

**SRA BOARD**

27 June 2023

**CLASSIFICATION – PUBLIC***This paper will be published*

**Business Plan and Budget for 1 November 2023 to 31 October 2024:  
consultation feedback and next steps**

<b>Reason for paper</b>	This paper describes our next steps for finalising our net funding requirement, and seeking approval of our fees from the Legal Services Board.
<b>Decisions(s)</b>	<p>The Board is asked to:</p> <p>(a) approve the SRA's budget for 1 November 2023 to 31 October 2024, of £67.6m to be provided by practising certificate fee income</p> <p>(b) note the expected practising certificate fee, which the Board will be asked to consider for approval following the Law Society Council's meeting on 4 July 2023.</p>
<b>Previous Board and committee consideration</b>	The Board considered a draft Business Plan and Budget document at its meeting on 25 April 2023. The Board's feedback and discussion informed the development of consultation proposals.
<b>Next steps</b>	<p>We will:</p> <ul style="list-style-type: none"> <li>• continue engagement with the Law Society to finalise practising certificate fees and to make our joint approval application to the Legal Services Board</li> <li>• return to the Board in September 2023 to ask the Board to agree the Business Plan 23-24 alongside the Corporate Strategy 2023-26.</li> </ul>

**If you have any questions about this paper, please contact: Liz Rosser, Executive Director, Resources; [liz.rosser@sra.org.uk](mailto:liz.rosser@sra.org.uk)**

## SRA BOARD

27 June 2023

CLASSIFICATION – PUBLIC



### **Business Plan and Budget for 1 November 2023 to 31 October 2024: consultation feedback and next steps**

#### **Summary**

- 1 Consultation on our draft Business Plan and Budget for 2023-24 took place between 10 May and 21 June 2023.
- 2 The consultation described proposed activities and budget details for the first year of our incoming Corporate Strategy 2023–26. We are consulting separately on a draft Corporate Strategy, between 10 May and 2 August 2023.
- 3 The consultation also included an equality impact assessment for our proposed practising certificate fee and proposed Compensation Fund contribution for 2023-24.

#### **Background**

- 4 Our draft Business Plan and Budget 2023-24 describes how we will work towards achieving the priorities in our incoming Corporate Strategy's overarching mission – which is enhancing confidence in legal services.
- 5 The workstreams in our draft Business Plan align to the four strategic priorities stated in the incoming Corporate Strategy, including key three-year deliverables under each priority. The strategic priorities propose 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.
- 6 Our draft Corporate Strategy is subject to consultation until 2 August 2023.
- 7 The Law Society of England and Wales (TLS) also consults on its proposed activities and budget. Outcomes from this process, and from our consultation, will inform our joint application to the Legal Services Board for the approval of practising fees for 2023-24.

#### **Engaging with our stakeholders**

- 8 Stakeholders were invited to respond to our consultation through our online portal. Details of the respondents are included in annex 1.
- 9 We also delivered an engagement programme which sought feedback on both the incoming Business Plan and our new Corporate Strategy, including our work and budget proposals for 2023-24. The programme featured:

## SRA BOARD

27 June 2023

### CLASSIFICATION – PUBLIC



- a press release and media briefing, delivered to launch both consultations – which led to media coverage across the legal press including the Law Society Gazette, Legal Futures, Law360, Today’s Conveyancer and Solicitors Journal
  - social media engagement, including through our LinkedIn and Twitter channels, which resulted in over 5,000 engagements
  - a webinar broadcast that outlined our plans and remains available to watch on demand, with 150 views to date
  - a focus group with members of the public in Bristol
  - direct engagement with 100s of legal service professionals and representative bodies, including:
    - the Sole Practitioners Group annual conference and quarterly meeting
    - City of London Law Society quarterly meeting
    - local law societies in Devon and Somerset, and Bristol
    - the Institute of Legal Finance and Management
    - Legal Eye conference
    - Legal Geek conference
  - engagement with MPs and peers, including discussion with Welsh MPs and peers at a UK Parliament event, and contact with all MPs and MSs with specific background in the legal sector or interest in our work
  - internal discussion with SRA staff, including a digital roundtable for SRA employees to hear about proposed work for 2023/24, which was attended by over 100 members of staff.
- 10 Engagement on our 3-year work proposals will continue into the summer as we progress our consultation activity on our new Corporate Strategy, with a range of stakeholder events still to come. This includes more focus groups with the public - including, for the first time, in the Welsh Language - and roundtable meetings with interest groups and focused on topics such as equality, diversity and inclusion, lawtech, in-house solicitors, charities and consumer groups. We also plan to engage with other groups that represent vulnerable users of legal services, including older people and people with disabilities.

### Stakeholder feedback

- 11 A summary of feedback we received from consultation responses and from our engagement programme is in annex 1. This includes feedback on our work plans, our budget, and our equality impact assessment of our fees, for 2023/24.

**SRA BOARD**

27 June 2023

**CLASSIFICATION – PUBLIC****Post consultation position for our proposed budget for 2023-24**

- 12 In the consultation paper we described our proposals to secure income of £67.6m from practising fees in 2023-24. Following the conclusion of the consultation process we are not proposing any changes to this.
- 13 The Board is asked to now approve the SRA budget requirement of £67.6m to be raised from practising fees, which represents an increase of £7.1m (11.7%) on the 2022-23 amount. We will then include this in the Law Society Group's practising fee requirement for 2023-24.
- 14 The Law Society has completed consultation on its share of the practising fee income. Based on this, and on information provided from the Legal Services Board, the Legal Ombudsman, the Solicitors Disciplinary Tribunal and the Office for Professional Body Anti-Money Laundering Supervision, we expect an overall practising fee requirement of £128.2m. This will represent an increase of £13.5m (11.7%) from 2022-23.
- 15 The Board will be asked to approve practising fees for 2023-24 at its meeting on 18 July 2023 after the Law Society Council's meeting on 4 July 2023. We expect to recommend an increase to the individual practising certificate fee - rising from £286 in 2022-23, to £307 for 2023-24 (a 7% increase). The SRA's proportion of the individual practising certificate fee is expected to be £162, an increase of £11 (7%).
- 16 As of May 2023, there were close to 167,500 practising solicitors and Registered Foreign Lawyers. New additional entrants to the profession are expected during the late summer and early autumn. Numbers of practising solicitors and Registered Foreign Lawyers in England and Wales typically increase year-on-year, and have done so for more than a decade now. We do not anticipate this trend changing.
- 17 For these reasons we can reasonably estimate that at least 170,000 individuals will renew their practising certificates, or will begin practising, in 2023-24. We provide discounts to some individuals, including for people on parental leave. Others joining the profession part-way during the year may be offered a reduced fee. With those discounts, we estimate that the equivalent of around 167,000 full practising fees will be paid in the practising year, which will equate to an individual practising certificate fee of £307.

**Recommendations: the Board is asked to:**

- (a) approve the SRA's budget for 1 November 2023 to 31 October 2024, of £67.6m to be provided by practising certificate fee income**
- (b) note the expected practising certificate fee, which the Board will be asked to consider for approval following the Law Society Council's meeting on 4 July 2023.**

## SRA BOARD

27 June 2023

**CLASSIFICATION – PUBLIC**



### Next steps

- 18 We will continue engagement with the Law Society to finalise fees for 2023-24, before applying for approval to the Legal Services Board. We will update the Board further at its meeting on 18 July 2023.
- 19 We will return to the Board to approve the final Business Plan to which the budget relates in September 2023, alongside the next Corporate Strategy on which we are consulting until 2 August 2023. This is because the exact year-one activities cannot be finalised until our strategic priorities for 2023–26 are finalised.

**SRA BOARD**

27 June 2023

**CLASSIFICATION – PUBLIC**



**Supporting information**

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

- 20 This paper sets out the budget requirement to fund the work activities proposed in the draft Business Plan 2023/24.

**How the issues support the regulatory objectives and best regulatory practice**

- 21 The budget from practising fees funds our business plan activities to deliver our corporate strategy priorities, which are squarely focused on the Legal Services Act 2007's regulatory objectives, and in securing consistency with the Better Regulation principles.

**Public/Consumer impact**

- 22 The budget will fund work we will undertake in 2023-24 to protect consumers, but to also empower them with good information at key points in their lives. We also monitor and respond to access to justice risks through our work. As part of our consultation engagement programme, we have spoken to members of the public and consumer groups to make sure their views and insights are informing our work, and that we are meeting public expectations.

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

- 23 Our draft Business Plan and Budget has been subject to a diverse and far-reaching engagement programme. It features opportunities for written feedback alongside targeted engagement activity and two-way dialogue with different stakeholder communities.

**What equality and diversity considerations relate to this issue?**

- 24 Equality, diversity and inclusion activities are central to the workstreams we describe in our Business Plan and Budget. We have also sought feedback on our assessment of the equality impacts of our proposed fees for 2023-24, helping us to continue monitoring and responding to those impacts through our workstreams and our projects.

**How the work will be evaluated**

- 25 Feedback from the Board on the content of this paper will inform the finalisation of the Business Plan and Budget for 2023-24.

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**SRA BOARD**

27 June 2023

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**Annexes**

**Annex 1**

**Summary of feedback from consultation responses and engagement programme**