

Business Plan and budget (November 2024 to October 2025)

2 October 2024

Foreword

I am pleased to share with you our Business Plan and Budget for November 2024 to October 2025. This covers our second year of work under our [Corporate Strategy 2023-26](https://referral.sra.org.uk/sra/corporate-strategy/1) (<https://referral.sra.org.uk/sra/corporate-strategy/1>), and marks the mid-point for our four strategic priorities and their associated deliverables.

Our mission is to drive confidence and trust in legal services. Consumers are at the heart of this work – we want to protect consumers from harm, be responsive to emerging areas of consumer concern, and support consumers by enabling them to access information to help inform decisions. Our workplans for 2024 to 2025 confirm how we will achieve this in real terms, as we work towards our key deliverables. In our plan you will read about our workplans, our approach to resourcing and setting our budget, and our regulatory fees.

It builds on work that is already in-train and our ongoing responses to a number of challenging areas. One of these is our Consumer Protection Review which is one of the biggest projects we have ever undertaken. This review is asking important questions about the core protections sitting at the heart of our regulatory framework, particularly in relation to client money, and the safeguards they provide to the public in a legal services market that is continually evolving.

We have made progress on a programme of extensive engagement to get feedback on our approach from stakeholders, including the public, profession and consumer representatives. And we are already implementing some changes to further improve how we protect the public. Most areas of the SRA are already, or will be, engaged in some way with the review. As we move into 2025 the delivery and progression of its outcomes will require careful resourcing, as we will need to make sure we respond to the insights of our work and feedback we get through consultation.

Other key areas will impact the shape of our workstreams during 2025. These include our continuing investigation into solicitor involvement in the Post Office Horizon IT scandal – informed by the statutory public inquiry – and the issues arising from our investigation into whether the law firm SSB Group acted in compliance with our professional standards, and the Legal Services Board's independent review following SSB's collapse.

We anticipate changes that could flow from any regulatory switch of firms and individuals currently regulated by CILEx Regulation, and further work with in-house lawyers to build on our new resource package. The Solicitors Qualifying Examination enters its fourth year of operation and we will be further exploring its impacts to date. We also expect to build our use of financial penalties, and our thematic team will continue to review key areas of interest.

The legal services market is evolving, and through our horizon scanning work, and activities to promote technology and innovation, we see change happening in real-time. We are building our proactive regulatory work so that we can maintain our knowledge base and secure good data to take forward the right responses at the right times.

For these reasons it is important that we also retain flexibility to take on new challenges as they arise. And since we published draft plans in spring, further emerging issues require consideration, and we may need to take further action to protect consumers. For instance, we are concerned by some of the themes emerging from cases involving bulk claims that we think may raise new questions that we want to look at closely. We also want to progress work to improve how we identify and manage risk, particularly in relation to how we use our data. We have done some early work on scoping the new data strategy and we will continue to press ahead with this important project. We will also make progress on identifying and acting on key risks even before we have the full benefits of a data strategy in place.

We will continue to scope out work in these areas, which will be long term projects delivered over several years. As always, we will keep this under review and make sure that we are prioritising the most important areas.

We continue to structure the plan around the four strategic priority areas that we set out in our Corporate Strategy 2023-26. Under each we highlight the key deliverables for the 2023-26 period

that we set out when we published our Strategy. We then set out actions that we will undertake during the twelve-month period to move us towards meeting those key deliverables, and in some cases we highlight where we have reprioritised and will deliver our priorities in different ways.

Finally, at the end of the document, we set out our budget and regulatory fees for this period.

Paul Philip, Chief Executive

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About us

Our core purpose is to protect the public. We do this by:

- ensuring that solicitors, legal service businesses and their employees meet high standards, and
- acting when risks are identified.

With some 200,000 solicitors and around 9,000 law firms covered by our regulatory framework we oversee around 90% of the overall regulated legal service market. This makes us the largest regulator of legal services in England and Wales with a range of duties, including:

- setting the standards required from solicitors and firms
- acting if things go wrong, and enforcing compliance with our standards
- overseeing education, training and ongoing competency requirements that are necessary to practise as a solicitor
- working to improve experiences and outcomes for the public, including their access to regulated legal services.

As we deliver these duties we strive to work fairly and openly. We consider equality, diversity and inclusion (EDI) impacts for solicitors, their business and their employees, and for members of the public that use legal services. We also prioritise our responsibilities as a diverse and inclusive employer.

Our Corporate Strategy 2023-26

We have recently engaged with a broad range of stakeholders to identify the key drivers that underpin confidence and trust. It found that confidence and trust are interconnected but distinct, and that active consumer protection and an emphasis on professional standards were important in underpinning both. The key drivers were found to be high standards, high quality training, transparent cost structures and robust regulatory action. Driving confidence and trust is the cornerstone of our Corporate Strategy and it informs everything that we are doing and are aiming towards by 2026.

The four strategic priorities in our Strategy shape our workplans and guide us to achieve our objectives. EDI considerations and steps to secure good access to justice are built into each priority area.

The priorities are that we will:

- deliver high professional standards
- strengthen our risk based and proactive regulation
- support innovation and technology
- be an authoritative and inclusive organisation, meeting the needs of the public, consumers, those we regulate and our staff.

Under each priority we describe what success will look like by the end of three-year period, as well as key deliverables that we aim to take forward during the Strategy's lifespan.

Our Business Plan and Budget 2024-25

Our Business Plan and Budget sets out our workstreams, resourcing and fees for the second year of our Corporate Strategy. It will run between 1 November 2024 and 31 October 2025.

The Plan describes:



- workstreams that we will take forward as we work towards the key deliverables in our Corporate Strategy
- our budget for 2024-25
- our practising fee and Compensation Fund contributions.

Tracking and reporting our progress

Throughout the 12-month period of our Business Plan and Budget we will track and review our progress in meeting our workstream and budget commitments. We monitor the use of our resources to make sure we are on-target to meet our strategic priorities by 2026, and reprioritise our workstreams if necessary as new challenges arise.

During the business year the SRA Board reviews our progress, including our key performance indicators and our Business Plan commitments. Our progress is reported publicly in-line with our [accountability statement](https://referral.sra.org.uk/sra/how-we-work/our-board/accountability-statement/#:~:text=Accountability%20is%20about%20taking%20responsibility,it%20to%20stakeholders%20and%20others) (<https://referral.sra.org.uk/sra/how-we-work/our-board/accountability-statement/#:~:text=Accountability%20is%20about%20taking%20responsibility,it%20to%20stakeholders%20and%20others>), which includes updates published through our Chair's blogs, the Board's meeting papers and minutes, and our other publications.

Our funding approach

In October each year we collect practising fees from solicitors and law firms.

Fees income constitutes the largest proportion of the SRA's funding - around 45% of our total income - and we confirm amounts that are payable in our [fee policy](https://referral.sra.org.uk/mysra/fees/) (<https://referral.sra.org.uk/mysra/fees/>).

A further 42% of our income derives from applicant fees for the Solicitors Qualifying Examination (SQE). This income is offset by the cost of delivering the assessment.

Around 10% of our income is recovered from the SRA Compensation Fund, representing costs associated with establishing, maintaining, protecting, administering and applying the Fund.

The remaining income is driven by other regulatory activities. This includes fees payable by applicants seeking authorisation of legal service businesses, seeking admission to the roll of solicitors, or to remain on the roll each year.

Structure and resource allocation

Our teams

Our offices and staff are located in Birmingham, Cardiff and London.

Our core operational teams account for the majority of our employees. The teams work collaboratively together to make sure the requirements of our Standards and Regulations are met - and suitable action is taken if they are not - and to ensure risks to the public are responded to appropriately. This part of our workforce includes:

- investigators
- authorisation officers
- client protection officers
- legal and enforcement officers
- AML specialists.

Operational units receive direct support from colleagues in other teams such as our Contact Centre and our Intelligence Unit. These teams work alongside them to provide robust and proportionate frontline regulation that protects members of the public, and that responds to the risks that the public face.

This frontline regulation drives the majority of our day-to-day activity and related expenditure. We apportion our budget accordingly to make sure our core regulatory activities are resourced in the best possible way.

Other teams across the SRA are tasked with driving improvements to consumer experiences in the legal services market, and to ensure our regulation is well-evidenced, well-articulated, and directed towards the most important risks. This includes:



- researchers and analysts
- thematic risk managers investigators
- business improvement specialists
- legal advisers
- professional ethics advisers
- policy and equality, diversity and inclusion specialists
- communications and external affairs leads

We also allocate our resources accordingly to ensure our integral business support functions are positioned to keep our organisation running, and to provide support to our employees across all areas of our work. This includes our Human Resources and Finance teams. Our Business Change, Information Governance and ICT teams are also a core feature of this part of the SRA.

Meeting evolving risks in the sector

The risks in the legal market appear to be shifting, with new and emerging issues. For instance, we have identified a range of issues we need to address through new strands of work as part of our Consumer Protection Review. We need to make progress on improving our systems and processes for identifying and managing risk, including improving how we collect, manage and use our data to make sure we can protect the public. We may also be seeing increasing risks to the public in areas such as bulk claims legal work.

We are scoping further work to address these issues. Given the importance of these areas of work to driving confidence and trust in legal services, including the key role they will play in making sure we can protect consumers, we want to progress them as soon as possible. We recognise these may be significant pieces of work, some of which will require new expertise, and which in some cases raise broader questions about our ways of working, the shape of our organisation and the skills and knowledge that we hold internally.

We consider these areas are consistent with our strategic objectives, our overarching duty to protect consumers from harm, other workstreams already underway, as well as broader stakeholder and consumer feedback on the areas of concern we should focus on. We have reflected these issues in our plan where possible, and we will revisit our planning as requirements into the future become clearer.

Strategic priority one: We will deliver high professional standards

Our first strategic priority focuses on high standards of professional behaviour. This includes setting and upholding those standards with all individuals and organisations that we regulate.

High standards are essential to underpin consumer trust and confidence in solicitors and the work they do. We are robust in securing the best possible protections for consumers, and setting the necessary conditions for members of the public to access and use regulated legal services with confidence.

Our [Standards and Regulations](https://referral.sra.org.uk/solicitors/standards-regulations/) and our Principles are the starting point for our work here – much of which takes place through our frontline regulation. This includes:

- monitoring and enforcing compliance with professional standards
- setting and applying standards for solicitors and businesses to be authorised to provide regulated legal services
- setting and overseeing requirements for qualification, and for the career-long competence of solicitors and others working in law firms.

We work to make sure our frontline regulatory functions are agile and subject to continuous improvement. In this way we make sure they keep step with the challenges of regulating an ever-changing market, and are targeted in the best possible ways to ensure our standards are upheld.

Many of our work programmes support this, including some underway that will continue through into 2025. They include continuation of:

- our Consumer Protection Review and its exploration of regulatory approaches to reduce the risk of consumer harm when firms fail, as well as ensuring that we have the right arrangements in place to protect consumers where failures do occur
- steps to further strengthen our engagement with solicitors working in-house to ensure the right standards are met in this important area of the legal service sector



- our exploration and responses to persistent EDI issues, including within professional examinations and our enforcement activities
- evaluation activities to make sure different areas of our regulatory requirements are credible and robust, including reviewing and updating our requirements for first-tier complaints
- our work to improve our approach to enforcement, including our use of financial penalties.

We have already made progress on implementing changes, as part of our Consumer Protection Review, to better identify, monitor and manage risk. For instance, strengthening safeguards around verifying client balances, improving our internal systems, and targeted visits to firms who have grown rapidly to assess the risks to the public of such firms. We have also published warning notices on [mergers and acquisitions](https://referral.sra.org.uk/sra/news/press/2024-press-releases/mergers-acquisitions-warning-notice/) [https://referral.sra.org.uk/sra/news/press/2024-press-releases/mergers-acquisitions-warning-notice/] and [client money](https://referral.sra.org.uk/sra/news/press/2024-press-releases/client-account-shortage/) [https://referral.sra.org.uk/sra/news/press/2024-press-releases/client-account-shortage/].

We adopted a new approach to our work on the Consumer Protection Review, engaging extensively on key discussion points rather than specific proposals with the profession and wider stakeholders, as well as with the public through polling, focus groups and in-depth deliberative research. This engagement has given us insights to help frame options and issues to explore in more depth.

Our Corporate Strategy set out key deliverables for priority one that we aim to achieve during the strategy's three-year lifespan. In addition to continuing the workstreams that are already underway we will also prioritise the following commitments under each key deliverable detailed below, so that we continue moving towards achieving each deliverable during the second year (2024-25) of our Strategy.

Solicitors Qualifying Examination

Corporate Strategy key deliverable 2023-26:

- Deliver well-functioning SQE assessments, including the SQE in Welsh, and analyse and publish statistical data and feedback about the SQE and its impacts

2024-25 marks the fourth year of operation for the SQE. Ongoing monitoring, including from the SQE's independent reviewer, is underlining its fairness, validity and robustness in ensuring new solicitors understand and meet the high professional standards expected of them.

We are seeing higher than anticipated numbers of candidates taking the SQE's assessments in England and Wales and internationally.

We are committed to assuring that the SQE remains fair, valid, reliable and robust into the longer term, both in terms of its operation and the impacts it has for aspiring solicitors, legal services businesses and consumers that use them. Ongoing evaluation, and work to make the SQE as accessible as possible, are critical here to make certain we meet this key deliverable by 2026.

Between November 2024 and October 2025 we will:

- deliver the year-three evaluation of the SQE
- make both SQE components available in the Welsh language from January 2025

Continuing competence

Corporate Strategy key deliverable 2023-26:

- Improve our understanding of, and our response to, the continuing competency of all solicitors, firms and their employees

Ensuring that solicitors remain competent throughout their career – irrespective of where or how they work – is vital to our role as a public interest regulator, and to drive trust and confidence in legal services.

We have made strong progress, and continue to do so, in this area. We are delivering commitments made in our [response](https://referral.sra.org.uk/sra/research-publications/ongoing-competence-lsb/) [https://referral.sra.org.uk/sra/research-publications/ongoing-competence-lsb/] to the LSB's [statement of policy on ongoing competence](https://legalservicesboard.org.uk/wp-content/uploads/2022/07/Final-OC-statement-of-policy-July-2022.pdf) [https://legalservicesboard.org.uk/wp-content/uploads/2022/07/Final-OC-statement-of-policy-July-2022.pdf], and in our second [annual assessment of continuing competence](https://referral.sra.org.uk/sra/research-publications/annual-assessment-continuing-) [https://referral.sra.org.uk/sra/research-publications/annual-assessment-continuing-].

[competence-2024/1](#)], and our [updated resources for solicitors](#)

[\[https://referral.sra.org.uk/solicitors/resources/continuing-competence/understanding-continuing-competence/\]](https://referral.sra.org.uk/solicitors/resources/continuing-competence/understanding-continuing-competence/). We have strengthened how we follow up on competence-related reports, and carried out thematic and training record reviews in practice areas where our data suggests there are potential competence issues.

We will continue this important work in the second year of our Corporate Strategy so that we build further on our foundation work, and continue to ensure strong standards of post qualification competence across our regulated community.

Between November 2024 and October 2025 we will:

- deliver commitments from our annual assessment of continuing competence process including undertaking training record reviews and a thematic review focused on family law and landlord and tenant solicitors and firms, to understand whether and how solicitors meet their professional obligations to maintain competence.

Consumer information

Corporate Strategy key deliverable 2023-26:

- Develop enhanced Transparency Rules and supporting resources for firms and consumers, improving the information available to consumers, particularly about the quality of legal services

Access to reliable, trustworthy and comparable information about legal services and the businesses that provide them is an important feature of market - and critical to making sure consumers are empowered during the decisions they make when they experience a legal need. Our recent research into stakeholders' views found that some of the main drivers of confidence and trust centred around information provision: in particular clear and accurate information on price and transparent cost structures.

Our key deliverable for 2023-26 builds on significant work undertaken in previous years, including the introduction of the SRA Transparency Rules in 2019, the launch of our [Solicitors Register](#) [\[https://referral.sra.org.uk/consumers/register/\]](https://referral.sra.org.uk/consumers/register/) and [our clickable logo](#) [\[https://referral.sra.org.uk/consumers/choosing/look-out-for-our-logo/\]](https://referral.sra.org.uk/consumers/choosing/look-out-for-our-logo/), and the relaunched [Legal Choices website](#) [\[https://www.legalchoices.org.uk/\]](https://www.legalchoices.org.uk/). [In the first year of our Corporate Strategy we published our evaluation](#) [\[https://referral.sra.org.uk/sra/news/press/2023-press-releases/3-year-transparency-review/#:~:text=New%20rules%20requiring%20law%20firms,prepared%20by%20researchers%20Economic%20Insight\]](https://referral.sra.org.uk/sra/news/press/2023-press-releases/3-year-transparency-review/#:~:text=New%20rules%20requiring%20law%20firms,prepared%20by%20researchers%20Economic%20Insight) of our Transparency Rules, covering their first three-years in operation. This found increasing numbers of consumers comparing prices and services. We also progressed initial work, liaising with other regulators, to develop a cross-regulator digital portal of regulated legal professionals, and to improve the direct comparability of information that is required to be published under our Transparency Rules. And we have ensured that we are meeting the expectations set by the LSB's [statement of policy on empowering consumers](#) [\[https://legalservicesboard.org.uk/wp-content/uploads/2022/04/Statement-of-policy-on-empowering-consumers.pdf\]](https://legalservicesboard.org.uk/wp-content/uploads/2022/04/Statement-of-policy-on-empowering-consumers.pdf).

We will focus our work on areas where we have evidence that demonstrates that there will be the most public benefit and where consumers want further reform. This will position us well to meet this key deliverable by the conclusion of our Strategy in 2026.

Although we paused some work during the first year of our Corporate Strategy to accommodate other key priorities including the Consumer Protection Review, we plan to recommence work in this area in light of the importance of information for consumers in supporting confidence and trust – supported by the insights provided in our, soon to be published, stakeholder perceptions research which emphasised how crucial transparent cost structures are. This could include reviewing and revising specified formats for information provision, and whether our rules around costs transparency could be extended into other areas of the law.

Between November 2024 and October 2025, we will:

- Build on the work we have already done to improve information available for consumers on legal services, focusing on how we can drive improved information around costs and how that interacts with quality indicators
- Continue to lead work with other regulators to develop a cross-regulator portal that will help users, and potential users, of legal services to identify a suitable provider for their needs.

Anti-money laundering and financial crime regulations

Corporate Strategy key deliverables 2023-26:

- Deliver a timely and effective response to changes to the legislative developments in England and Wales, particularly in relation to AML and other economic crimes

During the first year of our Corporate Strategy we continued to strengthen our AML and financial crime response, building on work in recent years to equip our regulatory framework with the necessary tools to respond to evolving legal requirements and new challenges. As well as securing high standards in this area of our work we also built increasingly proactive approaches (described under our second strategic priority).

Economic crime continues to take new shapes and forms and we will be working hard during the second year of our Corporate Strategy to meet our key deliverable, and to respond to developments impacting the legal services sector alongside potential incoming legislative change.

Between November 2024 and October 2025 we will:

- respond to the Legal Services Board's guidance around the new regulatory objective to promote the prevention and detection of economic crime, and to changes in money laundering regulations
- consider the outcome of the Treasury's consultation on the future of AML supervision.

Equality and diversity in the profession

Corporate Strategy key deliverables 2023-26:

- Develop and progress plans of action to address the differential outcomes in professional assessments for aspiring solicitors from a Black, Asian and minority ethnic background and overrepresentation of individuals from these groups in our enforcement processes, based on the publication of research on these issues in 2024
- Deliver a programme of work to improve progression for women and solicitors from a Black, Asian and minority ethnic background, particularly in large firms, and to encourage firms to publish ethnicity pay gap reports

It is important that legal services professions are open and accessible to people from any background, and that unfair obstacles are not placed in the way for people due to their individual circumstances. This is just as important at the entry points to the solicitor profession as it is throughout each individual's career, including circumstances where solicitors may be subject to regulatory processes.

In the first year of our Corporate Strategy we progressed two important pieces of research, building on our literature reviews exploring:

- [potential causes of differential outcomes by ethnicity in legal professional assessments](https://publications.sra.org.uk/differences-in-outcomes-by-ethnicity-in-legal-professional-assessments-research-summary/) [<https://publications.sra.org.uk/differences-in-outcomes-by-ethnicity-in-legal-professional-assessments-research-summary/>], which was published in June 2024; and
- [overrepresentation](https://referral.sra.org.uk/sra/research-publications/over-rep-black-asian-minority-ethnic-solicitors-reports/) [<https://referral.sra.org.uk/sra/research-publications/over-rep-black-asian-minority-ethnic-solicitors-reports/>] of people from Black, Asian and minority ethnic backgrounds in reports received by us, and subsequently investigated by us, which will be published shortly.

Conclusions from these research studies will provide us with a clearer understanding of the factors causing the patterns we see and insight into the actions that we might now take to ensure we are achieving our deliverables - including through engagement with others.

We will build on work undertaken in the first year of our Corporate Strategy to continue moving towards our key deliverables in 2024-25. Given the issues raised in the differential outcomes research are complex and multi-dimensional, they will need joined up solutions involving a range of stakeholders in the legal sector, including law firms, training providers and regulators. We will aim to facilitate those discussions with the aim of taking action to address these issues in the legal sector.

Between November 2024 and October 2025 we will:

- progress actions arising from our research findings into differential outcomes in legal professional assessments and overrepresentation in our investigation processes, and



- continue to encourage diversity at senior levels in law firms
- take forward our plans to introduce an EDI evaluation framework.

Improving the quality and timeliness of our investigation and enforcement work

Corporate Strategy key deliverables 2023-26:

- Continue to improve and maintain the quality and timeliness of our investigation and enforcement work

Our success in delivering high professional standards is dependent on the effectiveness, credibility and impact of our frontline regulation. With more than 9,000 law firms and 200,000 solicitors to oversee, our processes have to be agile and capable of taking on many different scales and sizes of investigation. For instance, our investigation into the Post Office / Royal Mail Group, which involves thousands of documents, hours of evidence and an investigation into more than 20 solicitors and firms (as of the end of September), demonstrates the scale of some of this work. Balancing this against the fact that we received 31,442 reports and handled 5,269 investigations over the last three years (2020/21 – 2022/23), it is important that our processes are optimised so that we work to high levels of quality and at appropriate speed to secure the right outcomes as quickly as possible, making certain consumers are well-protected and the public interest is served.

Our investigation and enforcement continuous improvement programme has already made significant improvements in the timeliness and quality of our investigation and enforcement work during the first year of our Corporate Strategy. We have reported on this separately against an action plan that provided targets for improved delivery by June 2024. We want to build on these improvements. Our plans include further development to our management reporting tools, further training focussed on learning needs identified through our own quality assurance measures, in addition to learnings from the LSB case reviews.

Our enforcement approach is also a critical feature of our regulatory framework. New tools, including the extension of our financial penalty powers, have enhanced our approach. During the first year of our Corporate Strategy we worked to add further improvements through training and joining-up the working of our teams.

In the first year of our Corporate Strategy, we also responded to shifts in the legal services landscape, including by launching our Consumer Protection Review and exploring potential gaps in public protection during no-win no-fee legal representation.

We have already progressed some immediate actions in 2023/24, as part of our Consumer Protection Review, including tightening-up our operational checks when visiting firms and publishing new warning notices on client money and mergers and acquisitions.

Between November 2024 and October 2025 we will:

- progress relevant actions from the early stages of our Consumer Protection Review
- continue to implement and embed improvements to our casework processes.

Strategic priority two - we will strengthen our risk based and proactive regulation

Our work under this second strategic priority centres around delivering better regulation by taking proactive, risk-based action – and making decisions to act that are informed by the best available data insights and credible intelligence. This helps to drive trust and confidence in the sector by making sure that poor behaviour is deterred and addressed and we are targeting those areas the public rightly expect us to.

The legal services sector, and the people and businesses that operate within it, evolve continuously. To safeguard members of the public from risks that shift and transform, and to make certain we are actively meeting the Legal Services Act's regulatory objectives and other duties we are tasked with, proactive regulation enables us to keep pace and deliver our regulatory response in the most effective ways.

Proactive regulation, driven by our understanding of risk, also positions us to target our resources to maximise impact. This is an important step-change from unnecessary 'blanket' or overly prescriptive interventions with all law firms. Under our second strategic priority we aim to move

increasingly towards approaches that consider risks in specific areas of legal service or business models, and which in-turn allow us to maximise the impacts of our available resource.

We understand that risk-based, proactive work needs credible, accurate and real-time evidence, driven by high quality data. This involves making the right data available to the right people at the right time and with the right analytical tools, while combining with longer-term horizon scanning to give us the richest possible understanding of risk and opportunity.

A core focus of our Corporate Strategy is around securing tangible improvements in our data and the ways in which we analyse and deploy it – including joining up with our horizon scanning as part of our work to influence public policy development and legal sector debate.

Our Corporate Strategy set out key deliverables for this second priority area, and we are already making good progress towards these. In the first year of our Strategy this included:

- strengthening our capacity for undertaking thematic reviews across different areas of the sector, including with law firms in the asylum services market
- enhancing our data science capacity and capability to improve our view of risk through machine learning and other analytical activities
- publishing an enhanced data package and insights on the diversity of the legal profession
- starting development work on a new data strategy for the SRA
- exploring opportunities for SRA regulation to be increasingly proactive and responsive to changing risks to consumers in the legal services sector through the Consumer Protection Review.

We explain below the activities we will take forward in the second year (2024-25) of our Corporate Strategy to keep working actively towards our key deliverables.

Data, analysis and insights informing proactive regulation

Corporate Strategy key deliverables 2023-26:

- Develop and deliver a research, horizon scanning and insight programme, including a data collection, storage and analysis strategy, that focuses on generating the best possible insights to support better regulation
- Use data and insights from our engagement with the legal services profession to evaluate progress in terms of EDI
- Deliver a robust programme of thematic reviews on relevant subjects, supported by a clear rationale around selection and prioritisation of projects and demonstrating an impact on areas of risk or challenge for the sector
- Provide enhanced analysis of data about concerns raised with us, supporting proactive monitoring in areas that we identify as being of higher compliance risk, such as areas in which consumers are less likely to make reports to us
- Produce a new data sharing strategy that sets out clearly the data we collect and what data we share with third parties in the public interest.

Information and intelligence we receive from members of the public, the courts, members of Parliament and many other stakeholders is critical to us. We also develop information and intelligence from our own research, analysis and horizon scanning activities. Data is central to our assessment and understanding of risks to the public, and drives our regulatory activity and policy development processes. Our work under these key deliverables supports us to increasingly join up different data as it comes in, in-turn supporting our identification of risks to be timely and accurate.

In the first year of our Corporate Strategy we have made good progress in expanding our data analysis, thematic and horizon scanning capabilities, and we continue to deliver targeted research publications. In the second year of our Corporate Strategy we will continue to develop our data strategy.

Our ambition is to strengthen further our risk-based and proactive regulation by developing our ability to draw key insights from the data we hold. We will evolve our use of these insights to inform our work programmes to deliver our mission of driving confidence and trust in legal services. Our data strategy needs to be a long term, guiding plan that defines the people, processes and technology necessary to meet our data challenges, to deliver key insights and to further target our activity on the areas of biggest impact.

Our legacy IT systems had limited granulation of regulatory data, and for most of the last ten years we have had to focus on developing our internal IT systems. We have made progress but we still have much more to do.

We now have good repositories for our data, and we are in the process of re-platforming key processes so that we can effectively roll-out further use of automation and other tools such as machine learning in the interrogation and analysis of our key data. Our next steps include developing a data quality framework and data dictionaries, identifying additional key data sets, and developing our capability to build a sustainable approach for the whole organisation. We will focus on key projects which target the areas where effective use of data can make the biggest impact. We are in the early stages of scoping and we will look to progress work where possible, especially given the changing environment and the need to use our data more effectively to identify and respond to key risks.

Laying and building upon these foundations will take time, so – in parallel – we are also taking steps that will deliver tangible improvements in the shorter-term. We have already identified some key areas of focus where we are developing and using enhanced data analysis to evaluate the regulatory position and inform our policy developments, including the Consumer Protection Review programme.

Examples include our approach to continuing competence, understanding diversity in the sector, and our risk-based approach to AML inspections. We are also exploring greater use of machine-learning, eDiscovery and other available tools where they can enhance our day-to-day tasks and make our processes more efficient.

And we are refreshing our approach for collating and reviewing information identified in our investigation activities to ensure that we capture changing risks in the sector. Steps to identify key indicators of risks effectively, triage cases appropriately and escalate issues where necessary, all contribute to ensuring that we identify key insights from our operational data. Combining this with our ongoing horizon scanning activities and market insights work will help us target our resources onto key emerging areas.

As well as improving how we monitor, identify and manage risks in the sector, we are committed to improving how we use this information. We are therefore setting up a new investigations team focused on proactive work. The team will conduct onsite inspections and desk-based reviews, enabling us to more quickly and effectively respond to emerging risks we identify in the market.

We will also build on our work to improve the timeliness and quality of investigation and enforcement work. Key areas of focus will include further improvement to the quality of our decision making, as well as assurance around those decisions, while also making sure we can better identify wider risks to the public through our investigations work.

Between November 2024 and October 2025 we will:

- start to deliver our data strategy in light of reviews of data capability and maturity
- undertake short term improvements to expand our use of data analysis, including the application of AI and machine-learning to additional areas
- deliver our programme of proactive thematic reviews in key areas, including an AML review focused on source of funds, and a review on the roles of compliance officers.

Proactively regulating AML and the sanctions regime

Corporate Strategy key deliverable 2023-26:

- Enhance our money laundering risk assessment model, adapting our targeted AML inspections and desk-based reviews accordingly. Our data collection, risk profiling and proactive inspection will extend to compliance with financial sanctions

During the first year of our Corporate Strategy we have worked hard to enhance the proactivity of our work on AML and other areas of financial crime – building on work from preceding years to build our capacity and resources around AML. Our team works closely with law firms across the sector and has built-up a substantial package of support and guidance around AML compliance to ensure firms can easily access up-to-date information about AML risks and our expectations for managing them.

This work positions us well to make further progress under this key deliverable during the second year of our Corporate Strategy, and move increasingly towards 'before the event' regulation in this

area.

In 2024-25 we will continue to regulate proactively and strive towards a full-market understanding of AML, compliance approaches, risks and sanctions, and other core information. Our AML response will adapt and flex in response to emerging issues and changes that may arise around financial crime, making sure that law firms understand, and comply with, their duties.

Between November 2024 and October 2025 we will:

- proactively respond to developments including new or amended money laundering regulations
- undertake a data-based programme of proactive sanctions supervision, incorporating information received under our MoU with the Office of Financial Sanctions Implementation.

Strategic priority three - We will support innovation and technology

Under our third strategic priority we support innovation and technology that improves the delivery of legal services and access to them. Technology and innovation have the potential to transform how legal services are delivered, and to help consumers access the services they need in the way that suits their needs. A big part of our work here is to keep pace with an ever-changing landscape, while looking ahead to the future and how we may need to respond. This includes understanding how new technologies and innovations can help, or hinder, access to legal services. This is essential to make sure the SRA's core regulatory requirements, and the Legal Services Act's objectives, are not at odds with or jeopardised by emerging practices, technologies, or new ways of operating legal service businesses.

In particular we are interested in understanding how technology and innovation can build better experiences for consumers when they use legal services, or need to access them. Our work with small and medium-sized law firms is an important component of this. By helping to ensure that they can benefit from technology advancements and innovate, so too can their clients benefit. More broadly we think that technology has the potential to help consumers who are most at risk of vulnerability. This includes those who rely on legal services at different life stages, and who have specific requirements to enable them to use those services successfully.

Our work to-date has included two projects focused on access to justice through the UK Government's Regulators' Pioneer Fund (RPF). Our current RPF project is focused on exploring how online dispute resolution (ODR) can help tackle the unmet legal need of individuals, consumers and micro/small enterprises. An important outcome of this work will be identifying how ODR tools can best meet the needs of vulnerable individuals.

During the first year of work under our Corporate Strategy we have focused on identifying how AI is being used within the legal sector, and its potential benefits and risks. This is important in ensuring that we understand its regulatory implications, and so that we can build credible regulatory responses during the second year. AI is transforming how services are delivered, and consumer expectations, and we will continue to develop our approach to support its responsible use.

Our SRA Innovate programme and other initiatives have helped us to build strong, credible, two-way relationships with law firms, technology providers, academics, other regulators and many other groups. This collaborative and open approach helps to ensure that we understand the emerging challenges for our regulated community, and for consumers, and how we can build confidence and trust in innovation, and technology. We continue to proactively engage with stakeholders to explore how our regulated community can use technology, and innovate, for the benefit of the public.

Technology is always evolving and adapting, and this means we are continually working to improve our capability and understanding of emerging technologies, and service innovations. We take a holistic view - from understanding how technology is developed, how widely it is used and its potential benefits and risks for legal providers and consumers. We monitor technological developments and their existing or potential application by different providers through our horizon scanning work - a critical component of our approach, to make sure we have good sight of how things are changing within and outside the legal services market.

Developing understanding and safe testing

Corporate Strategy key deliverable 2023-26:



- Introduce a safe testing environment, bringing together law firms and technology partners to test, develop and evaluate innovative or technology-based approaches to the delivery of legal services

The digital age brings as many challenges as it does opportunities for law firms, and like any other professional services sector there are new technology solutions emerging frequently. In order to meet our regulatory objectives, including around access to justice, we know that law firms need support in navigating this everchanging landscape and in adopting these technologies. Our SRA Innovate service is a key mechanism in how we can support the adoption of technology in the legal sector. This could include allowing specific rules to be waived, or securing dedicated and tailored ethics advice that can address and speak to any potential regulatory barriers, while ensuring consumers are adequately protected from emerging risks.

We have also been engaging with stakeholders on AI and its regulation. We will continue to develop this work to identify the emerging opportunities and the key regulatory issues, including through our horizon scanning activities. Alongside this work, we are also planning to ensure that our ambitions for a safe testing environment for new technologies are matched to what is needed in a changing environment.

Between November 2024 and October 2025 we will:

- develop our regulatory approach to AI so that our regulated community, and consumers of legal services, can keep pace with risks driven by this rapidly evolving area.

Supporting small firms to adopt appropriate technology solutions

Corporate Strategy key deliverables 2023-26:

- Deliver a number of pilots, resources and guidance targeted at helping small firms to adopt appropriate technology solutions that can help the public, including vulnerable and marginalised consumers, to access legal services

Most law firms we regulate are small in size and operation, with modest numbers of partners, employees and clients. However they are integral to providing access to legal services to the public, in particular in local communities outside of English and Welsh cities. We know that these firms can face significant barriers in engaging successfully, and adopting, new technologies. They can include the cost of trialling, or procuring, new technologies, or lack of available capacity to build their understanding of innovative, new approaches that might otherwise help to improve the accessibility and quality of their services.

During the first year of our Corporate Strategy we commissioned research to better understand the needs of small firms in adopting technology. We also sought to build our relationships with technology providers so that we could support law firms to benefit from their existing technological tools. We will use these insights to develop a work programme that will support small firms.

Between November 2024 and October 2025 we will:

- develop our support for small law firms to adopt technology, based on findings from our research.

Collaboration

Corporate Strategy key deliverables 2023-26:

- Continue our collaborative working with a variety of government, cross-regulator and international initiatives, to support the development of innovation and technology in legal services and to ensure we are fully engaged in and up to date with the latest developments

We have been working to build our profile and our relationships in the innovation and technology sector over a number of years. As well as securing valuable insights and advanced sight of early-stage technology, this work has also positioned us well to understand how technological advancements might impact the UK's legal sector, and create value for the public when they access the sector.

We have a strong track record of successful bids to the RPF, and subsequent delivery of those funded workstreams have always been underpinned by strong delivery partnerships with other organisations, such as The Access to Justice Foundation and The Law Society. We have also continued to engage internationally, building on our leadership role in the 'Agile Nations' international regulatory cooperation initiative. Our collaborative partnerships, both domestically and internationally, have always focused on improving access to legal services. Collaboration is key, given the technology sector cuts across traditional boundaries and regulatory remits. While we know there is always more to do here, we are heartened by the continued willingness of others to work together for the benefit of the public.

Between November 2024 and October 2025 we will:

- progress recommendations and outcomes from our Regulators Pioneer Fund project focused on exploring how online dispute resolution (ODR) can help tackle the unmet legal need of individuals, consumers and micro/small enterprises.

Strategic priority four - We will be an authoritative and inclusive organisation, meeting the needs of the public, consumers, those we regulate and our staff

Our fourth and final strategic priority confirms our ambition to be authoritative and inclusive, and in so doing to meet the needs of the public, consumers, those we regulate and our workforce.

As a regulator we understand that our definition of customer needs to be broad, and inclusive of anyone that has a need to interact with us. We have evolved our ways of working in recent years to place our customers at the centre-point of our processes and our services, and to mainstream a clear focus on delivering consistently high levels of customer service. This includes all areas of our organisation and within our regulatory framework, such as our front-line regulatory teams, and our customer-facing teams. We also work to make sure our services are accessible through a range of channels and formats, and are reflective of the digital age.

Through our events programme we seek out new ways to engage with our customers and wider audiences, using both face-to-face and digital approaches as we do so. Our offerings for members of the public, including our digital resources, and front-line information provided by our contact centre, are accessed by thousands of people every year. Similarly we are proud to have championed the consumer-facing 'Legal Choices' website, run jointly with other legal regulators, which is also accessed routinely by many thousands of people.

Our rolling programme of engagement with solicitors, their businesses, and the people who work in them is another important feature of our work under this area of our Corporate Strategy. We tackle many different issues and areas of interest through our engagement work and horizon scanning activities, providing leadership, insight and opportunities for debate across the legal sector.

We are also committed to supporting all of our staff members to thrive in their roles, and to be comfortable and supported whether working from their homes or in one of our office environments. The diversity of our workforce is reflected through our employee networks, and our employee recognition programme makes sure achievements are celebrated. We are proud to have been recognised for our commitment to supporting LGBTQ+ staff and customers, having reached #11 on Stonewall's Top 100 Employers list for 2024.

Our Corporate Strategy set out key deliverables for priority four that we aim to achieve during its 3-year lifespan. We explain below what we propose to do in year two of the Strategy (2024-25) to work towards the majority of these. And we also explain how we have chosen to refocus our approach where necessary.

How we communicate

Corporate Strategy key deliverables 2023-26:

- Review and improve how we communicate - including how we write and engage with our customers and others, the information we make available and our communication channels, with focus on inclusive, user centred design principles

Our communication approach is varied and diverse – reflective of the equally diverse needs of our customers. Through the Legal Choices website, the SRA website and our associated social media



channels we aim to provide different consumers, legal service providers and many other stakeholders with the information that is most relevant to their enquiry and their need, and at the times when that information is most important.

Our front-line advisors represent another critical strand of our communication approach, notably including the work of our Contact Centre and our Professional Ethics helpline. Everyday, members of our operational teams are also in contact with solicitors, law firms and others.

We are committed to making sure these different elements of our approach are consistent, meeting high standards, and ultimately are delivering the most relevant and important messages to different audiences. We develop and enhance our approach here through user-centred design.

Between November 2024 and October 2025 we will:

- extend our customer service plans and model into more operational areas, including our Client Protection team who – among other things – deal with interventions and compensation fund claims
- progress our communications review to build on our stakeholder perceptions profiling work.

Delivering consistently strong levels of customer service requires ongoing focus and evaluation, and we have made great strides in recent years to build our organisational capacity and capability in this regard. A critical part of this is making sure our workplace culture, our people and their expertise, our systems and processes, and the equipment we source are working in-sync – and in ways that enable us need to meet our strategic aims.

External benchmarking is extremely important for us, in being open to public scrutiny and assessment of our ways of working, but also to make sure we are continuously focused on how we can maintain and enhance our performance standards. Accreditations form part of this, and help us to be certain that we are securing inclusive and good quality working experiences for our employees, alongside high standards of customer service.

Our Continuous Improvement programme, and the connection points provided through our Business Change functions to bring improvements to life, are also integral to our work under this area of our Corporate Strategy. The programme engages people across our workforce, and from our stakeholder communities, to explore and progress opportunities to improve SRA processes in any areas of our operating model, our regulatory framework, or our role as an employer.

In the second year of our Corporate Strategy we will be striving to continue building on achievements to date.

Between November 2024 and October 2025 we will:

- continue to progress and evaluate our actions to increase diversity in SRA leadership roles and to close ethnicity and gender pay-gaps
- develop and broaden understanding and knowledge within the SRA to grow and embed a culture of continuous improvement.

Insights and influence

Corporate Strategy key deliverables 2023-26:

- Use the insights from our operational and wider work to support and influence important public interest and social policy debates
- Publish policy statements setting out our position on access to justice, and on matters relating to Environmental Social and Governance (ESG), including our view of the key regulatory issues and obligations for those that we regulate

The nature of the legal sector, and the wider justice system that it sits within, is everchanging, with millions of people accessing advice and representation from it every year. For all its size and prominence there are still persistent concerns that many people, and businesses, do not access legal advice from the sector, and may then struggle to effectively manage or resolve their legal needs as they arise. There are many issues and considerations here, forming part of overarching access to justice debates, and discussion around consumer protection.

As part of our work under this area of our Corporate Strategy we are well-positioned to enter and lead debates with insight and authority on many of these issues, and to progress discussions through to partnership working, action planning, and developing solutions. This includes

discussion around law firm operation and structure, public protection issues, AML, EDI, and other subjects.

We have chosen to focus on our own responsibilities in relation to ESG, and do not now plan to develop a policy statement on ESG during the course of this Strategy period.

Between November 2024 and October 2025 we will:

- continue to deliver on our internal ESG commitments, and work with key stakeholders on reducing our environmental impact.

Our proposed budget and fees 2024-25

Our funding model

The majority of our funding come from practising fees paid by individual solicitors and by legal service businesses. We collect these fees each October. Some of our costs are covered by funding from other sources, including:

- recovery of some, or all, the costs of bringing successful disciplinary cases
- fees that cover our administrative costs for certain activities, such as our consideration of authorisation applications from new firms
- recharging third parties where appropriate for costs incurred on some projects
- Compensation Fund contributions that are used to cover costs of law firm interventions and for operating the fund
- income and fees from SQE assessments that cover costs associated with administering the SQE and our wider education and training activity.

Income that we collect from practising fees is also used to fund the Law Society's work, and levies that are payable to:

- the Solicitors Disciplinary Tribunal
- the Financial Conduct Authority (Office for Professional Body Anti-Money Laundering Supervision)
- the Legal Services Board
- the Legal Ombudsman.

Monitoring and transparency

We monitor our expenditure and costs throughout the business plan year, and review our financial targets and budget. Our Board oversees and reports publicly on this activity, including through our balanced scorecards.

We also track and assess the impacts of our fees. This includes exploring and evaluating impacts for EDI, and each year we undertake an equality impact assessment of our proposed practising certificate fee and proposed Compensation Fund contributions. We analyse data, and assess impacts, for:

- protected characteristics - defined in the Equality Act 2010 - of solicitors
- diversity characteristics of law firms.

Our proposed income and budget summary for 2024-25

Our financial year runs from 1 November to 31 October, and the table below shows our expected income summary, and total budget, for 2024-25. It also shows comparative information about our income and budget for 2023-24.

SRA income summary 2024-25 Budget £000 2023-24 Budget £000

Practising fees	70,175	67,600
SQE income	66,040	30,335
Regulatory income	3,987	3,687
Compensation Fund	15,456	14,618
Interest income	1,660	1,860
Total	157,318	118,100

Practising fees

For our 2024-25 budget we expect our practising fee income to increase by 3.8%.

In setting out our 2023-26 Strategy, we outlined an ambition to limit increases in practising fee income to no more than inflation. This increase is in line with that ambition and is achieved through careful management of our resources to allow targeted additional spending to meet new demands while limiting the impact on fees.

SQE income

Income that is generated by the SQE is dependent on candidate numbers and candidate numbers in actual terms may vary from those we are anticipating. However, this will not create risks for our budget, because the income offsets the delivery costs for the SQE assessment, and vice versa. We have seen a significant increase in candidate numbers during the current financial year and expect that to continue into 2024-25.

Regulatory income

This category describes administration fees that are payable as part of processing applications made to us, including:

- applications for admission to the roll of solicitors
- initial authorisation applications made by prospective law firm operators.

This income stream is generally stable year on year although we have seen increasing numbers of applications for exemptions from part of the SQE, as a consequence of increasing candidate numbers. This is reflected in the increase in income.

Compensation Fund

Income here represents the ongoing costs incurred in operating and administering the Compensation Fund. We incur these costs and subsequently recharge them to the Fund - which includes staff costs, and the costs associated with our interventions into regulated firms.

This income varies with activity within Client Protection but represents no risk to the SRA overall budget as increased activity will result in increased income from the Compensation Fund. Compensation Fund contributions are discussed later in this document.

Interest income

This area of our income reflects interest that we receive on working capital. We hold extensive cash reserves in the early months of each financial year, as practising certificates are renewed and associated funds are received. This capital is actively managed throughout our financial year to secure maximum returns.

Our proposed expenditure summary for 2024-25

In the table below we describe how we propose to allocate and spend our money in 2024-25. Our summary from 2023-24 is included to aid comparison.

SRA expenditure summary 2024-25 Budget £000 2023-24 Budget £000

Staff Costs	47,062	43,921
SQE costs	65,007	29,859
Non staff costs	26,751	25,476
Projects	4,025	4,025
Client Protection	14,473	13,635
Total	157,318	116,916

SQE costs

The costs here are associated with delivering the examination, and they are fully offset through fees paid by the SQE's candidates.

The expected increase in candidate numbers means that this is the largest single item of expenditure, accounting for over 41% of spend.

Staff expenditure

Approximately 30% of costs relate to employing, recruiting and training our staff, and in 2024/25 we expect our workforce to be around 850 people.

Non staff costs

The largest costs within here include ICT costs, facilities costs and legal costs associated with our disciplinary activity.

Projects

Our project budget allows us to carry out discrete pieces of work throughout the year, typically in support of policy initiatives or to deliver improvements to ICT systems or business processes to support our ongoing programme of continuous improvement. This allows us to react and act flexibly to carry out one off programmes of work such as our Consumer Protection Review which will look at our overall approach to protecting consumers who place their trust in regulated law firms.

Client Protection

The work of the Client Protection function includes interventions and the follow up activities including managing the Compensation Fund and statutory trust accounts which provides redress for clients following intervention into law firms. The cost of this activity is funded from the Compensation Fund.

Considerations and longer term plans

We monitor and actively seek opportunities to mitigate against increased costs, and onward pressures on fees payable by solicitors and law firms. This includes exploring new mechanisms for securing operational efficiency, and streamlining where possible, through our continuous improvement programmes.

Like any organisation we need to manage inflationary pressure. This includes pressures on all areas of our costs, and notably around staff expenditure and increasing pressure on salaries as the employment market evolves. Appropriate funding is vital to position the SRA to attract and retain the right people in our workforce, and to safeguard our workforce while maintaining flexibility to invest as needed in new, important areas of activity. This includes:

- increased resource requirements within our operational units
- evolving requirements for our response to the risk of money laundering and financial crime
- proactive regulatory activities.

We continue to think carefully about our future budgets and funding requirements. In 2021 we established our reserves policy, outlining appropriate levels of reserves that we will hold. At the start of our business year for 2024-25 we expect to be within the identified range which is where we committed to be by the end of our current Corporate Strategy 2023-26.

A robust reserves policy and appropriate levels of reserves will allow us greater flexibility in the future to respond to new and emerging challenges as they occur.

During this second year of our Corporate Strategy 2023-26 we will continue to invest appropriately to make sure we remain on-track to meet our key deliverables and strategic priorities by 2026.

We expect the portion of our budget funded through practising fees to increase by no more than inflation plus 2% annually with an ambition to limit increases to inflation. Inflation (CPIH as published by the ONS) was 3.8% in March 2024. We are proposing there will be a 3.8% increase overall in practising fee but no increase in our portion of the individual practising certificate fee which remains at £162. The increasing number of practising solicitors year on year means that our share of the individual practising certificate fee will remain unchanged for 2024/25.

Going forward, we will keep our ambition to limit increases to inflation under review. As set out in the section on meeting evolving risks in the sector, there are a number of new and emerging

issues where we will need to do further work in order to make sure we are regulating effectively and driving confidence and trust in legal services.

We will scope these areas of work and revisit our resourcing plans as necessary. As we scope further work, we will consider whether new areas can be progressed through efficiencies, reprioritising work and/or using reserves.

Holding adequate reserves provides us with some flexibility over the timing of activity across financial years. Each year in advance of setting the practising fees we review our reserves policy and ensure that the fees are set at an appropriate level to maintain reserves within an agreed range.

The SRA's proportion of the individual practising certificate fee for 2024-25

In 2024-25 our overall funding requirement is £157.3m.

To meet this requirement, and bringing into account the totality of our income sources, we will need £162 from each individual practising certificate fee that we collect for 2024-25. This amount is unchanged from 2023-24.

Our proportion of each individual practising certificate fee represents 40% of our overall funding requirement. The remaining 60% is charged to SRA-regulated firms based on their turnover.

In this table below you can see the trajectory of the SRA's proportion of the practising certificate fee over time.

Practising year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
SRA proportion of practising certificate fee	£147	£147	£151	£145	£151	£162	£162

The individual practising certificate fee for each financial year, and the proportion that we require from that fee, is calculated from existing numbers of practising solicitors. The fee and our requirements are considered and approved by the Legal Services Board.

The Compensation Fund fee 2024-25

Exceptional levels of intervention costs and compensation fund claims over the previous financial year have reduced the reserves of the Fund, requiring the increase in contributions this year. We carried out 65 interventions during 2022/23, more than double the number in the previous year. This included two very significant interventions in November 2022 and October 2023 which brought significant costs and payments to former clients of the firms.

The Compensation Fund contribution level is set by reference to the principles under which we operate the fund. The compensation fund contribution level principles are:

- Principle one – The overriding principle will be to maintain the viability of the fund
- Principle two – We will ensure that the professional contributions to the fund are as manageable as possible for those we regulate
- Principle three – We will collect the contribution to the fund in a way that is manageable for those we regulate
- Principle four – We will be transparent about the fund monies and their management

We have been mindful particularly of the need to deliver principle one (the overriding principle) on maintaining the viability of the fund, while also delivering principle two on ensuring contributions are as manageable as possible. We have worked to reduce the impact of the increased costs and payments on contributions as far as possible. This has included tight budgetary control of costs, detailed scenario planning and modelling of impacts, and the negotiation of a banking facility in the event of a further large intervention. Through this we intend to build reserves to a sustainable level over two to three years rather than through a larger initial call on contributions. The increase in fees this year will, however, ensure the viability of the Fund while we carry out the wide-ranging Consumer Protection Review that will consider future options for the Fund.

Individual contribution

The Compensation Fund contribution payable by each individual is £90 in 2024-25.

SRA-regulated firm contribution

The Compensation Fund contribution for SRA-regulated law firms is £2,220 in 2024- 25.

In this table below you can see the trajectory of the Compensation Fund contribution over time.

Practising year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Individual contribution	£90	£60	£50	£40	£30	£30	£90
Firm contribution	£1,680	£1,150	£950	£760	£690	£660	£2,220

Compensation Fund contributions are paid by all practising solicitors (except those working for the Crown Prosecution Service) and by all firms that hold client money.

Total SRA proportion from individual amounts payable for 2024-25

The total amount payable by individuals, in respect of the work of the SRA for 2024-25, will increase from £192 in 2023-24 to £252 in 2024-25.