

# **Business Plan and budget 2021 - 22 consultation**

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May 2021

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# About this consultation

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## Our consultation process

We are seeking views on our new Business Plan and budget for 2021-22.

Our Business Plan covers the second year of work under our [Corporate Strategy for 2020-23](#) (November 2021 to October 2022).

This consultation runs from **6 May until 25 June 2021**.

After the consultation closes our next steps will be to collate and analyse responses. We will then publish a final version alongside a summary of the responses we have received and other stakeholder engagement activities.

## Setting the practising certificate fee

Our consultation process takes place at the same time as the Law Society's consultation on its own Business Plan and budget.

Feedback from both consultations in relation to the practising certificate fee will be used to jointly set the level for 2021/22:

This fee covers our funding, as well as the permitted purposes work of the Law Society, and levies for the:

- Legal Services Board
- Solicitors Disciplinary Tribunal
- Legal Services Ombudsman
- Officer for Professional Body Anti-Money Laundering Supervision.

# Foreword

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Welcome to our consultation on our [Business Plan and budget for 2021/22](#). This represents the second year of our work under our [Corporate Strategy 2020-23](#).

Here we set out our proposed workstreams and the ways we intend to use our budget between November 2021 and October 2022.

We welcome your views on our proposals, which will help shape our work and determine the use of our resources across our three strategic objectives.

These objectives are complementary, interlinked, and designed to help maintain trust in professional standards and help improve access to justice across England and Wales.

The work activities in our Business Plan are described in the context of our longer-term ambition to meet our objectives in our Corporate Strategy.

Some of our activities represent the continuation of workstreams already in motion, while others introduce new areas of focus. We would be grateful to hear your thoughts about these.

We continue to be in a period of significant change, with the long-term social, economic and business impacts of the Covid-19 pandemic still not known. Similarly, the future global trading conditions following our exit from the EU are still developing. Building our understanding of and evidence about the changing environment, in collaboration with our stakeholders, will underpin our thinking for the year ahead.

In developing our work programmes, we must be mindful that issues, and our responses to them, will necessarily be different across different segments of the market. This may include different types of law, different types of legal practice, different types and size of provider and different end users of legal services.

Segmentation will help us make the difficult decisions about where and how we target our resources and activities to best meet our Regulatory Objectives. This will be particularly important in big, broad areas such as access to justice, public legal education, equality and diversity and technology and innovation.

We want to make sure that the fees we charge are as fair as possible for everyone. This means looking to continuously improve the value for money and benefits to the sector that we provide. Given their growing importance and pace of change, we will look over time to recalibrate our resources with a greater focus on objectives two and three of our Corporate Strategy.

We aim to operate the same overall budget in 2021/22 as we did in 2020/21. And we are exploring the impacts that our fees may have for people from diverse communities and from different areas of the legal services sector.

This consultation therefore seeks views about the equality impact assessments for the how the practising certificate and Compensation Fund fees operate across the profession and law firms.

I look forward to hearing from you either through a formal response to the consultation or by participating in our programme of stakeholder engagement that we have planned to help us hear from as many different people as possible.

**Paul Philip, Chief Executive**

# Background

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We are the largest regulator of legal services in England and Wales, covering around 80% of the regulated market and overseeing some 208,000 solicitors and more than 10,000 law firms.

We work to protect members of the public, and to support the rule of law and the administration of justice. We do this by:

- overseeing all education and training requirements necessary to practise as a solicitor
- licensing individuals and firms to practise
- setting the standards of the profession
- regulating and enforcing compliance against these standards.

## Our Business Plan and budget 2021/22

Our Business Plan and budget, for the period 1 November 2021 to 31 October 2022, covers the second year of our work under our Corporate Strategy 2020–23. This sets out our workstreams and activities, our budget and how we plan to allocate our resources during this period.

We will report openly and publicly on our progress, including a suite of performance measures and accountability information provided to our Board. This reporting includes balanced scorecards, key performance indicators, financial reporting and appropriate assurance on progress against each workstream ([quarterly Performance Reporting](#)).

## Our ambition

We want to be a progressive and relevant regulator and aim to anticipate and respond to emerging opportunities and challenges for the legal sector in England and Wales.

This ambition informs our Business Plan and how we approach our core regulatory duties, our projects, and the service we provide to our customers.

## Our strategic objectives

Our Corporate Strategy sets out our strategic priorities and three specific objectives for our work to the end of October 2023. These are:

- Setting and maintaining high standards for the profession and ourselves.
- Supporting the adoption of technology and innovation.
- Anticipating and responding to change.

Access to justice, diversity and inclusion are a sharp focus across all our work. We continue to explore how we can target our work across different segments and target the different tools that we have - from rules and enforcement through to better public information - to maximise our impact.

## Our work in 2021-22

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This is the second year of our work under our Corporate Strategy. We will be building on the substantial progress we made in 2020-21, as well as introducing new areas of focus. These include:

- Overseeing the Solicitors Qualifying Examination (SQE) and introducing an extensive monitoring and evaluation programme.
- Progressing the independent evaluations of our reform programmes, including the Standards and Regulations and Transparency Rules.
- Continuing our work to take forward the Competition and Market Authority's recommendations for the legal services market.
- Working to improve the assurance of advocacy standards and reviewing our continuing competence requirements.
- Progressing independent research on the equality and diversity impacts of our decisions and operational work.
- Establishing an internal independent Quality Assurance team.
- Building new partnerships in the lawtech space. This includes creating integrated networks of business schools and innovation labs, working closely with the Government departments, Tech Nation, and others.
- Delivering a strategically focused research programme and embedding our new in-house horizon scanning and intelligence gathering functions.
- Using the findings from our technology and innovation research with the University of Oxford to develop targeted projects.
- Identifying opportunities to host and participate in discussions on strategic issues in the legal sector and beyond.

# What we plan to do

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Our Business Plan and budget 2021-22 sets out our planned workstreams and areas of focus under each of the three strategic objectives. It also confirms the proportion of our budget we propose to allocate to each objective.

It also provides details of work that is planned for the year that will feed into further work over the lifetime of the strategy. The outline budget for the year is also included.

We would be grateful for your views on our proposed approach, and we have set out some specific questions in this consultation.

We are also seeking views on the equality impacts of our practising certificate and our Compensation Fund fees.

This is an important area of focus for us, and we have set out a question seeking your feedback.

## **Strategic objective one – setting and maintaining high standards for the profession and ourselves**

**We will set and maintain high professional standards for solicitors and law firms, as the public would expect, and make sure we provide an equally high level of operational service.**

In 2021-22 we will carry out a range of targeted work programmes under our first strategic objective. This includes launching a programme of evaluation work including equality impacts, quality assurance and data sharing about the SQE following its introduction in September 2021.

We will progress strategic reviews and evaluations across several areas within our regulatory framework, including:

- Solicitor competence
- The role of money laundering reporting and compliance officers
- Our Transparency Rules
- Our disciplinary findings publication policy
- The Police Station Representatives Accreditation Scheme.

We will also be continuing to monitor the impacts of the Compensation Fund rules and any reforms that are introduced. We will establish an internal team, at arms-length from our operational work to quality assure our enforcement work.

Under this objective we will deliver improved information for solicitors and their firms, highlights of which will include:

- providing new anti-money laundering webinars and updated guidance
- publishing an annual report about our anti-money laundering supervisor role
- updating resources for solicitors working as advocates and in the youth courts.

Diversity and inclusion will continue to be high priority for us in 2021-22. We will publish analysis from our latest biennial collection of firm diversity data, of the equality impacts of our enforcement work, and the use of our regulatory powers to



tackle discrimination. We will also continue to progress the recommendations on diversity identified in our [Upholding Professional Standards](#) reports.

Our work to establish a stronger presence in Wales will continue. This is underpinned by our commitment to using the Welsh language more widely.

We will also develop further our work on the Competition and Markets Authority's recommendations for improved information transparency for consumers. This will be supported by:

- further work on quality indicators
- enhancing our Solicitors Register
- our work to develop the products on the Legal Choices website.

We will do this against a backdrop of continuous improvement and effective use of our resources, processes, technologies and data.

We propose to allocate around 92% of our total budget towards this objective in 2021–22.

## **Strategic objective two – technology and innovation**

**We will actively support the adoption of legal technology, and other innovation, that helps to meet the needs of the public, businesses, regulated entities and the economy.**

We have undertaken significant exploratory work in this area in 2020 and in the first part of 2021. This includes research that we are undertaking with the University of Oxford looking at the changing use and adoption of legal technology across different segments of provider and end user. This research will provide a foundation for our work under this objective. We will widely share the findings and invite discussion about them.

We will continue to build on that progress during 2021-22 and we are proposing a range of activities and projects. This will include strengthening our working relationships with stakeholders, including Lawtech UK and the Agile Nations Network.

We also plan to forge new partnerships, including business schools and other innovation hubs across the country. Exploring and trialling new legal technology and innovation that can bring improvements to the delivery of legal services, including for the vulnerable through those networks is very much part of our thinking.

More broadly, we will further develop our relationships with digital comparison tool providers, helping consumers to find the help they need.

We will develop a programme of new 'proof of concept' activity. Using our relaunched Innovation Space, we will invite more firms, with a particular focus on smaller firms, to explore new technology approaches to legal services delivery in a safe and controlled environment.

Our work will be supported by research and through continued exploration and more segmentation of different technologies and innovation – including considering new opportunities for tech solutions that would equip members of the public from every community to access legal support more easily or directly.

We will also continue to explore the interplay between our regulatory framework and technology, so that we can identify any potential regulatory barriers and how to address them.

We propose to allocate around 4% of our total budget towards this in 2021 – 2022.

### **Strategic objective three – anticipating and responding to change**

**We will continue to grow and develop our understanding of emerging opportunities and challenges for legal services users and the legal sector, and our role in effectively regulating.**

In delivering this strategic objective we will engage with our stakeholders and are proactive in establishing new relationships. Partnership working is central to our activity here, and we will continue our work to add value where there are challenges or gaps.

Information is key and we will deliver a strategically focused research programme that will support us to continually refresh and expand our knowledge base.

Our commitment to equality diversity and inclusion is at the heart of this objective. This will include continuing our work with our external research partners and our reference group to develop our diversity research programme.

Importantly, we will also continue our analysis and progression of our response to attainment gaps, and over representation of people from Black, Asian and ethnic minority communities within our enforcement processes.

Alongside this we will work to embed our new in-house horizon scanning and intelligence gathering function. This will help us gather new insights and to have access to credible and reliable information about risks in the legal services market including around changing legal needs of different types of consumers.

This will include focusing on new opportunities to deliver discussion and debate about strategic issues in the legal sector and beyond, and to work collaboratively with other regulators and our stakeholders as we do so.

This may include leading debates and explorations with our stakeholders about:

- legal representation within the changing immigration and asylum systems
- information transparency
- information remedies relating to legal service quality
- the assurance of standards
- widening access at point of admission
- the role of digital solutions such as comparison websites and other innovations in the delivery of legal services
- the needs of different parts of the profession after furlough ends.

We propose to allocate around 4% of our total budget towards this in 2021- 2022.

# Our budget 2021-22

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In the final section of our Business Plan, we include an outline of our budget for 2021/22. This shows how we propose to allocate our funding across our work under the three strategic objective areas.

## **Assessing the equality impacts of our fees**

3. Our Business Plan sets out our commitment to monitor, identify and assess the impacts of our work against equality, diversity and inclusion considerations, and to then work to manage those impacts through our workstreams.
4. As part of this we are undertaking equality [impact assessments \(EIAs\) of the practising certificate fee](#) and [Compensation Fund fee](#), based on our data about protected characteristics for firms and individuals.

Our initial EIAs, which use the format set out by the oversight regulator, the Legal Services Board, accompany this consultation and we welcome feedback.

# Consultation questions

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## **Consultation question 1:**

What do you think about our proposal to more clearly segment the market when considering regulatory issues and how we might target our resources in response to them?

## **Consultation question 2:**

Do you have any views on the proposed priorities for our work in 2021/22 towards meeting objective one of our Corporate Strategy?

## **Consultation question 3:**

Do you have any views on the proposed priorities for our work in 2021/22 towards meeting objective two of our Corporate Strategy?

## **Consultation question 4:**

Do you have any views on the proposed priorities for our work in 2021/22 towards meeting objective three of our Corporate Strategy?

## **Consultation question 5:**

What do you think about our aim to maintain a flat budget for 2021/2022 and the proportion we allocate to our work under each of the three objectives?

## **Consultation question 6:**

Do you have any comments on the initial equality impact assessments? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

## **Consultation question 7:**

Do you agree that the SRA proportion of the practising certificate fee (at no more than £151) is reasonable and appropriate?

## **Consultation question 8**

Do you agree with the proposed reduction in Compensation Fund contribution level for individuals from £50 to £40?

# How to respond

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## Use our online questionnaire

Our online consultation questionnaire is a quick and easy way to take part in our consultation. You can save a partial response online and come back to complete it later, and you can also download a copy of your response before you send it to us.

[Start your online response now - https://form.sra.org.uk/s3/business-plan](https://form.sra.org.uk/s3/business-plan)

## Reasonable adjustment requests and questions

We offer reasonable adjustments, and our [policy](#) sets out how we can do this.

Please [contact us](#) if you need to respond to this consultation using a different format, if you have any specific requirements to help you respond, or if you have any other questions about the consultation process.

## Publishing responses

We will publish a summary of responses to our consultation. As part of that we will publish and attribute your response unless you request otherwise.