

SRA BOARD
25 April 2023



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This paper will be published

SRA Business Plan and Budget 2023/24

Reason for paper	<p>This paper summarises the SRA’s draft Business Plan and Budget for 2023/24, and the next steps required for:</p> <ul style="list-style-type: none"> • consultation activity • finalising the Business Plan and Budget • publication by 31 October 2023.
Decisions(s)	<p>The Board is asked to:</p> <ul style="list-style-type: none"> (a) review and comment on the draft Business Plan (annex 1) and Budget (annex 2) for 2023-24, and on the consultation activity outlined. (b) approve the recommendation for the 2023/24 Compensation Fund contribution. (c) delegate approval of the final Business Plan and Budget 2023/24, and related consultation documents, to the Chair.
Previous Board and committee consideration	<p>The Board considered potential work priorities and funding considerations for 2023/24, alongside related discussion on the Corporate Strategy for 2023/26, on 3 April 2023.</p> <p>The Board oversees the SRA’s operational performance, and monitors progress in meeting its Business Plan and Budget commitments and the SRA’s overarching Corporate Strategy.</p>
Next steps	<p>Subject to the Board’s feedback, the draft Business Plan and Budget for 2023-24 will be finalised for public consultation during in May. This consultation will run simultaneously with the consultation on the Corporate Strategy for 2023/26, with combined stakeholder engagement activity</p>

If you have any questions about this paper please contact: Liz Rosser, Executive Director of Resources - liz.rosser@sra.org.uk or Chris Handford, Director of Regulatory Policy – chris.handford@sra.org.uk

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SRA Business Plan and Budget 2023-24

Summary

- 1 This paper summarises the SRA's draft Business Plan and Budget for 2023/24, and steps leading through to public consultation and finalisation. The Business Plan and Budget will take effect on 1 November 2023.

Background

- 2 We will introduce a new Corporate Strategy for 2023/26 on 1 November 2023,. It will build on our [Corporate Strategy for 2020/23](#) and will cover our mission statement and four strategic priorities for the three-year period. We will consult on a draft version of the Corporate Strategy, alongside the Business Plan and Budget for 2023/24, during summer 2023.
- 3 We are proposing four strategic priorities which are to:
 - deliver high professional standards
 - strengthen our risk based and proactive regulation
 - support innovation and technology
 - be an authoritative and inclusive organisation, meeting the needs of the public, consumers, those we regulate and our staff.
- 4 Subject to our consultation, we are proposing that each strategic priority is accompanied by success outcomes and the key deliverables that we are aiming to achieve by 2026.
- 5 Our draft Business Plan and Budget sets out our work and areas of focus between November 2023 and October 2024, to deliver the first 12 months of activity under the new Corporate Strategy. It will also include our budget and details of practising fees for 2023/24.

Discussion

- 6 To clearly show how the proposed Business Plan activity progresses our four proposed strategic priorities, we have grouped the 2023/24 activity under the corresponding 2023/26 key deliverables, as proposed in the draft new Corporate Strategy. The Forewords for both the draft Strategy and Business and Budget Plan are to be completed and we propose that this is delegated to the Board Chair.
- 7 A top level summary of the proposed areas of work for 2023/24 is in the table below:

Priority one: deliver high professional standards

Solicitors Qualifying Examination (SQE) initiatives:

- Develop and commission the first independent evaluation study of the SQE, focused on understanding its market impact, including any equalities impacts and the impacts of qualifying work experience.
- Finalise our work to deliver the entirety of the SQE in the Welsh Language and make data about candidate performance available to help aspiring solicitors make informed choices about how they prepare for the assessment.

Continuing competency:

- Publish our first annual report outlining the most significant risks around competence, and undertake thematic work to understand the levels of competence and any regulatory action required to address this in high risk areas.

Consumer information:

- Consult on improvements and potential additions to our transparency requirements to make them more focused and better able to facilitate choice and comparison, alongside mechanisms to underpin long-term engagement with legal services comparison sites.

Anti-money laundering and financial crime regulations:

- Deliver any changes required by the Economic Crime and Corporate Transparency Bill, should it be enacted, bringing in a new regulatory objective relating to economic crime and giving us new fining and information gathering powers.

Equality and diversity in the profession

- Publish our research findings for wider discussion in relation to:
 - the attainment gap for candidates from Black, Asian and minority and ethnic backgrounds in professional assessments
 - overrepresentation of solicitors from Black, Asian and minority and ethnic origin backgrounds in reports made to us and subsequently our enforcement process.
- Improve the diversity data we hold for individuals and firms and develop a programme of work to encourage large firms to tackle retention and progression in particular for women and people from Black, Asian and minority and ethnic origin backgrounds.

Improving the quality and timeliness of our investigation and enforcement work:

- Monitor the impacts of the improvements made to date, deliver training to fully realise benefits and deliver further opportunities to improve the way we work.

Priority two: strengthen our risk based and proactive regulation

Data, analysis and insights informing proactive regulation:

- Develop a data strategy which improves the quality of our data and maximises the benefits we get from it.
- Enhance and expand our data analysis capability and expertise to identify opportunities for increased proactive monitoring.
- Increase our ability to quickly review newly emerging risks by expanding our capacity to deliver thematic activity.

Proactively regulating AML and the sanctions regime

- Reduce non-compliance with money laundering requirements and financial sanctions by extending our proactive work; enhancing our data collection to secure a market wide view of compliance and carrying out more, well-targeted inspections and desk-based reviews.

Priority three: Support innovation and technology

Developing understanding and safe testing

- Design a prototype sandbox, assessing demand and likely effectiveness.

Supporting small firms to adopt appropriate technology solutions:

- Work with small law firms and technology providers to produce a map of the specific areas where more resources and support are most needed and deliver pilots focused on particular technologies and themes.

Collaboration

- Deliver our Regulators Pioneer Fund project on dispute resolution technology solutions while expanding the profile of our national deprivation and legal services mapping tool.

Priority four: be an authoritative and inclusive organisation, meeting the needs of the public, consumers, those we regulate and our staff

How we communicate:

- Commission a full review of the impact and effectiveness of our current communications approach.
- Undertake a large-scale perception survey to benchmark our position.

Customer service, our resources and continuous improvement

- Work to maximise the performance of our people, processes, technologies, data and information, and to enhance the customer experience.
- Demonstrate we are a diverse and inclusive organisation by delivering our action plans to increase diversity in senior roles, maintaining our status as a Stonewall Top 100 Employer and exploring other relevant external schemes.
- Work to be better at what we do through the on-going delivery of our Continuous Improvement programme and embedding of our Continuous Improvement culture, including:
 - further reducing the time taken to investigate complaints through our improved investigation and enforcement processes
 - applying our continuous improvement methodology more widely across the organisation.

Insights and influence:

- Produce regulatory position statements about access to justice and ESG which will set out our analysis of the issues, the role of our regulation in relation to them and our regulatory expectations.

- 8 On top of this work, there are several areas of policy reform that we reached agreed positions on in 2022/23 and which we are in the process of implementing. These will be embedded in the forthcoming Business Plan year and we will start to monitor their impact. This includes bringing the Solicitors Indemnity Fund under SRA management and closing down the existing cover provider. Other areas include the annual Keeping of the Roll exercise, changes to our financial penalties regime, our approach to publishing regulatory decisions and new requirements around wellbeing in the workplace. This is alongside work to improve the robustness and consistency of the Higher Rights assessment and the Police Station Accreditation Scheme. The process of appointing the next Chair of the SRA Board will also begin in 2023/24.
- 9 Furthermore, we continue to engage with the Chartered Institute of Legal Executives (CILEX) following its approach to us to explore the transfer of

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regulation of CILEX members to the SRA, while retaining their distinct identity as CILEX practitioners and their route to qualification.

Draft Budget

- 10 The draft Business Plan includes our proposed budget for 2023/24. Once finalised, our budget informs the total amount required to be collected from solicitors and law firms through practising fees.
- 11 The Law Society's Board undertakes a similar exercise to finalise its proposed business plan, and its budget. It consults on its budget proposals and the required share of the overall practising fee requirement.
- 12 This means that our consultation and the Law Society's consultation are focused on our respective components of the practising fee requirement, rather than the total Practising Certificate fee. Post-consultation the SRA's Board and the Law Society's Board confirm their budget requirements for 2023/24, and the Law Society Council is then asked to approve a total practising fee requirement. Following this process, the SRA Board will be asked to approve individual and firm practising fees for 2023/24, ahead of making our application for approval to the Legal Services Board.
- 13 A detailed draft Budget for 2023/24 is at annex 2. A summary of this is in the draft Business Plan and Budget document (annex 1) and includes the proposed Compensation Fund Contribution for 2023/24.

Our approach to consultation

- 14 We will consult on our draft Business Plan and Budget 2023/24 during May and June 2023. At the same time we will also consult on our draft Corporate Strategy for 2023/26.
- 15 We will take forward an engagement programme that will give our stakeholders every opportunity to contribute their thinking and views. This includes:
 - roundtable events and discussion sessions with stakeholders, including consumer groups, lawyers, and professional representative bodies
 - focus groups with members of the public, and that will include some harder-to-reach communities
 - targeted digital activities and social media campaigns, include polling and blogs
 - profession-wide communication exercises through our newsletters and other communication channels to all solicitors, firms, and their employees.

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- 16 We will update the Board about consultation feedback and the viewpoints of our stakeholders, as part of our work to finalise a post-consultation version of the Business Plan and Budget for 2023/24.

Monitoring equality impacts

- 17 Equality, diversity and inclusion (EDI) considerations are built-in to our Business Plan and Budget commitments for 2023-24. This includes our rolling programme of evaluation and equality impact assessments (EIAs), and our bespoke research projects on EDI subjects, that we employ to make sure we actively monitor and understand the EDI impacts of our work, and are positioned to then respond to those impacts appropriately.
- 18 We undertake initial EIAs for the Practising Certificate Fee, and the Compensation Fund fee. Through this process we refresh and analyse the data we hold about protected characteristics (as defined in the Equality Act 2010) for solicitors, alongside diversity information that we hold about law firms. We analyse the data to understand the potential impacts for different groups from fees they will be required to pay during the practising certificate renewal exercise, and action we might need to take in response.
- 19 We refresh the EIAs annually which ensures we continue to monitor the impacts of our fees framework for individuals with protected characteristics.

Recommendations: the Board is asked to:

- (a) **review and comment on the draft Business Plan and Budget for 2023/24, and on the consultation activity outlined.**
- (b) **approve the recommendation for the 2023/24 Compensation Fund contribution.**
- (c) **delegate approval of the final Business Plan and Budget 2023/24, and related consultation documents, to the Chair.**
- 20 The timetable for developing, finalising and publishing the Business Plan and Budget 2023/24 are as follows:

25 April 2023	SRA Board approve and Business Plan and Budget 2023/24 for consultation
May – August 2023	Consultation on draft Business Plan and Budget alongside consultation on Corporate Strategy 2023/26 (Budget consultation will close at the end of June to allow for Law Society Council and Legal Services Board (LSB) process)
27 June 2023	SRA Board approves funding requirement for 2023/24 for submission to Law Society Council

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4 July 2023	Law Society Council approve the Group funding requirement for 2023/24
18 July 2023	SRA Board approve Practising Fees for 2023/24
Late July 2023	SRA and the Law Society submit Practising Fee application to LSB
17 October 2023	SRA Board approves the Business Plan and Budget 2023/24, alongside SRA Corporate Strategy 2023/26
1 November 2023	SRA Business Plan and Budget 2023/24 goes live, alongside SRA Corporate Strategy 2023/26

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Supporting information

Links to the Corporate Strategy and/or Business Plan and impact on strategic and mid-tier risks

- 21 This paper seeks approval for consultation on the Business Plan and Budget 2023/24, which represents the first 12 months of activity under the incoming current Corporate Strategy for 2023/26.

How the issues support the regulatory objectives and best regulatory practice

- 22 The content of this paper confirms our proposed workplans and resourcing, and they have been developed in ways that will support us to meet the Legal Services Act 2007's regulatory objectives, and the Better Regulation principles.

Public/Consumer impact

- 23 The Business Plan and Budget describes the ways in which we work to protect consumers, and to empower them with good information and improved experiences. It also confirms how we propose to work to proactively monitor and respond to access to justice risks, and other risks that members of the public may face in the legal services market.

What engagement approach has been used to inform the work and what further communication and engagement is needed?

- 24 The draft Business Plan and Budget will be published for public consultation. Our consultation will be supported by a programme of targeted stakeholder engagement. The Board will be updated about outcomes from this activity during summer 2023.

What equality and diversity considerations relate to this issue?

- 25 Equality, diversity and inclusion activities are central to the substance of our Business Plan and the commitments we make within it.

How the work will be evaluated

- 26 Feedback from the Board will inform the finalisation of the draft Business Plan and Budget 2023-24 for public consultation. Our progress in delivering the Business Plan and Budget commitments will be monitored on an ongoing basis by the Board during 2023/24.

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Annexes

Annex 1 SRA Draft Business Plan 2023/24

Annex 2 SRA Draft Budget 2023/24

NB: annex 2 to this paper will not be published because it is commercially sensitive