

SRA BOARD

30 June 2025

CLASSIFICATION – PUBLIC*This paper will be published*

**Budget for 1 November 2025 to 31 October 2026: consultation feedback
and next steps**

Reason for paper	This paper describes our next steps for finalising our funding requirement from practising fees and seeking approval of our fees from the Legal Services Board.
Decisions(s)	<p>The Board is asked to:</p> <ul style="list-style-type: none"> a) note feedback received from our consultation on our draft Business Plan and budget 2025-26 (provided in the annex) b) approve the SRA's budget for 1 November 2025 to 31 October 2026, of £86.5m to be provided by practising certificate fee income c) note the expected practising certificate fee, which the Board will be asked to consider for approval following the Law Society Council's meeting on 1 July 2025.
Previous Board and committee consideration	The Board considered a draft Business Plan and Budget consultation at its meeting on 29 April 2025. The Board's feedback and discussion informed the development of the consultation proposals.
Next steps	<p>We will:</p> <ul style="list-style-type: none"> • continue engagement with the Law Society to finalise practising certificate fees and to make our joint approval application to the Legal Services Board • return to the Board in July 2025 to ask the Board to approve the level of practising certificate fees and Compensation Fund contributions for 2025-26 • return to the Board in September 2025 to ask the Board to agree the Business Plan 2025-26.

If you have any questions about this paper please contact Liz Rosser, Executive Director, Operations and Resources, liz.rosser@sra.org.uk

SRA BOARD

30 June 2025

CLASSIFICATION – PUBLIC



Budget for 1 November 2025 to 31 October 2026: consultation feedback and next steps

Background

- 1 The Board considered the draft Business Plan and budget for 2025-26 in April 2025. Following this a consultation began on 8 May seeking views on the business plan and budget as well as the proposed Compensation Fund contributions for 2025-26.
- 2 In addition to our proposed workplans and activities for 2025/26, the consultation paper also described our proposals to secure income of £86.5m from practising fees in 2025-26, an increase of £16.3m (19%) compared to 2024-25. The proposal for the Compensation Fund was that the contributions would decrease by £20 per individual and £270 for each firm holding client money to £70 and £1,950 respectively.
- 3 The consultation began on 8 May and closed on 19 June. It has been widely publicised including via a press release, on social media and at our post Board media briefing on 12 May. It was also promoted in our monthly SRA Update bulletin, which is circulated to around 180,000 solicitors and subscribers, and at a live Business Plan Q&A webinar broadcast on 15 June. We also held roundtable discussions with local law societies, sole practitioners, legal representative groups, consumer groups, and in-house solicitors, as well as focus groups and survey questions with members of the public seeking views.
- 4 The consultation also included equality impact assessments on our proposals for the practising fee and Compensation Fund contribution and sought views on these.
- 5 A summary of what we have heard in relation to our proposed budget for 2025-26, and Equality Impact Assessments (EIAs) in relation to the budget, is provided in the annex to allow the Board to consider the feedback. A further summary of feedback on our proposed workplans and activities, practising fee portion and Compensation Fund contribution will be provided in a paper to the Board for its meeting of 7 July. A full assessment of feedback will be prepared alongside the final Business Plan, to be considered by the Board in September ahead of publication in October.

Discussion

- 6 The Board is asked to now approve the SRA budget requirement of £86.5m to be raised from practising fees, which represents an increase of £16.3m (19%) on the 2024-25 amount. We will then include this in the Law Society Group's practising fee requirement for 2025-26. We set out the reasons for the proposed budget in our draft Business Plan and budget 2025/26. The consultation responses (see annex) have not raised concerns that cause us to revisit this overall figure.

SRA BOARD

30 June 2025

CLASSIFICATION – PUBLIC

- 7 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 £148.4m. This will represent an increase of £16.6m (11%) from 2024-25.
- 8 The Board will be asked to approve practising fees for 2025-26 at its meeting on 7 July 2025 after the Law Society Council's meeting on 1 July 2025. The Law Society Council does not approve the SRA requirement, as this is solely an SRA Board decision.
- 9 As of May 2025, there were almost 179,000 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.
- 10 For these reasons we can reasonably estimate that at least 189,000 individuals will renew their practising certificates, or will begin practising, in 2025-26. 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 182,000 full practising fees will be paid in the practising year, which will equate to an individual practising certificate fee (subject to the Law Society confirmation on their portion and the levies) of £326.
- 11 The SRA's proportion of the individual practising certificate fee is expected to increase to £190, a £26 increase from 2024-25. The overall practising certificate fee is expected to increase by only £19 from £307 in 2024/25 to £326 in 2025/26.
- 12 The Compensation Fund contributions for 2025-26 will also be approved at the 7 July meeting. These contributions are paid by all practising solicitors except those that work for the Crown Prosecution Service and all firms that hold client money (approximately 6,500 firms). As a reminder, we consulted on a reduction in the individual Compensation Fund fee of £20, which would mean that the total amount paid by individuals is expected to reduce by £1 from £397 in 2024/25 to £396 in 2025/26.
- 13 The Board will be asked to consider and comment on the Compensation Fund contribution feedback to inform finalisation of the contribution levels to be approved on 7 July prior to submission of an application to the Legal Services Board for final approval.

SRA BOARD

30 June 2025

CLASSIFICATION – PUBLIC



Recommendations: the Board is asked to:

- (a) note feedback received from our consultation on our draft Business Plan and budget 2025-26 (provided in the annex)**
- (b) approve the SRA's budget for 1 November 2025 to 31 October 2026, of £86.5m to be provided by practising certificate fee income**
- (c) note the expected practising certificate fee, which the Board will be asked to consider for approval following the Law Society Council's meeting on 1 July 2025.**

Next steps

- 14 The SRA requirement will be confirmed to the Law Society and on 1 July the Law Society Council will approve the total amount to be collected in practising fees.
- 15 The Board will be asked to approve the individual and firm practising fees and Compensation Fund contributions on 7 July and then applications will be made to the Legal Services Board for final approval of both to be collected from October 2025.

SRA BOARD

30 June 2025

CLASSIFICATION – PUBLIC



Supporting information

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

- 16 This paper sets out the budget requirement to fund the work activities proposed in the draft Business Plan and budget 2025-26.

How the issues support the regulatory objectives and best regulatory practice

- 17 The draft SRA budget for 2025/26 which underpins the SRA proportion of this funding requirement has been set in order to allow us to deliver against our strategic objectives, supporting our regulatory objectives.

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

- 18 The proposed budget for the SRA was included in the recent consultation on the draft Business Plan and budget 2025-26, with details of our engagement set out in the annex.

What equality and diversity considerations relate to this issue?

- 19 Equality, diversity and inclusion activities are central to the workstreams we describe in our Business Plan and budget. Our summary of consultation feedback on our draft budget for 2025-26 considers feedback received in relation to the Equality Impact Assessment (EIA).

Annexes

- Annex 1** **Summary of consultation feedback on the draft budget for 2025-26**