

# SRA corporate strategy 2017 to 2020

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## *Our plans for the next three years*

The individuals and firms regulated by the Solicitors Regulation Authority (SRA) form the largest part of the legal services market in England and Wales. And we are rightly proud of the global reach of the firms we regulate, as they export English and Welsh law and legal services across the world.

So, what we do matters – it matters to the legal sector, to solicitors themselves, to the UK economy and, above all, to the public, in whose interest we regulate.

I am pleased that we have seen meaningful change and achievement over the three years of our 2014–17 Corporate Strategy.

We have reformed our regulation and how we work, cutting bureaucracy, improving our customer service and setting out the path for real change in our sector. Members of the public and the profession worked with us as we reviewed arrangements for becoming a solicitor, freed up law firms to run other businesses, launched a new register of law firms, produced new, simple, targeted Codes for those we regulate and took steps towards a clear, short Handbook.

Our operational work is faster and more efficient, and staff have developed new corporate values with fairness and inclusion at their heart. Importantly, we have absorbed inflationary pressures and kept costs for law firms and solicitors steady.

What's next? I believe it is fundamental that members of the public from every background and businesses of every size should have ready access to high quality, affordable legal services that meet their needs. For that to happen we need an open, modern and competitive legal economy. One in which people and businesses have the information they need to help them easily access the right service at the right time and at the right price.

That means we must remove barriers to innovation and nurture growth and better information sharing, so that firms can provide new services in new ways to everyone, including the most vulnerable. We must work with the profession to set and enforce the high standards that earn public confidence and trust. And, we must work to drive forward increasing diversity in the profession, to make sure it reflects the communities it serves.

I am clear that we too must continue to evolve and improve, and our strategy sets out how we will take that forward. And, finally, we will assess our progress and be open and transparent about our work.

## **Enid Rowlands**

Chair, SRA

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### *Executive summary*

This strategy sets out what we want to achieve between now and 2020.

To draw up our strategy we have looked at what is coming down the line – what is happening in the legal sector that would or could impact on what we do.

We are seeing change in how legal services are delivered, change in people's expectations of those services and how they can find the information they need, and change in how the profession is made up and its aspirations.

And, of course, we have the backcloth of changes in the UK-EU relationship and what that could mean for relationships between England, Wales, Scotland and Northern Ireland.

But, some of our drivers remain a constant. It is important that members of the public from every background and businesses of every size should have ready access to high quality legal services that meet their needs. But, we know that is not the case, with nine out of 10 members of the public and small businesses not using legal services – even though they often recognise that they would benefit from doing so.

As we set out in this strategy, our role in addressing this difficult issue has a number of aspects. First, we must make sure that our regulation helps, rather than hinders, an open, competitive and growing legal market that meets people's needs at affordable prices. It should be a market in which people and businesses can find the right service, at the right time, at the right price for them.

Second, we must work to make sure that the public has confidence in the quality, professionalism and trustworthiness of those we regulate. Third, we need to ensure that we play our part in making sure people can find relevant, useful and readily accessible information that helps them to choose the right service. Our strategy has components that touch on all of these aspects of our role.

Diversity in law firms is improving but there is much more for the profession to do and we will play our part in supporting its work. And, concerns about

risks such as money laundering and cybercrime will not go away over the next three years.

Over the past three years, we have begun a major transformation of our approach to regulation and ourselves as an organisation. We are working to make both fit for the future and fit to meet the complex challenges we face. We are also working to improve access to high quality legal services for the people who need them.

Our aim for 2017–20 is to continue that work in collaboration with the public, those we regulate, the justice system and other regulators. That will help us to better understand and meet the needs of everyone we serve, including the vulnerable, businesses whatever their size and the users of legal services.

To do this, we are setting ourselves five new strategic objectives:

1. We will set and apply consistently high professional standards for the individuals and firms we regulate and make sure they are appropriate to meet the challenges of today and the future.
2. We will make sure our regulatory requirements are proportionate, providing solicitors and firms with the flexibility to innovate and better meet the needs of members of the public and businesses, while maintaining appropriate levels of public protection.
3. We will increase the availability of relevant and timely information to help people make informed choices in the legal services market.
4. We will make sure that our regulatory arrangements work as effectively as possible for the public, businesses, solicitors and firms in the context of constitutional developments within the UK and any new relationship with the EU.
5. We will work better together and with others to improve our overall effectiveness, our responsiveness and the delivery of our regulatory functions.

We have set out details of these strategic objectives in the "Our aims for the next three years" section of this plan. This is together with the major programmes of work that will meet those objectives and the benefits we expect to be achieved by them, which can be found under the "How we will achieve our aims section".

We will publish our business plans every year, setting out the activities that will deliver this strategy. We will keep the plan under constant review and



publish details of our progress in delivering all of our strategic aims in our Annual Review.

We will review and assess the impact of our regulatory reform initiatives, using our new evaluation framework where appropriate. We will engage with others, including through research and surveys, to ensure as wide an understanding of the impact of our work as possible.

We will continue to publish information about our budget and financial performance in our Annual Review, in the Law Society Group Annual Report and Financial Statements, and on our website.

## *About us*

We regulate 170,000 solicitors and 10,400 law firms in England and Wales. We work in the public interest, protecting the users of legal services, setting and enforcing high professional standards and supporting the rule of law and the administration of justice.

## *Our role*

We regulate the conduct of solicitors and law firms to ensure high, professional standards of competence, skill and integrity in the delivery of legal services.

Primarily, we do this to:

- protect people who use legal services
- support the operation of the rule of law and the proper administration of justice.

For the public and small businesses, choosing and using legal services can be daunting, so making sure people have confidence in the services they receive from solicitors, and have protection if things go wrong, is important. And, because people entrust solicitors with the details of their lives and their businesses, they have to be sure their trust is well placed.

The quality and professional and ethical standards of legal services not only impacts on the user of those services. The professional standard of legal services and the actions of solicitors and firms also has an impact on:

- public confidence in the rule of law
- the overall effectiveness of the operation of the legal system
- the courts
- third parties, often, but not solely, those involved in a dispute with the direct consumer of the legal services in question.

In all our work we consider the eight regulatory objectives set out in the Legal Services Act 2007.

These are:

- protecting and promoting the public interest
- supporting the constitutional principle of the rule of law
- improving access to justice
- protecting and promoting the interests of consumers
- promoting competition in the provision of services
- encouraging an independent, strong, diverse and effective legal profession
- increasing public understanding of the citizen's legal rights and duties
- promoting and maintaining adherence to the professional principles.

Our regulation helps make sure that the wider public interest in there being accessible, high quality, professional and ethical legal services is met. This also contributes to the strength and reputation of the legal system in England and Wales, public confidence in that system and its international reputation.

### *Our work*

We meet our responsibilities through a range of core activities.

#### *Setting high professional standards*

We make sure that those entering the profession are fit to practise and meet the high professional standards the public expects. We do this by overseeing professional education and training, setting the entry standards, and checking that applicants are of a suitable character before allowing them to become a solicitor.

Similarly, we assess law firms and other types of legal businesses to make sure they are fit to offer legal services, before allowing them to do so. And, once those individuals and firms are in practice, we provide guidance and rules, such as requiring continuing professional development, to make sure that those standards are maintained.

#### *Information and guidance*

We provide information about solicitors, their work and the standards the public is entitled to expect. We are working towards increasing the availability of relevant and timely information to help people make good choices when purchasing a legal service.

### *Safeguarding the public*

We make sure the public is protected by taking action when things go wrong. We set and monitor indemnity insurance requirements and we operate a compensation scheme. The fund exists to provide reimbursement to people who have lost money because of the dishonesty or incompetence of an individual or law firm that we regulate.

### *Disciplinary action*

We monitor and supervise the conduct of solicitors and firms against the standards we have set. If solicitors or firms do not meet these standards, we investigate their practice and compliance with our rules, where necessary taking regulatory action, such as issuing a fine or reprimanding the solicitor. We prosecute when we have serious concerns about a solicitor or a firm's conduct at the independent Solicitors Disciplinary Tribunal. When necessary, we take possession of a firm's files and money to protect clients and the wider public, and return papers and monies to their owners.

### *Our values*

All our activities are underpinned by our five core values, which were developed by our people.

Independent: we act impartially, making objective and justifiable decisions based on evidence.

Professional: we have the knowledge and skills to deliver high standards; striving for excellence.

Fair: we treat people equally; without favouritism or discrimination.

Inclusive: we work together, valuing difference, to deliver common goals.

Progressive: we listen, respond and proactively develop and improve the way we work.

In delivering our regulation, we also adhere to the better regulation principles, which say that regulation should be:

- proportionate
- accountable
- consistent
- targeted
- transparent

This means that wherever possible we work to reduce the burden of regulation, while maintaining public protections. A sharp focus on high

professional standards and the reduction of prescriptive bureaucracy, and its associated cost, also supports law firms to grow, compete and provide accessible, affordable legal services.

### *The legal services market and wider environment*

We regulate the largest proportion of the legal services market in England and Wales. Regulated legal services in the UK are worth approximately £30bn per year (around 1.5 percent of UK GDP). It is estimated that £18bn of that income, or 60 percent, comes from firms we regulate.

The UK legal services market as a whole is the largest in Europe, taking a 7 percent share of the entire global legal market. The individuals and firms we regulate provide a complete range of legal services to individuals of every type and from every community, and to businesses of all sizes in the UK and worldwide.

In this section we address some of the key issues we think will have a particular influence on our strategy.

### *A changing market*

Recent years have seen significant changes in both the regulated and so called unregulated sectors of the legal services market and in the balance between the two.

Before the provisions of the Legal Services Act 2007 were implemented, legal services were overwhelmingly provided by the regulated sector. Individual solicitors primarily worked in traditionally structured solicitors' firms or as employed solicitors undertaking legal work solely for their employers.

That is not the environment in which we now regulate. The legal sector is far more diverse and will, in our view, become more so. We now regulate a broader range of businesses. Individual solicitors practise and deliver services to the public through a vast range of organisations and channels. Some of these businesses are regulated by other regulators, and others are not regulated by legal services regulators at all. The pace of this change will increase as other legal services regulators expand the range of activities they cover, and as an increasing proportion of the market operates outside of legal services regulation altogether. Much of this change has been enabled by the Legal Services Act, but much has also been driven by innovation within the sector. This includes, for example, increased use of technology, as well as the public appetite for accessible legal services provided in ways they can afford.

Just as the delivery of legal services has changed, so have people's expectations of professional services. Driven by developments in other

sectors and new media, people and businesses have greater expectations of services being instant, agile and responsive to individual requirements.

### ***Meeting the need for accessible, affordable legal services***

Although the legal services market has grown and the number and range of providers has increased, research commissioned by the Legal Services Board (LSB) and others has shown that many individuals and small businesses do not access the legal services they need. The market is clearly not working for everyone. We need to consider steps that support firms to provide more accessible and affordable services, meeting the needs of people and businesses from every community, including vulnerable people.

Firms have responded to the new opportunities provided by the reformed legal services market. However, there is much more to do in specific areas. For example, in some areas where services were principally delivered using public funding, new provision has been relatively slow to emerge.

### ***Better information for the public***

The increasing diversity of the legal services market increases choice – particularly for individual members of the public and small businesses. In order for people, whatever their circumstances, to make informed choices about the services they need, there is a pressing need for reliable and readily available information that is also well structured, clear and easily understood. This is one of the most significant issues identified by the Competition and Markets Authority (CMA) in its December 2016 Legal services market study.

### ***The need for more proportionate and less burdensome regulation***

We have made important changes to our regulatory requirements in recent years. For example, the introduction of alternative business structure (ABS) licensing, enabling a wider range of multi-disciplinary partnerships – one stop shops – and freeing up traditional solicitors firms to expand their range of professional services.

The government has challenged all regulators to remove unnecessary regulation and reduce the burden on businesses. In the legal services sector, both the Ministry of Justice and the LSB have emphasised how important this is.

Just as the indirect burdens of regulation, including the cost and time needed to comply with our requirements, are a matter for public scrutiny, so is the direct burden of the cost of regulation, through the fees levied on





those we regulate. Throughout the period of this plan we will rightly be challenged by those we regulate and the LSB to make sure that our costs are necessary, proportionate and deliver the best possible value for money.

### *Innovation*

To compete, thrive and improve services for people who need them, firms in the legal services market have been developing and innovating. We have seen significant innovation in the sector in recent years and we expect the pace and scale of development to increase. We welcome innovation that helps to improve services for the public and small businesses, offering new services in new ways and increasing choice. We need to make sure that our regulatory requirements and approach do not become an unnecessary barrier to these positive changes in the market. Our regulatory approach must be agile, keeping pace with market developments.

### *The need for regulation to work for all types of firm*

The market, the individuals and the range of firms we regulate are becoming increasingly diverse. We regulate firms ranging in size, from a single solicitor to global firms with annual turnovers in excess of £1bn. That diversity is important for the users of legal services, for the health of the legal services market and for the economy as a whole. Our regulation must allow that diversity of delivery to thrive and flourish. It must be as relevant for the sole practitioner as it is for the global giant. Although our approach to regulation has become more flexible in recent years, we have more to do to make sure that our rules and approach to regulation work for all solicitors and all types of firm, however and wherever they choose to practise.

### *Improving diversity and ensuring equality of opportunity in the market*

A diverse legal workforce is important, as firms need to access the best talent from every background. The profession also needs to reflect the wider community, and solicitors are part of the pool from which the judiciary is drawn. Diversity is a key component in public confidence. Many firms have made real strides in improving their diversity. However, there remain significant challenges, particularly in making sure that all solicitors, and others working within law firms, have an equal opportunity to progress their careers in the way they want, to work at senior levels and to work within all types of firm. We are committed to promoting diversity in the legal workforce and will be working closely with a wide range of stakeholders as we support law firms and the profession.

### *EU membership and constitutional development in the UK*

We regulate many firms with offices in other countries. Many lawyers qualified in other jurisdictions work within firms in England and Wales. In addition, we regulate a number of firms who operate across England and Wales, Scotland, Northern Ireland and the Republic of Ireland. A significant number of solicitors are qualified in more than one of the separate jurisdictions in England and Wales, Scotland, Northern Ireland and the Republic of Ireland.

In our view, these arrangements operate to the benefit of the public and businesses, who often need to access legal services across a number of countries.

As the future relationship between the UK and the EU is established, we will need to assess the impact on existing cross-border recognition arrangements for those we regulate and for European lawyers practising in the UK. Firms in England and Wales have benefited from open markets in Europe and from the ability to employ and work with lawyers from other jurisdictions. We will need to make sure that our regulatory requirements maintain this benefit as far as possible within any new relationship between the UK and the EU. We will also need to assess any impact within the UK and share with other stakeholders.

Leaving the European Union does not mean that specific commitments will change. The new General Data Protection Regulations come in to force in 2018 and will work with others including ICO, TLS and firms to understand the changes and any risks associated with them for the legal sector from GDPR.

We regulate solicitors and firms in England and in Wales. We already work closely with Welsh bodies, law firms and the public to make sure we reflect local needs – for example, we provide practising certificates in Welsh. We must continue to work together to make sure our requirements, and the way in which we operate, works well within both countries. This will become increasingly important as the Welsh Assembly continues to develop a distinct body of Welsh law.

### *Increasing complexity and risks*

Just as the firms we regulate have become more complex and diverse in terms of size, structure, business model and range of activities, so have the risks that they have to manage. This is particularly the case with risks arising from the use of technology and the risk of law firms being targeted by criminal activity that ultimately damages the wider community and individual clients. Our ability to work with other regulators and with those we regulate to help them identify and manage these risks has to continue to improve to meet these challenges. As does our ability to share concerns and information with the public, raising awareness and helping people avoid difficulties.

### *Financial crime and money laundering*

The period of this plan will cover a review of UK anti-money laundering arrangements by the international Financial Action Task Force (FATF). We will need to engage closely with this inspection and address any issues FATF identifies that need our action and the action of those we regulate.

In addition, the government and the Financial Conduct Authority are challenging the outcomes and impact of regulatory activity in identifying and tackling financial crime and money laundering across all relevant professional services sectors. In 2017 the Treasury consulted on new arrangements for the supervision of professional bodies responsible for regulating relevant sectors. The outcome of these proposals will have an impact on our approach to the regulation of a range of activities within law firms.

### *The demand for professional regulation with excellent levels of service*

The public, businesses and those we regulate expect an excellent level of performance and customer service from us. Service expectations across all sectors have rightly increased and continue to do so. We are funded through levies on those we regulate, and the cost of our regulation is, ultimately, met by clients through the fees they pay to firms to receive the legal services they need.

One component of increasing public and professional expectations is that both groups want open and transparent communication and engagement in a way that suits their needs. We, like others, know we have more to do to be accessible and responsive.

We have a clear responsibility to demonstrate the effectiveness and efficiency of all we do, to justify the use of resources and to deliver good levels of service.

### *The structure of legal services regulation*

Over the past two years the government, the CMA and the LSB have all raised the issue of the future structure of legal services regulation, particularly the separation of frontline regulators from professional bodies.

The consideration of these issues will, in our view, continue to be highly relevant during the period of this plan, and we will need to participate in the debate.

### *Summary*

These factors, along with the consideration of our purpose and our values as an organisation, have informed the choices we have made about the

strategy we will follow over the next three years.

### *Our aims for the next three years*

Over the past three years we have begun a major transformation of our approach to regulation and ourselves as an organisation. We are working to make both fit for the future, fit to meet the complex challenges we face. We are also working to improve access to high quality legal services for the people who need them.

Our aim for 2017–20 is to continue that work in collaboration with those we regulate, the justice system, the public and other regulators. That will help us to better understand and meet the needs of the users and potential users of legal services of every type.

We will focus on five strategic aims to help us deliver this ambition.

- 1. We will set and apply consistently high professional standards for the individuals and firms we regulate and make sure they are appropriate to meet the challenges of today and the future.**

The public, users of legal services and the justice system need to have confidence that those we regulate are competent, have high professional and ethical standards and operate within a framework that puts the interests of the proper administration of justice and clients before their own. We will focus on high, consistent standards of entry into the regulated community and on our systems of supervision and enforcement. This is to make sure that there is confidence that standards are maintained and applied in practice.

- 2. We will make sure our regulatory requirements are proportionate, providing solicitors and firms with the flexibility to innovate and better meet the needs of members of the public and businesses, while maintaining appropriate levels of public protection.**

We will continue to review and modernise our regulatory requirements, removing unnecessary restrictions and requirements that burden firms with unnecessary costs and prevent solicitors and firms from meeting the needs of the public and businesses. At the same time, we will make sure that protections for people that need them are set and maintained at appropriate levels.

**3. We will increase the availability of relevant and timely information to help people make informed choices in the legal services market.**

We will implement the recommendations made in the CMA's Legal services market study, published in December 2016. We will engage in a fully inclusive way with the public and with other regulators to identify the most appropriate information and the best means of making it available in a consistent, comparable and readily accessible form. We will work with the profession to explain the benefits of providing better information and will seek to minimise the impact of data collection on those we regulate. We will also set out our commitment to sharing information with the public in an accessible way, making sure they know what to expect from us.

**4. We will make sure that our regulatory arrangements work as effectively as possible for the public, businesses, solicitors and firms in the context of constitutional developments within the UK and any new relationship with the EU.**

The political and legal environment within which we and those we regulate operate is changing rapidly. We will work to make sure that regulatory arrangements within the UK and across national boundaries work well, making it as easy as possible for firms to operate across national boundaries and operate in the interests of UK businesses and the public.

**5. We will work better together, and with others, to improve our overall effectiveness, our responsiveness and the delivery of our regulatory functions.**

To deliver our strategic aims, we must evolve and improve our performance – across all aspects of our responsibilities. During this period we will focus particularly on improving engagement and collaboration with our customers, so we can meet their needs. We will make sure our staff have the right skills to meet new challenges, and will focus on modernising our business systems and IT, putting our customers at the heart of our development.

## *How we will achieve our aims*

In this section we set out our major programmes of activity to meet our strategic aims. Over the period of this strategy the activities will change. As we complete programmes and activities during the first part of the three years covered by this plan, new activities will emerge and form part of our forward programme. We will reflect these changes in our annual business plans.

### *Strategic aim one*

We will set and apply consistently high professional standards for the individuals and firms we regulate and make sure they are appropriate to meet the challenges of today and the future.

#### *What this is about*

People using legal services and the justice system are entitled to expect high standards of legal and professional competence, high ethical standards and appropriate levels of services.

We need to set and communicate clearly the standards we expect the individuals and firms we regulate to achieve. And, we must take appropriate steps when those standards are not met, to maintain real confidence and trust in solicitors, firms and the justice system. As part of maintaining public confidence.

#### *Our work between 2017 and 2020*

Our work programmes to deliver this strategic aim will include:

- *Solicitors Qualifying Examination (SQE)*

In April 2017 we announced that our Board had decided to proceed to introduce the SQE for would-be solicitors. This was an important step in our wider programme of work to improve our approach to the training, admission and professional development of solicitors.

We are introducing the SQE because, under the current system, there is no consistent standard for entry to the profession. With the SQE, we and the public can be confident that everyone who passes it, regardless of route into the profession, has been assessed against the same high standard.

During the period of this plan, we will carry out a procurement process to appoint an assessment partner with whom we will begin the detailed development and testing of the SQE. We will be working with solicitors, students, law firms, academics and subject matter experts to make sure we get the final assessment right.



We are working towards introducing the SQE from September 2020 at the earliest.

### *The benefits*

The SQE will provide greater assurance of consistent standards at point of entry, providing better public protection and supporting public confidence in, and the reputation of, the profession domestically and internationally.

The SQE will also provide greater flexibility in training and pathways to the profession, so individuals can choose options that best suit their circumstances and financial position, encouraging a more diverse profession.

We believe that the SQE will positively support increased diversity at the point of entry to the profession. It will do this by allowing individuals greater flexibility in the pathways they can take to qualify as a solicitor and by enabling a wider range of ways to undertake and evidence their work-based experience than the current training contract requirement. The impact on the diversity of the profession will be one of the things we monitor throughout the delivery of the SQE.

- *New Codes of Conduct*

In 2016 and 2017 we consulted on proposals to revise our Code of Conduct. The Code sets out the core standards of conduct and ethics standards that apply to solicitors and authorised firms. We proposed a series of simplifications and clarifications to make the Code clearer and easier for solicitors and law firms to follow and comply with. In 2017 we decided, following extensive consultation and engagement, to implement the revisions. A core part of these changes will be to replace the single Code with separate Codes for individual solicitors and for authorised firms.

The new Codes will be implemented alongside other changes to our regulatory approach and rules.

### *The benefits*

The new Codes will provide greater clarity about the respective standards we require of solicitors and firms, while providing them with the flexibility to meet them in the way that works best for them and their clients.

The new Code for solicitors will apply to them within whatever context they are providing legal services. This is whether they are within a regulated firm, as an employed solicitor or as a solicitor in an unregulated organisation. This will make sure that all solicitors are subject to a common set of high professional and ethical standards wherever and however they

choose to practise. And, it will make it easier for the public to know what standards we expect from a solicitor.

- *Working with the profession to improve diversity*

We will continue to collect and monitor data on diversity within the profession. We will publish and use this information to engage with firms and other organisations to encourage an increased diversity within all the firms we regulate and at all levels within those firms. The diversity of the profession as a whole has increased but this is not the case for all sectors of the market. Progression to senior roles within many firms still appears to be unjustifiably narrowly based, and there is more to be done to understand the complex factors that impede real diversity. Our activities will be focused on working with firms, representative bodies and others to help them address these issues.

*The benefits*

For the public to have confidence in the legal services market, we believe it is important that the solicitor profession and the firms we regulate are representative of the diverse society they serve. We also consider that the future health and competitiveness of the market will be improved, to the general public benefit, if firms take advantage of the full range of skills and talent available to them from the widest range of individuals who wish to have a career in the law.

- *New Enforcement Strategy*

We expect to consult on a revised and updated Enforcement Strategy in 2017, following our major engagement and consultation exercise with the public and the profession: A Question of Trust. The revised strategy was also developed in the context of our wide-ranging reforms to our approach to regulation and regulatory rules. This ensures a coherent fit between our requirements and our approach to making sure they are met.

Subject to the outcome of the consultation, any new strategy will be implemented alongside our implementation of other elements of our regulatory reforms. We will monitor the impact of the new strategy, including on the proportionality of regulatory outcomes across the whole range of protected characteristics.

*The benefits*

The new Enforcement Strategy will provide greater clarity to those we regulate and to the public about the action we will take when standards are not met, our thresholds for deciding how serious a breach is and will



support the delivery by us of proportionate, fair, consistent and transparent decisions.

### *Strategic aim two*

We will make sure our regulatory requirements are proportionate, providing solicitors and firms with the flexibility to innovate and better meet the needs of members of the public and businesses, while maintaining appropriate levels of public protection.

#### *What this is about*

We have done much to modernise our regulatory arrangements in order to give individuals and firms greater freedom to practise in ways that better meet their and their clients' needs. We have enabled a wider range of business models to operate safely in the market. This has enabled a wider range of choice of services to the public and businesses. However, there is more for us to do to enable further innovation and the development of a wider range of services to address the need for accessible and affordable services, particularly for the vulnerable. We need to be aware that new technology and innovation by firms around it may have the ability to widen access to services at more affordable prices and we need to ensure that our regulatory requirements, possibly rooted in traditional methods of service delivery, do not unnecessarily stand in the way of beneficial changes.

While we continue with these reforms, we will be equally focused on making sure that there are appropriate protections and safeguards for those that need them.

And, we will continue to reduce the regulatory burden for firms where we can, saving them time and money, which will both help them to grow and pass on cost savings to their clients.

### *Our work between 2017 and 2020*

Our work programmes to deliver this strategic aim will include:

- *Review of the SRA Handbook*

We have been consulting on elements of our regulatory reform programme during 2016 and 2017, including, for example, our consultation on revised Codes of Conduct and simplification of the Accounts Rules. During the period of this strategy we will continue to conduct, consult on and implement a thorough revision of all our rules contained in the SRA Handbook.



The current Handbook was introduced in 2011 to allow the licensing of ABSs and to introduce a more principles and risk-based approach to our regulation. However, at that stage, many of our existing rules covering, for example, authorisation and the framework for practice were not revised. We will revise our rules to make sure they are consistent with and facilitate our core objectives. This includes making sure there is a delivery of high quality, ethical legal services while removing unnecessary restrictions on the way in which the market is able to better meet the demand for legal services.

## *The benefits*

The review will deliver easy-to-understand and easy-to-navigate regulations that focus on what is important, rather than prescribing technical detail about how solicitors and regulated firms must operate to achieve the requirements. They will provide certainty to businesses by having standards that remain relevant over time and do not require regular updating to keep pace with the rapidly changing external environment. Clear, accessible regulations will make it easier for law firms to comply with our rules, reducing costs and realising savings that can be passed onto their clients.

- *Solicitors practising in non-regulated firms*

In 2016 and 2017 we undertook a major consultation and engagement exercise on our proposal to allow solicitors to deliver non-reserved legal services to the public through non-Legal Services Act regulated businesses. Following that consultation, in June 2017, we announced our decision to implement these proposals.

As part of this new approach, we will make sure that members of the public and businesses are able to make informed choices about the services they access by providing information ourselves. We will also make sure that solicitors are clear about how they are regulated and what that means for their clients.

## *The benefits*

This change will increase public choice about how and where they can access legal services and advice from qualified and regulated solicitors. In addition, the change will increase standards and service user protections in the existing unregulated legal services market. At present, unregulated firms are able to provide a wide range of non-reserved legal services to the public. For the first time, qualified and regulated solicitors will be able to work for such businesses to, we believe, the overall benefit of the public and businesses.

The new approach will also increase opportunities and choice for individual solicitors and prospective solicitors about how and where they can work.

That reflects an increasingly diverse profession with a range of aspirations and interests in serving communities in a variety of ways.

- *Consumer protection*

Importantly, those who use legal services from the solicitors (wherever and however they work) and firms we regulate receive their most significant protections from the high professional standards we set. Additionally, clients do have significant protections in the small proportion of cases when something goes wrong. Access to the Legal Ombudsman is important when poor service is an issue, but two key elements of these protections are provided by our compulsory professional indemnity insurance requirements and by the Compensation Fund that we manage.

During the period of this strategy we will be reviewing both of these schemes to make sure there are proportionate requirements on solicitors, firms and the market while still ensuring an appropriate level of protection for the public. In taking this work forward we will ensure we engage widely with the profession and with the public and businesses who access, or seek to access, solicitor services and who rely on these protections.

#### *The benefits*

The external environment within which these schemes operate has been, and will continue to, change rapidly. These changes bring new threats and challenges, such as cybercrime and fraudulent investment schemes, which these schemes need to address effectively. In addition, we are significantly changing our overall regulatory approach to make sure that it remains relevant to the current and future shape of the legal services market.

Reviewing these protection schemes will ensure that the schemes requirements and costs are targeted and proportionate while continuing to protect those who need protecting. We will also make sure that the arrangements remain relevant and workable within an increasingly diverse market with different types of providers, delivering a wide range of services in different ways.

### *Strategic aim three*

We will increase the availability of relevant and timely information to help people make informed choices in the legal services market.

#### *What this is about*

The increasing diversity of the legal services market – in both the regulated and unregulated sectors – has the potential to bring significant benefits for those who need legal services. However, if people are to realise these

benefits they need access to accurate and relevant information about the options open to them and the implications of the choices they make. This includes information about redress in the small proportion of cases where services do not meet the required standards.

The CMA published its Legal services market study in December 2016. The CMA recommends that regulators, individually and collectively, need to take action to provide better information for the users and potential users of legal services. The CMA's view was that these steps were necessary to make the market work better for the public and small businesses.

In addition, our plans to allow solicitors to practise in a wider range of entities, including businesses that are not regulated by us or other legal services regulators, requires better information for the public and businesses. This information should cover the nature of the services available and the protections that come with any particular choice.

### *Our work between 2017 and 2020*

Our work programmes to deliver this strategic aim will include:

- *Ensuring better information for people who need legal services*

Following the CMA report, we have reviewed the requirements we place on firms and individual solicitors which ask them to provide us with information and publish information themselves. We have also reviewed our own arrangements for publishing information for the public and small businesses.

We have begun to consult on a set of proposals covering these areas. During the period of this strategy we will conclude that consultation, make decisions about the best way forward and implement our new approach.

#### *The benefits*

Members of the public and businesses will have access to comprehensive, relevant and easy-to-understand information about legal services to help them make a choice in legal services. By continuing to provide our core information to third parties, we expect a range of websites, such as comparison websites, to make information readily available to expand and the relevance of information to increase. By making sure law firms and the public can access key information on other firms, we can help to protect both from bogus law firms that pretend to be legitimate in order to defraud the public and businesses.

- *Working with other regulators*



The services provided by the individuals and firms we regulate form the largest proportion of the legal services market in England and Wales. However, the public have a wide and increasing range of ways to obtain legal services that are provided by individuals and firms regulated by other legal services regulators. We believe that it is in the wider public interest that we work collaboratively with other regulators to provide joint or co-ordinated information to the users, or potential users, of legal services.

During the period of this strategy, we will work closely with those regulators. Our aim will be to identify and implement common core information types and categories. This will help people to assess and compare the various services available to them. In addition, we will work with other regulators to develop and make sure there is more relevant and accessible information on our joint-regulator Legal Choices website. We will take into account people's differing needs, including those who are vulnerable such as asylum seekers, young people, those on remand or people with literacy or language issues.

### *The benefits*

Members of the public and small businesses will benefit from information that makes it easier to compare legal services from across the whole market – regardless of the type of regulated individual or firm. This will:

- enhance public choice
- allow people to better find the legal services that best suit their needs
- reduce levels of unmet need for services.

It will also help to make sure that the users of legal services understand the various protections that different types of provider offer in their services. This will help them make more informed choices.

- *Working with the public*

We are committed to placing the public we serve at the heart of all aspects of our work. Not only will we work to provide better information on the services available, we will make sure that information on our own work is easily accessible. To understand what the public want to know about our work and what they need from us, We will collaborate on research with others and engage widely, including with hard to reach groups and SMEs. During the period of this strategy we will consult on and publish a new SRA Public Engagement Charter

### *The benefits*



Listening to and understanding the views of the public through a variety of channels (including research), will inform our regulatory reform programme, the way we work and our operational processes. The result will be proportionate, targeted and transparent regulation that meets the needs of both the users of legal services and the profession. This will help to enhance public confidence in regulation, the wider justice system and the profession itself.

### *Strategic aim four*

We will make sure that our regulatory arrangements work as effectively as possible for the public, businesses, solicitors and firms in the context of constitutional developments within the UK and any new relationship with the EU.

#### *What this is about*

We have operated within a relatively stable set of regulatory arrangements inside England and Wales and within the UK and Europe. There are a number of wider political developments that need, at least, an increased level of engagement and consideration and may require regulatory changes.

In addition, within the UK we must have regard to whether the current cross-jurisdiction recognition arrangements with Scotland and Northern Ireland are operating to their best effect. This is given the increase in the number of firms operating across these jurisdictions and the number of solicitors with multiple practising rights.

#### *Our work between 2017 and 2020*

Our work programmes to deliver this strategic aim will include:

- *Taking account of changes to the UK's relationship with the EU*

Much remains to become clear about the nature of the future relationship between the UK and the EU. Leaving the European Union does not mean that specific commitments will change. The new General Data Protection Regulations come in to force in 2018 and we will work with others including ICO, TLS and firms to understand the changes and any risks associated with them for the legal sector from GDPR.

Throughout 2017 to 2020, we will work closely with the government and the profession to advocate and maintain the benefits of existing cross-border recognition arrangements.

As future arrangements become clearer, we will review arrangements for the recognition of qualified lawyers from other jurisdictions within England and Wales, the EU and the rest of the world.

#### *The benefits*

If we can achieve arrangements that enable the current approach to continue, businesses, the public, regulated firms and individuals will benefit from continued access to EU markets. People in England and Wales will benefit from continued access to lawyers with a wide range of expertise in legal markets overseas.

- *Financial crime and money laundering*

The period of this plan will cover a review of UK anti-money laundering arrangements by the international Financial Action Task Force (FATF). We will need to engage closely with this inspection and address any issues FATF identifies that need our action and the action of those we regulate.

#### *The benefits*

We will be able to demonstrate that we have suitable regulatory arrangements in place to ensure compliance with relevant money laundering arrangements.

- *Ensuring our regulation remains relevant to developments within Wales*

During the period of this strategy we expect the constitutional arrangement between Wales and the rest of the UK to continue to evolve. Additionally, we expect to see the continued development of a distinct body of Welsh law.

As the regulator of solicitors and firms in England and Wales, we will continue to strengthen our working relationships with the Welsh government, the National Assembly and other institutions in Wales. This includes working closely with the law schools in Wales as we introduce the SQE. And, we will continue to make sure that we take account of the interests of the public in Wales, including the vulnerable, in our regulation.

#### *The benefits*

We will be able to make sure that our regulation of individuals and firms in Wales continues to work well for the Welsh community, for Welsh solicitors – aspiring or in practice – and for Welsh firms and legal institutions.



- *Working with regulators in Scotland and Northern Ireland*

Within the UK, both Scotland and Northern Ireland have their own separate legal systems, solicitor professions and regulators. There are significant interactions between the three legal systems within the UK. Many solicitors are cross-qualified in more than one jurisdiction, many law firms operate in two or more of the jurisdictions and people in the UK need to access services across all countries in the UK.

Throughout the period of this strategy, we will work closely with regulators in Scotland and Northern Ireland. We will work to make sure our regulatory systems work together as well as possible, in the interests of the UK public and businesses.

*The benefits*

We believe that users of legal services in all three jurisdictions will benefit through approaches that do not place unnecessary and overlapping regulatory burdens on individuals and firms providing legal services across UK legal borders.

## *Strategic aim five*

We will work better together and with others to improve our overall effectiveness, our responsiveness and the delivery of our regulatory functions.

*What this is about*

We regulate a significant part of the legal services market but not all of it. To deliver our regulatory remit to the best of our ability and in the public interest, we need to work with a wide range of other organisations and with those we regulate. We are committed to doing so.

We have not set out, in the work programmes below, a specific programme of work that represents this activity. Rather, this engagement is inherent in and is an essential part of meeting all our objectives.

This is not just about us working with others to deliver our remit. We recognise that we have a responsibility to help other organisations deliver their remits where they are closely associated with our core role and underlying objectives. For example, there are many organisations whose purpose is to help individual members of the public to resolve their problems, including through accessing the legal services that might provide the help they need. By engaging with such organisations and, for example, providing timely and well-structured information about our regulated



community and the services it provides, we both fulfil our role and help them fulfil their own.

We have made significant improvements in our operations over the past three years in terms of:

- controlling and reducing our operating costs
- timeliness
- engagement with the public, those we regulate and other regulatory bodies.

This work will continue. It will be assisted significantly by the delivery of a major programme of new business systems and modernising our IT. This will improve our efficiency and effectiveness and how we capture, manage and understand information about our work and our sector.

Alongside our activities to improve our processes and data, we will continue to focus on the quality of our regulatory decisions. This will be done through the development of documents such as our Enforcement Strategy. This will also be done through a focus on guidance and training for our decision-makers and on our quality assurance processes. We are determined to make sure that our decisions are fair, justifiable and proportionate, and to publish meaningful data on what we do.

### *Our work between 2017 and 2020*

Our work programmes to deliver this strategic aim will include:

- *Modernising our IT*

In 2016 we started a major IT programme. This work will replace our outdated, fragile and expensive IT with modern, cloud-based systems. These will be more secure and easier to update. This work commenced following a year of analysis and planning to identify the most appropriate approach, and to reduce risks associated with IT development, such as cost and timetable overruns.

This work will take place during 2017–20, with major systems due to be implemented in 2018/19.

We are committed to placing our customers at the heart of this development, making sure that we meet their needs. The programme will involve a significant amount of research, joint development, user testing and communication with external users of our systems. This includes the public, support groups, vulnerable groups, including people with visual and other impairments, law firms of every type and individual solicitors.

### *The benefits*

The new systems will allow us to:

- improve the quality of the services we offer our customers
- improve the effectiveness of our regulatory activities
- improve the efficiency with which we deliver our work.

One aspect of this work is to improve how we capture data about the profession we regulate. This is so that we can understand and analyse how our work affects the diversity of the individuals and firms we regulate. Our new systems will also bring high levels of security and keep that security up to date in the face of ever-evolving cyber security threats.

- *Business improvement*

We are committed to improving the quality of our operational work, our customer service and the efficiency with which we deliver our remit. Our new information systems will make a real contribution to those improvements. Alongside the implementation of the new systems, we will be reviewing and updating our processes, making sure they are as straightforward, fast and effective as possible. In addition, by being easier to change and update, the new systems will enhance our ability to deliver against our commitment to continuous improvement in the ways in which we work. Again, we will be working with our customers, including the public and solicitors, to make sure our processes work for them.

#### *The benefits*

We expect our commitment and activities to improve the ways in which we do business to improve our effectiveness and efficiency as a regulator. We also expect to improve the customer experience for anyone who uses our services.

#### *How we will measure and share our progress*

We will publish our business plans every year, giving further detail on the programmes of work we will be undertaking to deliver this strategy.

We will publish details of our performance against our key performance indicators regularly on our website and in our Annual Review. Our Annual Review will also provide information on our progress in delivering all our strategic aims, including our work on equality, diversity and inclusion.

We will review and assess the impact of our regulatory reform initiatives. To assist with that we commissioned the development of an evaluation framework, which we have published. Where appropriate, we will work with

other legal services regulators and undertake research to inform our understanding of the impact of our work.

We will continue to publish information about our budget and financial performance in our Annual Review, in the Law Society Group Annual Report and Financial Statements, and on our website.

### *Making best use of our resources*

We can only implement this strategy and deliver our regulatory functions over the next three years if we continue, with careful governance and planning, to make the best use of our human and financial resources.

The SRA is funded through practising fees levied on regulated firms and individuals. These fees are subject to annual approval by the Legal Services Board. Importantly, we will review on an ongoing basis where we apply our resources against an analysis of the emerging risks in the market.