

SRA BOARD

14 January 2025

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*This paper will be published***Improving our Balanced Scorecard**

Reason for paper	This paper provides the Board with a high-level summary of the changes made in creating the proposed new balanced scorecard.
Decisions(s)	The Board is asked to: <ul style="list-style-type: none"> a) note and provide feedback on the changes b) approve the new scorecard as the basis for future performance reporting, subject to any amendments requested.
Previous Board and committee consideration	<p>The Board receives performance reports which include a balanced scorecard comprised of a variety of key performance indicators, three times per annum.</p> <p>At its October 2024 meeting the Board provided feedback on proposals for changes to the balanced scorecard. This paper incorporates the agreed changes in the annexed new look scorecard, for Board members to compare with the scorecard in its past format and content, included within the Performance report in the usual way.</p>
Next steps	The first performance report for 2024/25 will reflect any further agreed changes to be made to the balanced scorecard. This will come to the Board at its meeting on 8 April 2025.

If you have any questions about this paper, please contact Liz Rosser, Executive Director Operations and Resources, liz.rosser@sra.org.uk

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Improving our Balanced Scorecard

Purpose

- 1 This paper presents the Board with a summary of the changes made to the previous version of the scorecard, to create the proposed new scorecard which is an annex to this paper.

Introduction

- 2 The stakeholders for the balanced scorecard are the Board, the Legal Services Board, the profession, our leadership, our people, and the public. The primary user of the scorecard is however the Board, the scorecard being part of the performance pack which helps the Board to hold the Executive to account for organisational performance.

Changes of approach agreed in October

- 3 The following broad themes of change were agreed by the Board in October:
 - Widening the coverage to include education and anti-money laundering KPIs.
 - Balancing timeliness measures with quality ones.
 - Using timeliness measures that are easier for stakeholders to understand (average times).
 - Enabling an expanded use of available benchmarking.
 - Structuring delivery measures using the five activities we use for activity-based costing our delivery (education, authorisation, investigation & enforcement, anti-money laundering and client protection).
 - Adding some stretch targets to the existing Investigation and Enforcement KPI targets.
 - Expanding the financial scorecard to:
 - present expenditure on the activity-based costing basis
 - distinguish variance analysis between income and expenditure that is by nature volatile (most significantly client protection and education), from what is controllable.

Changes of scorecard headings

- 4 We have renamed two of the four balanced scorecard components in the following manner:
 - “external” – renamed “customer”.
 - “internal” – renamed “people”.
- 5 These changes are to better reflect the nature and intent of the amended scorecards.

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- 6 The new scorecard presents performance information on a monthly basis rather than quarterly. This is to achieve consistency between reporting to the Board and reporting to the Executive and ensure performance data better presents a full and clear picture of any variation in performance.
- 7 The old scorecard reported on the past six quarters. The new scorecard reports on the past 13 months, except for complaints where the equivalent of six quarters continues to be reported as this is considered helpful for trend analysis. We have some seasonality in our volumes over the course of a year, so it is useful to be able to consider the whole past year.
- 8 The order of measures has been adjusted, in particular in the customer focus scorecard.
- 9 The contact centre telephony service performance measure has been moved from the delivery scorecard to the customer focus scorecard, as has the stage 1 and 2 complaint handling measure.
- 10 The two longstanding Authorisation timeliness measures are now reported on the same chart, to simplify reporting.

Changes of content – added and amended itemsCustomer focus scorecard

- 11 A new measure has been introduced, considering what percentage of users of our website who provide feedback on it say a webpage was useful, against a target of 75%. This addition reflects many stakeholders preferring to access the information they need from us on our website, and our objective that they be able to do so in the most efficient manner.
- 12 A new customer effort score measure for Authorisation, professional ethics and the contact centre replaces the previous customer feedback on our contact centre calls and emails measure. This addition is to both widen the range of the quality measure and use one that can be benchmarked externally.
- 13 The measure for contact centre telephony service performance has been amended from seeking to achieve 70% of calls answered in 60 seconds to the more demanding 80% within 20 seconds. This is not only to take on a more challenging target to seek to continuously improve our customer service, but also to enable benchmarking externally.
- 14 The complaints timeliness measure has been replaced with two measures, reporting firstly the number of stage 1 and 2 complaints received, and secondly the percentage of complaints that were upheld. This change is to provide more useful information that enables the Board to consider whether there are any significant

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trends in either numbers or upholding of complaints, both of which are useful risk indicators.

Delivery scorecard

- 15 We have included two new measures for education and training. The first is the percentage of SQE2 candidate responders saying examination tasks were clear. The second is the percentage of cases where a requested reasonable adjustment plan for sitting the SQE was delivered within 6 days. It is important that we have measures in place for a material and growing regulatory activity, and that we have a robust equality, diversity and inclusion measure within our delivery reporting. However, it is also important to recognise that these metrics only relate to particular aspects of the SQE, and that we have a ten-year in-depth evaluation programme in place to evaluate its impact.
- 16 We have included a new measure of the average days for completing medium risk firm applications. We chose firm applications rather than individual solicitor applications because it is more feasible to report on this in a way that is not too complex. There are many types of solicitor applications, so a chart measure would have too many lines. Firm applications only have three types, based on risk classification (low/medium/high).
- 17 We chose to report on medium risk applications, and not low and high-risk applications. This is because the performance on low-risk applications is deemed unlikely to be of great interest, since it includes mainly automatic authorisations. We have relatively few high-risk applications (c70 per annum) and where there are small populations it can lead to very volatile appearing results, where one individual case can drive the view of performance.
- 18 We were concerned over a perverse incentive that might (in theory) therefore arise, of seeking to rush to complete a very high-risk decision where it might be in the public interest to take longer and fail the KPI for average days to close such cases. Our approach is to include consideration of the average days for high-risk cases in the scorecard narrative section.
- 19 The assessment and early resolution team (AERT) measure within investigation and enforcement now includes the average days to close cases as well as performance against the timeliness measure of 80% to be closed within two months.
- 20 A new measure has been introduced on the work of the legal and enforcement directorate, being for 80% of cases to be lodged with the Solicitors Disciplinary Tribunal (SDT) within 3 months of receipt from investigations. This measure also reports on the volumes of cases lodged at the SDT per month for context.
- 21 The longstanding measure of 93% of investigation cases to be completed within 12 months, 95% within 18 months and 98% within 24 months is now complemented by information on the average days to close all cases that have been closed in the given period.

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- 22 A new measure is included on the number of open investigation and enforcement cases older than two years. This is a measure we have been reporting against to the Board in recent times but not in the scorecard.
- 23 A new measure is included on the delivery of anti-money laundering (AML) desk-based reviews and site inspections over the year, against the full year target. This measure will be reported cumulatively over the year.
- 24 The previous client protection timeliness measure of 90% of Compensation Fund claims completed in 4/6/12 months (time target based on complexity), has been replaced with an easier to understand measure. This is to report Compensation Fund claim closures against average days to close targets by complexity of cases: within 55 days for straightforward cases and 60 days for medium complexity cases.
- 25 High risk Compensation Fund cases are not included in the chart measure for the same reason noted above for authorisations, of low volumes. The same approach is taken of considering average days performance on such cases in the narrative section.

People scorecard

- 26 The people scorecard now includes a measure reporting on the percentage of senior managers from an ethnic minority. This will be reported once a year.
- 27 The scorecard continues to report on the gender and ethnicity pay gaps, but does so without the mean percentages, to simplify the reporting, keeping the median gap which is the most important item.

Financial scorecard

- 28 The financial scorecard has been improved by providing fuller income and expenditure information. Expenditure is reported based on activity-based costing, for the five regulatory activities.
- 29 Expenditure for the controllable activities is reported on a red / amber / green variance basis, considered against the budget.
- 30 The scorecard now includes supplier invoice payment performance, considering both the percentage of invoices paid within our standard terms of 30 days, and the average days to pay.

Annually reportable measures to feature in future reporting

- 31 We will once a year report in the scorecard on our progress against our net zero action plan. There is no single one of the four scorecards where this should clearly be reported, however, since many of the decisions that will influence achievement of the action plan will have financial impacts, we recommend that this is reported on the financial scorecard.

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Changes of content – removed items

- 32 We have removed the investigation and performance stretch target of closing 70% of cases within 10 months from receipt from AERT. This is firstly because this is the only stretch target, which is an inconsistency, and secondly to ensure the number of charts and their content is digestible. Performance against this stretch target is, and will continue to be, included within the narrative for the twelve, eighteen, and twenty-four-months closure measures.
- 33 We continue to monitor against this and other stretch targets in the KPI reporting to the Executive.

Specific questions on preferences

- 34 The events usefulness feedback measure is presented with monthly data points, consistent with the other measures. An alternative approach would be to present the larger time period data points of the four-month period since the last Board performance paper. This would have the advantage of the results being less affected by the nature of the specific events in a particular month, which can affect the comparability of results. It would also address the issue that some months have no events, or events with very low number of attendees. All of this makes it more difficult to compare months on a meaningful basis. Quarterly reporting would make it easier to identify meaningful trends across sufficient numbers of event attendees.

Board feedback

- 35 We would welcome the Board's view on whether the balanced scorecard as expanded and amended provides it with what it needs for overseeing the performance of the organisation.

Recommendations: the Board is asked to:

- a) **note and provide feedback on the changes**
- b) **approve the new scorecard as the basis for future performance reporting, subject to any amendments requested.**

Next steps

- 36 The first performance pack for 2024/25 will reflect any agreed changes to the balanced scorecard. This will come to the Board at its meeting on 8 April 2025.

Annexes

Annex 1 The new scorecard