

News from the Board

Reflections on our September Board Meeting - Anna Bradley

02 October 2024

This Board meeting reminded us that there is no such thing as steady state regulation. There is always change, whether in the wider world (Brexit, the pandemic, cost of living crisis, or the rapid development of AI) or more locally, in the shape and nature of the legal services market. Regulators have to evolve continually to face these new challenges and a lot of our discussion was focused on doing just that.

Our strategic focus remains driving confidence and trust in legal services, but the way we do this needs to reflect emerging risks. In this year we have had to reprioritise work to respond to shifting risks in the sector. In particular at the beginning of the year, we launched the Consumer Protection Review to focus on better managing risks around client money, and the compensation fund.

Changes to our business plan

This work was included in the business plan consultation for 2024/25 which has recently closed. The consultation showed most people were generally supportive of our proposed plans, but we need to make a variety of changes, partly in response to valuable feedback and mostly in response to new and emerging risk.

In relation to feedback, it was clear that some felt we needed to do more on improving the information available for those choosing and using legal services. This was supported by research, which we have just received and will publish soon, about the public and stakeholders' views on what really matters to them in relation to trust and confidence. It showed how important clear cost structures are, so we will be doing more work on that than we had originally planned.

In relation to new and emerging risks we are now clearer about the body of work we will need to do to conclude the Consumer Protection Review – watch this space for a further autumn consultation. In addition, the more recent, high-profile collapse of several firms involved in bulk litigation has identified this area of legal practice as having a significant potential for risk to the public.

Our three-year strategy says we will strengthen our risk based and proactive regulation. This should help us to identify emerging risks earlier. But there is a lot of work required on the quality of the data we hold and the way we interrogate it, for us to be able to meet our

ambitions. We have decided to invest in moving this work forward faster. The team at the SRA is scoping out what level of resource this will need.

In order to deliver all the above and on the 'business-as-usual' agenda, we will need to look for efficiencies, reprioritise, and if necessary, consider using reserves to supplement this years' available resource. This is likely to have implications for future budgets and related fees.

The show must go on

More immediately, the Board considered the steps we are already taking to make some immediate improvements in how we regulate. In particular, investigating firms involved in frequent acquisitions and plans for spot checks on firms' residual balances and accountants' reports.

Investigation and enforcement

With so much going on, the Board were very pleased to see the improvements that have been achieved in the timeliness of our investigations and enforcement processes. We must make good, fair decisions, but it is in everyone's interest for cases to be concluded swiftly. It has required a significant change in culture and process, but the metrics now show very considerable improvement. For example, 94% of cases are now routinely concluded within 12 months, 98% within 24 months, and we have only 60 cases over 24 months, as against 162 a year ago. Importantly the quality measures are showing significant improvements too.

Chair role

Finally, you may have seen the news that the Board has decided to extend my term as Chair for another two years. This is their response to the new and emerging challenges, which they judge needs some continuity, so we can stay focused on adapting, improving, and regulating relentlessly in the public interest. I am delighted to be trusted with the task of working with the SRA team and all of our stakeholders, on delivering what is required.