



Richard Silver
Solicitors Regulation Authority
125 Old Broad Street
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Sent by email only to Richard.Silver@sra.org.uk

20 June 2022

Dear Richard,

The Legal Services Consumer Panel (the Panel) welcomes the opportunity to respond to the Solicitors Regulation Authority's Business Plan and Budget for 2022-23. Overall, the Panel is pleased with the areas of focus and the plan to achieve the objectives.

We particularly welcome plans to engage with consumer groups with targeted activities as noted in the consultation document. However, there is, on the face of this consultation, a paucity of consumer-focused research needed to shape and influence the SRA's regulatory interventions, ideas and policy development. We accept that there may be plans to commission such research, we simply note that it is not on the face of the document and as such is unclear to us. It remains our view that considered consumer research and testing is needed to ensure the effectiveness of further work around: delivering effective transparency to consumers, plugging the access to justice gap, ensuring that the needs of vulnerable consumers are met, and even in monitoring and evaluating regulatory interventions.

Reflections on the consultation questions

Question 1

Do you have any views on our proposed activities and areas of focus for 2022-23 under objective one of our Corporate Strategy?

The Panel believes that the SRA's proposed activities for 2022-23 are precisely the right areas to focus on. We are in support of the activities listed under objective one

of the Corporate Strategy. There are extensive sub-objectives under this overarching objective; it would have been useful for the SRA to highlight how it proposes to prioritise these goals.

We are pleased to see the SRA emphasise the importance of monitoring and evaluating substantial shifts in policies eg the SQE, SRA's transparency rules and its work around standards and regulation. We believe that the effectiveness of regulatory interventions and the development of future policies will be enhanced by proposals to monitor and evaluate effectively.

The Panel is pleased with proposals to target information/resources for vulnerable and harder-to-reach communities, including in the immigration sector. However, we would also like to see more targeted work with legal services providers.

We are supportive of the idea to progress with delivering the Competition and Markets Authority's recommendations for consumer information in the legal services market. We commend the advances the SRA has made to date, however, there is still a strong need to ensure that the outputs achieve the intended outcome. For this to happen, the rules prescribed by the SRA must be complied with and equally important, elements of the transparency rules, e.g. pricing, must be comparable amongst providers. The Panel therefore believes that the work around monitoring and evaluation is crucial for successfully embedding the aims of transparency. Moreover, we would welcome the use of performance measurement to evaluate progress and drive the best allocation of resources to deliver targeted customer outcomes.

Question 2

Do you have any views on our proposed activities and areas of focus for 2022-23 under objective two of our Corporate Strategy?

The Panel fully supports the activities and areas of focus under objective two of the Corporate Strategy.

We commend the SRA for the energy and resources it has devoted to innovation and technology over the last two years. We particularly welcome the proactive stance the SRA has adopted and acknowledge the collaborative attitude in which it has operated. The Panel can attest to this proactive and collaborative approach as we have been involved in the pilots for unbundling and for quality indicators. As such, it is unfortunate to note that in listing the stakeholders the SRA needs to partner, collaborate or engage with in 2022-23, the SRA has failed to highlight any consumer groups or advisory bodies. It is important to emphasise that engaging with frontline consumer bodies is critical for ensuring that innovation with the right consumer protection is delivered, not least because the SRA now proposes to focus on innovation that can plug the access to justice gap.

It is also important that the SRA continues to consider the risks associated with technology in innovating, most notably the impact of the 'digital divide' and cyber threats.

Question 3

Do you have any views on our proposed activities and areas of focus for 2022-23 under objective three of our Corporate Strategy?

The Panel agrees with the areas of focus under the SRA's strategic objective three. We note the investment the SRA has made in commissioning segmentation research. We are convinced that the findings and intelligence from this work would be of immense benefit in shaping future areas of focus or priorities, not just for the SRA, but for the whole sector.

It is also noteworthy that the SRA will be devoting time and attention to understanding the changing picture of unregulated areas of legal service, and how they impact law firms and consumers. The Panel has consistently asserted that to serve legal services consumers better, regulators must understand the ecosystem and interrelations better.

We welcome the proposal to deliver a programme of bespoke events with consumer groups across England and Wales, and to meet regularly and directly with members of the public and groups that represent them.

Question 4,5 and 6

What do you think about our budget for 2022-23 and the proportion we propose to allocate to our work under each of the three objectives?

Do you agree that the SRA proportion of the practising certificate fee is reasonable and appropriate?

Do you agree with the proposed Compensation Fund contribution level for individuals?

The Panel is not best placed to interrogate how the SRA has allocated its budget amongst the objectives. We are however concerned about the proposal to reduce the Compensation Fund contribution for individuals to £30 from the £40 contribution that was required in 2021-22, with the contribution for firms expected to be £690 reduced from £760.

There is a lack of transparency around how the SRA can justifiably afford to offer this saving to providers. It is unclear to us whether the SRA is expecting a significant reduction in claims, based on projections, or where there are other drivers behind this lower projection. As drafted, it appears that the reduction is proposed to placate those who are concerned about the increase in the practising certificate fee.

The Compensation Fund exists to offer protection to those who have suffered financial loss as a result of a solicitor's dishonesty or fraud. This is a narrow scope, compounded by the fact that it is a discretionary fund. For several years, the Panel has called for data on claims pay-out and transparency on how the fund is

dispensed. We are concerned that the SRA is proposing to reduce the contribution into this important consumer protection fund, without detailed explanation.

Should you have any questions pertaining to this response, please contact Lola Bello, Consumer Panel Manager (lola.bello@legalservicesconsumerpanel.org.uk).

Yours sincerely,

A handwritten signature in cursive script that reads "S Chambers".

Sarah Chambers
Chair
Legal Services Consumer Panel