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This paper will be published

Chief Executive's Report

Purpose

- 1 This report provides an update to the Board on our priorities and any key developments that it needs to be aware of. It also provides information on important external developments and our engagement activity with key stakeholders.

Recommendations

- 2 The Board is asked:
 - a) to consider the Chief Executive's report
 - b) to confirm that the Chair has power to make minor changes from time to time to the SQE Assessment Regulations
 - c) to agree the amendments to the SRA Indemnity Rules attached at annex 1 to enable the one-year extension to the post six year-run off cover provision provided by the Solicitors Indemnity Fund.

If you have any questions about this paper please contact: Paul Philip, Chief Executive, paul.philip@sra.org.uk, 0121 329 6940.

Chief Executive's Report

Update against priorities / key developments

Covid-19

- 3 Our new telephony system successfully went live last month with the Contact Centre phone lines opening in a phased way with our service now up and running as normal. Our Ethics Guidance helpline has also re-opened in a phased way using the new telephony system and is now operating at pre-Covid-19 levels.
- 4 At the meeting, on 22 June, Board Members asked for a further update on disciplinary cases that are delayed due to Covid-19 related issues. These fall into three categories: those delayed because we are unable to undertake Forensic Investigation site visits, those delayed because parties to the case are unable to gain access to their offices / archive or they are unwell and those delayed due to the closure of the Solicitors Disciplinary Tribunal (SDT).
- 5 With the easing of the lockdown, we were able to restart our Forensic Investigation site visit programme on 8 June. We have put in place an appropriate risk assessment process and issued PPE to our Forensic Investigation Officers to ensure staff safety is maintained.
- 6 We have also seen a slight reduction in the number of cases on hold due to parties being unable to access their offices / archive or where the solicitor is unwell. This category has reduced from 88 cases at the end of May to 75 cases at the end of June. These cases are being reviewed on a regular basis and we have taken steps to ensure parties involved are updated on the current situation.
- 7 From the beginning of May, the SDT recommenced hearings in a virtual format. A small handful of hearings remain on hold due to the nature of the witness and allegations involved, but the vast majority are now progressing.
- 8 We continue to work closely with the profession and key stakeholders on the impact of the pandemic on the profession and legal services market. Whilst the specific impacts of Covid-19 are hard to predict, it is important that we seek to understand how the legal market will change and therefore how the regulatory approach will need to evolve. We have produced a number of reports for internal use that consider the impact of Covid-19 on the legal market over the short, medium, and long term. We have already used them to consider the short-term impacts of the pandemic and the controls that need to be put in place, and we will now focus on the mid to long term impacts on the legal services market.
- 9 The Legal Services Board has also shared its developing coronavirus impact data dashboard with us, which aims to indicate the impact on demand for legal services across different legal issues, as well as the health of the legal services

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market in England and Wales. It can be viewed at the following link:
https://www.legalservicesboard.org.uk/coronavirus_impact.

QLD, CPE, LPC Covid-19 arrangements

- 10 We continue to engage with current training providers and to monitor the impact of our revised assessment arrangements. We are holding a meeting with Legal Practise Course (LPC) providers to evaluate current arrangements and look ahead to their continuation in the coming academic year.
- 11 We currently require students to have passed the Qualifying Law Degree (QLD) / Common Professional Examination (CPE) before starting the LPC.
- 12 We are proposing to allow LPC course providers discretion to register students temporarily who cannot evidence that they meet this requirement at the start of their LPC because the result of their qualification has been delayed due to Covid-19. We will ask providers to ensure that:
 - they make clear to students that they are registering for and starting the course at their own risk
 - students produce evidence that they could not get their exam results due to Covid-19
 - there is a cut-off date for producing evidence that the criteria for admission to the LPC has been met
 - should students fail to produce that evidence by when they are supposed to, they will need to interrupt their studies until they can meet the criteria.
- 13 This temporary arrangement would cover LPC courses that start up until and include January 2021.

Solicitors Qualifying Examination (SQE)

- 14 When the Board agreed the final SQE assessment design at the meeting on 2 June 2020, we agreed to update you on any further developments at this meeting. Below are updates on the SQE2 assessment specification and EDI Impact Assessment.
- 15 The Board's approval of the final assessment design and the decision to introduce SQE on 1 September 2021 was covered in 12 media pieces - the majority positive or neutral. There has been limited public reaction from stakeholders so far. The main exception is a public letter from the Junior Lawyers Division (JLD) calling for us to delay implementing the SQE. We continue to engage with the JLD on the concerns they raise.

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- 16 We have seen good engagement online with our final design decision, with around 6,000 views of our web content within two weeks. Content targeted to help students and trainees understand the implications of the SQE has received around 18,000 views this month, including a webinar with more than 7,000 views and 160 engagements.
- 17 Some concerns have been raised in relation to timing and transition arrangements. In part, this is due to the protracted impact on training providers of the Covid-19 outbreak. This has delayed some providers who would want to offer SQE training. As stated at the Board in June, we do not think it is in the public interest to further delay the introduction of SQE, but we are exploring whether there is flexibility within the transition arrangements to help providers manage the impact of Covid-19, for example by a time-limited extension to their QLD/CPE arrangements while they proceed to develop SQE training.

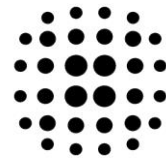
SQE Assessment Regulations

- 18 At its 2 June meeting, the Board agreed the draft SQE Assessment Regulations, which we will be asking the Legal Services Board to approve as part of the second SQE application. As we move forward to implementation, and once the assessment is live, there will be changes to the Assessment Regulations which need to be made. Indeed, we have already identified a minor change which we would like to make.

Recommendation: The Board is asked to confirm that the Chair has power to make minor changes from time to time to the SQE Assessment Regulations.

SQE2 Assessment Specification

- 19 We have published the draft SQE2 Assessment Specification for feedback. A webinar on the specification has attracted more than 650 views. We have also had 49 replies to our survey, mainly from education and training providers and law firms, with some student and trainee feedback as well.
- 20 Most feedback is positive, with around six out of ten respondents considering that what is going to be assessed, and how, was clear or very clear, and around three out of ten responding neutrally. Around two-thirds of respondents felt the spread and content of the assessment was appropriate to test the skills necessary for qualification.
- 21 Some respondents asked for more detail about how the functioning legal knowledge will be incorporated into SQE2 and assessed, what legal materials will be provided to candidates as part of the assessment, and for more clarity around how and when negotiation will be assessed. We will take account of this feedback ahead of publishing a final SQE2 assessment specification later in July. Stakeholders have also asked for sample questions and indicative answers and we will be publishing these later in the year.

**SRA BOARD**

14 July 2020

CLASSIFICATION – PUBLIC**SQE EDI impact assessment**

- 22 As the Board is aware, we have been seeking views on our updated draft Equality, Diversity and Inclusion (EDI) impact assessment. We have also asked the Bridge Group, who specialise in research on social equality, to update its 2016 Report on EDI and the SQE.
- 23 The updated impact assessment reflects engagement with thousands of stakeholders and specialist advice since the original impact assessment was published in 2016. It also includes feedback from a survey (30 replies) following a webinar, our SQE Reference Group, representatives from BAME groups and stakeholders representing disabled solicitors.
- 24 Overall, across the survey and our wider stakeholder engagement, the main EDI benefits of the SQE which we have identified include:
- providing a level playing field where every candidate is assessed fairly, to the same standard regardless of their training or prior achievement and where data from a centralised assessment enables us to monitor performance by diversity characteristics
 - tackling the training contract bottleneck through having a more flexible approach to qualifying work experience.
 - the creation of a more competitive training market, where people have more choice and more opportunities to earn and learn.
- 25 The main areas of concern raised by stakeholders are:
- lack of funding opportunities for the SQE assessment and preparatory courses could disadvantage candidates from less affluent backgrounds
 - the SQE could disadvantage disabled students for a range of reasons including the need to travel to assessment centres and the length and format of the assessments
 - the assessment methods could unfairly discriminate against candidates from some protected groups
 - Qualifying Work Experience could be open to abuse by employers, resulting in candidates being exploited.
- 26 Overall, we think the potential EDI benefits of the introduction of the SQE for candidates from protected groups outweigh any the potential risks, but there is still work to do to realise these benefits.
- 27 We will mitigate risks where we can, recognising that some we can mitigate ourselves and through our work with Kaplan, but some require efforts by others, including training providers and employers.

SRA BOARD
14 July 2020**CLASSIFICATION – PUBLIC**

- 28 We will be publishing our final EDI impact assessment before the end of July. We will continue to engage and involve stakeholders as we implement SQE and once it has gone live.

Solicitors Indemnity Fund extension

- 29 At the 2 June meeting, the Board agreed to a one-year extension to the post six-year run-off cover provision provided by the Solicitors Indemnity Fund. To formally make this change, we need to amend the SRA's Indemnity Rules. The amended rule for approval is attached at Annex 1. We will then submit it to the Legal Services Board for approval ahead of the 29 September commencement date for the amended rule.

Recommendation: the Board is asked to agree the amendments to the SRA Indemnity Rules attached at annex 1 to enable the one year extension to the post six year-run off cover provision provided by the Solicitors Indemnity Fund.

Evaluation of Reforms

- 30 Following the introduction of our Better Information and Looking to the Future policy reforms, we have established a longitudinal evaluation programme which will provide insights and reports covering the effectiveness of these reforms over a 5-year period. We have established an internal project team and a cross-SRA Steering Group who will work closely with the new Expert Panel.
- 31 We have also appointed an external research provider to complete the first one-year evaluation of the Better Information reform programme. Fieldwork is currently underway, with the research agency conducting interviews with stakeholders across the legal services market, alongside surveys for solicitors and users of legal services.
- 32 The information gathered from this exercise, along with our own internal monitoring, will be discussed with the Board in the autumn.

Legal Access Challenge report

- 33 In June, we published a report setting out the conclusions from The Legal Access Challenge and our next steps. The success of the challenge has bolstered our view that legal technology can help people to more easily access legal services. The report concludes that our regulation is not a barrier to innovation, but that many find it difficult navigating overlapping regulatory regimes across, for example, legal services, financial services and information management. Our next steps include producing guidance to help innovators understand rules, the requirements of overlapping regimes and how they can design products that enable regulated law firms to interact with them. We will also continue to work closely with other regulators and build networks. The report can be viewed [here](#).

CLASSIFICATION – PUBLIC

Practising Certificate (PC) Fee instalment options

- 34 Board members asked us to consider whether, given the current pandemic and its potential implications, we could look into the options available for collecting the PC fee in instalments as opposed to collecting the full fee in October. We have assessed the impact of allowing firms to pay in instalments across the organisation and unfortunately, we do not consider this to be a viable option at this time.

Distinct Legal Entity - Transition documents

- 35 As we move to becoming a distinct legal entity, the following transition documents to give effect to the delegation of functions to the new SRA Company have been developed:
- Transfer Agreement (setting out the mechanics of transferring the regulatory business from The Law Society, TLS, to SRA Ltd)
 - Mutual Services Agreement (setting out the ongoing shared services/operational arrangements between TLS and SRA).
 - Intercompany loan Agreement (setting out the key arrangements for the £9m credit facility)
- 36 At the time of writing, these documents will be reviewed by the Distinct Legal Entity Board sub-group at its meeting on 8 July.

SRA Assessment Limited

- 37 The directors of SRA Assessment Limited (SRAAL) (Paul Philip, Juliet Oliver, Liz Rosser and Julie Brannan) met on 18 June for a first meeting as the board of the company. We dealt with a number of administrative matters and discussed next steps.

Modernising IT Programme (MIT)

- 38 At the time of writing, our new Authorisation system was due to go live on Monday 6 July. I will update the Board at the meeting.

External Developments and Engagement Activity

- 39 Our ongoing engagement programme with stakeholders continues. At the time of writing, I am due to attend a ministerial round table on 9 July to discuss AML issues. The Board will recall that we anticipate that the government will wish to proceed with its consultation over the summer on the idea of a levy on the sector to pay for a new Suspicious Activity Reports online system.
- 40 In mid-July, we will be launching details of the EDI Mentoring Scheme, where law firms are being offered the chance to get free mentoring and support to help them

CLASSIFICATION – PUBLIC

develop their approaches to equality, diversity and inclusion (EDI). The scheme will see eight firms, all recognised as leaders in the field of EDI, offering 12-months of free support to other small and medium sized companies.

- 41 We have undertaken a range of social media in relation to Black Lives Matter (BLM), including twitter cards on the proportion of black solicitors in the profession, and will be sharing quotes from a range of key organisations to raise awareness of the importance of race equality in the legal profession. Later this month we will be publishing collated case studies from firms on what they are doing to promote race equality, and our new EDI mentoring scheme will have three firms providing mentoring support specifically on race equality. We are also running a series of lunchtime virtual panel events for law firms and our staff covering issues relating to BLM.
- 42 We worked with InterLaw Diversity Forum on a panel on ‘trans and non-binary in the city’, with Board member Barry Matthews introducing the event.
- 43 Meetings with Parliamentarians have continued virtually, including with the Attorney General Suella Braverman QC MP and the Shadow Solicitor General Ellie Reeves MP, who expressed particular interest in our work on diversity.

Author Paul Philip, Chief Executive
Date 6 July 2020

Annexes

Annex 1 SRA Indemnity rule changes