Solicitors Regulation Authority

SRA Business Plan

November 2016 to October 2017

Published January 2017

Introduction and summary

- 1.1

  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.

- 1.2

  This Business Plan sets out our programme of work for the period 1 November 2016 to 31 October 2017 (the Board's financial year runs from November to October).

- 1.3

  The plan is set in the context of our Corporate Strategy 2014/15 to 2016/17, published in November 2014, and provides greater detail on the activities we will undertake and the resources we will use in 2016/17 to progress the delivery of that strategy.

- 1.4

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

  - 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;
  - work with solicitors and firms to raise standards and uphold core professional principles;
  - improve our operational performance and make fair and justifiable decisions promptly, effectively and efficiently; and
  - work with our stakeholders to improve the quality of our services and their experience when using them.

- 1.5

  In this Business Plan we have set out details of the activities we will undertake in 2016/17 which will contribute towards the achievement of each of these objectives over the period covered by the Corporate Strategy. Our work in 2016/17 will build on the programmes delivered in 2015/16 and continue to:

  - improve our regulatory approach so that it is more proportionate and targeted, works better for consumers and those we regulate in the increasingly diverse legal services market and which imposes a reduced burden on those we regulate; and
  - improve our performance in delivering our regulatory remit: improving operational effectiveness, being more transparent about our service standards and performance against them, delivering a better customer experience for all those who interact with us and improving efficiency.
- 1.6

  In November 2014 we also published our Equality, Diversity and Inclusion (ED&I) Strategy to set out, in a single document, the work we will be undertaking in this area. The strategy covers our work to:

  - focus on creating a more diverse organisation and the way in which we work together;
  - focus on the way we operate, our rules and the decisions we make, the impact that has on those we regulate, and helping firms and individuals to understand and comply with our requirements; and
  - focus on working with those we regulate to support them in achieving a more diverse and inclusive profession.
- 1.7

  Our work on this issue is not separate to the broader programmes of activity we set out in this plan. To be effective, and to deliver the change we are determined to achieve, we consider ED&I as integral to everything we do and everything we are developing and implementing.

- 1.8

  We will publish information about our performance in delivering this plan through the Group Annual report and our new annual review.

Strategic Objective One

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

- 2.1

  In November 2015 we published a new policy statement which built on and replaced that published in May 2014 (Approach to regulation and its reform). The statement was revised in line with the progress

we had made in 2014 and 2015 and in the light of further analysis and consideration of the issues by the SRA Board. The statement was broadened to include additional material on the scope of the activities, individuals and entities subject to regulation and how we plan to ensure that this remains appropriate and proportionate in the rapidly evolving legal services market.

- 2.2

  In June 2016 we published Looking to the future – flexibility and public protection alongside a separate consultation on the SRA Accounts Rules. These consultations closed in September 2016. The aim of our proposals was to ensure that our expectations of those that we regulate are clear and proportionate and that the diversity of practice in the modern legal market is properly reflected and accommodated. In addition we sought to make the regulatory arrangements shorter and simpler in order to reduce the burden of unnecessary bureaucracy on those we regulate and to assist them to comply.

- 2.3

  In 2016/17 our regulatory reform programme will continue to focus on two main areas:

  - identifying and removing, or reducing, structural regulatory barriers to innovation and growth; and
  - reducing regulatory burdens which are not proportionate or do not provide essential regulatory protections which cannot be achieved through more targeted and proportionate measures.

- 2.4

  We will set out next steps following our consultations on the Accounts Rules and SRA Principles, Codes of Conduct and approach to solicitors working in non-SRA regulated entities. This is likely to include a further consultation on the review of our Handbook, which will include the Authorisation Rules, Practice Framework Rules, Suitability Test and Overseas Rules. We will also consult on our new enforcement strategy which will complement the increased flexibility created by our proposals.

- 2.5

  The final report from the CMA market study into the supply of legal services is expected in December 2016. We will review the report and recommendations carefully and consider our response. We will also continue work to ensure more information about solicitors is easily available to consumers, to enable them to make informed choices when purchasing legal services following the launch in October 2016 of our discussion paper, Regulatory data and consumer choice in legal services.

- 2.6

  We began work in 2015/16 to review the way in which the cost of regulation is reflected in the annual fee collection exercise, including the split in fees charged to individuals (the practising certificate fee) and firms (the turnover based entity fee). We will publish a consultation on this in 2017.

- 2.7

  We are reviewing our financial protection arrangements. Our aim is to achieve the right balance between consumer protection and an innovative and accessible legal services market. We have published our initial analysis of historic professional indemnity insurance claims data and will gather further evidence as we develop our proposals for reform.

- 2.8

  The number of waiver applications we receive is gradually increasing. This partly reflects the success of our Innovate initiative but also the prescriptive nature of the current Handbook. In addition, our current waiver policy is not as flexible as we would like and doesn't always encourage consistency. We will consult on a new waivers policy with a single set of simplified criteria aligned to our regulatory objectives and policy statement. We will also develop our criteria and processes as part of our SRA Innovate ‘Space for Innovation’ which allows firms and individuals to test new ideas in a controlled way.

- 2.9

  We will continue to consider whether elements of criminal practice need reform in the light of evidence covering police station accreditation, higher rights of audience and the treatment of vulnerable witnesses. This will include continuing to monitor developments with the introduction of the Quality Assurance Scheme for Advocates (QASA) and introducing a toolkit to support practitioners in the Youth Courts and a competence statement to help young people in need of legal advice.

Strategic Objective Two

We will work with solicitors and firms to raise standards and uphold core professional principles

Training for Tomorrow

- 3.1

In 2015/16 we continued our engagement and consultation on our work under the Training for Tomorrow programme. This programme is modernising the system for training and assessing solicitors. It will ensure that our approach is fit for the current and future challenges posed by modern society and consumer needs and by the needs of a rapidly developing and changing legal services market.

- 3.2

  After widespread engagement with our initial consultation on proposals for a common assessment for all aspiring solicitors, In October 2016 we published, A new route to qualification: the Solicitors Qualifying Examination, our second substantive consultation on these proposals. The consultation closes in January 2017 and throughout the consultation period we will continue our comprehensive programme of engagement with solicitors, representative bodies, academics, educational institutions and students.

- 3.3

  Aligned with this major initiative we continued our work with the profession to encourage a more diverse range of pathways to the education, training and experience necessary to develop future entrants to the profession. We worked closely with firms and with government to enable the introduction of apprenticeships as a pathway to future qualification and successfully continued to admit new solicitors to the profession through qualification by Equivalent Means. Equivalent Means allows us to recognise experience gained in the work place as being equivalent to the requirements of a formal period of recognised training or a training contract. The development of a range of pathways into the profession and the new route to qualification outlined above supports our EDI strategy commitment to supporting a diverse and inclusive profession.

- 3.4

  With effect from 1 November 2016 we will require all solicitors to move to the new approach to continuing professional development. This will mean that they must ensure they remain competent and up to date so as to deliver a proper standard of service to their clients.

- 3.5

  In 2016/17 we will decide whether to go ahead with the Solicitors Qualifying Examination after we have considered the responses to the second consultation which closes in January 2017. In addition, we will continue to support the new solicitor apprenticeship

qualification which has seen a few early adopters in 2016 with more expected in 2017.

Focusing our regulatory activity

- 3.6

  In section 4 we set out the next steps in the long term plan commenced in 2014 to improve our performance. Our core operational focus is the consistent delivery of justifiable and proportionate regulatory decisions. As a part of that work, in 2016 we implemented revised criteria and guidance to help our decision-makers assess, in a more consistent way, the thousands of issues that are referred to us each year.

- 3.7

  We will learn from the practical application of these criteria and through engagement with those we regulate, the public and other stakeholders will evolve and improve them over time. In the meantime, informed by the thousands of responses to our wide ranging Question of Trust campaign on professional standards received from the public, solicitors and law firms, and other stakeholders profession, we are in the process of revising our Enforcement Strategy to ensure our overarching aims are clear, proportionate and consistently applied. We will consult on this alongside our proposals for revised Disciplinary Rules which we are reviewing as a part of our Looking to the Future programme of regulatory reform.

- 3.8

  In 2016/17 we will continue to review, update and publish our Risk Outlook and other risk materials to engage with the profession about our regulatory approach and to support individuals and firms to identify and manage the risks to their own firms and practice. This will include publishing an update to, Exiting the EU: An update for lawyers, which we published in September 2016 in response to any clarification of the likely process and timetable for the wider progression of this issue by the government.

- 3.9

  We will undertake a range of research over the next year, and will work with other regulators, the Consumer Panel and a Legal Ombudsman to ensure that we collaborate where appropriate. Our 2016/17 programme includes research into the factors that lead consumers to complain to their solicitor and what subsequently pushes them to pursue complaints through LeO, SRA, Alternative

Dispute Resolution or the courts, transparency of legal costs and the conveyancing market.

Strategic Objective Three

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

- 4.1

  In 2016/17 we will continue making significant changes to the way in which we deliver our operational activities through the implementation of new processes, information systems and supporting guidance and criteria. These changes will be delivered alongside a major programme of change with staff across the organisation to improve our ways of working, our leadership and management capabilities and to create a stronger focus on delivering high levels of performance.

- 4.2

  We will support these changes with further improvements to our operational management and control environment, including continuing to develop and embed our significantly enhanced quality assurance process which we implemented in 2015/16. This will help improve the justifiability and consistency of our regulatory decision-making and will also help us increase transparency about our decisions and their impact on those we regulate.

- 4.3

  In 2015/16 we developed and refined our KPIs, providing a more comprehensive range of measures of performance in our core operational functions, including indicators which enable monitoring and reporting on the whole lifecycle of cases. These will apply from 1 November 2016 and are set out in Annex 1 to this plan.

- 4.4

  Improved performance over the last two years has allowed us to tighten a number of our KPIs. This is particularly the case in Authorisation, Supervision and the Contact Centre where we have regularly exceeded timeliness and call handling targets in recent years. In setting new KPIs we have benchmarked ourselves against organisations that are seen as high performing within their particular field. For example, our move to a new KPI in our Contact Centre of answering 80 percent of calls in 20 seconds (from the previous KPI of answering 70 percent of calls in 60 seconds) has put

us in line with organisations such as the Financial Conduct Authority (FCA) and the General Medical Council (GMC).

- 4.5

  In order to improve the efficiency of our processes and our information management, new information systems are being developed in order to replace the current inadequate and fragile systems. In 2015/16, working alongside the Law Society professional body, we developed and agreed a new IT strategy and roadmap to replace our core infrastructure and systems with more modern, flexible, resilient systems with lower long term operating costs. Our internal development activities will largely be focused on the development of these new systems in 2016/17.

- 4.6

  In progressing our work on our new information systems we will have particular regard to the needs of external users of our systems. This includes firms and individual solicitors and members of the public. It is important that the systems work well for external users and, as far as possible, work well with firms' existing systems and administrative processes. We will be undertaking a major programme of engagement on this issue throughout 2016/17.

- 4.7

  In 2015/16 we implemented the outcome of a review which we undertook jointly with the Law Society, of the shared service functions within the Law Society group which supported both the SRA and the Society. The review recommended the transfer of responsibility for shared service functions in order to bring them closer to the SRA and Society and enable improvements in service delivery and efficiency. In 2016/17 we will continue our work to improve operating processes and reduce cost in these functions.

Strategic Objective Four

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

- 5.1

  The major changes we will be implementing to improve our operational performance, as set out in Section 3 above, are also fundamental to our ability to improve the quality of our services and the experience of those using them. We are determined to improve our performance, through enhanced systems, better leadership and training and a consistent focus on customer service to improve our

delivery to all, including members of the public and those we regulate.

- 5.2

  We will continue to build on our work in 2015/16 to develop how we gather the views of those we regulate and the public we serve, through surveys, focus groups, social media and other channels. The establishment of virtual reference groups on themes such as diversity and small firms has proved useful and we will develop these further this year.

- 5.3

  In 2016/17 we will continue with our programme of roadshows, events and engagement with the profession, seeking their input into the development of our regulatory approach and raising awareness of our work. As part of this work we will deliver key engagement events on our SRA Innovate programme, for Compliance Officers and for the wider regulatory sector, sharing best practice and seeking input into our work. This will complement our enhanced programme of work with consumer groups and the public.

- 5.4

  In late 2014 we started to work on changing the way we communicate with the public and those we regulate, ensuring that our language and tone is accessible and relevant to the audience and the subject matter. We implemented these changes into all our communications, including our publication and consultations in 2015/16 and will continue to embed them fully across the organisation in 2016/17.

- 5.5

  Informed by a review of the effectiveness of our social media which we undertook in 2015/16, we will further develop our social media channels, helping us to reach stakeholders in the way that suits them best alongside improvements to the Legal Choices website. We have already started this work to ensure that we understand and help small business and individual consumers to choose and use legal services wisely and safely.

- 5.6

  We will continue to work with the profession to help firms improve their diversity and to create a more inclusive profession where there are equal opportunities to develop and progress. In particular we will publish firm diversity data in order to promote debate and action.

- 5.7

  We will continue to improve our transparency by publishing information in a meaningful way. That includes publishing all responses to our consultations and our response to the consultations of others. We will also continue to develop how we provide information about those we regulate to consumers, through, for example, building on our Law Firm Search service.

- 5.8

  Reflecting the global practice of the firms we regulate and our commitment to the international reputation of English and Welsh law, we will share our consultations, publications and research with international regulators. As part of that work we will continue to develop our International Conference of Legal Regulators website.

Annex 1

Our core service standards

We monitor and manage our performance against an extensive range of performance indicators and milestones to ensure that we deliver a good service and meet the commitments we have made in this plan. These are reported to our Board at its regular meetings.

Authorisation	**Individuals** 90% of low risk applications in 30 days 90% of medium/high risk applications in 3 months **Firms (new KPIs from 1 May 2017)** 90% of low risk applications in 15 days 90% of medium/high risk applications in 1.5 months (45 calendar days)	The Authorisation team consider applications from individuals (e.g. to be admitted as a solicitor) and firms (e.g. to be authorised as a recognised body).
Investigation and Supervision	93% of conduct closures within 12 months of receipt (cumulative) 80% of high risk assessments completed in 2	Supervision deals with issues reported to us about individuals and firms we regulate. These reports are assessed and then, where necessary, assigned to

	days 100% of all events to be assessed within 5 days 90% of same day "walk in" cases allocated in 1 working day 90% of urgent "walk in" cases started no later than 3 working days	supervisors to investigate. For serious matters further specialist investigation may be commissioned from our Investigation team. The most urgent investigation cases (e.g. where we believe client money is at immediate risk, are allocated speedily for attendance at the firm's office by an investigator).
Client Protection	100% of interventions effected in 2 working days 90% of Compensation Fund applications closed within the agreed target 100% of expected recovery amount	Our Client Protection team undertakes interventions into firms where there are grounds to suspect dishonesty or clients are at immediate risk. It also manages applications to the Compensation Fund from clients.
Legal and Enforcement	80% of TRI matters issued within agreed KPIs (monthly)	Our Enforcement team deals with serious conduct matters in respect of both individuals and firms. The most serious issues are prosecuted by us before the Solicitors Disciplinary Tribunal.
Complaints	90% of Stage 1 complaints considered and responded to in 10 working days 90% of stage 2 complaints considered and responded to in 15 working days	These indicators apply to complaints made to us about our own service or performance. Stage 1 complaints are managed in the relevant business unit. Complaints which are unresolved at that stage pass to Stage 2, where they are considered by a central team.
External Affairs	75% of media coverage has positive sentiment and/or includes our key messages 25% of people using a solicitor visit SRA website	Our External Communications team is responsible for ensuring high quality communications and engagement with the profession, the media, the

	Number of visits to the SRA websites (excludes MySRA) % change of visits to the SRA websites compared to the same period in the previous year	public and other key stakeholders.
Lifecycle	Average days from assessment to SDT proceedings issued New lifecycle measures that we will report on from 1 May 2017 The average days from assessment to conduct closure The average days from application receipt in FBA to closure The average days from application receipt in IBA to closure	These indicators are designed to increase transparency about the overall time that it takes us to asses, investigate and address issues referred to us We plan to increase our reporting on these types of measures in 2017 with the implementation of three further measures covering Investigation and Supervision and Authorisation.
Contact Centre	Answer 70% of calls in 20 seconds	Our Contact Centre handles calls from the profession and members of the public.

Annex 2

Resources 2016/17

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, 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 how our 2016/17 budget (our financial year runs from 1 November to 31 October) is funded compared to 2015/16.

Table One

SRA Income summary	2016/17 budget(£000,000s)	2015/16 budget(£000,000s)
Individual and entity practising fees	53.5	53.6
Regulatory fees (applications, etc)	2.9	3.0
Recoveries (cost orders, etc)	2.0	1.8
Compensation Fund	10.9	10.4
Reserves	12.0	1.9
Total SRA income	81.4	72.7

In Table Two, below, we have set out our budget for 2016/17, including those elements in respect of the shared services we receive.

Table Two

SRA Expenditure summary	2016/17 budget (£000,000s)	2015/16 budget (£000,000s)
SRA directly managed budget (excluding the cost of interventions)	39.3	39.7
SRA directly managed budget for interventions costs	7.0	6.9
SRA cost of shared services and property	13.4	21.3
Projects	21.7	4.8
Total	81.4	72.7

A break down of the major areas of expenditure within our 2016/17 budget is set out in Table Three.

Table Three

SRA Expenditure break down	2016/17 budget (£000,000s)	2015/16 budget (£000,000s)
Staff expenditure	29.5	29.9
Interventions costs	7.0	6.9
External disciplinary and enforcement legal costs	3.6	3.8
Other expenditure	41.3	32.1

Total	81.4	72.7