SRA BOARD
8 June 2021

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This paper will be published

SRA Second Quarter Performance Report

Purpose

1 This paper provides the Board with an overview of the performance report for the second quarter of 2020/21.

Recommendation

2 The Board is asked to:

a) note the content of the quarterly performance reports and the commentary provided.

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

Equality, Diversity and Inclusion considerations

Consideration	Paragraph
The balanced scorecard and commentary include aspects of EDI within the agreed indicators, including the SRA's latest gender pay gap data.	*Annex 3*
Reporting on our work programme and our Strategic Risk Register also cover key areas of our EDI work.	*Annex 2*

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Solicitors Regulation Authority

SRA Second Quarter Performance Report

Introduction

3 The Board is asked to consider four separate documents which together provide the Board with an update on performance at the end of April 2021. These are:

- Annex 1: Financial Performance Update
- Annex 2: Business Plan Update
- Annex 3: Balanced Scorecard
- Agenda item 8: Strategic Risk Register

Quarter two 2020/21 performance update

4 This is the second quarter reporting against the delivery of the new Corporate Strategy as well as the 2020/21 Business Plan.

5 Our focus in quarter two has continued to be on bedding in the new CRM system and on driving out the early benefits of the new system, and we will continue to build upon this going forward.

6 The second quarter reporting against the business plan has seen one activity marked as Amber, one move from Red to ‘on hold’ and one activity completed.

7 The implementation of the changes to the Compensation Fund rules has been rated Amber as at the end of quarter two, we have since resubmitting an amended set of arrangements to the LSB for approval.

8 The Regulators Pioneer Fund, which was off track (Red) in quarter one has been moved to ‘on hold’ due to the Department for Business, Energy & Industrial Strategy (BEIS) currently having no agreement of funding. This was correct up to the 30 April 2021, an update in during May has meant that BEIS has now secured funding for a smaller fund of £3m for smaller, shorter projects. There is also greater competition for the funding as it is open to local authorities as well as regulators. We will be preparing bids to submit over the next few weeks.

9 We have completed an activity to provide evidence for the Competition and Markets Authority (CMA) review of the effectiveness of the pricing and transparency requirements we set for firms, and of the clickable logo we brought in to help the public understand the consumer protections regulated firms provide. The Year One Evaluation of the Transparency Rules was completed and made a significant contribution to the CMA’s positive reform of our reforms.

10 At the end of the second quarter we are managing our expenditure within the approved budget and do not consider there to be any risk to the full year position.

Balanced Scorecard for quarter two

11 In terms of the external measures:

Communication

- Media sentiment – Negative media sentiment in the second quarter returned to normal levels after spiking in Q1 due to coverage a high-profile case relating to sexual harassment. There was positive coverage of our work on money laundering and cybercrime prevention, and on innovation and technology. Negative media reports during the second quarter mainly focused on criticism of the approach to Assistive Technology in the Solicitors Qualifying Examination.

- Web traffic – Web traffic in the second quarter was up sharply from a year earlier. In large part, this was due to strong growth in visits to content intended for users of legal services, especially the Solicitors Register. The Solicitors Register was first opened up to Google's site crawlers in February 2021, leading to an upsurge in impressions of, and click throughs from, Google web search.

- Events – In view of the continuing government restrictions on travel and public gatherings, we offered an extended range of webinars and other virtual events during the second quarter. Encouragingly, four out of five attendees scored the usefulness of our virtual events at 8 out of 10 or higher.

- Social media – The number of followers across all our social media networks climbed to more than 130,000 by the end of the second quarter, up 22% from a year earlier. We saw a significant Covid-19 related surge in Q2 2020 engagement with our social media content and impressions (views) of posts, particularly on twitter, which means that current engagement levels are down 12% year on year, while views of posts were down 4%. (The social media figures reported and discussed here do not include Legal Choices).

- Customer feedback on our Contact Centre calls and emails – we have seen a further improvement in satisfaction rates related to calls into our Contact Centre, rising from 85% in quarter 1 to 90% in quarter 2. Satisfaction levels around our email correspondence has remained low at 60%. This has, in the main, been driven by dissatisfaction around PCRE applications at the start of the year and emails from individuals chasing files related to recent interventions.

Delivery measures

12 In the last Board performance update, we forecast that all delivery KPIs would be back on track by the end of quarter two except for the Investigation and Supervision KPI which we predicted would increase to the 93% level against our 12-month target. We have achieved this position, although at the time of writing, it looks like it will take an extra month to achieve the position in the Contact Centre.

13 Our focus over the last quarter has continued to be on bedding in the new CRM system and on driving out the early benefits of the new system. This has included greater visibility of work and the progression of individual matters through the reporting capabilities of the new system and improved collaborative working on individual matters (as all documents are now stored electronically). We have also seen a significant improvement in the timeliness of our Authorisation work as the benefits of the new online applications have started to come through.

14 We will continue to build on this over the coming months with further changes planned to our Authorisation processes, the start of an end-to-end review of our Investigation and Supervision processes (part of our preparation for the roll-out of our continuous improvement programme later in the year), and a focus on preparing for PCRE21, including building increased resilience in our Contact Centre in readiness for the window opening in October.

15 Delays due to Covid-19 are no longer playing a significant part in the day-to-day management of individual cases or applications but previous delays, incurred during the early stages of the pandemic, continue to have an impact on our performance.

- Investigation and Supervision – As forecast our performance increased from 91% in quarter 1 to 93% in quarter 2 against our 95% target. While we expect to see some further improvements in our performance over the coming months as Covid-19 delays and the impact of implementing the new CRM have less of an impact on our performance, we believe 93% is an appropriate target to aim for at this stage, as it provides a challenging but achievable target for the team. This is due, in part, to our shift to the new Enforcement Strategy[i], which has resulted in more proportionate outcomes and better levels of customer service at the early stages of our processes. The shift has, however, made it statistically more challenging to hit the target and as such we plan to change the target to 93% and report on this through the balanced scorecard going forward.

- Authorisation – We exceeded both Authorisation targets in quarter 2. The issues around the PCRE system at the end of 2020 did have a knock-on impact on our Individual Based Authorisation casework in April and May but this is now resolved, and we expect to meet the KPI in quarter 3. It should be noted that we have seen a drop in the average time taken to process applications since the implementation of the new Authorisation system in July 2020, with firm applications, for example, taking 26 days compared to 41 days in April 2020. We expect to see this improve further as we roll-out further post implementation system enhancements during quarter 3.

[i] The original target of 95% was established when we first implemented the Assessment and Early Resolution process 18 months ago. At that time 48% of new complaints were being promoted for a full investigation; over the last 18 months this has dropped to 22%.

- Contact Centre –. We narrowly missed the Contact Centre KPI in quarter 2 but expect to be back on track from June. We were hit by a high levels of staff turnover at the beginning of the year in the Contact Centre and have now taken steps to address this, including recruiting 8 new starters that joined us in May. We are also in the process of building up the team in readiness for the PCRE 21 peak. This will include recruiting and training additional temporary staff to cover the additional activity over the next 2 months.

- Client Protection (referenced Compensation Fund on the balanced scorecard) – We have continued to meet our claims handling KPI, even though during the quarter we have been processing a high volume of claims relating to the Kingly intervention that took place at the end of 2020.

- Complaint handling – We met all our complaint handling KPIs in the last quarter and expect this to continue. After falling short of the stage 2 KPI in winter due to sickness absence, the last quarter's performance shows we are back on track.

<u>Internal measures</u>

16 Staff turnover has increased for the first time in 12 months. We continue to observe the volatile recruitment market and it continues to indicate uncertainty. As the government roadmap out of the pandemic heads towards a return to workplaces and the SRA starts to define the future ways of working, we believe this may be the reason for a slight increase in turnover. In addition, time lost to sickness continues to decrease. The main reason for this sickness is recorded as stress and we are continuing to promote well-being initiatives and other interventions such as our employee assistance and occupational health provisions. The increase in staff testing positive with COVID-19 reported in quarter one has now reduced by more than 50 per cent. Both the turnover and sickness continue to be below the external benchmark.

17 However, the benchmark for voluntary turnover is based on 2019 data. The sources of the benchmark (CIPD/XpertHR) have recently communicated that the current sample size is not large enough to provide a more up-to-date benchmark. They can however provide a more recent benchmark for total turnover at 9.5%. The SRA total turnover is less at 7.8%.

18 The number of training hours is consistent for this time of year with a peak in March due to mandatory training on unconscious bias being launched. 99 percent of staff have now completed this training. We will be in a position to report the most recent gender pay gap reporting at the end of quarter three.

Financial measures

19 Income for the year is in excess of budget due to increased practising certificate fees. The budget assumed that we would see a reduction in practising solicitors due to the impact of the Covid-19 pandemic; however, in actuality we have not seen the expected reduction.

20 Expenditure is being managed within the agreed budget and forecast and there is no risk to the full year position.

Strategic Risk Register

21 The updated Strategic Risk Register is discussed in greater detail under agenda item 8. It should be noted that since the review by the Board on 9 March 2021, the number of risks remains unchanged at five.

22 As referenced in the cover paper for the Strategic Risk Register (SRR), on 20 May the Audit and Risk Committee (ARC) reviewed the latest update to the SRR and agreed that the report would be presented to the Board for approval. This included updates to the Strategic risks, reduction in the number of mid-tier risks from 12 to 10 and demotions from the Mid-tier to the Operational registers.

Conclusion

23 Overall this was a positive quarter with the vast majority of our key performance measures improving on the previous quarter. We are beginning to see the benefits of our investment in IT and saw all areas recover from the dip we experienced when we implemented our new CRM system across the operation in quarter 1. We are also seeing less of an impact from the ongoing Covid-19 pandemic as those we work with have settled into the new ways of operating.

24 Additionally, one activity in our business plan has been completed and we are in a sound financial position to support delivery of the remainder of our business plan this year. The Board will receive further updates as the year progresses.

Recommendation: the Board is asked to note the content of the quarterly performance reports and the commentary provided.

Next steps

25 We will continue to report to the Board in full on our performance every quarter against the 2020/21 business plan.

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Annexes
Annex 1: **Financial performance update**
Annex 2: **Business Plan update**
Annex 3: **Balanced Scorecard**

NB: Annex 1 of this paper will not be published because it contains information which is commercially sensitive