SRA BOARD
7 December 2021

CLASSIFICATION - PUBLIC

This paper will be published

SRA Fourth Quarter Performance Report

Purpose

1 This paper provides the Board with an overview of the performance report for the fourth quarter of 2020/21.

Recommendation

2 The Board is asked to:

a) note the content of the quarterly performance report and the commentary provided.

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

Equality, Diversity and Inclusion considerations

Consideration	Paragraph
The balanced scorecard and commentary include aspects of EDI within the agreed indicators, including the SRA's latest gender pay gap data.	*Annex 3*
Reporting on our work programme and our Strategic Risk Register also cover key areas of our EDI work.	*Annex 2*

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SRA Third Quarter Performance Report

Introduction

3 The Board is asked to consider four separate documents which together provide the Board with an update on performance at the end of October 2021. These are:

- Annex 1: Financial Performance Update
- Annex 2: Business Plan Update
- Annex 3: Balanced Scorecard
- Agenda item 7: Strategic Risk Register

Quarter four 2020/21 performance update

4 This is the fourth and final quarter reporting against the delivery of the first year of our Corporate Strategy as well as the 2020/21 Business Plan, which support the delivery of our regulatory objectives as set out in the Legal Services Act 2007.

5 Some of the key highlights of the period include:

- 1,155 candidates registered for the first SQE exam
- Visits to Legal Choices website in the year ending 31 October 2021 exceeded 1 million. There were also more than 1 million quality views of Legal Choices videos on Facebook and YouTube
- We have delivered two SRA Innovate events in Liverpool and Cardiff
- First ICS external benchmarking survey of customers across a number of our teams took place in September and October.

6 The last quarter of the year has seen 21 activities in our business plan be completed and the majority remain on track. The fourth quarter reporting against the business plan has seen two activities marked as amber. The two Amber activities and the completed activities are discussed in more detail in annex 2.

7 Activity 1.16 relating to the collection of firm diversity data was reported as Amber last quarter, for this quarter it is now complete as we have received reports from 90% of law firms. The data is now being analysed and will be published in mid-January 2022.

8 At the end of the third quarter, our income from practising fees was in excess of budget and expenditure was below the approved budget resulting in an overall surplus for the financial year, both in terms of the 12 months of the SRA and the five months since Solicitors Regulation Authority began operating.

9 The next update will be against the first quarter of the 2021/22 Business Plan.

10 The Balanced scorecard now includes six quarters instead of four to provide additional insight into comparisons and trends. This was requested by the Board at the Q3 discussion. In terms of the external measures:

Communication

Media sentiment

11 Positive coverage increased as a proportion of all media coverage during Q4 as compared to the previous five quarters. Areas of our work that earned favourable coverage included the announcement of our unbundling pilot, the publication of our business plan and AML reports, and news that individual practising fees and compensation fund contributions would be lower. There was continuing positive coverage of our innovation and technology project and of our transparency work – both our customer reviews pilot and our enforcement measures. Campaigning by others in relation to the Solicitors Indemnity Fund continued to generate some negative media coverage for us during Q4.

Web traffic

12 Estimated visits to our website were up by 13% from a year earlier, driven mainly by rising traffic to the Solicitors Register and to parts of the site explaining how to qualify as a solicitor via the Solicitors Qualifying Examination route.

Events

13 We held five virtual events and two face-to-face events during Q4, generating attendance of around 2,500 in total (in person, virtual streaming and virtual on-demand). Around two-thirds of attendees who scored our virtual events for usefulness rated them 8 out of 10 or higher.

Social media

14 Total engagements (clicks, shares, likes) with our social media content during Q4 were down 12% from the previous quarter, although the rate of engagement per view remained steady at just over 2%. We are looking at ways to increase both our social reach and our engagement rate.

Customer feedback on Contact Centre calls and emails

15 There was strong call performance through the final quarter of the year, including the start of practising certificate renewal. Email customer feedback during Q4 indicates a lack of satisfaction around processes that are impacted by defects in mySRA – especially during the last two months of the year.

Delivery measures

16 In the last performance update we forecast that we would hit all our high level delivery KPIs in quarter four and the Balanced Scorecard shows that this was

achieved. At the time we highlighted the fact that we were moving into our Practicing Certificate Renewal Exercise (PCRE) and were gearing up for the peak in activity that this brings. As mentioned in the Chief Executive's report, the exercise has gone well and we successfully invoiced just over £110m before the end of the window on 14 November 2021. Both our systems and Contact Centre performed well, with our KPIs for both call handling and email correspondence being met.

17 We also flagged our focus on reducing Investigation cases that take longer than 12 months and the need to bring the numbers down over the next 12 months. While there is more work to be done, we have seen some progress in this area, with the numbers of cases in our Investigation Teams (that are over 12 months) reducing from 772 cases in January to 688 at the end of October. We have also seen an overall reduction of our oldest cases (those over 24 months old) since July, from 302 cases, and are expecting this to be below 260 by the end of December.

18 The update on the key deliverable KPIs for the quarter is as follows:

Investigation and Supervision

19 We saw improved performance against our 93% KPI in the fourth quarter, achieving 94% of cases closed within 12 months (up from 93% in quarter three and 91% in quarter one). This reflects the focus that we have had on reducing those cases that take longer than 12 months and improving levels of closures that we are seeing within our Investigation Teams. We expect this profile to continue and are looking for further ways to improve our performance in this area.

20 As previously mentioned, although we managed to keep a tight handle on our overall enforcement caseload during the pandemic (and the implementation of our new CRM at the end of last year), and continued to deal with all high risk intervention matters, we did see a rise in the volume of cases in the caseload that are older than 24 months (up from 190 in January 2020). The issues we faced during the pandemic clearly had an impact on these cases, which in the main are some of our most complex matters. In order to recover from the current position, we are focusing resource and management effort on bringing these numbers down and have set a target of reducing the volume of cases in this cohort to c.100 cases by the end of our financial year.

21 Our early analysis of the current caseload shows that around 100 cases are delayed by factors that are, to a great extent, outside our control (where for example we are awaiting the outcome of third-party processes or where the case is subject to scope change during the investigation), and while we will continue to focus on these, have a clear rationale for the delay. The remaining c.160 cases are cases that should, on the face of it, be capable of being completed within a shorter timescale. Our work around this is focused on unblocking the issues that have been preventing us from achieving this. **(Note that we will be discussing this issue with the Board, along with a further update on progress, as part of a deep dive into our enforcement processes in February).**

Authorisation

22 We exceeded the Firm Based Authorisation KPI in quarter four and hit the Individual Based Authorisation KPI by the end of the quarter, achieving 92% in October. This was a particularly busy period for Authorisation with new solicitors applying to join the roll for the first time (the admissions peaks in August and September) and the beginning of our PCRE period. We also saw the roll-out of new online forms to support SQE and some low level remediation work that was required to support the PCRE IT system. We expect performance to remain above 90% in both areas for the year ahead.

Contact Centre

23 We saw a strong performance in the Contact Centre during the fourth quarter and throughout the PCRE window, achieving our 70% KPI (with an average queuing time across the 26,000 calls during PCRE of 87 seconds). This was the result of good system performance during the window itself and the recruitment of additional agents to support the peak. This was further supported by a pilot of fixed term contract roles that were recruited into the Contact Centre on a national basis (as we experienced early difficulties recruiting the numbers we needed from within the West Midlands area).

Client Protection (referenced Compensation Fund on the balanced scorecard)

24 We continued to exceed our claims handling KPI in quarter 4. The Compensation Fund team remains extremely busy with the claims from the Kingly intervention. To date, we have made 390 payments out of the Fund with a total value of £14.3m. Whilst a significant proportion of these payments will be subrogated back from the Statutory Trust we have still returned £4.8 million to people who had money misappropriated. The final level of interventions for the year was relatively low at 26. But, as we have always maintained, we remain committed to proactive engagement on matters to ensure that we only intervene when necessary. We are also conscious of the fact that firms, and the property market in general, were supported during the pandemic and therefore the true financial implications of Covid-19 may not have been realised yet.

Complaint handling

25 We met all our complaint handling KPIs in the last quarter and expect this to continue as we move forward into the new year. The number of complaints being made to us over the last quarter have remained static. As ever there are helpful lessons we continue to learn from complaints with timeliness being a theme in some of our investigations work. This is a priority area for us and we are actively exploring actions to improve this.

<u>Internal measures</u>

26 Staff turnover has increased slight again for this quarter. We continue to observe the volatile recruitment market and it continues to indicate uncertainty. As the

government roadmap out of the pandemic heads towards a return to workplaces and the SRA start to define the future ways of working, we believe this may be the reason for a slight increase in turnover.

27 In addition, time lost to sickness has increased slightly. We have seen an increase in those testing positive for Covid-19 over the last quarter and our process to manage this in the workplace is being closely monitored. As we prepare staff to gradually return to work towards a hybrid way of working, we continue to promote well-being initiatives and other interventions such as our employee assistance and occupational health provisions.

28 Both the turnover and sickness continue to be below the external benchmark. However, the benchmark for voluntary turnover is based on 2019 data. The source of the benchmark has recently communicated that the current sample size is not large enough to provide a more up to date benchmark.

29 The number of training hours is consistent for this time of year although there is a spike in training hours during September where staff refreshed the health and safety elearning modules as they started to come back to work.

30 As reported in quarter 3, the latest gender pay gap data for 5 April 2021 is included. We have seen a 0.9% decrease in the mean from 10.6% to 9.7%. We have seen a slight increase in the median to 9.3% from 8.8%. Although we have seen the pay gap narrow significantly in some of our upper pay bands, our middle pay bands have all slightly widened creating overall a slight increase in the median. The gap is still significantly below the UK median benchmark of 15.5%.

Financial measures

31 This fourth quarter financial information is still subject to audit and final published year-end results may change as a result of year-end/audit adjustments. Income for the year was in excess of budget due to increased numbers of practising certificate fees. The budget assumed that we would see a reduction in practising solicitors due to the impact of the Covid-19 pandemic; however, in actuality we have seen more than a 2% increase in numbers. Regulatory income was broadly in line with budget.

32 Expenditure was managed within the agreed budget and forecast and the full year position actually shows a significant underspend compared to both budget and forecast. The impact of the Covid-19 pandemic was a significant factor in reducing costs in the year due in part to the continuation of home-based working for the majority of the year. Additionally, a later than anticipated start to refurbishment works on our Birmingham office space have resulted in lower costs in this financial year.

Strategic Risk Register

33 The updated Strategic Risk Register is discussed in greater detail under agenda item 7. It should be noted that since the review by the Board on 14 September 2021, the number of risks remains unchanged at five.

34 As referenced in the cover paper for the Strategic Risk Register (SRR), on the 18 November 2021 the Audit and Risk Committee (ARC) reviewed the latest quarterly report on the SRR including updates to individual Strategic risks, progress on the ongoing development of risk management; and the Mid-tier Risk Register.

Conclusion

35 This marks the end of the 2020/21 business plan. We are in a strong place moving into the second year of the Corporate Strategy, and we are continuing to focus on ensuring that we meet our operational performance measures as well as progressing the activities set out in our business plan.

36 This was another positive quarter, with the majority of our key performance measures improving or remining above target. There was a strong end to the year shown from our communication quadrants particularly call performance through the final quarter of the year and including the start of PCRE.

37 In total 21 activities have been completed in our business plan, two that were rated as Amber as well as a number of key achievements reported this quarter including 1,155 candidates registered for the first SQE exam.

38 We recognise there is room for improvement with how we can measure activities in our business plan and we will work on addressing that next year to make sure delivery can be objectively measured.

39 We ended the financial year with a surplus, both for the 12 months of the financial year and for the five months since Solicitors Regulation Authority Limited started operating.

Recommendation: the Board is asked to note the content of the quarterly performance reports and the commentary provided.

Next steps

40 We will continue to report to the Board in full on our performance every quarter, the next update will be against the 2021/22 business plan.

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Annexes
Annex 1: **Financial performance update**
Annex 2: **Business Plan update**
Annex 3: **Balanced Scorecard**

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