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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:
 - a) to consider the Chief Executive's report.

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

Chief Executive's Report

Update against priorities / key developments

Future Workspace

- 3 We returned to our offices in the week commencing 30 August 2021, with orientation days for new starters who have joined since March 2020 taking place during the first week and all staff returning one day a week from 6 September 2021. Work schedules and floor plans for September, October and November have been communicated to ensure we are able to manage working at a reduced capacity at both sites in line with government guidelines. We plan to consider requests to alter or increase working days on a case-by-case basis, accommodating changes aligned to business need and personal circumstances wherever capacity allows.
- 4 This new hybrid model will evolve over time and the lessons learned during the interim period will help inform our approach to transitioning teams into a new, more flexible workspace in Spring 2022. Various methods of staff engagement are being explored and utilised throughout the programme.
- 5 A hybrid working policy has been drafted and socialised with the Staff Union and Staff Forum. A first draft has been shared with staff, alongside the issuing of letters to all staff changing their terms and conditions of employment to working a hybrid of office and home working. This follows the successful completion of a period of consultation with the Staff Union and all staff.
- 6 We have appointed an organisation called 'Area' as the preferred supplier for the refurbishment of floors 11 and 12 in The Cube, Birmingham. The design phase for the general arrangements (physical layout of the floors) and design concepts immediately followed. This will include larger and more flexible meeting spaces, traditional desking, collaborative spaces, touchdown points, a wellbeing area and quiet work areas. Advancing our technology is pivotal to the success of the future workspace, our ICT infrastructure, future booking system and audio-visual solutions are therefore all being considered as part of the overall design process. This remains on track to be completed in March 2022.
- 7 We have served notice on the Martin Lane lease agreement. The current lease agreement ends in March 2022. We have documented our requirements for the new office space in London, taking input from the Chair and key colleagues. We are exploring options to meet these requirements and will keep the Board updated through the Chair and updates in future CEO reports.

Solicitors Qualifying Examination (SQE)

- 8 The SQE regulations came into force on 1 September 2021. Preparations are now well under way for the first SQE1 assessments in November. We opened for bookings in July and we have had a positive response. The booking window

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closes on 26 September 2021. After that we will publish an update on SQE progress.

- 9 We have worked with the Law Society, the Lawyers with Disabilities Division and other disability groups to explore their concerns about the availability of certain types of assistive technology for disabled candidates. Working with Kaplan, we have been able to make arrangements to expand the range of assistive technology that will be available when the first assessments take place in November.
- 10 Following the recent Board workshop and the clear direction given by the Board that we need to develop a remote proctoring solution for SQE as a contingency for 2022, we will put in place the infrastructure to give us the option to do so in the following circumstances:
 - as a contingency measure should test centres be unable to open (for example due to Covid-19) resulting in a significant number of candidates being unable to sit the assessment.
 - as a way of meeting the needs of individual candidates who have requested a reasonable adjustment due to being unable to sit their assessment in a test centre because of a disability.
- 11 If we had to invoke the contingency to deliver the assessments by remote proctoring, we would need to make some modifications to the SQE1 assessment and restrict numbers on the SQE2 assessments in any one sitting. There is a cost associated with developing the infrastructure but this cost is not material and will be reflected in the candidate assessment fees from September 2022.
- 12 We will keep the prospect of developing remote proctoring as an option for the SQE under review over the next 18 months, but the first year of SQE will be delivered as intended subject to having to use remote proctoring as a contingency.

SRA Assessment Limited

- 13 Following the transfer of regulatory functions to SRA Ltd, we have started the process to dissolve SRA Assessment Limited, the entity which was originally incorporated to deliver the SQE but is no longer required.
- 14 The application to strike off SRA Assessment Limited has now been made by its directors and was filed at Companies House on 22 July 2021. A formal notice has been published in the London Gazette by Companies House and, once a minimum of 2 months has elapsed and subject to no objections being made, the company will be struck off the register and dissolved.

CLASSIFICATION – PUBLIC***Anti-Money Laundering (AML)***

- 15 In July, HM Treasury launched two AML consultations, both with a deadline of 14 October. These comprise a narrow consultation on [technical changes to the money laundering regulations](#) and a [wider call for evidence](#) on the effectiveness of the AML regime. Work on our responses to the consultations continues following meeting with Board members on 7 September to discuss our emerging policy positions.
- 16 We are in the final stages of preparing our first AML report under the 2019 money laundering regulations. The report will set out compliance and enforcement themes, the proactive work we have done to prevent money laundering and statistics on those we regulate. The report will be published in the autumn. We routinely report on our AML work in other ways including through our core reporting.
- 17 Proactive AML visits will resume on a face-to-face basis from September, Covid-19 guidance permitting.

Coroners court resources

- 18 In our response last year to our 2019 consultation on the regulation and assurance of criminal and civil advocacy standards, we committed to publishing resources to help solicitors meet the challenges of practising criminal and civil advocacy. Since then we have been working with the Bar Standards Board (BSB) and CILEx Regulation (CLR), with support from others including the courts, Ministry of Justice and members of the public, to develop competences and resources designed to help solicitors who practise in inquests in the Coroner's Courts. The publication of a suite of resources, including supporting videos, is scheduled for 13 September. We will be working with the Law Society, the Solicitors Association of Higher Court Advocates and more widely to promote the material.

Innovation and technology

- 19 On 27 July 2021, we published our independent study, commissioned from the University of Oxford, looking at the use of technology and innovation in legal services. To coincide with the launch, we staged a live webinar, which was attended by more than 100 leading representatives from across the legal, technology, research and public policy sectors. A recording of the event has been viewed 400 times online, while there have been more than 850 visits to our dedicated webpages, and the full report has been downloaded hundreds of times. There was extensive coverage on the findings across the legal and technology sector media. The report has also been shared with parliamentarians and other regulators.
- 20 The report has been well received for both its breadth and insights into the adoption of technology, and perceived barriers to innovation, in different segments of the market. We have had a significant number of new contacts

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approach us as a result of the report, including legal services providers, technology companies, cross-sector regulators, professional bodies and users of legal services. Key findings from the research are that law firms are making increasing use of day-to-day technology, changes made due to the Covid pandemic are likely to stay long term and the development of bespoke legal technology is currently focused mainly on advances which benefit larger corporate clients. We will continue to use the report to build new partnerships and to help inform our future work in this area, for example through our Agile Nations Working Group.

- 21 We have carried out a series of sessions to gain a better understanding of the needs of different segments of consumers in relation to technology and accessing legal services to inform our technology and innovation work. We have met consumer groups, members of the public, neurodivergent legal consumers, carers, and people with learning disabilities. These sessions support the Oxford research findings that there is a growing openness to the potential benefits of technology to support access to legal services among divergent groups, while also highlighting that technology solutions will not work for everyone.
- 22 We plan to do further consumer research in this area. We will also work with different organisations in other sectors where technology is more widely used to understand the opportunities and risks, including around consumer confidence.

Partnership working

- 23 We continue to forge new working relationships to demonstrate our willingness to collaborate to make progress against our corporate objectives. We submitted a bid to the Department for Business Energy and Industrial Strategy's (BEIS) Regulator Pioneer Fund, which focuses on deploying technology to support access to justice. If we are successful in winning BEIS funding, the programme will be delivered in partnership with the Information Commissioner's Office, the University of the West of England's Business School, Law Clinic and a student digital agency, Swansea's University's Innovation Hub and Law Clinic and the West of England Combined Authority. The aim is to demonstrate the feasibility of new legal technology tools, in a collaborative way and focused on issues where there is significant access to justice problems in local communities.
- 24 We regularly engage with BEIS officials and participate in their regulator networks. We will be working with BEIS on their Innovation Strategy, published on 22 July. There are synergies with the findings of our research, for example a focus on helping innovators access investment, which is a barrier in lawtech especially for consumer facing technology. There is also a focus on regulation that supports innovation and consumer confidence in it – we have responded to the BEIS sponsored Regulatory Horizon Council's pro-innovation principles for regulation survey.
- 25 We have also responded to the Department for Digital, Culture, Media and Sport's digital identity and attributes consultation survey. Digital identity checks and authentication processes proved vital to many legal transactions during the pandemic and are likely to be a key aspect of legal processes going forward. For

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example, we are engaged with the Land Registry over its plans to digitise its processes.

SRA Innovate

- 26 Following the launch of the Oxford research, we have relaunched our [SRA innovate pages](#). The changes include new support content for lawtech innovators and law firms, including, as requested in the Business Plan consultation events, a compliance checklist and resources targeted at smaller firms. We provide an option for innovators to contact us to check on how software or platforms may need to be designed to comply with our Standards and Regulations. We will continue to publicise and share our research on innovation and technology through the SRA Innovate pages.

Quality Indicator pilot

- 27 Our quality indicator pilot, which the Board approved late last year, has been a good example of concept testing. The pilot has seen a significant increase in the use of digital tools to help consumers find and choose a legal services provider within the pilot cohort. We have seen many more law firms lend support to the pilot than we had anticipated, both larger firms and sole practitioners, largely because the opportunity to work directly with digital comparison tool providers has given them insight into the importance of having a digital marketing presence and giving details of services and approach, not just costs, particularly post Covid-19 and the experience of not seeing clients in person.
- 28 Our pilot has facilitated far more informed debate on digital tools in relation to service provision, bringing together digital comparison websites and law firms to encourage clients to post reviews about the services they received. We published some emerging findings from the pilot at the end of June, this found that both firms and digital comparison websites have reported benefits from participating in the pilot. Our approach, including convening other regulators and professional bodies to support the pilot, has been well received externally including by the Legal Services Board and Consumer Panel.
- 29 Following on from the pilot, we are undertaking some consumer research to find out more about how customers find their way to digital comparison websites and their experience of using them to further inform the development of the pilots. We have also just initiated a new pilot focused on the unbundling of legal services in family law. This is an area where there is unmet legal need, with cost being one of the main barriers. We aim to involve a small number of law firms and have convened other legal regulators and the Law Society to partner us in this work. This pilot is supported by the Legal Services Consumer Panel and the Legal Services Board. It helps progress the Competition and Market Authority's (CMA) recommendations around exploring whether some legal services can be broken down and standardised.
- 30 We met the CMA recently, who confirmed that they are content that our proposed work programme meets their expectations on responding to their 2020 legal services sector programme report. They were pleased with our approach of

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building interventions on an evidence base of consumer research and our readiness to pilot new ideas and share findings publicly.

Expert Panel

- 31 We held a virtual meeting of the Expert Panel at the end of June. The discussion focused on the Oxford Research and the adoption of innovation and technology. Issues discussed included digital exclusion rates having potentially reduced during the pandemic with a need to guard against any future expansion post pandemic. The Panel also discussed the support some segments of firms might need to develop skills to successfully adopt technology and raised concerns about the research finding that the share of the lawtech market for consumer supporting technology is on a downward trajectory. The Panel also discussed the unbundling pilot, which they supported.

Research Forum

- 32 We have agreed with the Legal Services Board that we will establish and lead on a Research Forum bringing together the legal regulators and other key stakeholders to discuss and collaborate on research that works towards the collective goals and understanding. The first meeting of this forum, where we will set the agenda and priorities for the remainder of the year and discuss respective research programmes and gaps, is scheduled this month.

Diversity Data collection

- 33 We launched our biennial Firm Diversity Data collection on 5 July, a month ahead of schedule. The diversity data tool was cited as good practice in the diversity discussion paper published by the financial regulators in July 2021 and our data on social mobility has been welcomed by the Social Mobility Taskforce launched earlier this year. We have seen improvements in the declaration rates from solicitors following a short spring campaign supported by the Law Society and diversity groups and will be doing more on this later in the year. We provided our data to the Judicial Appointments Commission for the second annual combined report on judicial diversity, which was published in July Diversity of the judiciary: Legal professions, new appointments and current post-holders – 2021 Statistics.

Legal Choices website

- 34 The consumer-focused [Legal Choices website](#) has launched a dedicated mobile app for front-line consumer advisers. We run this website in collaboration with other legal regulators. By answering one question per day on the app, members help the Legal Choices content team identify current user needs for information about accessing legal services. Their insights shape the Legal Choices content agenda, ensuring the website and social media posts respond to current, evidenced information needs.
- 35 A Legal Choices video advertising campaign dealing with pandemic-related employment law issues has generated high levels of audience engagement. Top-performing videos covered discrimination and mental health in the workplace,

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along with unfair dismissal. On Facebook, the videos were viewed more than half a million times, with around 100,000 further views on our other channels.

Strategic review of fees

- 36 Following the Board discussion in December, we started scoping the review and completed the initial assessment and analysis work, after which we commissioned some further external economic analysis to review and test our emerging recommendations against the models of other regulators. As reported at the Board’s workshop in July, having considered several potential alternatives, the external review has confirmed our internal analysis that the current model and the principles sitting behind it are consistent with best practice. Therefore, we do not believe the time is right to alter the overall structure of the practising certificate fees or split between individual and firm turnover in the short-term, although we will keep this under review.
- 37 The independent analysis concludes that the overall approach we follow is simple, fair, transparent and relies on data that is straightforward to verify. There is no evidence that making significant changes at this point would benefit the profession or the SRA’s position. Moreover, predictability, stability and certainty around the ability to pay are valued by the profession. Therefore, wholesale changes would not add any benefit and could bring unforeseen risk, especially as the effects of the pandemic on the legal services market and its regulation are fully played out.
- 38 We are developing proposals for some smaller, but important changes. These will include consulting on a new approach to maintaining the accuracy of our data relating to non-practising certificate fees on the Roll, with accompanying cost-reflective fees. We are developing and costing options, which will require IT systems changes with associated lead in times, to present to the Board. We would consult on any substantive policy changes.
- 39 One further area we may commit to keep under review is our practising certificate discounting policy, as suggested by some Business Plan consultation respondents. This would follow a data collection/engagement exercise with relevant stakeholders.
- 40 We have also been analysing our administrative fees for specific activities such as authorisation activities. This may lead to us presenting options for a small number of changes next year.

SRA Regulatory Arrangements (Amendment) Rules

- 41 At its meeting on 8 December 2020, the Board agreed to delegate authority to the Chair to make minor changes to the Standards and Regulations that do not involve any changes to agreed policy.
- 42 On 1 September, the Chair agreed to make the following minor amendments:

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- a) changes to the SRA Application, Notice, Review and Appeal Rules (ANRAR) to ensure that there is a right of review for each of the new decisions that are now being made relating to the SQE and also to refer to the up-to-date powers in the new Compensation Fund Rules 2021.
- b) the definition of ‘separate business’ in the SRA Glossary to correct a minor error in the wording; this ensures that this refers to businesses owned, managed or controlled by authorised firms themselves and not just the individuals within them.

43 The amendments are attached at annex 1. These amendments will now go to the Legal Services Board for approval.

Practising Certificate fee and Compensation Fund contribution approval

44 We have received confirmation from the Legal Services Board that it has approved our practising certificate fee application for the level of practising fees for 2021/22. It has also approved the level of Compensation Fund contributions for 2021/22.

Transparency compliance

45 We have moved into the final stages of our transparency price compliance work and have written to a further 4,300 firms to confirm they are meeting our requirements.

46 Our aim is to conclude the exercise by the end of November, and we will be working with firms that are experiencing difficulties to support compliance. We have generally found levels of compliance have improved as we have moved through the exercise. Where we do find examples of serious non-compliance, we are taking the necessary regulatory action. To date, this has resulted in 16 firms receiving a series of sanctions ranging from fines to rebukes. A number of firms are also being monitored through conditions and further checks will be undertaken to ensure ongoing compliance.

SRA/Law Society (TLS) collaborative working protocol

47 There are three areas listed in the protocol that we have agreed to work collaboratively with TLS on in particular: technology, AML and equality, diversity and inclusion (EDI).

48 We continue to liaise closely with the AML team at TLS on the topic of the economic crime levy, pending the government response due to be published in the early autumn. We have met to discuss the Treasury consultations so that we are aware of likely positioning. We spoke on the topic of AML at the Law Society Compliance Conference in July.

49 We continue to meet monthly to share ideas for, and updates on, our respective innovation projects. TLS representatives attended our Oxford Research launch. We have agreed to schedule a workshop to go through the findings to identify

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areas of potential joint working to take forward recommendations and address issues. We will also look to identify the areas where there is a clear line of responsibility for either the SRA or TLS.

- 50 The Law Society continues to collaborate with us on the quality indicators pilot and is also supporting with our new unbundling pilot. We have held a meeting with TLS staff to inform the pilot design and identify potential law firm participants.
- 51 On EDI we are continuing to work closely with TLS, and I met the TLS CEO in early June to discuss progress. We worked collaboratively to provide statistics from the profession for the combined judicial diversity statistics report published in July 2021 and we are considering what actions we can contribute to the Judicial Diversity Forum's action plan to address some of the wider issues.
- 52 Our joint event with the Social Mobility Commission and PRIME is now set for 12 October 2021 to focus on the importance of building data on social mobility and practical ways for law firms to use this data in planning recruitment and progression. We are also continuing to work together to engage with disability groups to make sure that the needs of disabled students are met through the provision of reasonable adjustments, including through the use of assistive technology.

Annual reports published

- 53 In July we [published our suite of corporate reporting on our operational work](#) for the year 2019/2020. The reports cover areas such as education and training, preventing money laundering, authorisation and enforcement. There was good coverage in the legal press.
- 54 As part of our annual reporting for 2019/20, we published our Upholding Professional Standards report on our enforcement work, which included a second summary analysis of the profile of individuals in our enforcement work, along with a more detailed supporting report.
- 55 We again saw the long-standing picture of overrepresentation of men and solicitors from a Black, Asian and minority ethnic background in reports received and in our processes. We are making good progress on the actions to which we have committed, including procuring a research partner to undertake a major piece of research into the societal and structural factors underpinning this profile. Following our extensive engagement after the first report, we have been working on plans to involve those with an interest in the research work, through a reference group and wider engagement.

SRA values

- 56 At its workshop in July, the Board held a session to explore the relevance of the SRA's values in light of the corporate strategy. Next steps will include engagement with staff to gain further insight to the relevance of the current values and why and how they might change to support the strategic direction of the SRA. The engagement will start with the Leadership team during

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September/October. There is then an opportunity to capture the thoughts of all staff during the annual staff forums in December of this year. A summary of outcomes and a recommendation will subsequently be prepared for the Board to consider early in 2022.

Legal services tender

- 57 Following a tender process earlier in the year, we have recently entered into new retainers with Capital Law Ltd (based in Cardiff) and Capsticks LPP (based in South London) to provide legal support to our General Counsel, Procurement and HR teams. Both firms have previously provided such services to the SRA and were chosen on the basis that they will continue to provide high quality advice and excellent value for money. The arrangements will last for at least three years. We have also been preparing a tender for our enforcement work and expect the advertisement to go live in the week commencing 13 September 2021.

Board forward planner

- 58 Attached at annex 2 is the current forward planner for upcoming Board meetings for information and discussion.

12 month investigation KPI

- 59 The Board has previously discussed the 12-month investigation target and agreed that a more nuanced set of targets are needed to provide greater visibility of those cases that inevitably take longer than 12-months. Our proposal is to adopt three targets that allow Board members to track the overall caseload through the full lifetime of an investigation to the point individual cases are referred to the Solicitors Disciplinary Tribunal. The targets would be 93% of cases completed in 12 months, 95% of cases completed in 18 months and 98% of cases in 24 months.
- 60 This year's internal audit programme includes a review of the performance measures reported to the Board on a regular basis. As part of this we will ask the auditors to review and report on the appropriateness of our KPIs, including benchmarking against measures used by other organisations.

External Developments and Engagement Activity

Legal Services Board

- 61 The Legal Services Board has [published a report](#) on its review of the Bar Standards Board's governance arrangements, which it undertook under the 'well-led' standard of the Regulatory Performance Assessment Framework. We circulated the report to the Board on 9 August 2021.
- 62 The review looked at how the governance framework supported decision-making, how decisions were made, implemented and communicated and Board oversight and responsibility for performance. We have reviewed the report for any learning

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that we can apply to our own work and key areas of focus for us moving forwards include: making sure that Board papers and our minutes are sufficiently clear on how the regulatory objectives are engaged, better signposting to the Board section of our website from our Governance Handbook, keeping our performance reporting and balanced scorecard under regular review and adding to our public legal education outreach through a new frontline adviser reference group.

Stakeholder Engagement

- 63 Our ongoing engagement programme with stakeholders continues. In June, we met with the Solicitor General Lucy Frazer MP, and further political meetings are planned later this month around the political party conferences.
- 64 In Wales, our new Head of Welsh Affairs has been building relationships with key stakeholders, including the Welsh Government, Citizens Advice Cymru, the Law Society in Wales, Cardiff and District, Swansea and District and North Wales and Chester local law societies, and the local legal press. We have recruited around 20 candidates for the forthcoming SQE in Welsh pilot.
- 65 We have continued to engage with diversity groups, supporting their membership through joint events to talk about our work. Over this period, we spoke about the SQE at a joint event on 2 June with the Black Solicitors Network and the Sole Practitioners Group and about AML at a joint event on 4 August with the British Ghanaian Lawyers Union and UK Society of Chinese Lawyers.
- 66 We are supporting the Social Mobility Business Partnership again this year, after a successful session on careers in law over Easter. We hosted students from Birmingham in August with sessions on the ethical choices a solicitor must make and our approach to investigating misconduct.
- 67 We have delivered eight webinars over the summer, with more than 900 live views, which, at the time of writing, has since increased to almost 6,000 on demand views. The average score for usefulness has increased slightly to 8.60 out of 10 and 98% of delegates said they would view a future webinar.

Author Paul Philip, Chief Executive

Date 2 September 2021

Annexes

Annex 1 SRA Regulatory Arrangements (Amendment) Rules

Annex 2 Board forward planner

NB: annex 2 will not be published because it relates to emerging strategy or policy