

SRA BOARD
3 June 2015

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Chief Executive's Report

Purpose

- 1 This report sets out progress against the SRA's strategic objectives and provides an update on operational performance.
 - Section 1: reports on our priorities and progress against the 2014/15 Business Plan.
 - Section 2: provides an update on operational performance.
 - Section 3: provides details on publication and engagement activity.

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

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Section 1: Priorities for 2014/15

- 2 This section provides an update to the Board on our key priorities, starting with an update on any key developments and then moving onto an update against our 2014/15 Business Plan.

Consumer Credit

- 3 We continue to have constructive discussions with the Financial Conduct Authority with a view to us continuing to regulate law firms undertaking consumer credit work in a way that protects the public, while taking into account our aim to reduce the regulatory burden. We hope to be in a position to provide further details to the profession in the next few weeks and will provide an oral update to the Board.

Insolvency Practitioners

- 4 The Legal Services Board (LSB) has now approved our proposal to cease regulating Solicitor Insolvency Practitioners, and notice has therefore been given to Insolvency Practitioners that our regulation will cease with effect from 1 November 2016.

Progress against our 2014/15 Business Plan

- 5 We are progressing well on the activities being undertaken to deliver our objectives in the Business Plan. Below, I highlight to the Board whether objectives are on track and provide any further updates on key activities that the Board needs to be aware of.

<p>Objective 1: We will reform our regulation to enable growth and innovation in the market and to strike the right balance between reducing regulatory burdens and ensuring consumer protection</p>	<p>On track</p>
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- 6 Overall we are on track to achieve this objective. Key updates to note include:
- At the Sole Practitioner's Group on 10 May, Richard Collins launched our response to our February 2015 consultation on initiatives to improve the regulation of small firms and to help small firms operate within our regulatory framework. Subsequently, we published our approach and the summary of responses to the consultation. Key initiatives include:
 - Small firms section of the SRA website
 - Dedicated ethics advice line, tailored guidance packs, risk material and webinars

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- Creation of two virtual reference groups – a sole practitioners group and another for small practices (two to four partner firms)
- Tailored guidance packs, risk material and webinars
- A dedicated small firms team in Supervision

We are currently consulting on further initiatives as part of our Regulatory Simplification Consultation, including on the requirements for authorising compliance officers in small and some medium sized firms.

- We published our Regulatory Simplification Consultation in April, which sets out a series of proposals that reflect our approach and reform programme, but which we consider are too narrow in effect to warrant their own consultation. The proposed changes flow from our own internal process reviews, ongoing stakeholder engagement, responses to our recent discussion paper on small firms, and Phase 3 of the Red Tape Initiative. In brief, we are consulting on the following:
 - Simplifying compliance officer approval for small firms (1-4 managers)
 - Simplify candidate declaration and notification processes
 - Remove the requirement for firms to carry out reserved legal activities
 - ABS Authorisation - operational changes and improvements
 - Changes to insolvency rules
 - Alternatives to client accounts
 - Guidance on recording of non-material breaches
 - Clarification on the outsourcing of legal and operational functions
 - Recording and reporting of diversity data
 - The Apprenticeship Route to qualification
- We will shortly be publishing a further discussion paper on issues and options relating to the reform of Professional Indemnity Insurance and Compensation Arrangements as part of our ongoing review. A draft of the discussion paper was considered by the Standards Committee in April and the final paper will be circulated to the Committee before publication, which we expect will be in the next few months.

Objective 2: We will work with solicitors and firms to raise standards and uphold core professional principles	On track
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7 We are on track to deliver our activities against this objective. Key updates to note include:

- Following Board consideration of the Training for Tomorrow paper in April, Julie Brannan (Director of Education and Training), spoke at the Junior Lawyers Division National Committee Meeting on 19 April on our work to develop a framework to assess the Competence Statement at point of qualification. The three options were outlined and we explained that our initial evaluation suggests that the centralised assessment option is most likely to ensure rigorous and consistent standards and to liberalise pathways to qualification.

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Work is being undertaken to test this option. We have developed a possible assessment model and have held events to test it with a variety of stakeholders including: Universities and other training providers, the City of London Law Society Education and Training Committee and LawCabs members. Further engagement is planned with the Law Society, training principals, small firms virtual reference group, equalities virtual reference group and consumer groups.

Objective 3: We will improve our operational performance and make justifiable decisions promptly, effectively and efficiently

On track - revised plans

- 8 Delays in user acceptance testing on the OneView IT system have led to us to take the decision that the risk of insufficient testing was too high to rush implementation in June 2015. We have subsequently agreed that the implementation date will be March 2016. This timetable will give us an opportunity to reflect any changes in the way we work since the requirements for OneView were set in 2013. Part of that will be a full 'tone of voice' review of any externally facing material to make sure it is in line with our emerging corporate approach. It will also enable us to give the firms and individuals using our systems plenty of support to make the transition to our new forms and processes.
- 9 Progress against the Equality, Diversity and Inclusion (EDI) Strategy and action plan continues to be reviewed every month by the Senior Management Team and at each Equality, Diversity and Inclusion Committee meeting. Key achievements since the last CEO report include: ongoing development across a number of training initiatives for staff including inclusive working, unconscious bias and managing vulnerable stakeholders; engagement with equality groups from the profession and hosting a seminar on disproportionality with other regulators and academics.

Objective 4: We will work with our stakeholders to improve the quality of our services and their experience when using them

On track

- 10 Progress in the development and delivery of our first stakeholder perceptions tracking survey is on track and fieldwork will commence shortly. Our plans are to use this as a benchmarking survey that we will repeat regularly to track progress. We will be targeting individuals and entities who have recently interacted with us and used our services, as well as placing the survey on our website. We have also appointed a specialist agency to work with us to deliver our Tone of Voice review of all our external communications.
- 11 Work is taking place to redesign our website in order to make it more accessible. We have already user tested new designs with around 200 Practising Certificate holders.

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Section 2: Operational Performance

- 12 We are continuing to report against our end to end KPIs. The percentage of files closed within 12 months of receipt was 91% at the end of April against a new target of 90% (it was previously 83%). This data now covers only those files that have been opened and closed within the 12 month period, previously we measured all the files closed in any given month, including the files that were older than the 12 month reporting period. The average number of days to close Tribunal proceedings has increased from 603 days in March to 616 days in April. This figure can be influenced by the low number of cases actually issued (the point at which a case is sent to the Solicitors Disciplinary Tribunal) in any given month. It can only take one or two newly issued cases to be older than the norm, which could be due to the complexity of the case and the material that needs to be collated, to have an impact on the reporting. We will continue to monitor how this data 'behaves' over a full year so that we can better understand what influences the results.
- 13 Progress against our core key performance indicators continues to be on target. Our service targets in both individual and firm based authorisation were all over and above targets in April, with above 93% of applications being processed within expected timescales, against targets of 90%. All events coming into the organisation were assessed by our Assessment Team within the target of 5 days, with 88% of high risk assessments completed within two days against a target of 80%. We are also continuing to perform well with contact into the organisation with our Contact Centre answering 85% of all calls within 70 seconds against a target of 70% and 92% of calls to our Ethics Guidance Helpline answered within 45 seconds, against a target of 90%.
- 14 The LSB confirmed on 20 April 2015 that it is revoking, with immediate effect, the January 2013 section 55 notice requiring us to report monthly on ABS Authorisation. The LSB has acknowledged that we have addressed many of its original concerns regarding our approach to ABS authorisation and noted the considerable improvement in the speed with which we are dealing with applications.
- 15 Authorisation has been preparing for the expected increase in applications as a result of the changes to criminal legal aid. We have made available additional capacity in our Firm Based Authorisation Team and we are also working to reduce down levels of work in progress in advance. Two seminars and a webinar have taken place to support potential applicants through the process.
- 16 The LSB has started the process for its 2015/16 assessment of our progress against the Regulatory Standards. The aim of this full assessment is to be more targeted and less burdensome with a data request, a survey of 'individual users' of approved regulators and information that they have gathered through previous work. This will be followed by a self assessment exercise that will be targeted on areas they want to explore further with us.

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Section 3: Publications and Engagement Activity

- 17 Our programme of meetings with local law societies continues with constructive meetings held since the last Board meeting with Leeds Law Society and the Isle of Wight Law Society. There was also a successful visit by our Chair to key stakeholders in Wales on 12 May, including meeting with the Head of Private Office and Head of Legal Services at The Welsh Assembly and with the Vice-Chair at Geldards. We plan to undertake significantly more engagement work in Wales.
- 18 On 27 April, we hosted a successful seminar to discuss common experiences of disproportionality for some groups in professional regulation, share best practice and consider future challenges. Academics and regulators from the legal, medical and financial sector attended the event and a number of common themes emerged. The outcomes of the event and next steps were discussed by the Equality, Diversity and Inclusion Committee in May.
- 19 Over 40 colleagues and members of their families supported our presence at the Birmingham Pride Parade on 23 May. The event provided an opportunity for us to show our support for a diverse and inclusive profession, in line with our values and Equality, Diversity and Inclusion strategy.
- 20 We have continued to place key comment pieces in the trade press. Two articles were published in my name in Legal Futures in April, one on the Separate Business Rule and one on a single legal services regulator.

Author Paul Philip, Chief Executive
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