

Solicitors
Regulation
Authority

Business plan and budget 2024-25

Consultation responses

Date October 2024

We received 21 responses to our consultation, [Business Plan and budget 2024-25](#), from:

- The Law Society (TLS)
- Association of Personal Injury Lawyers (APIL)
- Legal Services Consumer Panel (LSCP)
- The Association of Consumer Support Organisations (ACSO)
- 1 technology provider
- 12 solicitors
- 4 law firms.

Some of the respondents agreed that we could publish their response in full. Those responses are as follows.

Anonymous response

1. Do you have any comments on our proposed work commitments for 2024-25 under our first strategic priority?

2. Do you have any comments on our proposed work commitments for 2024-25 under our second strategic priority?

3. Do you have any comments on our proposed work commitments for 2024-25 under our third strategic priority?

4. Do you have any comments on our proposed work commitments for 2024-25 under our fourth strategic priority?

5. Do you have any comments about our budget for 2024-25?

The budget is far too high, the SRA needs to live within itself means as we all have to. Solicitors should not pay the price of the SRA's failure go regulate Ince Axiom etc.

6. Do you agree that the SRA's required portion of the practising certificate fee is reasonable and appropriate?

Not reasonable, too high and should be at least 10% lower.

7. Do you agree with the Compensation Fund contributions for 2024-25?

Definitely don't agree, the fund has become a slush fund to make the profession pay for failure to properly regulate in the Axiom Ince case and others.

8. Do you have any comments on the equality impact assessments of our proposed fees for 2024-25, or EDI-related work commitments in our proposed draft Business Plan for 2024-25? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Richard Given

1. Do you have any comments on our proposed work commitments for 2024-25 under our first strategic priority?

It is extremely disappointing that in-house has gone from being a named priority in the 2023-2024 year to one "throw-away" sentence for 2024-2025. This is especially as, even though it was a specific priority for the SRA (according to the then Chair), the actual engagement with the in-house community was minimal (and even that was bungled); guidance was only shared when the SRA was chased; guidance was going to be issued as final without proper consultation (and only changed to draft following my direct intervention); the draft guidance that was published was legally wrong in at least one key point (privilege and the SRA's powers under s44B of Solicitor's Act 1974); and since its publication nearly 3 months ago, there has been no further engagement with the wider community. It all enforces the sense of abandonment of the in-house community by the SRA

2. Do you have any comments on our proposed work commitments for 2024-25 under our second strategic priority?

The risk based approach is clearly not working (see evidence at PO Horizon IT Enquiry). How can it be right that I can perfectly properly respond to any follow up about what I have done to address my training needs to respond with "I considered my training needs, decided that I did not have any, so have done nothing". It's a joke, and a very bad one for the likes of Lee Castleton.

3. Do you have any comments on our proposed work commitments for 2024-25 under our third strategic priority?

It would be much better if you focused on holding solicitors to the current principles. This 3rd priority should be a priority of the Law Society not the SRA. For 20 years I have gone to work every day knowing that I fundamentally breach the principles because I am in-house and, therefore, structurally I *cannot* be independent. You have known this and yet do nothing about providing an effective regulatory regime. Worse, you appoint your own GC as Deputy CEO; a flagrant breach of the requirement for independence- Actions speak louder than words!

4. Do you have any comments on our proposed work commitments for 2024-25 under our fourth strategic priority?

I have no idea what this really means. Your disciplining people without involvement of the SDT is as bad as the Post Office undertaking its own prosecutions and undermines confidence of solicitors. The

lack of support for the high street means that most people are denied access to justice. What if you mandated that trainees of any firm greater than x hundred solicitors must spend at least 3 months of their training working pro bono for a high street firm? The detail would require a bit of work but the exposure of the magic circle trainee to real issues would be valuable and the high street would have access to resource to support their practice. There may be lots of reasons this idea does not work but I see no attempts to address the structural problems denying people access to justice.

5. Do you have any comments about our budget for 2024-25?

The in-house community of 35,000 get virtually nothing for the ~£5.5million that is paid by us.

6. Do you agree that the SRA's required portion of the practising certificate fee is reasonable and appropriate?

Impossible to tell given the failings.

7. Do you agree with the Compensation Fund contributions for 2024-25?

Unless in-house lawyers have access to it, I'm not sure the ~£3million contributed is appropriate.

8. Do you have any comments on the equality impact assessments of our proposed fees for 2024-25, or EDI-related work commitments in our proposed draft Business Plan for 2024-25? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

I am in no position to comment on this

Chris Proctor

1. Do you have any comments on our proposed work commitments for 2024-25 under our first strategic priority?

No

2. Do you have any comments on our proposed work commitments for 2024-25 under our second strategic priority?

No

3. Do you have any comments on our proposed work commitments for 2024-25 under our third strategic priority?

No

4. Do you have any comments on our proposed work commitments for 2024-25 under our fourth strategic priority?

No

5. Do you have any comments about our budget for 2024-25?

No

6. Do you agree that the SRA's required portion of the practising certificate fee is reasonable and appropriate?

Yes

7. Do you agree with the Compensation Fund contributions for 2024-25?

No - the amount we are being asked to contribute to cover the failings of other firms is becoming extortionate. There must be a fairer way of dealing with these contributions. As it stands, smaller firms are hit the hardest.

8. Do you have any comments on the equality impact assessments of our proposed fees for 2024-25, or EDI-related work commitments in our proposed draft Business Plan for 2024-25? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

No

Anonymous response

1. Do you have any comments on our proposed work commitments for 2024-25 under our first strategic priority?

High standards of professional behaviour? You are not doing enough to prevent firms going under. The volatile nature of firms that grow by acquisition, instability and insolvency of firms is rife and completely unacceptable. The profession is besmirched by rogue operators and the SRA must take responsibility for allowing it to become as bad as it is. Solicitors are the unwilling insurers of financial consequences of criminal activity - innocent solicitors are financially penalised via the compensation fund and this is unjust draconian and intolerable. Stop it now.

2. Do you have any comments on our proposed work commitments for 2024-25 under our second strategic priority?

Solicitors are suffering from regulatory overload. The burden is intolerable. The tone of SRA pronouncements is overbearing, arrogant and bullying. The penalties meted out to junior solicitors show the SRA comes down hard on the weak but barely touches the bad apples in large commercial firms whose owners are financially reckless. Public policy development? The SRA is invisible when it comes to promoting and defending the interests of solicitors and the work they do to underpin a stable society. Solicitors are undervalued and under remunerated in property work. Their workloads and responsibilities are through the roof. All we hear from the SRA is threats and censure. The vast majority of solicitors are high achieving, dedicated and trustworthy individuals and yet the SRA's attitude to solicitors is to disrespect them and grind them into the dust. It feels horrible, and I deeply resent this. If SRA regulation of ordinary honest solicitors becomes any more proactive as a profession we will be cowed, miserable and stressed to the point of mental breakdown. Many are already. The playing field is tilted too far in favour of consumers. The cumulative effect of SRA regulation, AML regulations, professional liability and the cost of compulsory professional indemnity insurance plus to top it all the fine of £2,500 I will personally have to pay to compensate victims of criminals the SRA stood by and allowed to steal £64m - it is too much. I earn £55K pa at age 64. The level of regulation and the cost of practice is hugely disproportionate.

3. Do you have any comments on our proposed work commitments for 2024-25 under our third strategic priority?

There is a common misconception that small and medium sized law firms do not invest in technology. The fact is we are continually adapting to new technology - land registry, probate registry, bank and lender panels, new practice management software - all continually changing and developing requiring continuous training and development of new ways of working and IT skills. We do not need tech providers telling us how they can do our job better than we can! Tech providers are continually seeking ways to exploit the home buying process. Trade associations like the Home Buying and Selling Group, the Digital Property Market Steering Group, the Conveyancing Association, the Homebuyers Alliance, the Open Property Data Association collect substantial membership fees that fund relentless media campaigns running down solicitors and the conveyancing process, blaming them for delays and promising their "solutions" will transform and speed up Homebuying. In this debate solicitors are very much the poor relation with scant presence in the debate due to lack of resourcing and the main input coming from volunteers who are balancing this with full time practice and law firm management. Solicitors are working so hard they do not have time to undertake campaigning whilst working flat out to keep on top of regulatory demands, compliance, recruiting and training staff, and stay in business.

The Law Society has bowed to National Trading Standards and allowed it to in effect legislate for fundamental change to trusted conveyancing practice - the object being - to speed up time taken to exchange and make estate agents more profitable. NTS interference in the conveyancing process will have massive adverse impact on consumers, and yet no-one seems to be listening to solicitors who deal with property transactions on a daily basis. The impact of underdeveloped technology is hugely damaging. Too much faith is being placed on lawtech. Tech fails, tech is subject to cyber attack, tech adds cost but it is the ongoing costs of training and exploitative licence fees that people seem to forget. Simple can be most cost effective. Simple can be most secure, over reliance on lawtech makes people dependent and vulnerable. Our accounts and case management software provider offered us £3,500 off our annual licence fee of £12,000 if we agreed to buy all our property searches from them and not other providers. This is anti competitive business practice and if I had the time I would report them to the Competition and Markets Authority, that has previously ordered the same entity to dispose of a search company it acquired because it was creating a monopoly. The SRA approach seems to blindly assume tech is better/faster/cheaper. Its promotion of cost comparison websites to help consumers select a source of legal advice is naive in the extreme. These sites encourage a race to the bottom, driving down prices and quality. Prices should rise, and then law firms would be more stable. The SRA should also campaign for referral fees paid by solicitors to win work to be outlawed. Huge referral fees are paid to estate agents and panel managers, that deplete the budget for the legal work resulting in too many firms doing work too cheaply applying insufficient resource and holding up transactions. Likewise estate agents conditional selling is rife and taints the whole homebuying process. The SRA should recognise the detrimental impact of these pernicious practices and promote solicitors that charge properly for highly responsible work that they do. There is too much public censure, and too little celebrating of a property transfer system that is working well for most people. The SRA has stood back from protecting conveyancing

4. Do you have any comments on our proposed work commitments for 2024-25 under our fourth strategic priority?

Not much there for solicitors that are paying for the SRA. You focus on your staff, making sure they are "comfortable" and your consumers. What about making sure solicitors feel comfortable and supported, comfortable they will be recognised for their dedication and hard work? Instead of fearful of inspections, and reprimands. The solicitor that was "fined" over £12,000 by the SDT for having been convicted of a drink drive offence where the civil penalty was £400 exemplifies why SRA regulation is excessive and wrong. You put solicitors on a pedestal and expect them to behave like angels - but we are vulnerable too and we make mistakes. It is not fair to punish solicitors twice and that the penalties are so extortionate. Striking solicitors off for fiddling parking - when youngster coming into the profession are paid peanuts, can't afford to buy a house and leave uni with £50,000 of debt - in a bygone age when solicitors earned good money it may have been acceptable and proportionate but not now. Solicitors are leaving the profession in droves, and gladly, because we live

in fear and the rewards are scant. The best thing you arranged this year was a long webinar from an experienced complaints handler at the Legal Ombudsman. It gave real insight into the process and was very helpful. My experience of complaints handling is there is so much information on the LEO website that it's really hard to get a handle on the basic principles. It seems you need a vast amount of knowledge of an area we encounter infrequently. It's easy to trip up. A large firm with a dedicated complaints handling team will be better able to cope than small firms where solicitors are working long hours just to break even and complaints handling of necessity steals precious evenings and weekends.

5. Do you have any comments about our budget for 2024-25?

It is deplorable that you take so much and give so little back to the profession that funds the SRA. The compensation fund levy is indefensible and cruelly, manifestly unfair on small firms. I still fail to understand why the £5m limit on claims so recently passed was not applied to the Axiom Ince case. How was this firm winning its work? By reputation? Or by paying referral fees? It was celebrated at a big Asian business awards ceremony the year before. Why did its clients choose to instruct Axiom Ince? Was the involvement of Indian Banks a red flag for the SRA? Why has the SRA not reported to solicitors on the assets frozen and/or recovered from Pragnesh Mhodwalia? Is he being prosecuted? I have heard that Fines paid to SRA and SDT go tot HM Gov treasury and not back into SRA funds. Is this the case? If so can this be changed so the intolerable financial burden on solicitors is reduced? The SQE income seems very high. Is the SRA monitoring numbers taking SQE with job vacancies for SQE graduates? Or is it just profiteering from a constant stream of young hopefuls who are doomed to fail because the exam is too hard or there are no jobs at the end of it?

6. Do you agree that the SRA's required portion of the practising certificate fee is reasonable and appropriate?

No. More funding should be used to promote the profession, its reputation, and to defend sensible pricing commensurate with the responsibilities of the role. More funding should be applied so that National Trading Standards is stopped from introducing Material Information Guidance that becomes in effect legislation; a situation enabled because the Law Society makes it compulsory for its CQS accredited members to adopt it. Solicitors are regulated as a body but there is no effective representation for the profession as a body.

7. Do you agree with the Compensation Fund contributions for 2024-25?

No I vehemently disagree. It is preposterous. Anyone can see that it is unfair that large firms and small firms pay the same amount. It is unfair that solicitors pay for the financial impact of criminals over whom they have no control. The SRA has the budget and should pay because it is manifestly failing to prevent law firm failures on an unprecedented scale: Metamorph Group, Axiom Ince, the cavity wall firm whose clients are receiving claims for costs from defendants and whose ATE litigation funding policies were never put in place or have been voided. The Legal Services Act created opportunities for law firms with limited liability, removing personal liability, the outcomes are predictable and tragic. Why should solicitors offer better compensation than even banks? Bank claims are limited to deposits of £85,000. Why is the profession clobbered with a claim in excess of £65m plus legal and other professional costs? We can't insure against this risk, we can't assess the risk, we can't control the risk. The only body that might is the SRA. The SRA has failed to protect the consumer and solicitors, and solicitors are equally as deserving as consumers.

8. Do you have any comments on the equality impact assessments of our proposed fees for 2024-25, or EDI-related work commitments in our proposed draft Business Plan for 2024-25? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Link to budget not working. Enough has been done on EDI and the SRA should now back off.

Anonymous response

1. Do you have any comments on our proposed work commitments for 2024-25 under our first strategic priority?

2. Do you have any comments on our proposed work commitments for 2024-25 under our second strategic priority?

3. Do you have any comments on our proposed work commitments for 2024-25 under our third strategic priority?

4. Do you have any comments on our proposed work commitments for 2024-25 under our fourth strategic priority?

5. Do you have any comments about our budget for 2024-25?

6. Do you agree that the SRA's required portion of the practising certificate fee is reasonable and appropriate?

7. Do you agree with the Compensation Fund contributions for 2024-25?

No. It should not be up to individual solicitors to have to top up a fund where the SRA has failed and continues to fail to be an effective monitor and/or to take appropriate action at an early stage in respect of serious shortcomings by firms.

8. Do you have any comments on the equality impact assessments of our proposed fees for 2024-25, or EDI-related work commitments in our proposed draft Business Plan for 2024-25? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Dawn Lawson

1. Do you have any comments on our proposed work commitments for 2024-25 under our first strategic priority?

In order to support solicitors and to enable them to provide a efficient service with reduced red tape for clients. I feel it should be considered how we can liaise with other organisations in the UK such as banks to avoid duplication of AML checks.

2. Do you have any comments on our proposed work commitments for 2024-25 under our second strategic priority?

No

3. Do you have any comments on our proposed work commitments for 2024-25 under our third strategic priority?

No

4. Do you have any comments on our proposed work commitments for 2024-25 under our fourth strategic priority?

No

-
- 5. Do you have any comments about our budget for 2024-25?

No

6. Do you agree that the SRA's required portion of the practising certificate fee is reasonable and appropriate?

Yes

-
- 7. Do you agree with the Compensation Fund contributions for 2024-25?

No. This is disproportionate and unfair. Larger firms with a higher risk, those with higher claims and complaints should be made to contribute a larger proportion with smaller firms, those with a lesser risk and those with low claims and complaints should pay more.

8. Do you have any comments on the equality impact assessments of our proposed fees for 2024-25, or EDI-related work commitments in our proposed draft Business Plan for 2024-25? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

This is disproportionate and unfair. Larger firms with a higher risk, those with higher claims and complaints should be made to contribute a larger proportion with smaller firms, those with a lesser risk and those with low claims and complaints should pay more.

Anonymous respondent

1. Do you have any comments on our proposed work commitments for 2024-25 under our first strategic priority?

It would be good to have confidence that that is what the SRA focuses on - "high professional standards" but it doesn't really do so. It picks at the low-hanging fruit of small failures to comply with

regulations that have not actually given rise to any loss or claim while ignoring the constant dumbing down of the legal profession with often incompetent lawyers let through the qualification process. You might get lawyers completely compliant with regulation (although judging by the Law Society CQS' representative's boast they always find something even with the best firms) but still not very good at doing the actual legal work. That is not going to be solved by the ridiculous SQE - whether it is hard or easy to pass is irrelevant to the assessment of a budding lawyer's overall abilities - you cannot possibly do that with one exam. Continuing competence cannot be measured easily - and it assumes competence in the first place. It should not be required for lawyers with more than, say, 30 years' experience - at that stage, they are assisting in the competence of younger lawyers and/or beyond challenge on their own competence (whether or not they ARE actually competent)

2. Do you have any comments on our proposed work commitments for 2024-25 under our second strategic priority?

This is just filled with sound-bite comments, signifying little. I do not know how it impacts in the real world other than that the SRA seems to have ignored the obvious risks so far and I cannot see pays any regard to what lawyers themselves think. "Pro-active" regulation makes me shudder. The "if it ain't broke" pragmatic approach is much more sensible. Your strategies are such blunt instruments. And conduct requirements allowing solicitors' judgement on particular issues is all very well but, being cynical, I have absolutely no doubt that that means that in practice the SRA would have a different judgement as to what was required, than the solicitor, in the event of a problem.

3. Do you have any comments on our proposed work commitments for 2024-25 under our third strategic priority?

As long as this does not mean that anybody and everybody can now be a lawyer (it's bad enough already) the aims are fine. Let us hope that there is no Carrington Event in 2024-2025. Timescales are always optimistic - I recall that the Land Registry was going to be fully electronic by 2008. So, slow and steady is good. Generally there is never enough beta-testing of systems before they go live.

4. Do you have any comments on our proposed work commitments for 2024-25 under our fourth strategic priority?

The headline for this neatly sums up the problem. "Authoritative and inclusive". What a muddle of strategy these aims are. You are a regulator of lawyers. That is your job and it is not done well. The outward face to the public is incidental. The needs of consumers should be focused on the competence of solicitors rather than regulation (since one tends to follow from the other, but not vice-versa). The focus on what the consumer "needs" has resulted in the massive dumbing down of the profession so that the consumer actually ends up losing out, as their solicitor is often so inadequate - regardless of whether they've advertised their fees, done their firm-wide AML risk assessments etc etc. The consumer wants a lawyer that can do the job, not one that can (just) tick boxes. And the staff? That is an internal matter for the SRA - but probably a good idea to consider the salaries of the staff and how much flexi-time holiday and paid sick leave they get at the profession's expense.

5. Do you have any comments about our budget for 2024-25?

Increase in candidate numbers for the SQE noooooooo We don't need more and more "solicitors".

6. Do you agree that the SRA's required portion of the practising certificate fee is reasonable and appropriate?

I cannot judge.

7. Do you agree with the Compensation Fund contributions for 2024-25?

Absolutely not! It is against all natural justice for a small firm or even a sole practitioner to pay the same amount as large firms with dozens if not hundreds of solicitors. I also object to propping up the SRA's incompetence in its failure to police mergers and acquisitions properly and slack attitude towards firms with "clout" in the Axiom Ince debacle. However, the main objection is the inequity of applying the same size of contribution to the widely differing sizes of firm. I feel physically sick that a legal regulatory body (or its masters) can think that such inequity is in any way "right". It's got to change.

8. Do you have any comments on the equality impact assessments of our proposed fees for 2024-25, or EDI-related work commitments in our proposed draft Business Plan for 2024-25? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

As with many "equality" issues, there is much hypothesis and not much real world analysis. Ethnicity IS a factor in quality control or perhaps not so much "ethnicity" which implies a colour bias, but cultural background. Lawyers that have been brought up in different countries or within different cultures sometimes have very different values and ideas of what constitutes corruption. Those values then do not sit well within the legal profession. Recognising reality, identifying the gaps and educating all solicitors in integrity and honesty would do more to assist than your simplistic approach.

Huntley Legal

1. Do you have any comments on our proposed work commitments for 2024-25 under our first strategic priority?

The current strains on the Compensation Fund suggest that the ethics and responsibility part of professional training has not been sufficiently effective in some cases, so in assessing the SQE it would be timely to give renewed focus to ensuring that training is enhanced in that area.

2. Do you have any comments on our proposed work commitments for 2024-25 under our second strategic priority?

I consider that there should be a major work commitment focused on the SRA becoming better equipped to assess the financial risks (which can bring with them moral hazards also) of firms either with financial difficulties, or without the adequate financial resource to undertake the mergers/acquisitions or other ways of growing that they propose and for which in cases of acquisition or merger etc. the SRA is the regulatory gatekeeper. I think it is time to consider FCA style minimum regulatory capital requirements for regulated firms linked to their turnover levels and which can be monitored by professionally developed accounting methods to prove the firms have at least that level of working capital?

3. Do you have any comments on our proposed work commitments for 2024-25 under our third strategic priority?

No

4. Do you have any comments on our proposed work commitments for 2024-25 under our fourth strategic priority?

I am concerned that this suggests a considerable focus and use of resource on gaining increased authority and respect for the SRA itself as an activity in itself and / or through the use of sophisticated

communications strategy. I would prefer to see the regulator of the profession look to retain and increase that respect as a consequence of quality assurance on its discharge of its main regulatory functions allied to clear communications rather than promotionally purposed communications.

5. Do you have any comments about our budget for 2024-25?

The amount of funding the SRA receives in relation to SQE seems very high, and it prompts me to look up the consistency of numbers between those entering the SQE process, training contracts available, qualified posts available etc.. The cost of the compensation fund appears very high and suggests a lack of forward planning against claims on it in recent years given the substantial jump in proposed contributions. I think this should prompt a wholesale reconsideration of how to manage the risks of dishonest or uninsured firms/ individuals in the profession, whether this is a 21st century appropriate approach. This fund was established in another era where the profession was built around one key unlimited liability partnership business model. Today's profession includes different structures and sizes ranging from mega firms to sole practitioners with very different business models and resources.

6. Do you agree that the SRA's required portion of the practising certificate fee is reasonable and appropriate?

Yes

•

7. Do you agree with the Compensation Fund contributions for 2024-25?

No

8. Do you have any comments on the equality impact assessments of our proposed fees for 2024-25, or EDI-related work commitments in our proposed draft Business Plan for 2024-25? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Charles Pierre Michel Duchenne

1. Do you have any comments on our proposed work commitments for 2024-25 under our first strategic priority?

I think you should work towards persuading the government to abolish the Alternative Business Structures which have proved quite disastrous and incapable of being properly controlled by your organisation.

2. Do you have any comments on our proposed work commitments for 2024-25 under our second strategic priority?

Yes you certainly need to do that. I suggest you concentrate on regulating the very large business structures which have grown up and not worry quite so much about the very small infringements of the requirements about racism, gender and failure to complete your questionnaires on these subjects

3. Do you have any comments on our proposed work commitments for 2024-25 under our third strategic priority?

Glad to see you propose to work with small and medium sized firms. Digitalization and new technology is not the answer to all problems, particularly in the courts.

4. Do you have any comments on our proposed work commitments for 2024-25 under our fourth strategic priority?

Who are your customers?

5. Do you have any comments about our budget for 2024-25?

A 33% increase seems substantial

6. Do you agree that the SRA's required portion of the practising certificate fee is reasonable and appropriate?

Yes

7. Do you agree with the Compensation Fund contributions for 2024-25?

I think the compensation fund contribution should be paid by firms as a percentage of their gross profits and not simply divided equally among firms of very different sizes

8. Do you have any comments on the equality impact assessments of our proposed fees for 2024-25, or EDI-related work commitments in our proposed draft Business Plan for 2024-25? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

No

David Thomas

1. Do you have any comments on our proposed work commitments for 2024-25 under our first strategic priority?

Not at this stage

2. Do you have any comments on our proposed work commitments for 2024-25 under our second strategic priority?

Not at this stage

3. Do you have any comments on our proposed work commitments for 2024-25 under our third strategic priority?

Not at this stage

4. Do you have any comments on our proposed work commitments for 2024-25 under our fourth strategic priority?

Not at this stage

5. Do you have any comments about our budget for 2024-25?

No

-
- 6. Do you agree that the SRA's required portion of the practising certificate fee is reasonable and appropriate?

Yes

7. Do you agree with the Compensation Fund contributions for 2024-25?

No. Whilst i do not doubt the need to secure the financial viability of the fund, the disproportionate burden on smaller firms is unreasonable and unfair. I own/run a small niche practice employing 5 people (including myself 3 solicitors). I will have to fund the fees for the solicitors and the firm, which as a percentage of net profit is not insignificant. Whereas the larger firms will barely feel the increase on the individual contributions/practising certificates - the % of net profit is negligible. There are a number of fairly glib references to increasing fees and passing on the cost to consumers, but it is not that straight forward. The work we do is primarily for individual consumers, any fee increases are keenly felt and reduce our ability to provide a public/social service. It does feel like sole practitioners are targeted as a soft touch, less likely to wield influence. I suspect very few employed solicitors carry their own fees as a personal costs (i know of none) and I cannot understand the logic of the the 330% increase in the firm contribution.

8. Do you have any comments on the equality impact assessments of our proposed fees for 2024-25, or EDI-related work commitments in our proposed draft Business Plan for 2024-25? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

i broadly agree with the assessment but, as set out above, do not understand the conclusion.

Unwildered

1. Do you have any comments on our proposed work commitments for 2024-25 under our first strategic priority?

2. Do you have any comments on our proposed work commitments for 2024-25 under our second strategic priority?

3. Do you have any comments on our proposed work commitments for 2024-25 under our third strategic priority?

"Develop our regulatory approach to AI so that our regulated community, and consumers of legal services, can keep pace with risks driven by this rapidly evolving area" This is a negative and short term rhetoric that is focused on regulation and risk rather than how AI powered legal services for consumers can solve access to justice. We are www.unwildered.co.uk. our product for consumers provides answers and drafts in seconds for family, property, probate, commercial and ehcp laws. All for just £15/month powered by artificial intelligence but backed by more than 10,000 legal documents. We have addressed the limitations of chatgpt such as: -Hallucination(Making up facts) -Information that's not relevant to England and Wales -Confirmation bias and others Since we launched in

November 2023 we have provided the equivalent of £3,500,000 in legal services. In July we will have a meeting with the Policy Advisor – Data and Technology Law at the Law Society to discuss steps that could be taken to create: -Frameworks and guidelines that will foster the creation of cutting edge legal tech products in UK for consumers. -Certification and standards that enable consumers to identify products that are safe, secure and accurate. We have spoken to hundreds of users of our product and they love our ai product because: -Legal advice is unaffordable. £350/hour or £180/hour for an email is unviable for the majority of the population. -Legal aid is insufficient, some legal professionals don't take on legal aid clients or help is not available over weekend. -The cost of legal advice is sometimes disproportionate to the outcome or the quality of service is significantly below the consistency of our legal tech product that's powered by ai. It's great to see that SRA is broadening their definition of customer. www.unwilderred.co.uk is a legal tech ai product for consumers and we would love rolling engagement with SRA. This would include discussing regulations and certification for generative ai products for consumers which fall under alternative legal services. Here is an outline of areas that could be discussed with other stake holders: Policy Outline for Generative AI in the Legal Sector

1. Introduction
 - Purpose: To establish guidelines and accreditation standards for AI applications in the legal sector to ensure they are ethical, secure, and reliable for the general public.
 - Scope: Applicable to all AI tools intended for consumer use in the legal sector within England and Wales.
2. Ethics
 - Transparency:
 - AI tools must clearly disclose their capabilities and limitations.
 - Users should be informed that AI-generated responses are based on inputs and do not constitute legal advice.
 - Privacy:
 - Strict adherence to data protection laws, including GDPR.
 - Clear policies on data retention and deletion.
 - Data Handling:
 - Justification for data processing must be documented.
 - Use of anonymised data where possible to protect client confidentiality.
 - Education:
 - Users should be educated on the ethical use of AI tools.
 - Training for legal professionals on integrating AI tools into their practice responsibly.
 - Algorithms:
 - Ethical considerations in algorithm design to avoid biases.
 - Regular audits to ensure fairness and accuracy.
3. Quality Assurance
 - Tests and Accreditations:
 - Establish a framework for testing the accuracy and reliability of AI tools.
 - Accreditation process to certify AI tools that meet established standards.
 - SRA Standards and Regulations:
 - Compliance with the SRA Code of Conduct for Solicitors, RELs, and RFLs.
 - Regular reviews to ensure ongoing compliance.
 - Competency Tests:
 - AI tools should undergo competency tests to ensure they can handle various legal scenarios accurately.
4. Cybersecurity
 - Data Protection:
 - Robust security protocols to protect data from breaches.
 - Regular updates and patches to address vulnerabilities.
 - Retention Policy:
 - Clear policies on data retention, ensuring data is kept only as long as necessary.
 - Secure deletion processes for outdated or unnecessary data.
 - Vendor Vetting:
 - Thorough vetting of AI tool vendors to ensure they meet security and ethical standards.
 - Preference for vendors with a proven track record in data security.
 - Hosted vs On-Premise:
 - Evaluation of the pros and cons of hosted vs on-premise solutions.
 - Ensuring that the chosen solution aligns with the firm's security and operational needs.
5. Guidelines for Generative AI for Law
 - Ethics Around Algorithms:
 - Regular audits to ensure algorithms are free from bias and operate fairly.
 - Data Handling:
 - Clear guidelines on how data is collected, processed, and stored.
 - Completeness:
 - Ensuring AI tools provide comprehensive and accurate information.
 - Disclaimers:
 - Clear disclaimers that AI-generated responses are based on inputs and do not constitute legal advice.
 - Vendor Security:
 - Ensuring vendors adhere to high security standards and regularly update their systems.
 - Accreditation and Competency Tests:
 - Establishing a certification process for AI tools to ensure they meet industry standards.
 - Regular competency tests to maintain certification.
6. Current Limitations of Generative AI in Law
 - Accuracy:
 - AI tools may not always provide accurate or up-to-date legal information.
 - Continuous monitoring and updates are necessary to maintain reliability.
 - Contextual Understanding:
 - AI may struggle with understanding complex legal contexts and nuances.
 - Human oversight is essential to ensure the accuracy of AI-generated responses.
 - Bias:
 - AI algorithms can inadvertently perpetuate biases present in training data.
 - Regular audits and updates are required to mitigate bias.
7. Engagement with Government Bodies
 - SRA (Solicitors Regulation Authority):
 - Role: To develop and enforce standards and regulations for AI tools in the legal sector.
 - Collaboration: Work with the SRA to ensure AI tools comply with existing legal standards and regulations.
 - ICO (Information Commissioner's Office):
 - Role: To oversee data protection and privacy compliance.
 - Collaboration: Ensure AI tools adhere to data protection laws and best practices.
 - Law Society:

Role: To provide guidance and support for the ethical use of AI in the legal sector. - Collaboration: Develop educational resources and training programs for legal professionals. 8. Proposed Role of the Law Society - Guidance and Support: - Develop guidelines for the ethical use of AI in the legal sector. - Provide resources and training for legal professionals on integrating AI tools into their practice. - Accreditation: - Establish an accreditation process for AI tools to ensure they meet industry standards. - Regularly review and update accreditation criteria to keep pace with technological advancements. - Public Awareness: - Launch a public awareness campaign to educate consumers on the benefits and limitations of AI tools in the legal sector. - Promote transparency and trust in AI tools through clear communication and education. 9. Unwilderer's Contribution - Showcase Positive Impact: - Demonstrate how AI can improve access to legal information and services without misusing data. - Share success stories and case studies to highlight the societal benefits of AI in the legal sector. - Collaboration: - Work with the Law Society and other stakeholders to develop and implement guidelines and accreditation standards. - Provide expertise and resources to support the development of ethical and secure AI tools. - Innovation: - Continue to innovate and improve AI tools to meet the evolving needs of the legal sector. - Ensure AI tools are designed and developed with a focus on ethics, security, and reliability. Role and Collaboration of Key Stakeholders 1. Cafcass (Children and Family Court Advisory and Support Service) - Role: - Provide insights into the specific needs and challenges faced by families and children in legal proceedings. - Ensure that AI tools are designed to support the best interests of children and families. - Collaboration: - Work with AI developers to create tools that can assist in family law cases, ensuring they are sensitive to the needs of children and families. - Participate in pilot programs to test AI tools in real-world family law scenarios. - Offer feedback and recommendations to improve the effectiveness and ethical considerations of AI tools in family law. 2. Citizens Advice - Role: - Act as a bridge between consumers and AI developers, providing valuable feedback on user experience and accessibility. - Ensure that AI tools are user-friendly and accessible to a diverse range of consumers, including those with limited legal knowledge.

4. Do you have any comments on our proposed work commitments for 2024-25 under our fourth strategic priority?

5. Do you have any comments about our budget for 2024-25?

6. Do you agree that the SRA's required portion of the practising certificate fee is reasonable and appropriate?

7. Do you agree with the Compensation Fund contributions for 2024-25?

8. Do you have any comments on the equality impact assessments of our proposed fees for 2024-25, or EDI-related work commitments in our proposed draft Business Plan for 2024-25? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Association of Consumer Support Organisations (ACSO)

1. Do you have any comments on our proposed work commitments for 2024-25 under our first strategic priority?

On strategic priority 1 ('We will deliver high professional standards'), we welcome the proposed work commitments for 2024-25. In relation to a few of the points, we also have the following comments: •

Evaluation of the Solicitors Qualifying Examination (SQE): the year-three evaluation is crucial to ensure that the SQE effectively assesses the competence of new solicitors. Making the SQE available in Welsh by January 2025 is a positive step towards inclusivity, ensuring all consumers can access legal services in their preferred language. • Continuing Competence Process: the commitment to training record reviews and thematic reviews to understand how solicitors maintain their professional obligations is vital. This will help ensure that solicitors remain competent throughout their careers, directly benefiting consumers by maintaining high standards of service. • Economic Crime and Money Laundering Regulations: responding to new guidance and changes in these areas is essential for protecting consumers from fraud and financial crimes. Your active stance on these issues is right and necessary for maintaining consumer trust. • Equality, Diversity, and Inclusion (EDI): advancing EDI action plans and promoting diversity at senior levels in law firms is important. Diverse perspectives within law firms can enhance the quality of service and ensure that the needs of all consumer groups are met effectively. • Consumer Protection Review: continuing to evaluate and improve consumer protection measures is fundamental. Ensuring robust arrangements are in place to protect consumers from harm and addressing any failures swiftly will build confidence in the legal services market and its regulators. • Frontline Regulation Improvements: enhancing casework processes and evaluating key areas of frontline regulation to improve quality and timeliness are essential steps. Efficient and effective regulation directly impacts consumers by ensuring swift resolution of issues and maintaining high standards across the sector.

2. Do you have any comments on our proposed work commitments for 2024-25 under our second strategic priority?

On strategic priority 2 ('We will strengthen our risk based and proactive regulation'), we welcome the proposed work commitments for 2024-25 and have the following comments: • Data Strategy Implementation: we welcome the SRA's commitment to delivering a data strategy and enhancing data capabilities. High-quality, real-time data and advanced analytics help identify risks early and enable measures to protect consumers. This approach aligns well with the need for more targeted and efficient regulation. • AI and Machine Learning: expanding the use of AI and machine learning to assess risks and enhance data analysis will significantly improve your regulatory response. These technologies can help identify patterns and predict potential issues, allowing for swift action to safeguard consumer interests. • Proactive Thematic Reviews: conducting proactive thematic reviews in areas such as anti-money laundering (AML) is vital. These reviews will help identify sector-specific risks and ensure that regulatory actions are well-informed and focused on protecting consumers from financial crimes and other harms. • Responding to Emerging Issues: we welcome the SRA's commitment to responding to new or amended money laundering regulations and other emerging issues. Staying ahead of regulatory changes and adapting quickly will ensure that consumers are protected in a dynamic legal environment. • Sanctions Supervision: implementing a data-based programme for active sanctions supervision, in collaboration with the Office of Financial Sanctions Implementation, is a positive step. This will enhance oversight and ensure compliance with financial sanctions, further protecting consumers from potential risks.

3. Do you have any comments on our proposed work commitments for 2024-25 under our third strategic priority?

On strategic priority 3 ('We will support innovation and technology'), we welcome the proposed work commitments for 2024-25 and have the following comments: • Regulatory Approach to AI: developing a regulatory approach to AI is crucial. Ensuring that both the regulated community and consumers can keep pace with the risks and benefits of AI will enhance the delivery of legal services. This approach should prioritise transparency, accountability, and fairness in AI applications to protect

consumer interests and maintain trust. • Support for Small Law Firms: we welcome the SRA's commitment to supporting small law firms in adopting technology. Such firms often serve a diverse range of clients, including vulnerable consumers. By helping these firms integrate advanced technologies, you are indirectly enhancing the quality and accessibility of legal services for a broader consumer base. • Technology-Enabled Dispute Resolution: progressing recommendations from the Regulators' Pioneer Fund project to increase the use of technology-enabled dispute resolution is a positive step. Technology can make dispute resolution more efficient, accessible, and cost-effective, providing significant benefits for consumers, especially those with limited resources. • Focus on Vulnerable Consumers: it is good that the SRA recognises the advantages technology can offer to vulnerable consumers. Tailoring technological solutions to meet the specific needs of these groups will ensure that legal services are more inclusive and accessible, particularly at critical life stages. •

Holistic Understanding of Emerging Technology: we also welcome the SRA's commitment continually to improve your understanding of emerging technology and its impact on legal service delivery. A holistic view that includes development, usage, and potential impacts will help ensure that regulatory responses are well-informed and effective, ultimately benefiting consumers. • Horizon Scanning: the active approach to monitoring technological developments through horizon scanning is a positive. This will help anticipate changes and challenges, allowing the SRA to adapt regulatory frameworks in a timely manner, ensuring that consumers continue to receive high-quality legal services in a rapidly evolving landscape.

4. Do you have any comments on our proposed work commitments for 2024-25 under our fourth strategic priority?

On strategic priority 4 ('will be an authoritative and inclusive organisation, meeting the needs of the public, consumers, those we regulate and our staff'), we welcome the proposed work commitments for 2024-25 and have the following comments: • Extending Customer Service Plans: expanding customer service into more operational areas, including the Client Protection team, is a welcome move. This will enhance the support provided to consumers, especially those dealing with interventions and compensation claims. Improving these areas ensures that consumers have a better experience and receive timely assistance when issues arise. • Communications Review: we support progressing the communications review to build on perceptions profiling work. Effective communication ensures that consumers are well-informed about their rights and the services available to them. This transparency builds trust and helps consumers navigate the legal system more confidently. • Diversity in Leadership and Pay Gaps: continuing efforts to increase diversity in leadership roles and close ethnicity and gender pay gaps will help foster an inclusive environment. Diverse leadership can better understand and represent consumer needs, ensuring that regulatory practices are fair and equitable. • Continuous Improvement Culture: developing a culture of continuous improvement within the SRA will benefit consumers by ensuring that services are regularly evaluated and enhanced. This active approach means that the regulatory body can adapt to changing needs and expectations, ultimately providing better service. • ESG Commitments: delivering on internal Environmental, Social, and Governance (ESG) commitments and working with stakeholders to reduce environmental impact is important. Consumers increasingly value organisations that prioritise sustainability and social responsibility. This commitment can enhance the regulatory body's reputation and trust among the public.

5. Do you have any comments about our budget for 2024-25?

6. Do you agree that the SRA's required portion of the practising certificate fee is reasonable and appropriate?

•

7. Do you agree with the Compensation Fund contributions for 2024-25?

8. Do you have any comments on the equality impact assessments of our proposed fees for 2024-25, or EDI-related work commitments in our proposed draft Business Plan for 2024-25? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Solicitors Regulation Authority
The Cube, 199 Wharfside Street
Birmingham, B1 1RN



Building a Brighter Future
for Injured People

T: 0115 943 5400
E: mail@apil.org.uk
www.apil.org.uk

24 June 2024

By email only: businessplan@sra.org.uk

Dear Sir/Madam,

Business plan and budget 2024-25 consultation

APIL welcomes the opportunity to comment on the Solicitors Regulation Authority's (SRA) draft business plan and budget consultation. Our response focuses on the proposed Compensation Fund contribution from SRA-regulated law firms that hold client money. From APIL's perspective, the Compensation Fund is fundamental for consumer protection. The fund must remain viable as a fallback option should a client suffer losses due to solicitors failing to account for damages, behaving dishonestly, or not being properly insured.

We have concerns regarding the substantial increase proposed in the required firm contribution from £660 to £2,220. The contribution for 2024-25 is proposed without proper justification to the profession and transparency regarding how the contribution amount was calculated.

APIL understands that the SRA has carried out more interventions in the last two years, some of which significantly impacted the Compensation Fund reserves. However, solicitors are not responsible for the erosion of the fund and should not have to pay exceptionally high contributions as a consequence of bad management or a failure to identify a rise in smaller interventions over the years while accounting for the possibility of more major interventions. There should be greater transparency and further information about the fund's management. We suggest that the Compensation Fund annual report includes a breakdown of calls to the fund by sector (e.g., personal injury, conveyancing, probate, etc.).

We note that the future of the fund is part of the consumer protection review being carried out by the SRA. The fund and the security it provides grant consumers an additional sense of security and set solicitors apart from other legal services. We believe that consideration should be given to revisiting the way the contributions are calculated, to ensure the viability of the Compensation Fund while maintaining transparency with the profession.

APIL has concerns that applying a flat rate increase to contributions regardless of firm size and/or the amount of client monies held may have unintended consequences for smaller firms or solo practitioners. This might lead to broader equality issues, given that the SRA's diversity data shows that smaller firms are far more likely to have partners from Black, Asian, or minority ethnic backgrounds.

APIL believes that the SRA should consider a further consultation about the fairest way to set the rate in the future. Feedback from solicitors is key, given that the whole profession is required to contribute to the fund.

We hope our comments prove useful to you.

Sincerely,

Ana Ramos

Ana Ramos

Legal Policy Assistant



Building a Brighter Future
for Injured People

T: 0115 943 5400
E: mail@apil.org.uk
www.apil.org.uk

Sent by email only to businessplan@sra.org.uk



2 July 2024

Consultation Response to the SRA's Business Plan/Budget 2024-24

The Legal Services Consumer Panel (the Panel) welcomes the opportunity to respond to the SRA's Business Plan and Budget for 2024-25. The SRA is an important stakeholder for the Panel because of its reach, influence across the sector, resources and impact on the daily lives of consumers in need of legal support. It is in this context that expectations remain high on its performance, priorities and delivery. This Business Plan does not meet our expectations.

Fairer outcomes for consumers sit at the heart of the Panel's and LSB's Strategy for the legal services sector. This includes lowering unmet legal needs across large parts of society and achieving fairer outcomes for people experiencing greater disadvantage. Twinned with this, the Panel published a report on Consumer-Focused Regulation in June 2023. This set out best practice taken from financial services, telecoms and legal services. Following a January 2024 workshop, we expected a much clearer demonstration from the SRA on how it is putting fairer outcomes into practice. This opportunity has not been seized in the 2024/25 plan.

Turning to the substance of the business plan, the Panel makes the following points:

- **Transparency requirements** - The SRA has not shown leadership in key consumer focused areas, even after it and other regulators have been found wanting. For example, the Competition and Markets Authority noted deficiencies in the provision of information on price, quality and other service level information. To date, it has not extended price transparency requirements to contentious areas of law (eg Family law), where we know the need is high because of escalating unmet legal needs in this area of law.
- **Access to justice and law-tech** – The issue of access to justice requires the SRA's continuous prioritization. As a minimum, we expect the review of law-tech to focus on how it can help to meet this escalating issue, especially when there are no other workstrands that propose to address access to justice.
- **Complaint handling** – The LSB's recent work on first tier complaint handling shows that there are fundamental problems with how regulators tackle inefficiencies and poor performance from providers. There is no reference to how the SRA proposes to address these issues in its Business Plan.

In short, this business plan is concerning for several reasons. None of the priorities reference anything genuinely substantive on access to justice, consumer research or

collaboration with consumer-facing organisations. For the SRA to meet the needs of consumers and high expectations of the industry, more needs to be done.

Reflection on the questions asked.

Do you have any comments on our proposed work commitments for 2024-25 under our first strategic priority?

The Panel welcomes the strengthening of engagement with in-house solicitors. Although there isn't a work strand setting out what this work will entail, it is alluded to in the narrative leading up to the priorities for this financial year. This work will drive up standards but also offer the opportunity to understand the different challenges faced by in-house teams. In-house teams can experience greater pressure to compromise delivering the best outcomes for consumers where this impacts the profitability or growth ambitions of the corporations they serve. The pernicious misuse of Non-Disclosure Agreements and non-compete clauses in employment contracts are examples.

We are pleased to see that the SRA will be conducting a thematic review to understand whether and how solicitors meet their professional obligation to maintain competence. This thematic review will be beneficial to the profession, and it has the potential to help identify issues, as well as concentrate minds on continuous development.

However, every year the Panel repeats the same critique on equality, diversity and inclusion. The SRA needs to be clearer on the outcome it is trying to achieve and show a clear link between the outcomes and the work strands it is devoting resources to.

There is nothing convincing on the face of this consultation document to assure us that SRA's EDI work is receiving the priority, resource and focus it deserves.

Do you have any comments on our proposed work -commitments for 2024-25?

The Panel welcomes the focus on risk-based regulation and the workstreams designed to sharpen the SRA's intelligence. We also agree with the overarching aim to strengthen the SRA's capacity to undertake thematic reviews across different areas of the sector. The Panel has called for more targeted thematic reviews in the past, so we support this focus.

It is however important that the SRA is transparent about how it determines and prioritises thematic reviews. In due course we hope to see thematic reviews in consumer-focused areas like first tier complaint handling or to test the various transparency measures implemented by the SRA in recent years.

Do you have any comments on our work commitments for 2024-25 under our third strategic priority?

The Panel has consistently supported the SRA's proactiveness in innovation and technology. It is still our view that consumers should be at the heart of the SRA's goals in this area. We acknowledge that the SRA has committed some resources, in the past, into ensuring that Lawtech mitigates the access to justice gap, by encouraging providers to innovate in this space. We also remain hopeful that the SRA's research on unbundling would further complement and advance this goal.

However, the priorities for 2024-25 are less focused on innovation and technology that can deliver better outcomes for consumers, or those who have no access to legal services. That said, we welcome support for small firms. Small firms offer an opportunity to address the justice gap at a local level more effectively and equipping them with new tools to maximise their capacity can offer early gains.

The three strands of work described by the SRA lack the energy of its previous focus. Given that access to justice is mentioned tangentially in this section, we would like to emphasise the importance of incentivising and encouraging providers and tech companies to innovate in this area. The scale of the access to justice problem warrants the SRA's continuous prioritisation of Law-tech that meets consumers escalating needs, especially when there are no other work strands that propose to address access to justice in this business plan.

The SRA states that it would continue to develop its regulatory approach to AI, so that its regulated community and consumers can keep pace with the risks driven by this rapidly evolving area. It is our strong contention that consumers are unlikely to be aware of the risk. It is therefore important that the SRA makes no assumptions, instead, it should commit to consumer research and gather insight on consumers understanding of risk, their risk appetite, and how to best inform and protect them from risk.

Do you have any comments on our proposed work commitment for 2024-25 under our fourth strategic priority?

The SRA makes several bold claims in the narrative leading up to describing its areas of focus for 2024-25. For example, the SRA states that it has now evolved to be a regulator that places customers at the center of its processes and services. It notes that thousands of people access its face to face and digital offerings, and that the Legal Choices website is routinely accessed by many thousands of people.

The Panel cannot corroborate the accolade that the SRA has heaped on itself because this is far from the reality we see. Where consumer focused regulation is concerned, the SRA has a considerable way to go in ensuring that its work truly delivers good outcomes for consumers and the public at large.

Unfortunately, the claims in the narrative are not backed by evidence of the SRA's impact. It is important to emphasise that impact should be the yardstick in which the

SRA measures its outputs. The number of people who access Legal Choices is not evidence of the SRA being a consumer-focused regulator. However, if Legal Choices is demonstrably meeting and delivering good consumer outcomes or meeting the needs of those who access it, then the SRA can make such claims. The impact of Legal Choices can easily be assessed with a carefully designed consumer survey and or other metrics.

Also, that thousands of people access the SRA's face to face or digital services tells us nothing about their experience or the impact of these services. To ascertain impact, the SRA would need to monitor and evaluate its effectiveness in these areas. We have noted the need for improved monitoring and evaluation processes in the sector¹.

There are several consumer-facing issues we expect the SRA to be proactive in. For example, the LSB's recent work on first tier complaint handling shows that there are fundamental problems with how regulators tackle inefficiencies and poor performance from providers. We note that there is no reference to how the SRA proposes to address these issues in its Business Plan. There is no reference to this issue at all anywhere.

The SRA has not made progress or shown leadership in key consumer-focused areas, even after it and other regulators have been found wanting. For example, the Competition and Markets Authority noted deficiencies in the provision of information on price, quality and other service level information. To date, the SRA has not extended its price transparency requirements to contentious areas of law e.g. Family law, where we know the need for transparency is high because of escalating unmet legal needs in this area of law. We also know, from LeO's data, that cost is a key reason for high numbers of complaints in this area of law.

The SRA and others have not satisfied us with anything tangible or measurable on quality indicators, which was a key recommendation from the CMA in 2020². We recently wrote³ to the CMA to complain about this.

It is concerning that none of the strands of work described references anything on access to justice, consumer research, collaboration with consumer facing organisations or free advice services. Indeed, it is unclear what issues or problems the SRA are trying to address under this heading.

In 2023, the Panel published a report on what it means to be a consumer-focused regulator, with clear themes and indicators to help regulators assess themselves. We encourage the SRA to continue to use this document and the Panel as a sounding board, to truly help it become a consumer-focused regulator.

Overall, priority four includes a mix of disjointed objectives that is likely to make it complex to manage their delivery. There is a need to develop a more coherent approach that uses quality measurement focused on consumer outcomes and

¹ <https://www.legalservicesconsumerpanel.org.uk/wp-content/uploads/2022/06/22.06.30-Monitoring-and-Evaluation-in-Legal-Services.pdf>

² https://assets.publishing.service.gov.uk/media/5fd9e53cd3bf7f40ccb335e1/Legal_Services_Review_-_Final_report.pdf

³ <https://www.legalservicesconsumerpanel.org.uk/wp-content/uploads/2024/01/24.01.16-LSCP-letter-to-the-CMA-re-quality-indicators.pdf>

feedback to inform implementation. This would provide a better context to develop future engagement.

Do you have any comment about our budget for 2024-25?

The Panel is not best placed to comment on the SRA's budget.

Do you agree that the SRA's portion of the practicing certificate fee is reasonable and appropriate?

The practicing certificate fee seems reasonable, but we are not best placed to interrogate this information.

Do you agree with the Compensation Fund contribution for 2024-25

In response to the SRA's 2023 Business Plan, the Panel said:

“ There is a lack of transparency around how the SRA can justifiably afford to offer saving to providers. It is unclear to us whether the SRA is expecting a significant reduction in claims, based on projections, or where there are other drivers behind this lower projection. As drafted, it appears that the reduction is proposed to placate those who are concerned about the increase in the practising certificate fee. The Compensation Fund exists to offer protection to those who have suffered financial loss as a result of a solicitor's dishonesty or fraud. This is a narrow scope, compounded by the fact that it is a discretionary fund. For several years, the Panel has called for data on claims pay-out and transparency on how the fund is dispensed. We are concerned that the SRA is proposing to reduce the contribution into this important consumer protection fund, without detailed explanation”.

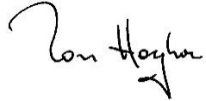
The observation we quoted above had also been made in previous years because the SRA was reducing the compensation fund contribution without any explanation.

We are not surprised that the SRA has to raise contribution back to the level it was in 2018/19. We do not know if this is the right level as this would be dependent on sophisticated analysis and projections which we are not privy to, although better data could help us arrive at a reasonable informed decision.

We remain very concerned about how the Compensation Fund is managed. We are concerned about the lack of transparency around claims, how it is dispensed and administered.

Should you have any questions pertaining to this consultation response, please contact Lola Bello, Consumer Panel Manager at Lola.Bello@legalservicesconsumerpanel.org.uk, with any enquiries.

Yours sincerely,

A handwritten signature in black ink that reads "Tom Hayhoe". The signature is written in a cursive style with a large initial 'T' and a small flourish at the end.

Tom Hayhoe
Chair
Legal Services Consumer Panel

Solicitors Regulation Authority business plan and budget 2024/25 consultation – Law Society response

Questions 5 to 8

June 2024

Contents

Q1. Do you have any comments on our proposed work commitments for 2024-25 under our first strategic priority?.....	3
Q2. Do you have any comments on our proposed work commitments for 2024-25 under our second strategic priority?.....	3
Q3. Do you have any comments on our proposed work commitments for 2024-25 under our third strategic priority?.....	3
Q4. Do you have any comments on our proposed work commitments for 2024-25 under our fourth strategic priority?	3
Q5. Do you have any comments about our budget for 2024-25?.....	3
Q6. Do you agree that the SRA's required portion of the practising certificate fee is reasonable and appropriate?	3
Q7. Do you agree with the Compensation Fund contributions for 2024-25	3
Potential ways to reduce the cost of this year's levy	5
Lack of data in consultation document.....	6
More effective data management.....	7
Apportionment of the levy	7
Q8. Do you have any comments on the equality impact assessments of our proposed fees for 2024-25, or EDI-related work commitments in our proposed draft Business Plan for 2024-25? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?	7

Q1. Do you have any comments on our proposed work commitments for 2024-25 under our first strategic priority?

Q2. Do you have any comments on our proposed work commitments for 2024-25 under our second strategic priority?

Q3. Do you have any comments on our proposed work commitments for 2024-25 under our third strategic priority?

Q4. Do you have any comments on our proposed work commitments for 2024-25 under our fourth strategic priority?

1. The Law Society's response to questions one to four, and the relevant sections of question eight, will be submitted separately, by the 2 July 2024 deadline.

Q5. Do you have any comments about our budget for 2024-25?

Q6. Do you agree that the SRA's required portion of the practising certificate fee is reasonable and appropriate?

2. We have taken questions 5 and 6 together.
3. We note the SRA's decision not to increase its share of the practising certificate fee, relative to last year. This restraint is welcomed, given the challenging economic conditions the profession continue to face, particularly in smaller firms.

Q7. Do you agree with the Compensation Fund contributions for 2024-25

4. The profession strongly supports the ongoing maintenance of the Compensation Fund.

However, the substantial increase in the Compensation Fund levy this year has caused significant concern for the profession, where many law firms, especially sole practitioners and small firms, are already struggling with challenging business conditions and increased costs.

This is particularly the case for legal aid firms, which are already operating at the margins of sustainability due to uneconomic remuneration rates.

If these firms fail, it will undermine access to justice and leave the needs of some of the most vulnerable consumers unaddressed.

5. The profession is also concerned by the sharp increase in the number of interventions in the last year, their root cause and the impact this has had on the

cost of the Compensation Fund.

We therefore welcome the SRA's Consumer Protection Review, which provides an opportunity to deal with some of the issues we have seen in the market in recent years.

6. When the SRA carries out its formal consultation on consumer protection issues - later in the year - it is important that measures are considered to improve their processes for approvals and monitoring, particularly those focused on a change of control in a firm. This should take into consideration the level of risk to any client funds that may be involved.

Furthermore, the consultation should include information about how the SRA will improve its data management in relation to the Compensation Fund so it can provide more insight into trends, risks and lessons learned.

7. The SRA has established four principles to govern how it will set and collect contributions to the Compensation Fund¹:
 - i. The overriding principle will be to maintain the viability of the fund.
 - ii. We will ensure that the professional contributions to the fund are as manageable as possible for those we regulate.
 - iii. We will collect the contributions to the fund in a way that is manageable for those we regulate.
 - iv. We will be transparent about the fund monies and their management.
8. The information provided in the consultation paper supports the first objective but, in our view, is in breach of the others.

In the interest of transparency, and to enable the profession to better manage their contributions, the SRA should provide information on the various alternative options that were considered in the process of setting this year's levy.

9. In respect of the second and third objectives the SRA's own Equality Impact Assessment (set out at Annex 4 to the business plan) acknowledges that:

"Firms in less profitable sectors are also more likely to feel the impact of the proposed increase. They will be required to pay an additional £1,560 for the Compensation Fund (with the total proposed fee of £2,220) and potentially will also fund the contributions due from the individual solicitors they employ."

10. Although the SRA has identified this potential problem as a consequence of the increased levy, there is no detail provided about any measures that were considered to mitigate the effects.
11. Overall, this year has seen a substantial increase in the cost of the Compensation Fund contribution, posing challenges to the SRA's second and third Compensation Fund principles.

¹ <https://www.sra.org.uk/mysra/fees/compensation-fund-contribution-level-principles/>

12. While the profession is steadfast in its continued support for the Compensation Fund, the lack of relevant information and data in relation to the proposed fee for 2024-25, and the lack of any detailed explanation about the alternative options that may have been considered when setting this year's amount, mean that the SRA has provided insufficient evidence to justify imposing such a significant increase in the levy this year.

Potential ways to reduce the cost of this year's levy

13. We note the reassurances that the SRA provides in the consultation document, which states²:

"We have worked to reduce the impact of the increased costs and payments on contributions as far as possible. This has included tight budgetary control of costs, detailed scenario planning and modelling of impacts, and the negotiation of a banking facility in the event of a further large intervention. Through this we intend to build reserves to a sustainable level over two to three years rather than through a larger initial call on contributions. The increase in fees this year will, however, ensure the viability of the Fund while we carry out the wide-ranging consumer protection review that will consider future options for the Fund."

14. Whilst these efforts are welcomed, the lack of information and explanation provided in the consultation document means that we cannot determine what options the SRA has explored and how viable they would be.

Therefore, we would welcome more detail about the decision-making process, to achieve a better understanding of the steps that have been taken "to reduce the impact of the increased costs and payments on contributions as far as possible".

15. For example, the increase in the Compensation Fund levy is in part driven by the cost of refunds to the SRA for intervention costs.

We suggest that this cost should be spread to mitigate the proposed increase in the Compensation Fund levy.

Our understanding is that the SRA's reserves are in credit, and therefore there is likely to be no need to recover these funds right away.

If, instead of using the Compensation Fund to refund the cost of interventions now, the SRA chose to defer collection, or recover the money incrementally over a period of years, then that could potentially reduce the need to call such significant amounts from Compensation Fund in the current year.

16. Furthermore, we note that the SRA has arranged a loan facility, and this offers a buffer for some of the uncertain risks which are built into SRA forecasting with regards to the cash flows into and out of the fund.

It would be helpful to understand what consideration has been given to using the facility to allow more flexibility in how much is levied from the profession in this year.

² <https://www.sra.org.uk/sra/consultations/consultation-listing/business-plan-budget-2024-25/>

17. In addition to these two potential options, given the real difficulties that many of our members will face, it would be helpful to understand what consideration has been given to providing firms the option of deferring payments, or making payment by instalments.

Lack of data in consultation document

18. The SRA did not publish information on how much in total the levy is forecast to raise as part of its consultation document.

We believed the amount must be far in excess of the £15 million figure appearing in the budget, and a subsequent request for further information confirmed that the SRA hopes to raise £31-32 million, and that the £15 million of Compensation Fund income shown in the SRA budget is income to the SRA from the Compensation Fund (the costs of administering the Fund incurred by the SRA and recharged to the Fund).

19. Given the absence of any substantive information about the financial arrangements for the Compensation Fund from the budget consultation, we suggest that future consultations ought to include a separate, detailed budget for the Compensation Fund, distinct from the SRA operational budget.

20. There are other areas where greater transparency would also be helpful, including:

- the numbers of individual solicitors and firms that are forecast to contribute
- the breakdown by size of firm, and
- the forecast trajectory for contributions for the next three years

21. It would enable us to make an informed response if the SRA provided a more comprehensive overview of the state of the fund's finances.

For example, the consultation document provides no information relating to:

- the current position regarding the settlement of claims
- the number of claims that are still live, and
- recoveries that are possible from the statutory trusts

22. Although the regulator's policymaking should always be evidence-based, the need is greater here, and not only because the Legal Services Board (LSB) requires rule change applications to be accompanied by supporting evidence but because the SRA's principles require the Compensation Fund to be operated transparently.

As such, there is an expectation from the profession that when the SRA seeks LSB-approval for this year's Compensation Fund levy, it will provide details about the alternative options it explored when setting the levy, along with evidence to justify the proposed increase.

More effective data management

23. Recent events underscore the necessity for the SRA to collect and maintain data in a way that will enable it to make informed decisions about how it should target its attention and resources.
24. In the medium term, the number of claims against the fund, and therefore the cost of operating the fund, has the potential to be reduced through better collection, management, and analysis of claims data.

This could assist the SRA in identifying risks and any developing trends and help focus regulatory attention on preventing problems before they arise.

Apportionment of the levy

25. We have previously been supportive of a flat fee for all firms, rather than a levy based on turnover, risk profile, or some other metric.

We are aware that there have been more Compensation Fund claims in relation to smaller firms, historically, but smaller firms are less able to pay for the maintenance of the fund.

As such, the profession has supported a flat fee given it provides a reasonable compromise between small firms, which are more likely to call on the Compensation Fund but would be unable to afford a risk-based levy, and large firms that pose less risk to the fund but can afford to make a flat contribution.

26. As part of their Consumer Protection Review, the SRA has raised the possibility of varying contributions to the Compensation Fund on the basis of risk.

It is questionable as to whether such a scheme could be operationalised effectively.

However, we agree that the apportionment of the levy is an issue that the SRA should explore further, with detailed evidence and cost benefit analysis of any proposed changes when it consults on the review formally in the autumn.

Q8. Do you have any comments on the equality impact assessments of our proposed fees for 2024-25, or EDI-related work commitments in our proposed draft Business Plan for 2024-25? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

27. We have concerns about the effect that the substantial increase in the Compensation Fund contribution could have on small firms.

The SRA's own diversity tool reveals that older solicitors and solicitors who are from a BAME background are overrepresented in this segment, relative to the rest of the profession³.

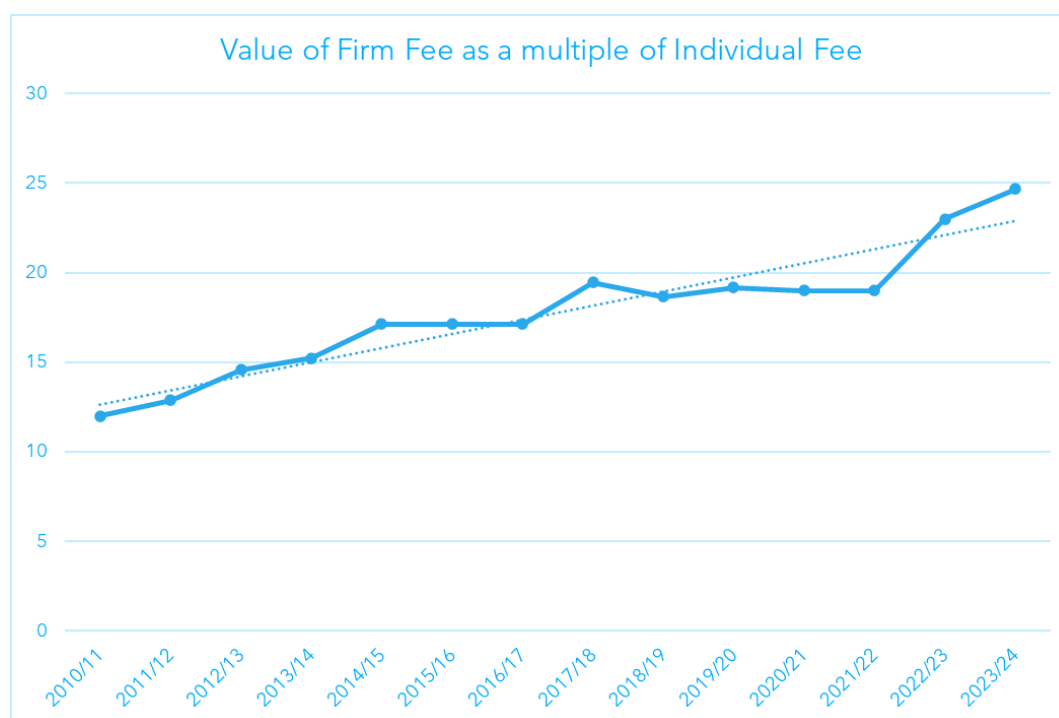
28. The SRA has traditionally split the cost of the Compensation Fund, with half being paid for by individual solicitors, and the other half by firms.

However, over the last decade in particular, there has been substantial growth in the number of solicitors⁴, but a decline in the number of firms.

The effect of this demographic change has been to increase the relative proportion of the Compensation Fund levy that is paid for by each firm, while reducing the relative proportion that comes from individual solicitors, on a per capita basis.

29. This drift is demonstrated in the graph below, which shows that in 2010-11 the flat fee levied from firms was 12 times the value of the fee levied from individual solicitors.

However, by 2023-24 the flat fee from firms had ballooned to 25 times the value of the fee levied from individual solicitors:



Figures taken from the Compensation Fund Annual Report and Financial Statements

30. The consequence of this is that smaller firms are paying substantially more in Compensation Fund contributions than they did 14 years ago, and larger firms are

³ <https://www.sra.org.uk/solicitors/resources/equality-diversity/law-firm-diversity-tool/>

⁴ https://www.sra.org.uk/sra/research-publications/regulated-community-statistics/data/population_solicitors/

- relative to small firms, at least - paying substantially less (although they too are paying more in real terms).

31. We are not suggesting that the SRA should make any change to rebalance how the cost of the Compensation Fund is apportioned this year, because it should take time to consider the evidence and determine the best practical option, but it is clear that maintaining the current division - without regard to the relative numbers in each group - has resulted in the value of contributions from small firms rising substantially, relative to larger firms.
32. As noted before, older and BAME solicitors are prevalent among small firms, so there are equality grounds on which the SRA should carry out a reassessment.

If small firms are forced to close because of unaffordable increases in Compensation Fund contributions, this will have knock-on effects for the people using their services, many of whom may have protected characteristics, and could raise broader questions about access to justice.



The Law
Society

Law Society response:
**SRA Business Plan and budget 2024-25
consultation**

June 2024

Introduction

1. The Law Society is the independent professional body for solicitors in England and Wales. We are run by and for our members. Our role is to be the voice of solicitors, to drive excellence in the profession and to safeguard the rule of law. On behalf of the profession, we influence the legislative and regulatory environment in the public interest. At home we promote the profession, and the vital role legal services play in our economy. Around the world we promote England and Wales as a global legal centre, open new markets for our members and defend human rights.
2. We welcome the SRA's consultation on its business plan 2024/25 and the opportunity to comment on its proposed work. As a general principle, we would strongly encourage the SRA to prioritise its focus on core activities and only undertake additional workstreams based on evidence of regulatory need, or specific gaps in responding to consumer needs.
3. We are pleased to see a continuation of work on the Solicitors Qualifying Examination (SQE), anti-money laundering (AML), equality, diversity, and inclusion (EDI) and technology and innovation - policy areas which also align with the Law Society's own strategic priorities and the regulatory objectives. We are keen to continue to work together with the SRA in these areas, providing insight through our own research, members' views, and experiences.
4. We would encourage the SRA to ensure that our efforts are appropriately co-ordinated, particularly in the areas of equality and diversity, and technology and innovation work. This will ensure the most effective use of resources and avoid additional burdens on stakeholders' budgets, which must be considered in the context of the continuing cost of living crisis and the many financial burdens facing the profession, which are particularly acute for sole practitioners and legal aid practitioners.
5. We are particularly pleased to see evidence-focused approaches to the issues of EDI and the SQE. The publication of this data, which has been expected for some time, will enable employers, legal education providers and the sector to understand whether diversity and inclusion objectives are being met, and how to make the necessary improvements.
6. In principle, the Law Society supports initiatives aimed at empowering consumers of legal services in selecting a legal service provider. However, we would expect any changes to recognise the regulatory and financial pressures already on members of the profession and be underpinned by a strong evidence base.

Consultation

Q1 - Do you have any comments on our proposed work commitments for 2024-25 under our first strategic priority?

7. **Consumer Protection Review** - The SRA published its discussion paper entitled '*Protecting the public: our consumer protection review*' (*'the Review'*). We will be responding to the paper but are concerned that the Review appears rushed and comes very soon after the intervention in the firm of Axiom Ince, the biggest intervention ever in England and Wales¹. The LSB has commissioned an independent review into the SRA's regulatory actions in the lead-up to the collapse of Axiom Ince and the SSB Group². The commencement of the SRA's pre-consultation, before the outcome of the LSB's review has been published and any recommendations and insights have been fully considered, is disrespectful to the process.
8. Furthermore, the SRA has provided very little information and data regarding the areas outlined in the discussion, such as its current risk identification processes, how it monitors and supervises firms, or it evaluates risk when it is considering authorising firms. Without knowing what the current processes are, it is very difficult to provide meaningful and useful feedback about how processes can be improved, and about how risks can be reduced to protect consumers.
9. In the absence of the LSB review findings it is also difficult to see if the consumer review is focusing on all the right areas of risk.
10. The SRA intends to undertake a formal consultation on consumer protection in autumn 2024 and we hope it will provide the information we have sought so that we can constructively participate in the consultation process.
11. **Solicitors working in-house** - We welcome the SRA's continuing engagement in this area to ensure that in-house solicitors are provided with appropriate levels of support and advice to meet the standards expected of their role. The Law Society has provided comments on the SRA's suite of guidance that was published in March and look forward to the final versions later this year. The guidance is potentially a useful resource but still needs work in some areas to achieve its potential. We would welcome the opportunity to continue to work with the SRA on disseminating and reinforcing this support for in-house solicitors, as well as facilitating discussions with the sector on any further helpful tools and approaches that the in-house community would find useful. We are following the Horizon Public Inquiry closely, as are the SRA, and we recognise that additional workstreams may result once this has completed, and the final report published. We also look forward to collaborating with the SRA on constructive next steps.
12. **Equality, diversity, and inclusion** - We welcome the SRA's continued work to advance equality, diversity, and inclusion (EDI) in the profession and are keen to continue to work together to avoid duplication and maximise impact. It is vital that

¹ <https://www.sra.org.uk/sra/news/press/2023-press-releases/axiom-ince-intervention-and-impacts/#:~:text=This%20case%20is%20the%20biggest,role%20of%20the%20compensation%20fund.>

² <https://legalservicesboard.org.uk/news/lbs-to-review-sra-regulatory-actions-in-the-lead-up-to-the-collapse-of-ssb-group>

the findings from research projects inform tangible and meaningful actions to drive positive change on EDI, particularly to address persistent EDI issues within professional examinations and SRA's enforcement activities. We welcome the SRA continuing to encourage diversity at senior levels in law firms and would like to understand what activities and what regulatory levers the SRA will utilise to support this, and where they will work in partnership and collaboration with others. We support the introduction of an evaluation framework to understand and provide clear evidence of the effectiveness and impact of SRA activities and actions to advance EDI.

13. Following the recent publication of the University of Exeter's report into differential attainment levels in routes to qualification we look forward to the opportunity to work with the SRA and other stakeholders to agree collective actions and next steps. It is essential that any pertinent findings are incorporated into the SQE assessments as they evolve, to combat the continuation of the differential attainment seen so far.
14. **SRA's approach to enforcement** - The Business Plan states that the SRA will continue its '*work to improve our approach to enforcement, including our use of financial penalties*'. It would be helpful to have more information on the SRA's plans. As the SRA is aware, we oppose further extension to the SRA's existing unlimited fining powers from economic crime to all offences as the current regime already allows sufficient scope to address significant misconduct through the powers of the SDT.
15. **Solicitors Qualifying Exam (SQE)** - We welcome the continued prioritisation of the SQE within the SRA's work for 2024/25. The essential success of the SQE and confidence of both students and employers relies on the SRA making the most of the opportunities the SQE provides, through proper and prompt review, continued stakeholder engagement and provision of good information and guidance.
16. We welcome the opportunity to contribute to the year-three evaluation, to represent the interests of our members tackling the provision of qualifying work experience (QWE) for the SQE, and for those seeking to enter the profession. We are pleased to see plans for the continued roll out of the availability of SQE assessments in the Welsh language from January 2025.
17. It is also necessary for the SRA to publish the best available data on the SQE assessments and the relation of pass marks to providers where possible. All efforts must be undertaken by the SRA to collect and provide this information, as a tool to aid decision making for those considering pathways into the profession. It is also an important factor in determining whether the SRA meets the diversity and inclusion expectations set out by the Legal Services Board (LSB) in its decision on the SQE. We remain keen to continue engagement with the SRA on this area as the approach evolves, to ensure that this key area of the SQE is brought to a satisfactory place.
18. **Annual assessment of continuing competence** - The maintenance of high professional standards is key to the reputation of the profession. In this context, we remain mindful of the existing pressures on the profession, both regulatory and financial and welcome the SRA's continuation of a proportional approach to

engaging with the requirements set out by the LSB's policy statement. We remain supportive of the SRA's work looking at ways to maintain high standards and better understand and support the profession, without adding unnecessary additional burdens.

19. The first annual report on competence, gave greater confidence to consumers of legal services in choosing solicitors and provided useful information on which to build resources to further support the profession with these regulatory requirements. We note that the SRA will continue to publish these reports annually, seeking to make better use of the data it gathers to demonstrate the competence of the profession and to identify and address any risks, and welcome the opportunities to engage with the SRA on the outcomes of this work.
20. We continue to support training that enables professionals to maintain their knowledge and skills in areas, such as equality, diversity and inclusion, professional ethics, and training in management and leadership skills for those who have such responsibilities. In addition, we would support training in areas where it is essential that solicitors have sufficient skills to be able to deliver legal services more effectively and to high standards, for example around technology and anti-money laundering. There should be due consideration as to whether the above training should be mandatory.
21. **Anti-money laundering** (AML) - The solicitors' profession is fully committed to tackling illicit finance and money laundering. This is demonstrated by the significant resources allocated to complying with its AML and financial crime obligations, resources which in turn result in a substantial public benefit.
22. On HM Treasury's consultation on the future of AML supervision, whichever option is ultimately taken forward, the Law Society's expertise and involvement is vital in the continued joint working with the SRA in drafting guidance for the legal sector and ensuring alignment with reform of the Regulations. This is more critical than ever given the significant ongoing change to legislation and the rapidly evolving and ever-expanding regulatory requirements.

Q2 - Do you have any comments on our proposed work commitments for 2024-25 under our second strategic priority?

23. We welcome the SRA's plans to implement the data strategy, which should seek to improve regulatory decision making with a data driven approach and support the use of data to inform a risk-based, data-driven, credible approach to regulation. The intention of the SRA to use these resources to better target regulatory issues, to best utilise its resources is also encouraging, but we would caution that the noted horizon scanning, and other processes will need to be improved if they are to be relied on to ensure that issues are not missed or noticed too late. We strongly encourage the SRA to coordinate its research efforts with the Law Society where possible to maximise our joint investment, learning and ability to conduct primary research with members to maximise participation.
24. Wherever possible we would also encourage the SRA to utilise the data strategy to improve the quality of data held on solicitors to facilitate better communications, and insight on the profession, that the SRA and Law Society will both benefit from, given data sharing arrangements that remain in place. An example is the need to

address increasingly incomplete ethnicity and gender data reported directly by individual solicitors.

25. By focusing on improved regulatory decision making and communication, the data strategy will complement the Law Society's analytics knowledge and expertise that underpin our acting as the authoritative source on data for the profession – notably through our Annual Statistics Report publication. We continue to expand the sophistication of our analytics capability to inform the Law Society's decision making and member-centric operations with a data driven approach – and welcome knowledge sharing with the SRA's data experts for the benefit of both organisations.
26. We encourage and look forward to seeing in which areas the application of AI and machine-learning will be used to improve data analysis and how the insights derived will inform the SRA's work in context of technology, as well as more broadly across the legal services sector.
27. The Law Society fully supports a robust and proactive AML regime and welcomes the SRA's assurance in delivering a proportionate and risk-based approach. Applying the Regulations for the legal sector has always been a challenge, often resulting in no tangible benefits in preventing money laundering but leading to increased cost, and complexity in delivering legal services. We encourage the SRA in responding to changes to the money laundering Regulations to ensure any changes do not place disproportionate and unnecessary obligations on the legal profession.
28. With the increasing complexity of the economic crime and illicit finance landscape, we look forward to working with the SRA on its commitment to delivering a range of proactive thematic reviews in key areas.

Q3 - Do you have any comments on our proposed work commitments for 2024-25 under our third strategic priority?

29. We continue to support the SRA's collaboration with small firms to support them to adopt appropriate technology to enhance their ability to meet consumers' needs. Our members have raised concerns about trying to keep up with the rapid pace of technological innovation given the associated financial and resource costs. There are concerns about how firms, particularly smaller firms, can meet their regulatory obligations, professional standards, and increase consumers' ability to engage with and access legal services. Support should include information in plain English about technology procurement practices and each technology's functionality, limitations, risks, and benefits. It should be recognised that in common with SMEs in other sectors, a package of incentives and support with investment for the take-up of new technologies will be an essential enabler of adoption and change.
30. We would welcome opportunities to work on data sharing and transparency, upskilling the legal profession on data literacy, technology and AI, and consideration of a risk-based approach to AI regulation. The Law Society is mindful of the needs of our members and that a balanced approach is required, considering the needs of vulnerable clients, SME firms, and unmet legal need.

31. Collaboration is particularly important, to adopt a sector-wide approach to these challenges and opportunities, to minimise the duplication of work, but also to strengthen the voice of the legal profession and ensure greater consistency in approach. For example, the LSB has carried out work on technology and innovation and consulted on promoting technology and innovation to improve access to legal services, to which we have responded³. We would like to see the SRA take on board this work, with the aim of reducing any unnecessary duplication and providing clarity for the legal profession to support the adoption of technology. Within this framework, the SRA should build its own regulatory capacity and capabilities in relation to technology and innovation, including establishing overarching principles and sharing best practice, particularly around but not limited to areas such as accessibility, requirements around AI disclosure, guidance on standard clauses in AI contracts and their interplay with professional obligations, and considerations for the responsible and ethical adoption of AI tools.
32. Given technology's ability to blur lines between jurisdictions and sectors, the Law Society would encourage the SRA to share case-studies and other information with us and other regulators around technology and AI to encourage its adoption for the benefit consumers. We would also welcome a description of how the SRA will share knowledge and resources with regulators abroad to enhance the strategic implementation of this work, to support the Law Society's role in promoting English law as the governing law of choice in the context of technology and AI.
33. We welcome the SRA's decision to develop a regulatory approach to AI and note that this aligns with the LSB's intention to proactively respond to the application of AI across the legal sector. Following the LSB's strategic approach to AI⁴, we would like to see the SRA assess the risks related to the use of AI and develop mitigation strategies to address them in line with the outcomes in the LSB's guidance. This is an area the Law Society is also working on and given the opportunities and potential harms across issues such as administering justice, providing legal advice and services, as well as the direct provision of legal advice to citizens through AI and technology providers, we would welcome the opportunity to collaborate with the SRA (and LSB) to ensure the best possible outcomes for the legal sector and consumers.

Q4 - Do you have any comments on our proposed work commitments for 2024-25 under our fourth strategic priority?

34. We welcome the SRA's continued commitment to progress in this important area, including embedding a culture of continuous improvement. We also welcome the commitment to continue to evaluate actions to increase diversity in SRA leadership roles and to closing ethnicity and gender pay-gaps, particularly as this was a recommendation identified in the recent University of Exeter report on differential attainment. These internal pieces of work should enable the SRA to deliver a more accessible, diverse, and inclusive programme of engagement with the profession and the public.

³ <https://www.lawsociety.org.uk/campaigns/consultation-responses/lwb-consultation-on-technology-and-innovation-guidance>

⁴ <https://legalservicesboard.org.uk/wp-content/uploads/2024/04/Legal-Services-Board-update-on-AI-approach-April-2024-pdf.pdf>

35. We would also like to offer to share our expertise in evaluation and incorporating the voice of the public which, in the Law Society context, feeds policy development and influencing. A key example is the Legal Needs Survey⁵ on which we collaborated with Legal Services Board.

36. **Environmental, Social and Governance (ESG)** - The Law Society is pleased to see the SRA's continuing commitment to deliver on internal ESG commitments and to work with key stakeholders on reducing environmental impact. We remain keen to continue to work with the SRA to support solicitors and law firms on climate change. Our ongoing collaboration with the SRA on this matter is important to represent the views of the profession as regulatory positions evolve. The term 'ESG' is extremely broad and already covers several areas in which the SRA has adopted a regulatory position. We would welcome the SRA's attention to maintaining clarity of what it intends to cover under this umbrella.

Q5 - Do you have any comments about our budget for 2024-25?

Q6 - Do you agree that the SRA's required portion of the practising certificate fee is reasonable and appropriate?

Q7 - Do you agree with the Compensation Fund contributions for 2024-25?

37. The Law Society's response to these questions and the relevant sections of question 8 were submitted separately.

Q8 - Do you have any comments on the equality impact assessments of our proposed fees for 2024-25, or EDI-related work commitments in our proposed draft Business Plan for 2024-25? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

38. We look forward to continuing to engage and collaborate with the SRA in this area and we are particularly pleased to see the SRA acknowledge that the impacts must be managed across all areas of its work.

39. Whilst we welcome the SRA and University of Exeter's report on differential attainment for Black, Asian and minority ethnic students in legal education, this work has taken a long time, and we are keen, now it is published, for the SRA to work collaboratively with stakeholders to identify and agree actions that can be taken to address this complex, including any "quick wins" that could be developed and implemented within this business plan year.

⁵ <https://www.lawsociety.org.uk/topics/research/find-out-what-your-clients-need-with-the-results-of-our-legal-needs-survey>