

SRA BOARD

14 January 2025

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*This paper will be published***SRA Year Ended 31 October 2024 Performance Report**

Reason for papers	These papers (items 7 and 8) provide the Board with an overview of the performance report for the year ended 31 October 2024 and a report covering the management of the SRA key risks set out in the Strategic Risk Register (SRR).
Decisions(s)	The Board is asked to: <ul style="list-style-type: none"> a) note the content of the performance report annexes and the overall assessment of performance b) approve the investment policies included in annex 1 c) consider the approach to providing the Board with assurance against the LSB's performance assessment framework moving forwards d) note the update on the LSB performance assessment.
Previous Board and committee consideration	The Board receives performance reports and Strategic Risk updates on a regular basis, three times per annum.
Next steps	The first performance pack for 2024/25, covering the first four months of that year, including the Strategic Risk Register, will come to the Board at its meeting in April 2025.

If you have any questions about this paper, please contact Liz Rosser, Executive Director Operations and Resources, liz.rosser@sra.org.uk

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**SRA Year Ended 31 October 2024 Performance Report****Purpose**

- 1 This paper provides the Board with an overview of the performance report for the year ended 31 October 2024.

Introduction

- 2 The Board is asked to consider five separate documents which, together with this summary, provide the Board with an update on performance for the year ended 31 October 2024. These are:
 - Annex 1: Financial performance and position
 - Annex 2: Balanced Scorecard with supporting commentary
 - Annex 3: Business plan progress
 - Annex 4: LSB Performance Assessment Update
 - Agenda item 8: Strategic Risk Register.

Key achievements

Investigation and Enforcement	Delivered considerable improvement in the timeliness of our investigations and enforcement, with 94% of cases concluded within 12 months, 98% within 24 months, and 60 cases over 24 months, as against 162 a year ago.
Anti-money Laundering	Updated our financial sanctions guidance, enhanced our data collection on firms in scope of AML regulations, and exceeded our full year target for desk-based reviews and on-site inspections of firms, delivering 850 over the full year, exceeding the target of 700.
Continuous Improvement programme	Rolled out the Continuous Improvement training more widely - completed three waves of Lean Six Sigma white belt training for 42 members of staff.

2023/24 Business plan performance update

- 3 We have 21 activities to report against in our business plan, having deferred four activities, of which 19 were 'green', delivered commitments, one 'red' where the commitment could not be completed in the year, and one 'amber' where we were only able to partially deliver the commitments.
- 4 The activity that was not delivered was to make data about SQE candidate performance available to help aspiring solicitors make informed choices about how they prepare for the assessment. Some training providers oppose us publishing

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data, and we are considering the arguments for and against doing so with the data currently available to us.

- 5 Further information is included in annex 3 on the partially achieved activity, which was to publish our firm diversity data with new insight into the diversity breakdown at the most senior levels in law firms and improve the diversity data we hold for individuals.

Financial performance

- A £6m surplus for the year in SRA Limited, which was £5m higher than the budget and £3m higher than forecast.
- This was due to expenditure within the stable part of activities being £2m lower (3%) than budget, which arose primarily on the projects budget, but also because of greater than budgeted income and an unbudgeted investment gain.
- The corresponding increase in reserves will fund a level of expenditure in 2024/25 which will materially exceed the budget.

Balanced scorecard review

- 6 The most notable points within the balanced scorecard included as annex 2 are:
- A downward trend in assessment and early resolution (AERT) of cases, following a recent significant increase in volumes.
 - This increase in reports in AERT has continued into the months following the reporting period. From September to November 2024, we received over 800 more new reports than forecast, based on the previous year's receipts for those months. We forecast 2,835 and received 3,643, 29% more than forecast. This is impacting on the number of unallocated cases and closure performance. Several measures have been taken to seek to address this challenge, and the AERT team closed 1,069 reports in November 2024, the second highest level since January 2023.
- 7 Following Board agreement in October, we have produced a revised and improved balanced scorecard. This is considered under agenda item 9.

LSB performance assessment

- 8 Annex 4 includes the latest update against the LSB's performance assessment framework, covering October 2024 only, following the Board in October reviewing performance up to September 2024. This annex also sets out some options for the Board to discuss and confirm how it would like to receive assurance against the LSB's framework moving forwards.

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9 Strategic Risk Register

- This is discussed in a separate paper under agenda item 8.

10 Summary

- Most of our business plan commitments were delivered, having deferred four of them because of the Consumer Protection Review. One was not delivered, and one was partially delivered.
- Most of our key performance measures are on or exceeding their target.
- Our draft (subject to audit) financial results for the year indicate a substantial surplus leaving our reserves within the range set in our reserves policy.
- We are on track to deliver on the LSB performance assessment.

Recommendations: the Board is asked to:

- a) **note the content of the performance report annexes and the overall assessment of performance**
- b) **approve the investment policies included in annex 1**
- c) **consider the approach to providing the Board with assurance against the LSB's performance assessment framework moving forwards**
- d) **note the update on the LSB performance assessment.**

Next steps

- 11 We will continue to report regularly to the Board on our performance. The first report on 2024/25 performance will be in April 2025 and will cover the first four months of the reporting year. There will be three updates on the 2024/25 year.

Annexes

Annex 1	Financial performance update
Annex 2	Balanced Scorecard
Annex 3	Business Plan update
Annex 4	Legal Services Board Performance assessment update

NB: Annex 1 of this paper will not be published because it contains information which is commercially sensitive.