Closed Consultation

Business Plan and Budget 2025-26

31 October 2025

- The consultation period ended on 19 June 2025
- Watch our <u>webinar on the proposed priorities for the year ahead</u> [https://referral.sra.org.uk/news/events/on-demand-events/business-plan-priorities-year-ahead/]
- You can <u>download the consultation paper [#download]</u> or read it below [#respond]

Next steps

- <u>Download analysis of responses to the consultation [#download]</u>
- <u>Download all consultation responses [#download]</u>
- Read our Business Plan and budget (November 2025 to October 2026) [https://referral.sra.org.uk/sra/corporate-strategy/business-plans/business-plan-2025-2026/]

About this consultation

We are seeking views on our draft Business Plan and budget for 2025-26.

Our proposed workstreams

The Business Plan will cover our third and final year of work under our Corporate Strategy for 2023-26. It describes our proposed work plans and budget for the 12-month period between 1 November 2025 and 31 October 2026.

Our work proposals align with the key deliverables that are set out in our Corporate Strategy.

Practising fees and compensation fund contributions

Feedback from this consultation will be used to set practising fees for 2025-26, payable by regulated individuals and organisations.

Practising fees fund the SRA's regulatory requirements, alongside:

- permitted purposes work of the Law Society
- levies that are payable for the:
 - Legal Services Board
 - Solicitors Disciplinary Tribunal
 - Legal Ombudsman



• the Financial Conduct Authority (Office for Professional Body Anti-Money Laundering Supervision).

Consultation feedback will also be used to finalise our proposals for the compensation fund contributions for 2025-26.

We assess the impact of our fees, compensation fund contributions and Business Plan, including for equality, diversity and inclusion considerations. Through this consultation process we are also seeking feedback on this area.

Having your say

This consultation is open for your feedback from **08 May until 19 June 2025**.

After the consultation closes we will review any responses we receive. In autumn 2025, we will publish our Business Plan and budget, our fees, and a summary of responses and feedback.

Open all [#]

Foreword

I am pleased to share our draft Business Plan and budget for November 2025 to October 2026. This covers our third and final year of work under our Corporate Strategy 2023-26 [https://referral.sra.org.uk/sra/corporate-strategy/].

Responding to shifting risks

Since we developed our strategy, the legal market has been changing rapidly, and with it the risks to consumers.

We are seeing more large firm failures and rising concerns about issues in the high-volume consumer claims market. We have also seen a significant and sustained increase in the number of reports the SRA is receiving about solicitor misconduct.

This is resulting in a large increase in the work we need to do. For instance, more reports of misconduct are leading to more investigations - the monthly average number of cases is 40 per cent higher when compared to the same period the previous year. This is likely to result in more enforcement action.

Over the longer term there are also changes in the sector that are impacting our work. The cases we are dealing with are more varied, and often more complex, than we have dealt with in the past. We are also dealing with a range of large cases such as our Post Office Horizon scandal investigations.



Investing in the future

Given the shifting risks in the sector, we are also accelerating work to improve how we use our data and intelligence to spot risks swiftly and take action to manage them effectively.

This is alongside significant programmes of work to respond to the new challenges in the market. This includes work to deal with emerging risks around high-volume claims, reforms to better protect client money, and emphasising the importance of professional ethics.

We will also need to respond to any directions from the Legal Services Board (LSB), following its Axiom Ince review. And inevitably new issues will arise throughout the year. We will need to be fleet of foot and flexible in responding to these issues, with an ongoing process of prioritisation.

This work is crucial so we can deliver in the public interest, but it all requires investment. We need to do this while also managing the impacts of rises in inflation and National Insurance increases.

Keeping costs down

We will continue to build on our work to deliver efficiencies where we can. For instance, our programme of work to improve our investigation processes is delivering results – our investigation teams are concluding 18 per cent more cases than a year ago.

We are also deprioritising some areas of our work, to focus on the areas that will deliver the biggest benefit to the public. We have scaled back some of our original plans to help us achieve the best outcomes overall.

Impact on the practising certificate fee

We are mindful of the pressures on the profession. Over the last six years, we have managed to keep our costs – and subsequent increases on the practising certificate fee paid by the profession – down. In that time, fees have gone up by an average of around two per cent per year.

However, the scale of the additional work and resource needed this year means we are proposing an increase to our share of the fee. The combination of increased cases and new work to address shifting risks, alongside the impacts of inflation, are driving this.

The amount that individuals contribute would rise from £164 to £190. This increase, however, will be largely offset by a reduction in contributions to the compensation fund, with individual contributions to this reducing from £90 to £70. This means the overall SRA-related individual practising certificate fee and compensation fund contributions will be £260, a rise of 2.4 per cent, or £6.



While we understand any increase is never welcome, this is needed to allow us to deliver in the public interest and achieve our ongoing mission to drive confidence and trust in legal services.

Paul Philip, Chief Executive

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
- acting when risks are identified.

With more than 210,000 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.

Our role includes:

- 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 draft Business Plan and budget 2025-26

Our strategic priorities

Our mission for 2023-26 is driving confidence and trust in legal services.

This is the cornerstone of our <u>Corporate Strategy</u> [https://referral.sra.org.uk/sra/corporate-strategy/] and it informs everything that we are doing and aiming towards by 2026.

Our strategy sets four strategic priorities that shape our work, and that support us to achieve our mission. 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.

EDI considerations and steps to secure good access to justice are built into each priority area. Under each we set out what success will look like by the end of three-year period, as well as key deliverables.

Our workplans and resources for 2025-26

The draft Business Plan and budget sets out proposals for our workstreams, use of resources and practising fees during the third and final year of our Corporate Strategy – to run between 1 November 2025 and 31 October 2026. It describes:

- our workplan proposals under the key deliverables of our Corporate Strategy
- our draft budget for 2025-26
- proposed practising fees and the required Compensation Fund contributions.

Your feedback

Our draft Business Plan and budget for 2025-26 can be found in annex one. It describes:

- the key commitments for this Business Plan year under each of the four strategic priority areas
- our budget proposals, including our proposals for practising fees in 2025-26
- the required compensation fund contributions for 2025-26.

Questions are set out for each of these areas, as well as on our assessment of equality diversity and inclusion (EDI) impacts.

<u>Prioritising our work and resource allocation and</u> structure

Our strategy

The legal system in England and Wales is globally recognised for its quality, expertise and openness to innovation.

Our mission is to drive confidence and trust in legal services, and 75 per cent of the public do have that confidence and trust. We play a key role in driving the standards and regulation that supports this confidence. This is important for access to justice, the rule of law and for the reputation and success of the profession here and internationally.

We want to be proportionate, targeted and effective in everything we do. Key priorities in this plan include using our data more effectively so we can identify new risks more swiftly, driving high professional standards while tackling unethical practice, and building on the progress we have made on the SQE.

Legal services help people live and thrive and support business investment and economic growth – enabling individuals to navigate life's challenges and helping businesses to hire, expand and attract investment.

It is a major contributor to the UK economy, contributing £37bn – or 1.6 per cent - of gross value added in 2023 and a trade surplus of £7.6bn. The sector has seen significant growth in recent years.

Our role also supports opportunities for growth within the sector by making sure we have a clear and predictable regulatory regime. Enabling innovation and competition in legal services helps people and businesses to find the services they need to operate productively and seize opportunities to grow and thrive.

Independent research we commissioned last year, with 3,400 stakeholders, shows that we are focusing on the right priorities to achieve our mission, with high professional standards at their heart. For this reason, we are confident that the deliverables we set out below are the right ones to ensure we deliver in the public interest.

Shifting risks and growing demands

Since we developed our strategy there has been a notable increase in the work we need to do to respond to a rapidly changing legal market.

The risks to consumers are shifting. In recent years we have seen large firm failures affecting significant numbers of clients. We have also become increasingly concerned about areas such as high-volume consumer claims, for example around the use of litigation funding. We are responding to these risks, while maximising opportunities that could benefit the public.

The number of solicitors we regulate has grown by a third in the last decade. Recently we have seen a significant and sustained increase in the volume of the reports we receive about solicitors' misconduct. Compared to the previous year, we have seen a 20 per cent increase in reports about solicitor misconduct. This is resulting in more investigations, opening on average 40 per cent more a month. These increases will likely result in more enforcement action, placing further demands on our resource. It is not yet clear what is driving these increases, and we are looking into this.

Our workload is also impacted by the increasingly varied and complex nature of our caseload. This includes:

- cases on issues such as sexual harassment, bullying and offensive communications
- cases that deal with novel issues such as abusive litigation aimed at silencing legitimate criticism often referred to as SLAPPs
- large, complex cases, such as our investigations into high-volume consumer claims, and into the behaviour of solicitors linked to the Post Office Horizon scandal.

New programmes of work

Responding to the changes in the market has also led us to move quickly to develop three new, significant programmes of work that were not in our original plans. These are:

- our consumer protection review, a wholesale review of how we can most effectively protect client money, including when firms should handle this money. This is in response to a changing legal landscape and the potential for significant consumer harm where client money is not safeguarded
- a programme to make sure the high-volume consumer claims market is working in the interests of consumers. We have on the back of investigation and analysis, significantly increased concern that behaviours by some firms in this area of the legal market are putting consumers at risk of large and widescale detriment
- work in relation to professional ethics in response to recent highprofile concerns about professional ethical failures. These include Strategic Lawsuits Against Public Participation (SLAPPs) and issues in the in-house sector, including those linked to the Post Office Horizon scandal. At the core this work will be looking at what we can do to make sure ethics are front and centre of mind for all practising solicitors.

Each of these new programmes is central to our plans for this year. We will also need to respond to any directions from the LSB, following its Axiom Ince review. And inevitably new issues will arise throughout the year, which we will need to be quick to respond to, with an ongoing process of prioritisation.

Investing for the future

In the face of such rapid change in the market, our work on developing how we identify and manage risks and use our data has increased in importance, and there is even more to do in this space now.

This will help us better spot emerging risks in the sector and take action to address them, so we can continue to effectively protect the public. We have therefore accelerated this programme of work – our Risk and Data



programme – requiring substantial additional investment in people and technology.

This large 'up front' investment is necessary now to make sure we keep pace with the changes taking place.

At the same time, we are also recruiting more investigators, so we can carry out more proactive visits and investigations and respond effectively to shifting risks and greater demand for investigation. It will also enable us to continue to seek improvements in both the quality and timeliness of this work.

All of this work is crucial so we can deliver in the public interest, but it all requires investment. We need to do this while also managing the impacts of rises in inflation and National Insurance increases.

Keeping costs down - efficiency and prioritisation

We have been working to become more efficient. Over recent years this has helped us absorb pressures from factors including inflation and additional work. For instance, our programme of work to improve our investigation processes means the investigation teams are concluding 18 per cent more cases than a year ago (comparing the cases closed between November 2024 to February 2025, and the previous year's equivalent period). We will continue our work to improve, become more efficient, and make sure we are providing value for money.

However, we know, given the significant increase in the work we need to do, efficiencies will only go so far. So, we have also looked at whether there are any of areas of work we can deprioritise, so we focus on the areas that will deliver the biggest benefit to the public. To relieve some of the upward pressure on our resource and budget, we have decided to pause or postpone some work that we originally set out to deliver by the end of 2026. We:

- have paused work on producing a policy statement about ESG (Environmental, Social and Governance)
- decided not to extend our customer service accreditation across the whole organisation
- have paused development of a safe testing environment for innovation and technology while we focus first on exploring demand and potential benefits
- are carrying out further work around data quality and our technical infrastructure prior to developing a long-term strategy for sharing third party data in the public interest.

This does mean some deliverables as set out in the Corporate Strategy 2023-26 will not be achieved. However, we have made sure that the new and additional work and activities we are doing instead mean we will



deliver on our strategic priorities, and that these are still very much fit for purpose.

Increasing our budget

Over the last six years we have kept our costs down, resulting in limited increases on the practising fee paid by the profession. In that time, fees have gone up by an average of just two per cent per year.

The scale of the additional work and resource needed this year means, even with our efficiencies and reprioritisation, we are proposing to increase our budget this year.

This current year (2024-25), we have already had to draw upon additional resource. We have funded this so far by using our reserves, which will reduce them below the level that we consider appropriate in the long-term. We will look to replenish these reserves in subsequent years after this plan.

As we cannot continue to further draw down on our reserves in 2025-26, we are therefore proposing to increase our portion of the practising certificate fees in 2025-26. This increase will, however, be largely offset by reduced compensation fund contributions. The overall SRA-related individual PC fee and compensation fund contributions will be £260, a rise of 2.4 per cent, or £6.

<u>Priority one - we will deliver high professional</u> standards

During 2025-26, we are proposing that, to continue working towards our Corporate Strategy's key deliverables for this strategic priority, we will:

- carry out the phase four evaluation of the Solicitors Qualification Examination (SQE), focused on the technical performance of the assessments
- deliver actions identified in our 2024 and 2025 annual assessments of competence, including work to strengthen our continuing competence requirements, informed by consultation
- publish our five-year Transparency Rules evaluation from which we will consider new rules and guidance for the profession and consumers
- strengthen our economic crime prevention and detection efforts, responding to increased expectations for our work, managing higher caseloads, and reducing aged matters
- take forward and evaluate our programme of work to address the barriers to diversity in the profession, including the causes of differential outcomes in legal professional assessments which are within our influence
- progress agreed measures needed to address the issues identified in our research on overrepresentation in our enforcement processes

- continue to improve both the quality and timeliness of our investigation, enforcement and authorisation work, to be more capable of responding to emerging risks and opportunities, such as technology, AI or new business models
- respond as appropriate to any directions from the Legal Services Board (LSB)
- deliver on the outcomes from our Client Money in Legal Services consultation and communicate actions and next steps
- progress our work programme on high-volume consumer claims
- develop a programme of work on professional ethics, ensuring that we take account of learnings from the Post Office Horizon scandal, Strategic Lawsuits against Public Participation (SLAPPs) and the experiences of the in-house sector.

Question

Q1. Do you have any comments on our proposed work commitments for 2025-26 under our first strategic priority?

<u>Priority two - we will strengthen our risk based and proactive regulation</u>

Our work under this second strategic priority area 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.

During 2025-26, we are proposing that, to continue working towards our Corporate Strategy's key deliverables for this strategic priority, we will:

- deliver the next stage of our Risk and Data Programme to improve data governance and quality, and to enable us to take a more systematic approach to identifying key risks to consumers, the profession and the public
- gather insights to support our long-term strategy for sharing data in the public interest, as part of our Risk and Data Programme.

Question

Q2. Do you have any comments on our proposed work commitments for 2025-26 under our second strategic priority?

<u>Priority three - we will support innovation and technology</u>

During 2025-26 we are proposing that, to continue working towards our Corporate Strategy's key deliverables for this strategic priority, we will:

- continue to enhance our understanding of what is needed to support the responsible use of technology and innovation, including by small firms, and supporting with guidance, resources and shared insights
- build on our insights, define what further support we could offer to innovators and our regulated community around the adoption of technology and innovation, for the benefit of consumers and the wider public.

Question

Q3. Do you have any comments on our proposed work commitments for 2025-26 under our third strategic priority?

<u>Priority four - We will be an authoritative and inclusive organisation, meeting the needs of the public, consumers, those we regulate and our staff</u>

During 2025-26, we are proposing that, to continue working towards our Corporate Strategy's key deliverables for this strategic priority, we will:

- continue to contribute to sector-wide workstreams, collaborating and partnering with others so that our contribution has demonstrable benefit for the public interest. These will include issues related to high-volume consumer claims, client protection, EDI, technology and innovation, including AI and access to justice
- continue to make improvements to the customer journey and experience across our operational teams
- continue to make improvements to our approach to communicating with our stakeholders, based on evidence and audience insight
- continue our pathway to achieve NetZero and deliver our internal Environmental, Social, and Governance commitments
- expand continuous improvement training, as part of our wider focus on ensuring we deliver across all our work in the most efficient manner possible.

Question

Q4. Do you have any comments on our proposed work commitments for 2025-26 under our fourth strategic priority?

Our budget and our fees in 2025-26

Our draft Business Plan and budget outlines our budget and fees for 2025-26. Detailed information, including our considerations in setting our budget and fees, is included in the <u>full draft plan and budget [#download]</u>.

Most of our funding comes from practising fees paid by solicitors, registered lawyers and law firms that are collected each October.

Questions

- Q5. Do you have any comments about our budget for 2025-26?
- Q6. Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?
- Q7. Do you agree with the compensation fund contribution for individuals for 2025-26?

Equality impact assessments

We monitor, identify and assess the impacts of our work against equality, diversity and inclusion considerations, and then work to manage those impacts through our workstreams.

We know practising fees can impact different people in different ways. We assess the impacts of our fees and compensation fund contributions.

Equality impact assessment: Business Plan and budget

Our equality impact assessment of our proposed <u>EDI-related Business</u> <u>Plan commitments for 2025-26 [#download]</u>.

Equality impact assessment: Practising certificate fee and compensation fund contribution

Between November 2024 and February 2025, we ran a <u>consultation on</u> the <u>subject of client money in legal services - safeguarding consumers</u> and <u>providing redress [https://referral.sra.org.uk/home/hot-topics/consumer-protection-review/#consultation]</u>. One of the issues explored in this consultation was whether the apportionment of compensation fund contributions made by individuals and firms should be changed for 2025/26.

After considering all available information, including feedback received, we decided not to make this change. You can read more about why we reached this decision on the relevant closed consultation page [https://referral.sra.org.uk/sra/consultations/consultation-listing/delivering-sustainable-compensation-fund/#responses].

We considered the potential impact of both maintaining the current 50/50 split between individual and firm contributions and changing this to the 70/30 split.

Read more about this in our <u>equality impact assessment on the proposed</u> regulatory portion of the <u>practising certificate fee and compensation fund contribution for 2025-26 [#download]</u>.

Questions

- Q8. Do you have any comments on the equality impact assessments of our proposed fees for 2025-26, or EDI-related work commitments in our proposed draft Business Plan for 2025-26?
- Q9. Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Consultation questions

We are keen to hear your views on our draft Business Plan and budget 2025-26.

These are the consultation questions in full. They are also in our <u>online</u> <u>questionnaire [https://form.sra.org.uk/s3/Business-Plan-consultation-2025]</u>.

- Q1. Do you have any comments on our proposed work commitments for 2025-26 under our first strategic priority?
- Q2. Do you have any comments on our proposed work commitments for 2025-26 under our second strategic priority?
- Q3. Do you have any comments on our proposed work commitments for 2025-26 under our third strategic priority?
- Q4. Do you have any comments on our proposed work commitments for 2025-26 under our fourth strategic priority?
- Q5. Do you have any comments about our budget for 2025-26?
- Q6. Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?
- Q7. Do you agree with the compensation fund contribution for individuals for 2025-26?
- Q8. Do you have any comments on the equality impact assessments of our proposed fees for 2025-26, or EDI-related work commitments in our proposed draft Business Plan for 2025-26?
- Q9. Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Downloads and related documents

 Consultation - Business Plan and Budget 2025-26 (PDF 12 pages, 223KB)

[https://referral.sra.org.uk/globalassets/documents/sra/consultations/2025/consultation-paper-business-plan-budget-2025-26.pdf]

- <u>Draft Business Plan and Budget 2025-26 (PDF 31 pages, 440KB)</u> [https://referral.sra.org.uk/globalassets/documents/sra/consultations/2025/draft-business-plan-budget-2025-26.pdf]
- <u>Draft equality impact assessment on our Business Plan and Budget</u> <u>2025-26 (PDF 4 pages, 175KB)</u>
 - [https://referral.sra.org.uk/globalassets/documents/sra/consultations/2025/draft-eia-business-plan-2025-26.pdf]
- <u>Draft equality impact assessment on the proposed regulatory</u>
 <u>portion of the practising certificate fee, and proposed compensation</u>
 <u>fund contribution for 2025-26 (PDF 7 pages, 165KB)</u>
 [https://referral.sra.org.uk/globalassets/documents/sra/consultations/2025/draft-eia-practising-certificate-fee-compensation-fund-contribution-2025-26.pdf]
- <u>Consultation response and analysis (PDF 18 pages, 268KB)</u> [https://referral.sra.org.uk/globalassets/documents/sra/consultations/2025/business-plan-2025-26-consultation-feedback-report.pdf]
- Responses to our consultation (PDF 29 pages, 533KB) [https://referral.sra.org.uk/globalassets/documents/sra/consultations/2025/business-plan-and-budget-consultation-published-responses.pdf]
- <u>Equality impact assessment on our Business Plan and Budget 2025-26 (PDF 8 pages, 193KB)</u>
 [https://referral.sra.org.uk/globalassets/documents/sra/consultations/2025/business-plan-eia-bp-workstreams.pdf]
- <u>Equality impact assessment on the regulatory portion of the practising certificate fee, and compensation fund contribution for 2025-26 (PDF 8 pages, 188KB)</u>
 [https://referral.sra.org.uk/globalassets/documents/sra/consultations/2025/business-plan-eia-pc-fee-and-cf-contribution.pdf]

Back to closed consultations

[https://referral.sra.org.uk/sra/consultations/consultations-closed/]