



Draft Business Plan and Budget

November 2025 to October 2026

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](#).

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, and
- 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 per cent 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:

- working to improve experiences and outcomes for the public
- 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.

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

Driving confidence and trust is the mission of our Corporate Strategy and informs everything that we do. We set out four strategic priorities which shape our workplans and guide us to achieve our objectives:

- 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 also set out what success will look like by the end of the three-year period and the key deliverables.

Our draft Business Plan and budget 2025-26

This draft Business Plan and budget sets out our workstream, resourcing and fees for the third and final year of our Corporate Strategy 2023-26. It will run between 1 November 2025 and 31 October 2026.

The draft plan describes:

- workstreams that we propose to take forward
- our draft budget for 2025-26
- the proposed amount for the SRA portion of next year's practising certificate fee
- proposed 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.

During the business year, the SRA Board reviews our progress. Our progress is reported publicly in-line with our [accountability statement](#), which includes updates published through our Chair's blogs, the Board meeting papers and minutes, and our other publications.

Our funding sources

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

Solicitor annual practising fee income constitutes the largest proportion of the SRA's funding – around 45 per cent of our current (2024-25) total income. We confirm amounts that are payable in our [fee policy](#).

A further 42 per cent of our current year income relates to education and training, arising from applicant fees for the SQE. This income funds the cost of delivering this assessment.

Around 10 per cent of our income is made up by being able to recover what we have spent in certain circumstances (ie recharge of the costs we have incurred). These include costs where we have intervened into law firms, as well as in relation to handling claims made to the compensation fund.

The remaining income arises from other regulatory activities. These include fees payable by applicants seeking to have legal service businesses authorised by us, seeking admission to the roll of solicitors, or choosing to remain on the roll each year.

Resource allocation

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

Of our employees, more than 70 per cent are front line staff. These include investigators, authorisation, client protection and legal and enforcement officers and AML specialists. We also have policy, analysis and advice roles which support the delivery of effective regulation, and others in corporate functions that are essential to deliver effectively and efficiently. We have benchmarked these corporate functions and found our spending there to be in line with the average across other regulators.

Prioritising our work and resource allocation and 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 high-profile 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.

Strategic priority one: We will deliver high professional standards

Our first strategic priority focuses on professional behaviour. We set and uphold those standards. They are essential to underpin confidence and trust in solicitors and the work they do. We set the conditions so that members of the public can use regulated legal services with confidence.

Our [Standards and Regulations](#) and Principles are the starting point for our work here – much of which takes place through our frontline regulation. This includes:

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

We work to make sure our frontline regulatory functions are agile and strive to deliver continuous improvement. It is also important that we continue to evaluate our activities to make sure different areas of our regulatory requirements are working as intended. And understand the market impacts of our requirements and the behaviours these are driving.

There's a lot of work that we have already completed and where we will continue with work which will contribute to delivering this first objective. The sections below set out details of the work we are planning to focus attention on in the final year of the strategy to deliver on this objective.

Solicitors Qualifying Examination (SQE)

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**

2025-26 marks the fifth year of operation for the SQE. Phase three of our evaluation is underway, with high levels of engagement. The statistical information and the Independent Reviewer provide assurance the assessments are fair and reliable. Solicitor apprentices continue to perform well in SQE assessments and this route to qualification is providing real opportunities for social mobility. Candidates who disclose a disability and/or who have a reasonable adjustment continue to perform at least as well as the cohort overall.

We are working with others to address the causes of differential outcomes by ethnicity in legal professional assessments, to the extent these causes are within our influence. The causes were identified through research we commissioned from the University of Exeter.

Levels of take-up by candidates across the world also highlight how the SQE can help spread the use of the law of England and Wales. We have also delivered on our commitment to make the SQE available to take in the Welsh language.

We remain committed to assuring that the SQE remains fair, valid and reliable and meeting this key deliverable by 2026.

Between November 2025 and October 2026, we will:

- carry out the phase four evaluation of the SQE, focused on the technical performance of the assessments.

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**

Solicitors must retain their competence throughout their careers – irrespective of where or how they work. This is a focus of our role as a public interest regulator and our commitment to drive confidence and trust in legal services.

To date in our current strategy, we have delivered a monitoring programme to understand the extent to which solicitors are meeting their requirement to keep their knowledge and skills up to date. This included:

- undertaking training record reviews in areas where we have identified competence concerns
- publishing an annual assessment of continuing competence
- a [thematic review](#) to understand whether and how solicitors meet their professional obligations to maintain competence.

We have also strengthened the declaration solicitors make to confirm their competence when they renew their practising certificate and restricted a solicitor's practice where we had concerns with their competence. We have updated our [continuing competence resources](#) to help solicitors to comply.

We have started important work to strengthen our continuing competence requirements and will continue this in the final year of our strategy. Between November 2025 and October 2026, we will:

- deliver actions identified in our 2024 and 2025 annual assessments of competence, including work to strengthen our continuing competence requirements, informed by consultation.

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 a well-functioning market. And critical to making sure consumers are empowered to take informed decisions when they experience a legal need.

Increasing numbers of consumers are comparing prices and services. Our 2024 research into stakeholders' views found that some of the main drivers of confidence and trust centred around information provision, particularly clear and accurate information on price and transparent cost structures.

We are progressing work in this area. We are also continuing to work with those Digital Comparison Tools (DCTs) who have signed up to our voluntary Code of Conduct and will explore opportunities to build on this work. We will consider what further information and quality indicators may be necessary in the future. For example, we know that complaints are a key indicator of service quality and have started a work programme on first tier complaints to explore how firms identify and handle complaints and any improvements which may be needed in this area. We are working closely with the Legal Ombudsman on this work.

As part of our work supporting the consumer-facing Legal Choices website, we continue to develop a database which will allow consumers to verify that a legal professional is regulated. And access information on disciplinary decisions and complaints to the Legal Ombudsman. This work is in collaboration with the other legal regulators and the service is expected to launch later in 2025.

Between November 2025 and October 2026, we will:

- publish our five-year Transparency Rules evaluation from which we will consider new rules and guidance for the profession and consumers.

Anti-money laundering (AML) and financial crime

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 our strategy to date, we have strengthened our AML and financial crime response, responding to developments, including the new regulatory duty for legal regulators to prevent economic crime. We have developed an increasingly proactive approach (described under our second strategic priority) and are ready to respond to any further legislative change. For example, the outcome of the Treasury's consultation on the future of AML supervision remains outstanding.

We are also taking forward work that sits under strategic objective two as part of our Risk and Data programme for proactive sanctions supervision. This includes making use of data from an exercise that identified firms holding frozen funds and acting for designated persons. We are also working to share data with the Office of Trade Sanctions Implementation (OFTI).

In the final year of our strategy, between November 2025 and October 2026 we will:

- strengthen our economic crime prevention and detection efforts, responding to increased expectations for our work, managing higher caseloads, and reducing aged matters.

Equality, Diversity and Inclusion (EDI)

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**

In the first year of our strategy, we published two important pieces of research which have provided a clearer understanding of the factors causing the patterns we see and insight into actions to take.

Given the issues raised are complex and multi-dimensional, we identified the need for a joined-up approach to any solutions. This involves a range of stakeholders in the legal sector, including law firms, training providers and regulators. We have facilitated those discussions with the aim of taking action to address these issues.

Leading work with these stakeholders, we have [published an action plan](#) that we will initially take to address the identified causes of the differential outcomes relating to legal professional assessments. Although most are to be delivered collaboratively, we have a leading role across all of them.

We are also taking forward the measures we have agreed to implement to address the issues seen in our [enforcement processes](#). This includes developing tailored compliance and support materials for small firms, given their specific challenges, and guidance for staff handling complex cases. We are also working to improve how we collect and use data, as part of our wider Risk and Data Programme work (see Priority two for more details). And will continue to publish our annual review of diversity in relation to our enforcement processes.

We are also developing a framework which will help us evaluate the impact of our work to address these issues and to tackle the barriers to diversity in the profession. We will build on our activities to encourage and monitor diversity at senior levels within firms, using our enhanced diversity data from firms and individuals to measure progress. To take this work further, between November 2025 and October 2026 we will:

- 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.

Investigations and enforcement work

Corporate Strategy key deliverables 2023-26:

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

Since the launch of our Corporate Strategy, we have seen increased challenges to deliver in this area, with changes in the types of issue that are being reported to us. We are needing to deal with increasingly complex and novel cases, such as those emerging from areas including the Horizon Post Office scandal and high-volume consumer claims, and on top of a changing market.

Despite these challenges, we have made significant improvements in the timeliness and quality of our investigation and enforcement work, taking and learning from previous cases.

In the first two years of the strategy, we have added spot checks in areas including in relation to accountants' reports, and warning notices across a wide range of areas where we

have identified concerns. These areas include continuing competence, sham litigation, marketing and cold calling, and non-disclosure agreements.

We have also increased resource in this area, over and above that set out in our previous strategy, to meet our regulatory duty to protect the public. We must continue to resource this area of work to deliver on our 'business as usual' work as new issues emerge.

Strengthening our work in this area, between November 2025 and October 2026, we will:

- 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 LSB.

New and additional deliverables

Our response to the wider changes in the legal services market also led us, in the first year of our strategy, to our review of our overall approach to protecting consumers who place their trust in regulated law firms – our consumer protection review. The feedback from our extensive engagement led us on to subsequently carry out further work specifically in relation to client money. In this area, we have now consulted on further changes, which are progressing. And we have further identified the need to deliver programmes of work across two other important areas – on high-volume consumer claims and ethics.

In relation to new areas of focus, between November 2025 and October 2026, we will:

- 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, SLAPPs and the experiences of the in-house sector.

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

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 data insights, and credible intelligence. This helps to drive confidence and trust by targeting those areas the public might rightly expect us to. It also helps us to meet our regulatory objectives under the Legal Services Act.

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**
- **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**

Since the setting our Corporate Strategy in 2023, we have continued to become a more proactive regulator, focusing on both how we identify and manage risks, and the supporting data required to achieve this. We are developing our Data Strategy and have established a new framework for how we use the data and intelligence we have to help us identify risks early and respond most appropriately.

In the second year of our Corporate Strategy, we have pulled together these existing strands of work into one place – into a comprehensive Risk and Data Programme. We are investing significant resource and developing new capabilities to make sure we are better at identifying emerging patterns, trends and risk. This can then help us to prioritise our responses according to likelihood of harm, spanning the regulatory objectives.

We are continuing to build our capabilities. We have developed a draft theory of harm framework which we are using to identify the nature of potential risks to our Regulatory Objectives. We have also developed a supporting analytical framework covering some of our existing datasets in key areas of potential risk in order to pinpoint key intelligence to help us

spot issues. And we have used data science to analyse a range of issues, including the underlying causes of the increased number of cases we are receiving.

In support, we have also focussed efforts on evolving our Risk Management Framework to capture clearly both operational risks and market risks. This will make sure that the consideration of market risks is fully integrated into our overall approach.

Proactive regulation is powered by data. Like many organisations, we are working to improve the integrity of our data. But we are also embracing the opportunities that are opened up by harnessing the power of our core regulatory data.

We are continuing work to develop our new data driven operating model. We will be delivering a number of projects targeting areas where we have challenges regarding the quality or accessibility of data. And introducing new capabilities that allow us to manipulate and mine our data more effectively.

We have identified that we need to improve our data quality and technical infrastructure in advance of being able to introduce additional systematic data sharing arrangements with third parties. Therefore, we will introduce a new data sharing strategy in the next Corporate Strategy period.

In the final year of this Corporate Strategy, we will deliver further improvements through our Risk and Data Programme. This will include defining how we will further drive a culture of proactive, data-driven risk identification, assessment and management. We will also work to create a data catalogue to make our data more accessible internally, and on a governance model for improving its quality. We will also develop how we use data science within the organisation. And develop our capacity and capability to analyse large volumes of data quickly to answer questions and test hypotheses of harm.

Finally, as well as improving how we monitor, identify and manage risks, we are committed to improving how we use this information. We have therefore set up a new investigations team focused on proactive investigations and high-profile cases. This team will conduct onsite inspections and desk-based reviews, enabling us to more quickly and effectively respond to emerging risks as they are identified.

Below are the activities we will take forward in the final year of our strategy, to use our data more effectively to identify and respond to key risks. Between November 2025 and October 2026, 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.

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 are transforming how legal services are delivered. They are helping consumers access the services they need in a way that suits them and enable better access for consumers who may otherwise face barriers. As technology continues to evolve, so do its risks and opportunities.

This means that an important part of our work here is to keep pace with it. And how our regulated community, and consumers, are using technology and service innovations. At the same time, we look ahead to future developments and how we might best respond. This includes, for our regulated community and consumers, support in navigating the changing landscape and in adopting these technologies.

One of the key developments in this area since developing our strategy in 2023 has been the rise in the capability, and availability, of generative AI tools. The ability of these tools to analyse large quantities of information is already being harnessed by some law firms and consumers. For example, there are now AI tools that can assist solicitors with reviewing contracts, including highlighting differences and potential risks.

As part of this work, we will therefore also continue to enhance our approach to AI, including considering what:

- guidance and other resources we can make available to those we regulate
- information can help consumers to use AI systems and tools for legal matters.

An important dimension of our work here will be working with others, including other regulators. Technology, particularly AI, transcends traditional regulatory boundaries, so it is more important than ever that we are working closely where possible, with other regulators and stakeholders.

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**

Since we published our Corporate Strategy, we have worked to gain a better understanding of how new and emerging technologies can benefit our regulated community and consumers. This includes completing our first SRA Innovate trial in the second year of the strategy. Here we gained a deeper understanding of the product development process, and how AI-driven technology can make complex information more intelligible.

We have also worked closely with Online Dispute Resolution providers to gain a deeper understanding of generative AI tools, how they can benefit consumers, and their limitations. We are also undertaking work to help us understand the best way to bring law firms and innovators together. And in a way that complements the support that we, and others, already have in place.

In 2025-26, we will see what further support we could offer to our regulated community, and to innovators, to support the adoption of technology and innovation that enhances access to legal services. As the area continues to evolve, our approach needs to take account of developments, whilst also delivering real impact for consumers. Depending on the position that we take in 2025-26, we would then carry forward any relevant work into the next strategic period.

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, with modest numbers of partners, employees and clients. However, they are integral to providing access to legal services to the public, particularly in local communities outside of cities. We know that these firms can face significant barriers in adopting new technologies and in innovating. These barriers can include:

- the cost of trialling, or procuring, new technologies
- a lack of capacity to build understanding of innovative, new approaches that could help to improve the accessibility and quality of their services.

Before October 2025, we will publish the findings of research to better understand the needs of small firms in adopting technology. And make clear how we can support the responsible use of technology and innovation and where other stakeholders are better placed to take the lead. This includes recommendations for how small-sized firms can be better supported to adopt technology and to innovate.

The insights from our research confirm that small-sized firms recognise the value in adopting technology and innovating, and that they see particular benefit to consumers in doing so. Some of the challenges that these firms face echo those faced by other small businesses. And we know that there is real value in sharing case studies and examples of best practice to support these firms in adopting technology.

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**

An important element of our work on technology and innovation is leading collaborative projects.

We have delivered our Online Dispute Resolution (ODR) project exploring how this can help tackle the unmet legal need of individuals, consumers and micro/small enterprises. This project was a collaborative effort between SRA, Access to Justice Foundation, the Law Society, Bangor University and with input from Welsh Government. The insights generated from this project has highlighted how technology, including generative AI, can help them to understand their legal issues and their routes to resolving a dispute. Therefore, helping to address unmet legal needs.

Through our ODR project we also, in collaboration with Bangor University, built a prototype generative AI tool. This is so that we could gain greater insight into the benefits, and risks, associated with such technology, and the potential impacts on consumers.

As technology and innovation continues to evolve, collaboration will continue to be a key area of focus for us in 2025-26. We will continue to use our convening role to bring together stakeholders to address a range of issues, such as how we can work together to create a cohesive regulatory environment that supports technology, and AI. But also manages its risks and protecting consumers.

We will continue to engage with government and other regulators. Collaborating with others is also essential in building our own knowledge and understanding of technological advancements. And how they might impact the UK's legal sector and can help our sector to grow and deliver value for the public.

Across all our work on supporting innovation and technology, between November 2025 and October 2026, 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
- building 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.

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

Delivering on this priority requires us to work with others collaboratively, contributing insights that can influence and shape debates within the legal sector and wider society. The approach will vary from issue to issue but will include using our convening power to make a difference when we can't deliver change alone. A good example is our work to address concerns related to high-volume consumer claims, which also reaches into finance and insurance.

We will measure our success in delivering against this priority by understanding how we are seen by external stakeholders.

This priority also covers our internal agenda to be inclusive, customer-focused and a good custodian of our people. This means being acknowledged for our own inclusivity, responsible environmental management and how we manage our resources.

Our Corporate Strategy for 2023-26 set out key deliverables for priority four that we aim to achieve across its three years. Here we set out how and why we have made decisions to reprioritise some of our work in this area, and what we plan to deliver in its final year.

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**

When we set this strategic objective, we knew we would need to be flexible so we could respond to emerging issues where we thought we could make a difference. As set out earlier in this plan, we have reprioritised work to make sure we focus on the areas where we can have the biggest impact in the public interest.

Issues we have been working on with others include high-volume consumer claims, where we have used our convening powers to address issues which are wider than our own remit, including with insurers and consumer organisations. As a result, we have developed resources which are being used by large numbers of consumers to better understand their choices. More work will be required during 2025/26.

This year, we will develop a policy statement on access to justice which brings together work we have been doing in years one and two of the strategy. This will show what we have learnt, which might be of value to others, and the areas of work which might benefit from further collaboration.

Our work so far has included a collaborative project exploring how online dispute resolution can help with unmet need. And a trial looking at how AI can help make legal documents

more accessible. We have also, working with an external think tank, convened academics, technology and legal professionals, for discussions on the long-term future implications from AI for the legal services sector.

We have used our convening powers to help develop action plans following research on EDI projects relating to barriers to diversity in the profession. This includes the causes of differential outcomes in legal professional assessments. Making progress on ensuring the legal profession is diverse and inclusive, and can attract the best talent from all backgrounds, is not something any individual business or organisation can solve. Collective action will be needed to bring about widespread change.

We have been working collaboratively with the Law Society, supporting its work to build law firm understanding of models for unbundling legal services. This could potentially provide an accessible option for some consumers.

Finally, we have used a collaborative tool to bring together a range of stakeholders to co-create solutions in the context of a conversation about the long-term answers to client protection.

Looking ahead we anticipate many of these themes will continue through 2025/26, but we will remain responsive to new and emerging issues. For example, we are beginning to see particular interest from external stakeholders to look in further depth at the role of legal services in delivering economic growth. This is an area where we have important insights from our own work and data to share.

At the beginning of the strategic plan period, we anticipated publishing an ESG policy statement. We have deprioritised this to focus on other areas.

Between November 2025 and October 2026, 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.

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**

We are committed to making sure that different elements of our communications 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.

Over the last year we have completed the independent audit of our website by two external suppliers, which set out a range of recommendations to improve our website for stakeholders. We have begun implementing some of these changes, while we will consider over the long-term resourcing more substantial changes.

We have also taken forward our work to embed our approach to communicating directly with our customers – our Voice of the Customer work – into wider operational areas, including Client Protection.

Between November 2025 and October 2026, we will:

- 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.

Customer service, our resources and continuous improvement

Corporate Strategy key deliverables 2023-26:

- **Be appropriately accredited for inclusivity and environmental management and extend our customer service accreditation across the whole organisation, as well as meeting our diversity targets for senior level recruitment and reducing our ethnicity and gender pay gaps**
- **Deliver a continuous improvement programme that results in better processes. We will have set revised measures for the timeliness and quality of our decision making and will be consistently meeting them**

A critical part of improving customer service is to make sure our workplace culture, our people and their expertise, and our systems and processes, work together in ways that enable us to meet our strategic aims.

We have maintained our accreditation to ISO14001 Environmental Management System and have set out a clear path to Net Zero by 2050. We have a plan to reduce our scope one, two and three emissions by fifty percent by 2030. Progress will be tracked and reported annually and verified by an independent third party.

We remain committed to delivering on our action plans in place to improve our gender and ethnicity pay gaps and achieve our published targets. We will also review external accreditations aligned to EDI to take the best learning from them and adopt them into the SRA culture.

We remain committed to continuing the journey the organisation has been on that has already led to improvements in how customer-focused we are and the commitment of staff to provide a good customer experience. Our Contact Centre was reaccredited with the Institute of Customer Service in early 2025, for a further three years. We have decided not to seek to expand this accreditation across the organisation at this time. This is following work we have carried out to better understand what this would involve. We will continue to seek opportunities to expand our customer experience work and to keep customer focus at the heart of what we do.

Our Continuous Improvement programme has been integral to our work on this priority. We have significantly increased skills and knowledge in this area, with an objective of around 130 members of staff receiving specific training in this area.

Between November 2025 and October 2026, we will:

- continue our pathway to achieve NetZero and deliver our internal ESG 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.

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Our proposed budget and fees 2025-26

Our funding model

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

- recovery of some, or all, of 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
- compensation fund contributions that are used to cover costs of interventions into law firms and for operating the fund (in addition to those we are able to recover)
- 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 operational delivery throughout the business plan year and review our budget and make forecasts for year-end spend and income. Our Board oversees and reports publicly on this activity, including through our balanced scorecard.

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 of solicitors (as defined in the Equality Act 2010)
- diversity characteristics of law firms
- points of correlation between diversity considerations and fees that are payable to us each October.

Our expected income and budget summary for 2025-26

Our financial year runs from 1 November to 31 October, and the table below shows our expected income summary, and total budget, for 2025-26. It also shows comparative information about our income and budget for 2024-25.

SRA income summary	2024-25 Budget £000	2025-26 Budget £000	Increase / (Decrease) %
Education and training income	66,040	57,740	(13%)
Compensation fund costs recharge	15,456	18,310	18%
Subtotal	81,496	76,050	(7%)
Practising fees	70,175	86,500	23%
Regulatory income	3,987	4,120	3%
Subtotal	74,162	90,620	22%
Interest income	1,660	1,680	1%
Total budgeted income for the year	157,318	168,350	7%

SQE income

Income that is generated by the SQE is dependent on candidate numbers and these may vary from anticipated figures. However, this will not create surplus / deficit risks for our budget because the SQE income broadly matches the delivery costs for the SQE assessment. We have seen a significant increase in candidate numbers during the current financial year and expect a reduction in 2025-26.

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. This is because increased activity and expenditure will result in increased income from the compensation fund. The fund contributions are discussed later in this document.

Practising fees

For our 2025-26 budget, we expect our practising fee income to increase by £16.3m.

In setting out our Corporate Strategy 2023-26, we outlined an ambition to limit increases in practising fee income to no more than inflation. This ambition, which was met in the 2024-25 budget and practising certificate fee, is no longer achievable. This is due to substantial

increases in cases to manage as well as the additional investment in our Risk and Data Programme. We have sought to limit the increase in fees as much as possible.

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 firms
- exemption fees relating to the SQE assessments.

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

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 2025-26

In the table below we describe how we propose to allocate and spend our money in 2025-26. Our summary from 2024-25 is included to aid comparison.

SRA expenditure summary	2024-25 Budget £000	2025-26 Budget £000	Increase / (Decrease) %
Education and training	67,438	59,370	(12%)
Client Protection	17,500	20,080	15%
Authorisation	19,450	20,750	7%
Investigation and enforcement	46,220	61,220	32%
Anti-money laundering	6,710	6,930	3%
Total	157,318	168,350	7%

We budget for our expenditure in line with our five regulatory activities, presented above. This means that we allocate the 'indirect' support costs (including costs of finance, HR, IT and communications) to each of these activities on a logical basis to reflect the demand for support from each of them. In addition, other functions which contribute across the regulatory activities, such as policy, research and programmes will also be allocated as appropriate.

Cost-neutral expenditure

Education and training (SQE) costs

These costs are associated with delivering the assessment and are fully offset through fees paid by the SQE's candidates.

Compensation fund (Client Protection)

The work of the Client Protection function includes:

- interventions into failing law firms
- follow up activities post-intervention, including managing claims made to the compensation fund by clients of those firms
- recovering client money via statutory trust accounts, in order to fund redress for clients.

The cost of these activities is recharged to the compensation fund. The fund's income arises from a combination of contributions made by solicitors and firms who hold client money and statutory trust recoveries.

Expenditure funded directly by income raised from the profession

Authorisation

The authorisation function considers and makes decisions on applications for new law firms, and from individuals to be admitted as regulated solicitors.

Investigation and enforcement

Our investigation and enforcement function makes sure solicitors are working to high professional standards, by taking appropriate action when solicitors and firms fall short of them. The function receives reports on solicitors and considers whether the matters raised meet the threshold for a formal investigation. Some investigations lead to regulatory action such as issuing a fine, sending a letter of warning or putting conditions on how someone can practise. We refer some cases to the Solicitors Disciplinary Tribunal, which has greater powers to sanction solicitors and firms in cases of serious misconduct.

Anti-money laundering (AML)

Our AML team plays a vital role in enforcing anti-money laundering regulations within the legal profession. This is done through:

- publishing guidance
- conducting proactive supervision (desk-based reviews and onsite inspections)
- investigating suspected breaches
- taking enforcement action where required
- working collaboratively with law enforcement agencies.

Why our expenditure is increasing

In addition to inflationary pressures, there are three main reasons why our expenditure is increasing. This is driven by the need for us to do additional work to respond to significant changes including:

- responding to evidence of significant shifts in the legal market, where we need to deliver important new programmes of work on protecting client money, professional ethics, and high-volume consumer claims
- given the rapid changes in the market, a need to accelerate our programme of work so that we can improve how we use our data and intelligence to identify and manage risk
- a significant increase in the scale and complexity of investigation work required.

We have set out further details on each of these below.

Item	Impact on Budget (£m)
2024/25 practising fee funded expenditure	70.2
Increases to transform how we regulate	7.1
Increases to business-as-usual activity due to increased volumes of work	5.3
Net inflation in our cost base	3.9
Total	86.5

Resourcing key new and enhanced areas of work

As set out previously, we developed new programmes of work that were not in our original plans. These plans require significant additional resources. We also need to respond to Directions from the LSB, following its Axiom Ince review. Although the scale and impact of this work is not yet clear, we will continue to liaise with the LSB, and keep stakeholders updated on any impacts. Any additional costs will be met by reserves in 2025/26 but could impact the practising certificate fee in the longer term.

This will mean that our reserves reduce during the 2024/25 financial year due to the investment in new resource. There are also additional costs associated with increased numbers of new cases, particularly those that result in referrals to the Solicitors Disciplinary Tribunal. This will take our reserves below the level we consider appropriate in the longer term, and we will look to remedy this over the coming years. To do this we will look to identify efficiency savings in the first instance but there may also be a need to increase reserves through the practising fee in future years beyond this business plan period.

We have also explained above that we are accelerating our risk and data programme of work. This will require substantial investment in people and technology. This includes recruiting more investigators, so we can carry out more proactive visits and investigations. We are establishing a proactive investigations team. This will enable us to respond and look further into issues as they emerge, so we can stay on top of new and emerging risks in the sector. As well as investment in resources to deliver this work, there is work to boost our technical capability to use our data more effectively. This results in additional pay and non-pay expenditure.

Increasing our investigations capacity to respond to rising demand

As set out above, we have seen a large rise in reports to us about solicitors' misconduct. The change does appear to be significant and sustained. Compared to the previous year, in the first four months of the 2024/25 financial year, we have seen:

- a 20 per cent increase in reports about solicitor misconduct
- on average 40 per cent more investigations a month being opened.

All of this means we need to manage a significant increase in complaints about solicitor conduct, carry out more investigations and are likely to result in more enforcement action.

We need to make sure we can deal with the increase in cases we are seeing by increasing resource in our investigation teams. We also need to continue to seek improvements in both the quality and timeliness of our investigation work.

To manage these significant changes, we plan to increase resources in our:

- team conducting early assessment and resolution of reports
- investigation team
- adjudication team
- quality assurance team.

We also need to increase our legal and enforcement budget for 2025/26 by £2.8m compared to 2024/25. This is a result of progress required on cases linked to the Post Office Horizon scandal – one of the largest ever investigations we have carried out. The increase is also required to deal with increased investigation and enforcement work resulting from the increase in complaints about solicitors. As well as increased volumes of cases, there is a changed case mix leading to more complex and expensive cases than historically. We also needed to continue progress on our work to reduce the number of older cases.

Managing cost inflation

The Office for National Statistics report on inflation (data for the year ended December 2024) reported CPI at 2.5 per cent. We included this as our planning assumption at the time we set the budget, for all costs, whether staff or procured cost. The rate of inflation has not materially changed since then. But clearly it could increase or decrease, and the current geopolitical uncertainty suggests more volatility is likely than we have seen over the past year. In addition, we estimate that the change to employers' national insurance will increase our cost by £1.1m per annum.

Maximising value for money including the efficiency of our delivery

Delivering value for money requires a focus on delivering economy, efficiency, and effectiveness. Examples

of how we achieve this include:

- a strong control environment in our procurement processes
- KPIs at all levels of our operations including those published in our balanced scorecard
- a rigorous assessment of required resourcing levels.

We have policies and procedures in place to make sure proposed new and replacement roles are necessary. And shaped and costed appropriately to make sure we make the most of any such investment.

We always seek to become more efficient and have therefore been developing a continuous improvement philosophy in the organisation. Our Continuous Improvement programme continues to deliver benefits, whether through large-scale changes such as within our Investigation and Enforcement teams. Or smaller localised change seeking to deliver performance improvements and a better customer experience.

Examples of efficiency improvements include:

- the Investigation team, during the November 2024 to February 2025 period, closed 18 per cent more cases than the comparable period in the prior financial year, a result of an improved process, with minimal increased headcount from the previous year
- our transformation agenda is helping us maximise efficiency. An example of this is using data scientists to develop a proactive risk-based model, which uses predictive machine learning to determine which of the c6,500 firms within scope of AML regulations we should deem higher risk and review in the year. This targets our finite resources and reduces the need to increase headcount to review more firms.

We recently participated in a benchmarking review of the corporate functions of eight participating regulators. This comparison indicates that the SRA's corporate functions as a percentage of overall organisation budget are in the middle of the range of this peer group.

Considerations and longer-term plans

We expect the portion of our budget funded through practising fees to increase from £70.2m to £86.5m. Our portion of the individual practising certificate fee is expected to increase from £164 to £190.

The SRA's proposed portion of the individual practising certificate fee for 2025-26

In 2025-26, our overall funding requirement is £168.4m.

To meet this requirement and bringing into account the other regulatory and interest income we expect to raise, we will need £190 from each individual practising certificate fee that we collect for 2025-26. This amount is an increase of £26 from 2024-25.

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

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

Practising year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
SRA portion of practising certificate fee	£147	£147	£151	£145	£151	£162	£164	£190

The individual practising certificate fee for each financial year, and the portion 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 LSB.

The increase for individual firms will differ depending on their turnover. For illustrative purposes, where turnover is unchanged, we expect most firms' fees to increase by between 13 per cent and 15 percent.

The compensation fund fee 2025-26

Exceptional levels of intervention costs and compensation fund claims over the previous two financial years have reduced the fund's balance. This led to a substantial increase in contributions in 2024/25.

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

Following an apparent peak in the number of interventions into failing law firms in the previous two financial years, there has been a recent reduction. This has enabled the fund's financial position to stabilise after a particularly challenging period. This means we can propose a reduction in the contribution income for 2025-26, based on our latest cash projections, from the £32m we set for 2024/25 to £26m.

We have inherent uncertainty over the payments the fund will need to make between this point and the 2025-26 financial year. Our objective is that the 2025-26 contribution safeguard the fund's viability. A major intervention later in this financial year could lead to a deterioration in the fund's position. An overdraft facility is in place to mitigate this risk.

Individual contribution

The compensation fund contribution payable by each individual is £70 in 2025-26.

SRA-regulated firm contribution

The compensation fund contribution for SRA-regulated law firms is £1,950 in 2025-26.

The trajectory of the compensation fund contribution over time is as follows:

Practising year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Individual contribution	£90	£60	£50	£40	£30	£30	£90	£70
Firm contribution	£1,680	£1,150	£950	£760	£690	£660	£2,220	£1,950

The 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.

Proposed total amount payable from individuals towards SRA portion for 2025-26

The proposed total amount payable by individuals, in respect of the work of the SRA for 2025-26, will increase to £260 in 2025-26. This up from £254 in 2024-25, an increase of 2.4 per cent

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