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**Legal Services Board Performance assessment update**

*LSB performance assessment 2024 process*

- 1 The LSB has informed us that the next performance assessment process is due to start in September with a request for information (received on 27 September) to inform the assessment to be submitted to the LSB on 15 November.
- 2 The assessment will cover the period from June 2023 to September 2024. It will cover all three of the regulatory performance framework's standards: Well-Led, Effective Approach to Regulation and Operational Delivery that the Board has discussed throughout the year. It will also focus on the common performance issues identified by the LSB across all regulators in its [February 2024 report](#). These include: transparency, capacity and capability, use of evidence and evaluation of impact of regulatory activities, enforcement and horizon scanning and risk.
- 3 The LSB has updated its Sourcebook of standards and characteristics that sets out the framework for its performance assessment. The Sourcebook now also takes account of the LSB's: [Statutory guidance](#) on promoting technology and innovation to improve access to legal services, requirements, statutory guidance and [statement of policy](#) on first tier complaints, and [paper](#) on policy approaches to financial protection arrangements

*Our assessment against the LSB's Sourcebook of Standards and Characteristics*

- 4 In our [last assessment](#), the LSB said that we had provided them with 'sufficient assurance' against the two standards we were assessed against: well-led and effective approach to regulation. This is the top level of assurance in the LSB's rating system. The report did identify areas for improvement, as well as highlighting some regulatory events (our decision to intervene into Axiom and the identification of wrongdoing by some solicitors in relation to immigration advice) that fell outside of the assessment period, noting that it was too early for the LSB to draw conclusions on these matters.
- 5 Overall, we think that we are making progress against all of the LSB's standards and have made, and are continuing to make, improvements to how we operate. We are continually looking at how we can improve, and we know that there will be further lessons to be learned. We have been agile in responding to events that have occurred since the last assessment period, such as Axiom and SSB, and have work in hand or planned to make improvements based on our analysis of these events.
- 6 We are awaiting the LSB's independent reviews of our handling of the intervention into Axiom and our regulatory actions in the lead-up to the collapse of SSB Group. We continue to cooperate fully with both reviews and expect them to be referenced in this year's LSB performance assessment of us.

## SRA BOARD

8 October 2024



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7 Below are highlights and areas where we are making improvements against each of the LSB's standards.

#### Well-led standard:

- We published our new Corporate Strategy in November 2023, in which we set out our mission statement and our strategic priorities for 2023-2026.
- We have consulted on and published our business plan and budget and Compensation Fund contributions for 2024/25. Our Practising Certificate fee and Compensation Fund contributions applications have been approved by the LSB.
- We have published our annual accounts, which for the first time now includes the Solicitors Indemnity Fund.
- We have successfully taken on the management of the Solicitors Indemnity Fund to ensure future consumer protection for post six-year negligence claims. This followed extensive consultation with stakeholders. The new arrangements came into effect on 1 October 2023.
- In light of our new corporate strategy, we have developed a new Strategic Risk Register, which has continued to develop throughout the year following discussions with Audit and Risk Committee and the Board.
- The Board received the annual report on corporate complaints in July 2024, which highlighted trends and areas of focus to improve our service, alongside the report of our Independent Reviewer for complaints.
- Our stakeholder perceptions survey was completed this year, and the Board has had early sight of some of the initial findings. We will share the final report with you, ahead of publication this month. Our Contact Centre has been accredited with the Institute of Customer Service since 2019 and has carried out surveys of staff and customers as part of its re-accreditation this year.
- We have constituted a new Risk Intelligence Group (RIG) and supporting Working Group to draw together our proactive views on risk. As the Board is aware, this is part of redoubling our efforts to ensure we have robust processes in place to identify and act on emerging risks. Longer term, this will be supported by the data strategy that we are developing.
- We have published key pieces of research during the assessment period on the Professional Indemnity Insurance market with the LSB and consumer segmentation. We have published our research on the potential causes of differential outcomes in legal professional assessments and are engaging with stakeholders to follow-up on the findings of that research. We are due to publish

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our research on the overrepresentation of Black, Asian and minority ethnic solicitors in reports to the SRA shortly. Risk Outlook reports have also been published on: the use of AI in the legal market and managing regulatory risk during economic uncertainty.

- In December 2023, we published our gender and ethnicity pay gap reports. We have also published our workforce progress report, which sets out our progress towards being an organisation that fully reflects the diversity of the public. The reports set out that we have made progress, but with improvements still to make, and we have action plans in place to address these. In July, we received a gold award for the third successive year from Stonewall's top 100 Workplace Equality Index.

### **Effective Approach to Regulation standard:**

- In February, we launched our consumer protection review. Before the launch, we had already made some changes to address areas where there may be higher risks, such as increasing inspections for 'accumulator' firms that have grown quickly through acquiring other firms.
- The consumer protection review is looking at our arrangements for identifying, managing and mitigating risks in the marketplace to clients and client funds and our client protection and Compensation Fund arrangements to ensure they remain fit for purpose for the future. Since the launch, we have been keeping the Board updated with progress, which has included an extensive engagement programme with key stakeholders and a discussion paper. We have also commissioned external research, issued warning notices and made improvements to operational processes. We have discussed key elements of the consumer protection review with the LSB in the context of its recent [paper](#) on policy approaches to financial protection arrangements and highlighted the complementary nature of the work, particularly around managing risks to client money.
- We collaborate and engage with stakeholders regularly to learn from and inform our regulatory approach, on top of standard consultations for our policy work and strategy. This is supported by our communications work.
- We have carried out eight consultations during the assessment period covering financial penalties, CILEX, qualified lawyer exemptions from the SQE, our business plans and budget, and the new corporate strategy.
- We also evaluate the impact of our key policy changes. During the assessment period, we have published the year three evaluation of our Transparency Rules and the year three evaluation of our Standards and Regulations.
- Data and developing our approach to how we use it is central to priority two in our corporate strategy. The development of a data strategy is in progress with

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the aim of sophisticating our data mining to support our use of data in our core regulatory work.

- In summer 2024, we carried out our AML, sanctions and suspicious activity reports data collection exercise. The data obtained will improve our understanding of risk and make sure that our resources are allocated accordingly.
- We have continued to use a range of appropriate regulatory levers at our disposal according to risk. This includes making rules, publishing warning notices, guidance and toolkits, and engagement with the profession. In line with our Corporate Strategy ambitions to strengthen our proactive work and following events this year, more proactive onsite inspections of firms have also taken place in response to potential emerging risks. During the assessment period, we have published warning notices on: SLAPPs, NDAs, money missing from client accounts, mergers, acquisitions and sales of law firms, high volume financial service claims and immigration work. Guidance for the profession has been published on representing clients during claims for financial services or products, complying with the UK sanctions regime, our transparency rules and guidance for in-house solicitors, which we invited feedback on from the profession.
- Our work on immigration advice has included the publication of a thematic review on asylum services, a warning notice for solicitors carrying out immigration work and the publication of our practising immigration and asylum law solicitors training records review. We have also added a 'hot topics' page to our website on immigration matters and have used targeted communications to immigration firms and their representatives to promote it. We have collaborated with other regulators to publish information for users of asylum services on Legal Choices. Work has also taken place with regulators and the Home Office to improve the type and quality of information shared to help identify risk and provide the necessary evidential basis to pursue suspected misconduct. Updates on our work have been provided at the Ministry of Justice immigration roundtables, which the LSB also attends.
- We are making good progress in meeting the outcomes in the LSB's statutory guidance on promoting technology and innovation. For example:
  - Through our horizon scanning work, including our Risk Outlook report, we continue to grow our knowledge of technology and innovation, including AI, in the provision of legal services. This includes identifying how our regulated community can innovate and use technology responsibly, and for the benefit of consumers and the wider public.
  - We continue to grow our knowledge and awareness of how other regulators and jurisdictions are supporting the responsible use of technology through our involvement in initiatives, such as the Regulatory

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Response Unit, the ICO-led Working Group on AI, and the Legal Services Regulatory Dialogue Australia-UK Working Groups.

- We proactively seek to support our regulated community to adopt innovative technologies while ensuring compliance with regulatory standards. We do this through our SRA Innovate events, our Lawtech Insight publication and by engaging with our regulated community.
- We continue to develop our understanding of how technology and innovation can improve access to legal services, and help to reduce unmet legal need. The Board is aware of our Regulators Pioneer Fund project.
- As we continue our technology and innovation work programme, we will continue to adapt our approach in-line with the opportunities, and risks, that we identify.
- Our commitment to EDI in the profession and improving access to legal services for the public is embedded across all of our work and is an important part of our corporate strategy and plans. Our work not impacting positively on EDI is also a risk our Strategic Risk Register. The use of equality impact assessments is embedded across key areas of work. For example, we have published an update on the progress we've made towards fulfilling our commitments in the 2020 SQE Equality, Diversity and Inclusion Risk Assessment.
- Steps to secure access to justice are built into our priority workstreams. We have focused on access to justice issues through specific workstreams such as our work on innovation and technology. This follows the re-prioritisation exercise that we discussed with the Board earlier in the year following the launch of the consumer protection review. We discussed our re-prioritisation exercise with the LSB.
- The Board has recently been updated on our work relating to the LSB's statement of policy on empowering consumers.
- An area of focus in our 2024/25 business plan is first tier complaints. In May 2024, we [published](#) a report on first-tier complaints as part of our wider work on quality indicators, and we are currently considering our approach here, taking account of the LSB's policy statement.

### **Operational delivery standard**

- We have key arrangements and tools in place to support our core operational work, including our Standards and Regulations, the Solicitors Qualifying Examination (SQE), our statement of continuing competence and our Enforcement Strategy, plus supporting guidance, warning notices and

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resources, including our thematic reviews, are published on our website with supporting communications to stakeholders.

- We regularly report on the SQE, including the quality assurance work we undertake, and earlier this year, we published our suite of reports showing improvements and progress made in year two. The Board is aware of the error that was made with the January 2024 SQE1 results when results were presented using scaled scores for the first time. Kaplan is reviewing what happened to help it understand the lessons that will need to be learned.
  - In our last update to the Board, we noted our progress on making data about candidate performance available to help aspiring solicitors make informed choices about how they prepare for the assessment. We remain committed to publishing SQE data by provider and have provided an update to the Board on the latest position in the business plan update at annex 3. We have kept the LSB informed on our progress.
  - We have published our annual report outlining the risks around competence, with thematic work in-hand or planned to understand levels of competence and high-risk areas.
  - Our Solicitors Register is the tool through which we maintain accessible and accurate registers of authorised persons, including information on disciplinary and enforcement action, and we have guidance available online to support customers using the Register. Together with the other front-line Regulators, through the Legal Choices Governance group, we are also developing a Regulatory Information Service (RIS). Our ambition is that this will be a single portal for consumers to access information about legal service providers.
  - We will report fully on the Investigation and Enforcement development programme, as discussed at the Board in September, including the achievements of the 12 month progress report for the Continuous Improvement programme and the further work in train/anticipation.
  - We publish reports annually on all our operational work, which covers the themes we are seeing. The next set of reports are due to be published this autumn. We have continued to publish reports following our thematic reviews that are targeted at areas we have identified as key risks. During this assessment period, we have published six thematic reviews covering AML, SLAPPs, asylum legal services, conduct in disputes, NDAs and lasting powers of attorney.
- 8 The Board has received updates against our detailed assurance mapping work against the LSB's regulatory performance assessment framework sourcebook of standards and characteristics on Directors Desk as part of these updates. The latest update to this is on Directors Desk, with updates covering May to September 2024 now included.