examination no earlier than September 2020.

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In parallel to the SQE policy development activity we will continue the procurement process to select the partner organisation to deliver the examination itself, with a target that the approved organisation will be in place by April 2018.

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We will undertake a complete review of our Handbook and deliver a full suite of rules and regulations to replace the current Handbook by the end of the business plan year ready for go live during the subsequent financial year 2018/19. This will require the development of a clear implementation plan, alignment with our new IT systems and the development of a clear communication plan to explain our final position to all our customers from every background.

10

We will continue our work on promoting diversity in the profession through a range of focused thematic reviews, published research, guidance to the profession and relevant digital campaigns. We are mainstreaming our work on Equality, Diversity and Inclusion (EDI), this is included in our strategic aims and embedded in our Corporate Strategy. We are drafting an EDI action plan setting out our activities under 5 priority themes. These are:

- A diverse profession
- Fair decision making
- EDI implications of our regulatory reforms
- Inclusive engagement
- Accessible IT and business systems

The action plan will include the diversity outcomes set by the Legal Services Board in their publication Encouraging a diverse workforce and will be published in the autumn.

Strategic Objective Two

We will make sure our regulatory requirements are proportionate, providing solicitors and firms with the flexibility to innovate and better meet the needs of members of the

public and businesses, while maintaining appropriate levels of public protection.

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We will improve our front-end process to enable an early identification of cases which have a high level of probability of progression to the Solicitors Disciplinary Tribunal for prompt action and early legal advice together with decision-making in SDT cases.

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We will review financial consumer protection arrangements (PII and Compensation Fund) to make sure that they are fit for purpose and provide appropriate levels of protection for consumers that need protecting and begin the implementation of changes to those arrangements following completion of public consultation and relevant governance approvals.

13

We will continue to work with the profession to collect firm diversity data, helping us to quantify and identify disparities across diverse groups in the profession. We will publish the data and encourage firms to benchmark their profile.

Strategic Objective Three

We will increase the availability of relevant and timely information to help people make informed choices in the legal services market.

14

We will continue to work with the profession to introduce a digital register and price transparency tool which will improve availability of regulatory data and consumer choice. Development of the tool will commence ahead of an introduction no earlier than 2019. We will also work with the public to understand what information they would find most useful.

15

Subject to consultation, we will develop simple visual aids and customer journey maps to assist the public to understand the protections offered by regulated law firms.

16

We will develop Legal Choices, the consumer facing website we manage on behalf of the joint legal regulators. We plan to invest in the site to develop ways of helping people from every community, and where appropriate their trusted representative groups and intermediary organisations, to identify if they have a legal need and provide them with objective information to assist in meeting that need.

Strategic Objective Four

We will make sure that our regulatory arrangements work as effectively as possible for the public, businesses, solicitors and firms in the context of constitutional developments within the UK and any new relationship with the EU.

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We will continue to publish information through warning notices, for both the public and the profession, and outlining our strategic approach that will allow our regulated community and the wider public to be aware of serious risks/issues that are arising in the legal market.

18

We will monitor the market and publish our Risk Outlook and supporting materials, including a report on the business case for diversity.

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We will, as a priority, continue to focus on our responsibilities to apply the latest Anti Money Laundering regulations. This will include preparing for and contributing to the FATF review in 2018, discharging our responsibility to the new regulator (OPBAS) set up under the FCA and ensuring that we have appropriately trained and qualified staff to effectively regulate in this area. Further we will ensure that the SRA supervises firms in an appropriate manner and helps solicitors comply with their obligations to prevent money laundering.

20

We will undertake a range of predictive modelling to provide greater levels of understanding on the potential level of liability faced by the compensation fund because of known and emerging issues following actions taken by regulated individuals and firms, including areas such as investment schemes.

Strategic Objective Five

We will work better together, and with others, to improve our overall effectiveness, our responsiveness and the delivery of our regulatory functions.

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We will continue to support the delivery of our SRA Futures Portfolio, which includes our Modernising IT programme. Using industry standard programme and project management techniques to deliver internal organisational change and core technology improvements, based on user centered design, to support our wider external regulatory objectives.

22

We currently have a large and varied number of internal operational policies, processes and guidance. We need to, under our agreed framework, review these policies and procedures to ensure they are fit for purpose and complement our new IT environment.

23

We will seek to take advantage of our Modernising IT programme and internal policy review to improve our timeliness of delivery, the monitoring of performance and the review of processes and procedures to deliver better management information.

24

In May 2018, the Data Protection Act will be replaced with the new General Data Protection Regulations (GDPR). We will continue with our work to ensure that we meet these new and enhanced requirements. Our work will cover a range of areas but will include system development, process changes, staff training and cultural changes.

25

Our second Annual Review will be published in Spring 2018, following the publication of our first Annual Review in 2017. The review will include data on how we regulate, the diversity of the profession and our reform programme. We will use plain English, and publish Welsh and easy read versions to make the review as accessible as possible for both the profession and the public.

26

We will continue to develop and deliver high quality staff communications through a range of channels, sharing information and messages and engaging staff in our work. And we will support our staff networks, including our LGBT Nexus group, women's group, faith and BME groups, and our series of annual faith events. We will continue to work to embed our corporate values – independent, professional, fair, inclusive and progressive.

27

We will deliver a coordinated and effective programme of corporate events, raising awareness of our regulatory approach. We will continue to work closely with groups from across the profession, for example the Sole Practitioners Group, Black Solicitors Network and City of London Law Society, as well as the Law Society. And we will engage with the public and advocacy and support groups. We will develop a 'public engagement charter' setting out how we will listen to the views of the public on our work and what the public can expect from us. We will work on the development with advocacy bodies and members of the public during the year, with a view to consulting in late 2018. We will also work to expand our virtual reference communities to include more member of the public, and we will ensure we work with representative groups to reach vulnerable and 'hard to reach' people. Internally we will use a new public engagement toolkit.

28

We will continue to show leadership on EDI, through our presence at Pride events and through joint work with the other legal regulators on disability and well-being in the profession. Promoting our newly published thematic review of law firm best practice in promoting diversity is also a priority.

29

We will deliver a coordinated programme of communication and engagement - across all external channels so that we can meet the needs of all our audiences, including the users of legal services and solicitors. Our priority campaigns will focus on Looking to the Future (phase 2 followed by implementation), SQE (implementation progress and implications for would be solicitors), Anti Money Laundering work and the progress on our Modernising IT programme.

Annex 1

Resources 2017/18

The majority of the funding we receive to deliver regulation comes from the annual practising certificate and entity fees which we collect in October each year. The balance to meet our budget requirement, above the sum collected through practising fees, comes from a number

of other sources, for example, regulatory fees paid for specific activities (e.g. fees on the authorisation of new entities), cost recoveries and the Compensation Fund, which meets the cost of administering the Fund and of interventions. In Table One we have set out details of our 2017/18 budget (our financial year runs from 1 November to 31 October) is funded compared to 2016/17.

Table One

SRA Income summary	2017/18 budget (£000s)	2016/17 budget (£000s)
Individual and entity practising fees	52,624	53,500
Regulatory fees (applications, etc)	2,939	2,939
Recoveries (cost orders, etc)	2,040	2,040
Compensation Fund	10,924	10,929
Reserves	13,600	12,020
Total SRA income	82,127	81,428

In Table Two, below, we have set out our budget for 2017/18, including those elements in respect of the shared services we receive.

Table Two

SRA Expenditure summary	2017/18 budget (£000,000s)	2016/17 budget (£000,000s)
SRA directly managed budget (excluding the cost of interventions)	39,501	39,652
SRA directly managed budget for interventions costs	6,610	6,610
SRA cost of shared services and property	13,016	13,466
Projects	23,000	21,700
Total	82,127	81,428

The majority of the project spend in the 2016/17 budget (£19.3m) was for Modernising IT (MIT), at the time of setting this budget we had not finalised the profile and timing of this spend. We now have a much clearer view and therefore a significant portion (£10.5m) of the 16/17 budget has rolled forward into 2017/18. The overall cost envelope for the MIT project remains fixed.

A breakdown of our major areas of expenditure within our 2017/18 budget is set out in Table Three.

Table Three

SRA Expenditure break down	2017/18 budget (£000,000s)	2016/17 budget (£000,000s)
Staff expenditure	30,174	29,839
Interventions costs	6,610	6,610

External disciplinary and enforcement legal costs	3,619	3,619
Facilities and Property costs	4,089	4,089
Shared Services costs	8,927	9,253
Project costs	23,000	21,700
Other expenditure	5,708	6,318
Total	82,127	81,428