

SRA BOARD

29 April 2025

CLASSIFICATION – PUBLIC*This paper will be published***SRA draft Business Plan and budget 2025-26**

Reason for paper	<p>This paper summarises the SRA's draft Business Plan and budget for 2025-26, alongside next steps that are required for:</p> <ul style="list-style-type: none"> • consultation and engagement activity • finalising the Business Plan and budget 2025-26 • finalising the Compensation Fund contribution • finalising the practising certificate Fee for 2025-26 • publication by 31 October 2025.
Decisions(s)	<p>The Board is asked to:</p> <p>(a) review and comment on the draft Business Plan and proposed narrative and consultation approach (annex 1)</p> <p>(b) confirm specifically the key deliverables for the draft Business Plan (set out in the draft Business Plan at annex one), and note how these align with our Corporate Strategy deliverables (annex 2)</p> <p>(c) review and comment on our draft budget for 2025-26 and our portion of the practising certificate fee (annex 3)</p> <p>(d) review and comment on the recommendation for the 2025-26 Compensation Fund contribution (annex 4 parts A and B)</p> <p>(e) review and comment on the draft Equality Impact Assessment (EIA) documents on the Practising Certificate fee and Compensation Fund contribution (annex 5) and Business Plan workstreams (annex 6)</p>
Previous Board and committee consideration	<p>The Board discussed potential workstreams and commitments, funding considerations, and details about the Compensation Fund and budget for 2025-26, at its workshop meeting on 24 February 2025.</p> <p>The Board oversees the SRA's operational and financial performance on an ongoing basis, including tracking progress in meeting Business Plan and budget commitments, and the key deliverables described in the SRA's Corporate Strategy 2023-26.</p>
Next steps	<p>Following the Board's review and feedback, the draft Business Plan and budget for 2025-26 – including our portion of the practising certificate fees and the Compensation Fund</p>

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	<p>contribution – will be finalised for public consultation during May and June 2025.</p> <p>The Board meeting of 30 June 2025 will approve the funding requirement for 2025-26. The Board meeting of 8 July 2025 will approve and set the Compensation Fund contribution and practising certificate fee requirements for 2025-26. Later in July, we will submit a joint practising certificate fee application with the Law Society to the Legal Services Board (LSB). We also submit a Compensation Fund contribution application to the LSB at the same time.</p> <p>We expect the LSB to respond to those applications in August 2025. Following this, the outcomes from our consultation activity, and a finalised Business Plan and budget, will be shared with the Board for consideration and final approval at its meeting on 9 September 2025. The final Business Plan and budget 2025-26 will then be published in October before going live from 1 November 2025.</p>
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SRA draft Business Plan and budget 2025-26

Summary

- 1 This paper summarises the SRA's draft Business Plan and budget for 2025-26, and the steps (including public consultation) that, following the Board's review, will lead through to finalisation. The Business Plan and budget will take effect on 1 November 2025 and run until 31 October 2026.

Background

- 2 November 2025 to October 2026 represents the third and final year of our current Corporate Strategy for 2023-26. The Strategy sets out our mission – driving confidence and trust in legal services – and our four strategic priorities running across the three-year period. Our four priorities are to:
 - 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.
- 3 In the Strategy, we set out key deliverables under each strategic priority that described outcomes we aimed to achieve by October 2026.
- 4 Our Business Plan and budget 2025-26 will confirm key deliverables during the final year of activity under our Corporate Strategy. It will also set our budget, and details of our expenditure, our practising certificate fees, and Compensation Fund contribution for 2025-26.
- 5 In May and June 2025, we will consult on our draft Business Plan, budget and Compensation Fund contributions for 2025-26.

Discussion

- 6 Our draft Business Plan and budget 2025-26 is attached at annex 1 This sets out the key deliverables that we propose to focus on in the final year of our Corporate Strategy. These deliverables aren't intended to reflect all of the work that we do within the SRA, but they are intended to capture our most important workstreams to deliver our strategic priorities. We also expect that additional challenges will come to light in the coming year. As new challenges are identified, we will consider whether, and how, we can deliver against them, taking into account our existing commitments and priorities.
- 7 Achieving our mission to drive confidence and trust in legal services relies on our ability to respond to new developments in the market so that we can protect the public. Since we published our Corporate Strategy, we have responded to new issues, such as an increase in the complexity and nature of our

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interventions and begun new programmes of work that were not envisaged in the original planned deliverables for the Corporate Strategy. These include work on client money, high-volume consumer claims, and professional ethics.

- 8 The Board will recall that in 2024 we recalibrated how we deliver on our corporate strategic priorities and that we committed to continuing to keep our work plans under review (as discussed at the [Board meeting on 14 May 2024](#) and [published on 29 May 2024](#)). We have considered carefully our planned deliverables for 2025-26 – more detail is set out in annex 2.
- 9 Annex 3 sets out our proposed budget for 2025-26 and our proposed portion of the practising certificate fee.
- 10 Annex 4 sets out our recommendation for the 2025-26 Compensation Fund contribution.
- 11 Annex 5 sets out the Equality Impact Assessment (EIA) on the practising certificate fee and Compensation Fund contribution, and annex 6 sets out the EIA on the Business Plan workstreams.

Draft budget and fees

- 12 The draft Business Plan and budget sets out our budget and expenditure proposals for 2025-26. Following our consultation, our finalised budget then informs the overall total amount that will be required to be collected from solicitors and law firms through practising certificate fees.
- 13 The Law Society carries out a similar exercise. The Law Society is consulting on its budget proposals and the contribution it needs from a share of the practising certificate fee income raised for 2025-26.
- 14 Each consultation focuses on our respective funding requirements, rather than a total practising certificate fee. Post-consultation, both and the SRA's and the Law Society's Board will be asked to confirm their respective budget requirements for 2025-26. For our requirement, this will be at the 30 June 2025 Board meeting.
- 15 Once the Law Society confirms the requirement for its work as well as the amounts to be collected for other external bodies (LSB, Legal Ombudsman, Solicitors Disciplinary Tribunal and Financial Conduct Authority) at its meeting of 1 July, you will be asked to confirm the individual and firm Practising Certificate fees for 2025-26. This will be at the 8 July Board meeting, at which the Compensation Fund contribution will also be agreed. The Compensation Fund contribution is collected alongside the practising certificate fees.
- 16 The final stage of approval is a joint SRA and Law Society practising certificate fee application, and an SRA Compensation Fund contribution application, to the LSB. This is in July following our Board meeting on 8 July 2025, with approval

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from the LSB then expected to follow in August, ahead of our Board meeting of 9 September 2025.

- 17 Our detailed draft budget for 2025-26 is attached at annex 3. A summary of this is included in the draft Business Plan and budget document (at annex 1), which also includes the proposed Compensation Fund contribution for 2025-26 and our proposed portion of the practising certificate fees. The detail of the Compensation Fund contribution is included as annex 4. In developing our proposals, we consider the equality impacts – this is discussed further at paragraphs 24-27 below.

Consultation and engagement

- 18 We will consult on our draft Business Plan and budget 2025-26, and Compensation Fund contribution, during May and June 2025.
- 19 The consultation process will raise awareness of the draft Business Plan and budget document and will direct stakeholders towards the SRA's website where they can review the document and complete an online form to answer its specific questions or provide us with a submission by email.
- 20 Alongside this we will take forward additional stakeholder engagement, including:
 - targeted digital activities and social media campaigns, include polling and blogs
 - profession-wide communication exercises through our communication channels to all solicitors, firms, and their employees
 - face-to-face engagement work with stakeholders, including a webinar and roundtable discussions and focus groups.
- 21 We will engage with a wide range of our key stakeholders to hear a broad set of views on our proposals. We will place particular emphasis on understanding views of our proposals among consumers, so we will carry out activities with members of the public and consumer representative groups, as well as representatives from business, and their representative organisations, as important users of legal services. We will also reach out to the profession, including solicitors, firms, in-house lawyers, lawyers in local government and representative bodies, including EDI groups.
- 22 We will also hold internal sessions, open to all SRA staff, to seek views and give early insight and understanding of our plans.
- 23 We will share consultation feedback and viewpoints of our stakeholders with the Board following our consultation. This will be part of our work to finalise a post-consultation version of the Business Plan and budget, and finalise our

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funding requirement, practising certificate fees and the Compensation Fund contribution for 2025-26.

Monitoring equality impacts

- 24 We consider equality, diversity and inclusion (EDI) throughout the process of developing our Business Plan and budget commitments. This includes considering learning points and insights from our rolling programme of policy evaluation, and from our EIAs. We also prioritise opportunities to deliver bespoke research projects on EDI subjects during each business plan cycle, to make sure we are actively working to identify and understand the EDI impacts of our work and are then responding to those impacts in the best ways.
- 25 As part of our consultation activities, we prepare and publish a draft initial EIA for the proposed practising certificate fee and the proposed Compensation Fund contribution (provided in annex 5). We assess the data to understand potential impacts for different groups from fees, and in-turn any mitigating action we might need to take in response.
- 26 We also publish a draft initial EIA of the proposed activities of the Business Plan (annex 6).
- 27 We finalise the EIAs after our consultation and publish updated versions of both alongside the Business Plan and budget document when this is published in October 2025.

Recommendations: the Board is asked to:

- (a) review and comment on the draft Business Plan and proposed narrative and consultation approach (annex 1),
 - (b) confirm specifically the key deliverables for the draft Business Plan, and note how these align with our Corporate Strategy deliverables (annex 2)
 - (c) review and comment on our draft budget for 2025-26 and our portion of the practising certificate fee (annex 3)
 - (d) review and comment on the recommendation for the 2025-26 Compensation Fund contribution (annex 4 parts A and B)
 - (e) review and comment on the draft Equality Impact Assessment documents on the practising certificate fee and Compensation Fund contribution (annex 5) and Business Plan workstreams (annex 6)
- 28 The timeframes for developing, finalising and publishing the Business Plan and budget 2025/26 are as follows:

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29 April 2025	SRA Board approves draft Business Plan and budget 2025-26 and proposed Compensation Fund contribution for consultation.
1 May – 19 June 2025 (provisional)	Consultation on draft Business Plan and budget and proposed Compensation Fund contribution 2025-26.
30 June 2025	SRA Board approves funding requirement for 2025-26.
01 July 2025	Law Society Council notes the SRA funding requirement for 2025-26, confirms the requirement for its work and the amounts to be collected for other external bodies (LSB, Legal Ombudsman, Solicitors Disciplinary Tribunal and Financial Conduct Authority) and approves the Group funding requirement for 2025-26.
8 July 2025	SRA Board approves and sets Compensation Fund contributions and practising certificate fees for 2025-26.
July 2025 (date TBC but after SRA Board)	SRA and the Law Society submit a joint practising certificate fee application to the LSB. SRA submits Compensation Fund contribution application to the LSB.
August 2025 (date TBC)	LSB approves practising certificate fees and Compensation Fund contributions for 2025/26.
9 September 2025	SRA Board approval of Business Plan and budget 2025-26.
October 2025 (date TBC)	SRA Business Plan and budget 2025-26 published.
1 November 2025	SRA Business Plan and budget 2025-26 takes effect.

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Annexes

Annex 1	Draft Business Plan & budget document 25-26
Annex 2	Key workstream commitments 25-26: prioritisation and drivers
Annex 3	SRA draft budget and practicing certificate fee 25-26
Annex 4 A	Compensation Fund 25-26: proposed contribution level
Annex 4 B	Apportionment of Compensation Fund contributions
Annex 5	Draft EIA on PC fee and Compensation Fund contribution 25-26
Annex 6	Draft EIA: Business Plan workstreams 25-26

NB: annex 1 will be published as an annex to the consultation paper. Annexes 2, 3, and 4A will not be published as they relate to emerging strategy or policy. Annexes 5 and 6 will be published alongside the draft Business Plan and Budget.

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Supporting information

Links to the Corporate Strategy and/or Business Plan and impact on strategic and mid-tier risks

- 33 This paper seeks approval for consultation on the draft Business Plan and budget 2025-26. The Plan will describe our work, financing and resourcing approach during the third and final year of activity under our Corporate Strategy for 2023-26.

How the issues support the regulatory objectives and best regulatory practice

- 34 The content of this paper confirms our proposed work and resourcing for 2025-26. Our proposed workstreams and our draft budget have been developed to support us to meet the Legal Services Act 2007's regulatory objectives, and to be consistent with the Better Regulation principles.

Public/Consumer impact

- 35 The draft Business Plan and budget describes work that we propose to undertake under the four pillars of our strategy, all of which are designed to underpin confidence and trust in the profession.

What engagement approach has been used to inform the work and what further communication and engagement is needed?

- 36 The draft Business Plan and budget will be published for public consultation in May 2025. The consultation process will feature targeted stakeholder engagement. We will update the Board about consultation outcomes in summer 2025.

What equality and diversity considerations relate to this issue?

- 37 Equality, diversity and inclusion activities are central to our Business Plan, and the commitments we make within it. We carry out EIAs on our fee proposals, which form part of our draft Business Plan and budget, as well as our overall Plan commitments.

How the work will be evaluated

- 38 The Board's feedback will determine the finalisation of our Business Plan and budget 2025-26. Our progress in delivering our work and budgetary commitments will be monitored on an ongoing basis by the Board during 2025-26.