

Annex 6: Feedback on draft Business Plan and budget 2025-26 consultation

1. Our consultation on our draft Business Plan and budget 2025-26 ran between 8 May and 19 June 2025. We sought feedback about our proposed workplans and activities, budget, practising certificate fee requirement, required Compensation Fund contribution, and Equality Impact Assessments (EIAs).
2. On 30 June the Board considered an overview of responses and feedback received within this consultation in relation to the draft budget, and feedback on the EIAs related to the budget.
3. This paper provides an overview of the responses we received in relation to our proposed workplans and activities, level of practising fees, Compensation Fund contributions, and any feedback on the EIAs related to these.
4. In September the Board will consider a complete report and analysis on the consultation responses received, together with our response to that feedback. Following the Board's review, that analysis will be published alongside the final version of our Business Plan and budget for 2025-26.

Consultation respondents

5. We received seven formal written responses to our consultation, from:
 - The Law Society (TLS)
 - Legal Services Consumer Panel (LSCP)
 - Association of Consumer Support Organisations (ACSO)
 - Three solicitors
 - One local law society.

Feedback from other stakeholders

6. We also engaged directly and heard from over two thousand stakeholders and members of the public through other engagement activities. This included broadcasting an on-demand webinar, through our social media channel, polling and focus groups with members of the public, and roundtable discussions with local law societies, sole practitioners, legal representative groups, consumer groups, and in-house solicitors.

Feedback overview: prioritising our work

7. We heard good levels of support for our proposed areas of focus for 2025-26 and where we are proposing to prioritise our work. There was recognition, including from the Law Society (TLS), of why we have done this. In their response TLS highlight the 'shifting priorities and emerging areas of work' as being necessary, and a 'logical and welcome approach.' They added that we should 'focus on core activities, with any additional new work only where this has 'regard to the regulatory objectives' and 'specific gaps in responding to consumer needs.'
8. The Legal Services Consumer Panel (LSCP)'s response acknowledges our work to address rising risks, but within this have called for deliverables to be explicitly linked to consumer outcomes. They suggest the need for greater emphasis on preventative

consumer protection, transparency and access to justice. The Association for Consumer Support Organisations (ACSO) said they welcomed any improvements to maintaining the delivery of high professional standards for 'continued confidence and trust in the profession as a whole'.

9. Focus groups also showed the public to be supportive of our priorities, with particularly high levels of support for improving how we use data to spot new risks to consumers, our programmes of work on high-volume consumer claims, client accounts and ethics, and the importance of work on the Solicitors Qualifying Examination (SQE), transparency and continuing competence.
10. At the same time the public were more likely to consider areas of work we have deprioritised as less important (developing an ESG policy statement; developing a safe testing environment for innovation and technology; and, to a lesser extent, extending our customer service accreditation across the whole organisation – which some felt could be helpful for building trust). Data sharing was felt to be important, but in relation to supporting transparency.

Feedback on proposed workstreams under strategic priority one

11. Our Corporate Strategy's first strategic priority for 2023-26 is that "*We will deliver high professional standards*".

- **Solicitors Qualifying Examination (SQE) and Continuing Competence**

12. In their response TLS say that they are pleased to see a focus here, including ongoing issues leading to differential outcomes and barriers to entry and improvements to the continuing competence system. One local law society called for further work to 'assess the effectiveness of the various paths to qualification'.
13. Though we heard one local law society say they felt competence of the majority of qualified solicitor practitioners is not a significant issue, TLS welcomed what they say is our 'continuation of a proportional approach to engaging with the requirements set out by the LSB's policy statement on ongoing competence' and look forward to engaging on our forthcoming consultation. ACSO said they would support annual assessments of competence to 'maintain that a high standard of service is received by consumers.'
14. There was also strong support for our work here from the public. Many focus group participants highlighted continuing professional development (CPD) as something common in other professions, with some suggesting follow-up exams post-SQE would make sure solicitors 'keep up to date'.

- **Transparency Rules**

15. In their response TLS said they felt our plans to evaluate the Transparency Rules were a timely opportunity and that they 'look forward to engaging in the five-year evaluation.' ACSO were also supportive, saying the work was important to 'uphold the rule of law and continuing trust and confidence for consumers.'
16. The LSCP also said they felt the evaluation was 'very important and welcome', but felt we needed to go further in this area, including 'expanding price transparency into contentious areas of law.' Conversely, one local law society we heard from told us they

felt 'imposing additional transparency rules is not a high priority and will serve only to burden the profession.'

- **Economic Crime**

17. We have received support for our ongoing work on economic crime. TLS said they welcome our 'continued focus' here, stressing the need for 'close working between the SRA and the profession to ensure that solicitors have the necessary support to fulfil their AML obligations effectively.' ACSO highlighted the positive impact for consumers.
18. Some stakeholders highlighted concern over AML regulations' proportionality. TLS have called for a 'detailed assessment of the impact' on small firms.

- **Addressing barriers to diversity and overrepresentation**

19. We heard support for continued focus on this key area, with stakeholders highlighting the importance of taking a joined-up approach. Our collaborative approach has been welcomed, along with the use of research to underpin the action plans to address differential outcomes by ethnicity and overrepresentation in enforcement processes. We have been asked to make sure we continue to share progress on these plans.
20. In our discussion with legal representative groups we heard a call to make ethnicity pay gap reporting a requirement from firms, as well as asking large firms to expand the scope of data they report, to assist with progression.

- **Investigation, enforcement and authorisation**

21. While there was recognition by a number of respondents of the challenges faced from a changing landscape, including rising complaints being received, some have asked if we can provide further details on the reasons behind this increase. TLS asked for further detail on what training is being provided to staff to deal with cases more effectively and efficiently, saying that some members have 'raised concerns about the quality of some investigations'.
22. In their response the LSCP called for greater transparency, and more data to be published on case resolutions and redress for harmed clients. ACSO called for improved quality and timeliness, including through use of technology and Artificial Intelligence, saying that earlier identification of risks will better safeguard consumers.

- **LSB Directions**

23. We have had little feedback in either the responses or discussion about the LSB Directions. In their response TLS do acknowledge the need, for 'significant attention and dedication of resources' for the coming year to respond to these, stating that our immediate priority should be to focus on each of the requirements and redirect resource and business plan proposals accordingly.

- **New workstreams: Client money in legal services, high-volume consumer claims and ethics**

24. We heard support from the public for focusing work on all of these new workstream areas.

25. On our client money work, TLS said they welcomed changes we have already made in relation to the Compensation Fund, and hoped we will take on board some of their other insights and suggestions as we take this work forward.
26. In relation to high-volume consumer claims, a Citizens Advice representative highlighted its importance given the 'huge volumes of people' they see with issues. ACSO also supported our commitment to this work programme.
27. In relation to our work on ethics, the LSCP said that this focus aligns with the LSB's work on upholding ethical duties and asked that we publish metrics on how ethics training reduces harm. ACSO also supported our commitment to ensure consumers 'always receive high-quality legal services'
28. TLS also described this work as being of 'prime importance' but called for a joined-up approach, cautioning against 'committing to a significant programme of work until it is clear what direction of travel the LSB will be taking following its consultation.' They also raised some concern about the way ethics is taught and assessed through the SQE, and said more can be done to ensure that solicitors maintain their knowledge and skills in this area of competence.
29. This was a point we also heard made by other representative groups during our roundtable discussions. TLS also said we should continue to work closely with the profession to develop resources and initiatives that build awareness of ethical risks and the skills and culture that support strong, ethical practice, including with the in-house sector.

Feedback on proposed workstreams under strategic priority two

30. Our Corporate Strategy's second strategic priority for 2023-26 is that "*We will strengthen our risk based and proactive regulation*".

- **Risk and Data Programme**

31. We have received support for our plans to take a more proactive regulatory approach and accelerate our Risk and Data programme. TLS say they are pleased to see this programme as a resource to underpin these actions and encourage us to coordinate our research efforts with them 'where possible to maximise our joint investment, learning and ability to conduct primary research with members to maximise participation'.
32. ACSO also welcome our plans, saying that using 'a risk-based approach rather than a universal one allows consumers, the profession and the public to be at the forefront of regulators' minds and for risks to be identified effectively. The LSCP also say the focus on 'data-driven risk identification' is commendable and that we should expand use of data analytics (such as monitoring high-volume claims markets) and collaborate with third-sector groups to identify vulnerabilities.

Feedback on proposed workstreams under strategic priority three

33. Our Corporate Strategy's third strategic priority for 2023-26 is that "*We will support innovation and technology*".
34. Consumer groups were positive about our focus on technology and innovation, saying that it has real potential to benefit consumers. ACSO and TLS have both welcomed our support for small firms in adopting its use and commitment to build on insights to

define what further support maybe required to build wider high-quality legal advice. TLS welcome us leading on collaborative work in this area, with the aim of reducing any unnecessary duplication. They added that we should also aim to directly emphasise the important role the legal profession has in furthering AI innovation and adoption for the UK economy.

35. We received support from TLS for our reprioritisation and pause on the development of a safe testing environment to better understand potential demand and benefits instead. Nor was this considered to be a priority by members of the public in our focus groups.

Feedback on proposed workstreams under strategic priority four

36. Our fourth strategic priority for 2023-26 is that *"We will be an authoritative and inclusive organisation, meeting the needs of the public, consumers, those we regulate and our staff"*.
37. Across our work we have again received offers and suggestions for collaboration and partnership working. TLS's call for us to use our 'convening powers to bring together stakeholders as appropriate ... to ensure the most effective use of resources and avoid any overlap of work.' They added support for other work in this area, including our continued 'commitment to embedding a culture of continuous improvement.'
38. The public did not consider producing a policy statement on ESG, which we have deprioritised for the year ahead and will not be delivering, to be a priority. TLS also supported this move, to focus on other priorities, but said they felt this remained a 'critical area of policy work' which they would want to 're-engage the SRA to support solicitors and law firms on climate change as resource allows' and for further work in the next corporate strategy period. They also called on us to clarify what we mean by ESG (and what is specifically being paused), given that they consider it 'already covers several areas in which the SRA has already adopted a regulatory position'.
39. ACSO welcomed our work on making improvements to customer journeys, including client protection, but called for further work focusing on 'the needs of vulnerable consumers and how legal services can be more accessible for all'.

Feedback on whether the SRA's required proportion of the practising certificate (PC) fee is reasonable and appropriate (Q6)

40. In general, we did not hear major concerns about our proposed portion of the PC fee. In their response TLS noted what they said was a 'significant increase' but that our 'share of the practising certificate fee is to be expected and has been well explained in the draft business plan.' They added 'the reduction in the contributions to the Compensation Fund as a key factor in reducing what would otherwise be a significant increase.'
41. ACSO say that, as with our budget overall, 'provided that the increase remains proportionate and necessary to SRA operations, [they take] no issue with the increased costs' but must be 'matched with an increase in action' with the impact on consumers at the forefront of our thinking.
42. Speaking with the Sole Practitioners Group we were told that the proposed fee shouldn't be a concern for their members.

43. Several in-house solicitors made a call for in-house solicitors to pay a separate, lower PC fee given they felt the increase is being used to address problems within private practice. Some who had switched from private practice added that while they previously had their fees paid for by their firm, any increase would now have a direct impact because of now having to pay it themselves as many organisations with in-house solicitors do not cover practising fees.
44. We found that members of the public did not object to paying a little bit more for legal work if that meant necessary protections through regulation were in place. This was particularly true with those who had recently used a solicitor, who made comparisons between our proposed increase (assuming that were to be passed on directly in full) and buying a coffee. They saw the rise as minimal and worth paying for.

Feedback on the Compensation Fund contributions for 2025-26 (Q7)

45. There was limited feedback received in relation to the Compensation Fund contribution. Like that received from TLS, in their response ACSO said they welcomed the decrease to ensure that the change in fees is kept to a minimum.
46. Conversely, the LSCP noted in their response that, while the net rise of the Practising Fee is modest, they are concerned about the reduction in Compensation Fund contributions. They questioned if this decrease might risk underfunding protections given what they say is the 18% rise in intervention costs and ask for greater transparency that a) demonstrates the fund's capacity to cover rising intervention costs (e.g. firm failures) and b) maintains robust contributions from firms, given the importance of their role in mitigating systemic risks.
47. The split between firm and individual contributions was also a focus of some who we consulted, including some sole practitioners and local law society representatives. The greater impact on small firms was highlighted, with suggestions made to us that the basis for splitting the contributions between firms and individuals should be reconsidered. As part of the ongoing client money in legal services work, the Board considered this approach on 29 April with a decision not to change from the current 50/50 (individual solicitors / firms) split to a 70/30 (individual/firm) split.

Feedback on the EIAs in relation to our workstreams, PC fee and Compensation Fund and Equality Diversity and Inclusion (EDI) impacts (Qs 8 and 9)

48. The overall level of feedback on our EIAs was limited, but what we did hear was positive about our work in relation to EDI. In their feedback TLS said that they will continue to engage and collaborate with us in this area, being 'particularly pleased to see the SRA acknowledge that the impacts must be managed across all areas of its work.'
49. Others provided specific areas where they would like to see focus. The LSCP called for us to make sure we include consumer feedback loops which integrate lived experiences into policy design work, such as through surveys or focus groups. They also said we should explore incentivising 'education/training in areas with a paucity of providers or known advice deserts.' ACSO welcomed any improvements that would help individuals speak out in the workplace, around the use of diversity data, and any adjustments which would make access to qualification for different groups of people possible.

50. A more negative response was received from one local law society who stated that they felt the 'presumptions of inequality that are evident in the draft equality impact assessment of the Business Plan and Budget 2025-26 are not recognised in our corporate members'. We also heard a concern that none of the five themes looks at the impact of increased costs of compliance on small firms, many owned and managed by Black, Asian and ethnic minority solicitors.

Next steps

51. We will consider further what the responses we have received mean for the commitments we set for 2025-26. The SRA Board will then consider a final version of the Business Plan and budget 2025-26 in September 2025, alongside a written report on the consultation responses, feedback on the points raised with us, and updated EIAs.