Solicitors Regulation Authority

Business Plan and funding requirements for 2026/27

Consultation responses

November 2026

Consultation responses

We received seventy-two formal responses to our consultation, from:

- Six national representative bodies and membership organisations (including the Law Society (TLS) and Sole Practitioners Group (SPG)).
- The Legal Services Consumer Panel (LSCP).
- The Legal Ombudsman (LeO).
- Twelve regional and local law societies (including City of London Law Society (CLLS), members of the Joint V Law Societies, the County Societies Group, and Cardiff and District Law Society).
- Eighteen commercial law firms, and seven sole practitioners.
- A further twenty-four individual solicitors.

Respondents who agreed we could publish their response in full are as follows:

- Access Legal (Brian Rogers)
- Association of Public Injury Lawyers
- Birmingham Law Society
- Bristol Law Society
- Cardiff and District Law Society
- City of London Law Society
- Clive Sutton and Kem Masinbo-Amobi
- Consumer Help with Legal Services CHWLS.org
- County Societies Group of Local Law Societies
- Criminal Law Solicitors Association (CLSA)
- Devon and Somerset Law Society (DASLS)
- Forum of Insurance Lawyers (FOIL)
- Hampshire Incorporated Law Society (HILS)
- Hope Law Limited
- Legal Ombudsman
- Legal Services Consumer Panel
- Leicestershire Law Society
- Linklaters LLP
- Liverpool Law Society
- Manchester Law Society
- Mental Health Lawyers Association (MHLA)
- MJP conveyancing
- Newcastle and North of England Law Society
- Northamptonshire Law Society
- Quay Legal
- Rule of Law Institute - Cherish Freedom Trust

- Solicitors Sole Practitioners Group (SPG)
- Surrey Law Society
- Tammy Parnell
- Terry Maylin
- The Law Society of England and Wales
- Warwickshire Law Society

CONSULTATION RESPONSE

SRA Draft Business Plan and Funding Requirement 2026/27

Submitted by Brian Rogers FCMI

Responding on behalf of Access Legal

Date: 12 May 2026

1. Introduction

1.1 About the respondent

I am Regulatory Director at Access Legal, one of only two Law Society-approved CQS training providers. I hold Fellowship of the Chartered Management Institute and membership of the Association of Regulatory & Disciplinary Lawyers. I am a former Chair of Regulatory Affairs at Manchester Law Society and have over 34 years' experience in UK legal services regulation and compliance.

I publish daily regulatory commentary on LinkedIn to a substantial professional audience and deliver quarterly webinars reaching close to 1,000 live attendees. I attended and provided live analytical commentary on the Justice Select Committee hearing of 15 April 2026, at which both the LSB and SRA gave evidence. I have submitted consultation responses to the Legal Ombudsman, the LSB Public Bodies Review, and the CLC, and maintain active Freedom of Information campaigns with both the SRA and the Law Society on matters directly relevant to this consultation.

1.2 General position

I welcome the SRA's candour in this consultation, particularly the Chief Executive's acknowledgement that the organisation "has not consistently met the standards expected of it in recent years." That frankness is overdue and constructive. However, this consultation asks the profession to fund a 29% increase in the SRA's funding requirement at a time when many of the costs now being incurred are the direct or indirect consequence of regulatory failures that the SRA itself must take responsibility for. The profession is, in effect, being asked to underwrite the remediation of institutional shortcomings.

My response is structured around the consultation questions but draws on a body of published analytical work, FOI responses, enforcement data, and institutional governance documents that I have developed over the past few years. Where I cite specific evidence, I provide the source.

2. Operational excellence (Question 1)

2.1 The scale of the problem is not new

The consultation states that misconduct reports rose 45% between November 2022 and October 2025 (from 11,378 to 16,499). This is presented as though it were an unexpected external pressure. It is not. The growth trajectory has been visible for years and was flagged in the LSB's own performance assessments. The SRA's failure to invest in capacity earlier, and to develop early intervention tools that might have reduced the inflow, is itself a regulatory failure now being charged to the profession.

2.2 The assessment threshold test review

The proposal to revise the Assessment Threshold Test (ATT) to "reduce the overall number of cases entering investigation" requires careful scrutiny. There is a legitimate argument for better prioritisation. However, raising the threshold for investigation risks creating a gap between the threshold at which misconduct is reported and the threshold at which it is investigated. If the revised ATT is set too high, it will effectively decriminalise categories of misconduct by administrative fiat, without any public consultation on which categories of harm the SRA will no longer pursue.

I would recommend that the SRA publish, alongside the revised ATT, a clear statement of the categories of misconduct that will no longer routinely be investigated, so that the profession and the public can assess whether the resulting regulatory posture is consistent with the statutory objectives under section 1 of the Legal Services Act 2007.

2.3 Adverse cost orders and case quality

The consultation acknowledges that "adverse cost orders" have contributed to the depletion of reserves. This is a significant admission. Adverse cost orders at the SDT are not routine — they arise when the Tribunal concludes that the SRA's prosecution was fundamentally flawed, disproportionate, or should not have been brought. Each such order represents a case where regulatory resources were deployed on a prosecution that failed and where the respondent solicitor's costs were deemed to have been unreasonably incurred.

The profession is entitled to know the total value of adverse cost orders in the 2024/25 and 2025/26 business years, the number of cases in which they were made, and what changes to internal case review processes have been implemented as a consequence. A regulator asking for a 29% fee increase must demonstrate that it has addressed the causes of wasted expenditure, not merely its symptoms.

2.4 IT and technology investment

The proposed investment in IT systems and data analytics is welcome in principle but arrives very late. The FCA has operated risk-based, data-driven supervision for over a decade. The SRA's acknowledgement that its "approach, capabilities and resources have not kept pace as the market it regulates has evolved" is accurate, but it raises the question of why successive business plans failed to prioritise this investment when the need was already apparent. A key question is: why did the SRA disband its Risk Centre which had the technology and intelligence that is now seen as being absent?

I note that the consultation references the “law firm profiler” and “single view of a firm” as initiatives to be “embedded and enhanced.” The SRA should clarify what data is already held in these tools, what external data sources are integrated, and how this profiler relates to the existing COLP/COFA reporting framework that has demonstrably underperformed.

2.5 The COLP reporting gap

The consultation refers to “reinforcing the checks and balances provided by compliance roles within firms” under client money protections. This language is inadequate given the scale of the compliance reporting failure.

The SRA’s own December 2025 thematic review revealed that the breach reporting rate by COLPs was poor. FOI response IG/TC/1442 confirmed that the SRA holds no central register of COLP breach reports. Between 2020 and 2024, over 4,000 COLPs departed the register without interrogation as to why. These are not statistics that can be addressed by “reinforcing” existing arrangements. They point to a fundamental structural failure in the compliance officer framework, which has operated since 2013 without effective oversight, data collection, or quality assurance from the regulator. Evidence from the SRA’s own 2025 Compliance Officer Thematic Review found significant areas of concern, which in my view should have been identified in 5-year reviews in 2018 and 2023.

Any operational excellence programme that does not confront the COLP reporting gap directly will leave the most significant feedback loop in the regulatory architecture broken. I recommend that the SRA commit, within this business plan period, to establishing a central COLP breach reporting register and publishing aggregate data on reports received, categorised by breach type and firm characteristics.

3. Proactive identification and addressing of risk (Question 2)

3.1 The reactive model has failed — but the causes must be understood

The pivot from reactive enforcement to proactive supervision is the centrepiece of this consultation. It is the right direction. However, the consultation presents this as a forward-looking strategic choice rather than what it also is: an admission that the reactive model failed in ways that caused serious, quantifiable consumer harm. What led the SRA to conclude that its Risk Centre was not required?

The collapses of Axiom Ince, SSB Group, and PM Law Limited are not merely historical events. They are the evidential basis for the funding requirement now being placed before the profession. The SRA Chair acknowledged failures in relation to all three at the Justice Select Committee hearing on 15 April 2026. The profession is entitled to a clear accounting of what earlier intervention could have achieved in each case, and what specific supervisory tools — had they existed — would have identified the risks that were missed. This again requires answers around why the Risk Centre was disbanded.

3.2 Supervision must have statutory teeth

The consultation describes a supervision function built around “supervisory dialogue and engagement” and “earlier engagement to help prevent issues from occurring.” These are welcome concepts, but the consultation is silent on enforcement powers.

A supervisory function without the power to compel cooperation, require information, or impose binding requirements is a consultation exercise with a different name. The FCA’s supervisory model works because it is backed by statutory powers including the ability to impose requirements, vary permissions, and refer matters for enforcement. If the SRA’s supervision function operates purely on a consent basis, it will be effective only against firms that are already inclined to cooperate — precisely the firms that pose the least risk.

The SRA should set out clearly what statutory or rule-based powers will underpin the new supervision function, and whether it intends to seek any changes to its regulatory arrangements to support this capability.

3.3 Intelligence capabilities and data sharing

The proposals to expand intelligence capabilities and partner with the FCA, SFO, NCA, and CPS are sound in principle. However, the SRA’s track record on data-sharing is mixed. The Legal Ombudsman’s data is referenced as an input to the firm profiler, but the consultation does not address the well-documented difficulties in SRA-LeO information exchange or the implications of the LeO’s own operational challenges for data quality.

I recommend that the SRA publish a clear data-sharing framework, specifying which external data sources feed into the firm profiler, the frequency of data refresh, and the governance arrangements for intelligence-led interventions.

3.4 Reporting obligations

The consultation's focus on risk identification should be read alongside the existing reporting obligations with the SRA Codes of Conduct, which requires solicitors to report serious breaches and other matters to the SRA. The SRA's own compliance officer report 2024/25 showed that of 1,377 internal reports made in firms only nine were forwarded to the SRA over a three year period, with 86% of COLPs having made no reports over the same period. A proactive supervision function that does not address why existing reporting obligations are being ignored will be building on sand.

4. Focus on the biggest issues (Question 3)

4.1 PM Law and the compensation fund

The consultation states that PM Law Limited's closure in February 2026 has generated over £20 million in compensation fund claims. This is, by some margin, the single largest driver of the proposed increase in compensation fund contributions. The profession is being asked to absorb the financial consequences of what the SRA's own Chair has acknowledged was a regulatory failure.

I have documented in detail the contradictory public statements made by the SRA in relation to PM Law, including statements made before and after the intervention. I have also filed FOI and Transparency Code requests seeking the timeline of the SRA's engagement with PM Law prior to its collapse. The SRA should, as part of this consultation, publish a detailed post-incident review of PM Law, including the timeline of regulatory engagement, the points at which risks were identified (or should have been identified), and the specific supervisory actions taken or not taken. Without this, the profession is being asked to fund the cost of failure without any assurance that the failure has been understood.

4.2 Client money protections

The proposal to "examine the current model of solicitors holding client money and explore alternatives" is potentially the most significant reform in this consultation. It could fundamentally change the architecture of legal practice. However, the consultation provides almost no detail on what alternatives are being considered, what technological or institutional changes might be required, or what the implications would be for the compensation fund, PII arrangements, and the SRA Accounts Rules.

Given the significance of this proposal, I recommend that the SRA publish a separate discussion paper on client money reform before committing resources within this business plan period, to ensure that any changes are grounded in proper analysis and industry consultation rather than developed behind closed doors.

4.3 High-volume consumer claims

The focus on high-volume consumer claims and the motor finance sector is appropriate and timely. The establishment of a joint regulatory taskforce with the FCA, ICO, and ASA reflects the cross-cutting nature of the risks. However, the consultation should acknowledge the contribution of referral fee arrangements to the problems in this sector. The relationship between paid referral fees, marketing practices, and the quality of service delivered to consumers is well-documented and should be addressed as part of the regulatory response, not treated as separate from it.

4.4 Paused work: consumer transparency

The decision to pause work on the evaluation of transparency rules, quality indicators, and digital comparison tools is concerning. These are consumer-facing improvements that directly serve the regulatory objectives under section 1 of the Legal Services Act 2007, including promoting competition and improving access to justice. Pausing them to redirect

resources inward sends a troubling signal about the SRA's prioritisation of consumer protection versus institutional self-repair.

If the SRA's transformation programme is successful, the need for consumer transparency tools will only increase. Pausing this work now risks creating a further gap that will need to be closed later at additional cost.

4.5 CQS and quality scheme governance

The consultation makes no reference to the Conveyancing Quality Scheme or the broader question of quality scheme governance. My published analysis has demonstrated that up to 88% of firms fined by the SRA during recent enforcement periods held CQS accreditation during the period of the breaches, with average breach durations of six to eight years. The Law Society's refusal to provide enforcement data under FOI request FOI/180 — designated as vexatious — and the refusal of the appeal under section 51 of the Freedom of Information Act, suggest a governance accountability gap that the SRA's business plan should acknowledge.

While CQS is a Law Society scheme and not directly within the SRA's regulatory remit, the correlation between CQS accreditation and SRA enforcement outcomes is a matter the SRA cannot ignore if it is serious about proactive risk identification.

5. Funding requirement and practising certificate fee (Questions 4 and 5)

5.1 The scale of the increase

The proposed increase from £190 to £240 in the SRA portion of the practising certificate fee (a 26% increase) brings the total SRA-related individual cost (including compensation fund) from £260 to £360 — a 38% increase. This is before the Law Society, LSB, SDT, LeO, and FCA/OPBAS levies are added.

For high-street firms operating in consumer-facing practice areas with tight margins, this increase is material. The SRA's own impact assessment should model the cumulative impact on firms of different sizes and practice areas, not simply present the headline figure.

5.2 The reserves position

The consultation discloses that up to £11.5 million will have been drawn from reserves during 2025/26, on top of £2.7 million in 2024/25. The proposed budget includes £10.3 million to replenish reserves. This means that approximately 9% of the total funding requirement is not being spent on regulatory activity but on rebuilding a financial buffer that was depleted, in part, by adverse cost orders and reactive resourcing decisions.

The profession is entitled to a more detailed breakdown of reserve depletion causes, including the total value attributable to adverse cost orders, the total attributable to unplanned interventions (including PM Law), and the total attributable to the operational pressures acknowledged in the consultation.

5.3 Property costs

The property budget increases from £4.0 million to £7.2 million — an 80% increase. The consultation attributes this to expansion of the Birmingham and London footprint to support "recent growth and the more collaborative working environment that we require." At a time when the SRA is asking the profession to fund a significant fee increase, an 80% rise in property costs requires more detailed justification, including the terms of any new leases entered into, the occupancy rates of existing space, and the analysis supporting the conclusion that expanded physical premises are required rather than, for example, hybrid or remote working arrangements that many of the firms the SRA regulates have already adopted.

5.4 Dual running costs

The concept of "dual running" — maintaining current operations while building new capabilities — is inherently expensive and creates a risk of cost overrun. The SRA should commit to publishing quarterly progress reports on transformation expenditure against budget, with a clear framework for pausing or stopping workstreams that are not delivering. The profession should not be asked to fund an open-ended transformation programme without visibility of progress and cost control.

6. Compensation fund (Questions 6 and 7)

6.1 The PM Law impact

The proposed increase in individual contributions from £70 to £120 (71%) and firm contributions from £1,950 to £3,600 (85%) is driven substantially by the PM Law collapse. The total contributions sought (£46.3 million) are nearly five times the level of three years ago (£10.0 million in 2023/24). This trajectory is unsustainable and underscores the urgency of the client money reform the SRA proposes but has not yet detailed.

6.2 The flat-rate firm contribution

The flat-rate firm contribution of £3,600, payable by all firms holding client money regardless of size, turnover, risk profile, or the volume of client money held, is regressive and disproportionate. A two-partner high-street conveyancing firm handling modest residential transactions pays the same as a multi-office commercial practice with fundamentally different risk characteristics and financial capacity.

While I note the SRA's acknowledgement that the flat-rate model is problematic and its intention to consider risk-based contributions in the future, the scale of the 2026/27 increase makes this an urgent rather than a medium-term issue. I support the exploration of risk-based contributions as a priority within the next business plan period.

6.3 The 50/50 vs 70/30 apportionment

On the specific question of whether to maintain the 50/50 split or move to 70/30 (individuals/firms), the answer depends on the policy objective. If the goal is to reduce the burden on the shrinking number of firms that hold client money, a shift toward 70/30 is rational — but it increases the cost per individual solicitor, many of whom work in employed roles and have no direct involvement in client money handling.

My view is that the apportionment question cannot sensibly be resolved in isolation from the broader client money reform the SRA proposes. Changing the ratio this year and then fundamentally reforming the client money model next year would create unnecessary disruption. I would therefore support maintaining the 50/50 split for 2026/27, pending the outcome of the client money review.

7. Impact assessment (Questions 8 and 9)

The impact assessment should explicitly model the cumulative effect of the fee increase on firms of different sizes and in different practice areas. In particular, the assessment should consider the impact on sole practitioners and small firms in consumer-facing practice areas (conveyancing, family, immigration, criminal defence) where margins are already thin and where access to justice considerations are most acute.

The assessment should also address the risk that fee increases accelerate the trend toward consolidation and the growth of larger commercial models, potentially reducing diversity in the profession and narrowing access to legal services in underserved areas. The SRA's EDI commitments are relevant here: if the fee structure disproportionately burdens practitioners

from underrepresented backgrounds who are more likely to operate in smaller firms, that impact should be quantified and addressed.

8. Additional observations

8.1 The prescribed person gap

The consultation makes no reference to the SRA's status (or lack of status) as a prescribed person under the Public Interest Disclosure Act 1998. My published analysis of the legislative record has demonstrated a gap between the reported progress of the SRA's designation as a prescribed person and the actual position in legislation. If the SRA is serious about proactive risk identification and intelligence-led regulation, the ability to receive protected disclosures from whistleblowers within regulated firms is a critical tool. The business plan should include a commitment to pursuing prescribed person status within the plan period.

8.2 AML supervision and the FCA transition

The consultation notes that the timetable for the transfer of AML supervision from the SRA to the FCA is "uncertain." The profession needs more clarity on this than the consultation provides. The OPBAS 2023–24 annual review identified significant inconsistencies in AML supervision across professional body supervisors. If the transfer is delayed or deprioritised, the SRA must explain what interim measures it will take to address the supervision quality issues identified by OPBAS, and how AML supervision costs will be reflected in the fee structure during the transition period.

8.3 Accountability and transparency

The consultation proposes a programme of significant institutional change, funded by a substantial fee increase, during a period in which the SRA is subject to LSB enforcement action. The SRA Board's oversight of this transformation programme must be visibly independent and rigorous. I recommend that the SRA commit to publishing a mid-year progress report on the transformation programme, with independent assurance on expenditure and delivery milestones, and that this report be made available to the LSB and the profession.

The consultation also references CPIH at 3.4% as a planning assumption. A 29% funding increase against 3.4% inflation implies that the vast majority of the increase is discretionary investment rather than cost maintenance. The SRA should disaggregate the inflationary element from the transformational element so that the profession can assess each on its merits.

9. Summary of Recommendations

Drawing together the points made in this response, I offer the following recommendations:

1. Publish the total value and number of adverse cost orders in the 2024/25 and 2025/26 business years, and the internal process changes implemented as a consequence.
2. Publish, alongside the revised Assessment Threshold Test, a clear statement of the categories of misconduct that will no longer routinely be investigated.
3. Establish a central COLP breach reporting register and publish aggregate data on reports received.
4. Publish a detailed post-incident review of PM Law Limited, including the timeline of regulatory engagement and the points at which risks were or should have been identified.
5. Clarify the statutory or rule-based powers that will underpin the new proactive supervision function.
6. Conduct a formal benchmarking exercise against the CLC's supervisory model.
7. Publish a data-sharing framework for the firm profiler, specifying external data sources, refresh frequency, and governance arrangements.
8. Publish a separate discussion paper on client money reform before committing resources within this business plan period.
9. Provide a more detailed breakdown of the causes of reserve depletion.
10. Justify the 80% increase in property costs with lease terms, occupancy rates, and analysis supporting expanded physical premises.
11. Commit to publishing quarterly progress reports on transformation expenditure against budget.
12. Pursue prescribed person status under PIDA within the plan period.
13. Disaggregate inflationary cost increases from discretionary transformational investment in the fee proposal.
14. Model the cumulative impact of fee increases on firms of different sizes and practice areas, with specific attention to access to justice implications.
15. Publish a mid-year progress report on the transformation programme, with independent assurance on expenditure and delivery milestones.

10. Conclusion

This consultation represents the most significant financial and strategic inflection point for the SRA in recent memory. The Chief Executive's candour about the organisation's shortcomings is welcome, and the direction of travel — toward proactive, intelligence-led,

risk-based supervision — is correct. But candour about the problem does not, by itself, constitute a plan to fix it.

The profession is being asked to fund a 29% increase in the SRA's budget during a period of LSB enforcement action, following a series of high-profile regulatory failures, and against a backdrop of depleted reserves caused in part by the SRA's own operational and prosecutorial decisions. That ask demands a level of transparency, accountability, and specificity that this consultation, in its current form, does not fully provide.

I am willing to engage further with the SRA on any of the matters raised in this response and would welcome the opportunity to discuss these issues in more detail.

Solicitors Regulation Authority

Draft Business Plan and funding requirement 2026/27

A response by the Association of Personal Injury Lawyers

June 2026

We welcome the opportunity to respond to the SRA's consultation on their draft business plan and funding requirement for 2026/27. We have commented below on issues within our remit.

Q3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

Strengthen protections for client money and explore ways of reducing future consumer harm

We would welcome improvements to how the SRA monitors firms undergoing significant changes to their structure, ownership or business model, and enhancing the effectiveness of external assurance and oversight, and improving how firms are monitored when undergoing significant change. We would suggest that there should be a pre-approval process, additional monitoring and closer supervision applied to those practices that are new or changing. Authorising new entities, merges and acquisitions would allow for more forensic examination of their financial background. Linked to this we would propose greater and swifter monitoring of those individuals and firms flagged as high risk, rather than relying on self-regulation as is currently the case.

Boost consumer protection in high-volume consumer claims

In relation to boosting consumer protection in high-volume consumer claims, we do not believe that the SRA should be looking to over-haul how high-volume claims are regulated, or imposing a higher regulatory threshold on those firms handling high-volume claims, as a result of the SRA's regulatory failures. The current system for handling high-volume consumer claims works well and allows consumers to access justice in circumstances where it would not otherwise be viable for a firm to take on an individual case.

We have previously set out that the SRA should adopt a balanced regulatory approach and seek to identify problematic players in the area, including active monitoring and early and proportionate intervention on individuals and firms flagged as high-risk to protect consumers. We would welcome, as the SRA proposes, that where firms fail to meet required standards, targeted and proportionate enforcement action will be taken.

We would also agree that the SRA should continue to enhance its collaboration with other regulators, ombudsmen and stakeholders to provide co-ordinated action and improved protection for consumers. Collaboration with others in the profession will assist with monitoring what is happening in the legal services market, which will assist with identifying and minimising large-scale risk.

Funding requirements 2026/27

Q7 Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50 per cent individuals and 50 per cent firms as the current position rather than moving to 70 per cent for individuals and 30 per cent for firms?

We believe that steps should be taken to make apportionment fairer for the profession, but as we said previously, we are concerned that a 70/30 split may make payments unrealistic for individual solicitors. This would be the case even more so given the proposed increases to the contributions for 26/27. We also believe that a flat rate for all firms holding client money, irrespective of size, potential risks etc, is inappropriate. We are concerned about the high percentage increases proposed for individuals and firms in relation to their compensation fund contributions. Under the SRA's proposals, individuals will see a 70 per cent increase in their compensation fund contributions, and firms will see an 85 per cent increase. The profession should not have to pay exceptionally high contributions as a consequence of poor management or a failure to identify a rise in smaller interventions over the years while accounting for the possibility of more major interventions. There should be greater transparency and further information about the fund's management.

We believe that the SRA should explore the possibility of setting different rates for different firms. While simplistic, one size fits all does not reward those firms that have good practices in place, hold accreditations, involve external auditors, and have PII in place, for example. There should be consideration of the individual steps that practices have taken, rather than taking a broadbrush approach, though the cost of exploring sector risk with professional indemnity insurance providers should be balanced against the benefit of those changes.

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BIRMINGHAM LAW SOCIETY

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Response to SRA Draft Business Plan and Funding Requirement 2026/27

19 June 2026

Response of the Professional Regulation Committee of the Birmingham Law Society to SRA Further Consultation on Client Money in Legal Services: Protecting the Client Money that Solicitors Hold.

This response has been prepared by the Professional Regulation Committee of the Birmingham Law Society. The Society is the largest local law society with some 9,000 members from all branches of the legal profession and practising in all aspects of law. The response represents the collective views of the Professional Regulation Committee whose members include specialists practising in all aspects of professional regulation and compliance for the legal profession.

1. Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

   Answer

   We are supportive of the stated aim to "deliver clearer, faster and more proportionate outcomes by refocussing investigations and enforcement work on the areas that best protect the public".

   The public is best served by a profession that has a reputation for honesty and integrity. The quote of Sir Thomas Bingham in *Bolton v The Law Society* [1994] 1 WLR 512 that one should be able to trust a solicitor "to the ends of the Earth" is as important today as it was then. Crucial to that trust is the protection of client money.

   We think that the SRA should focus on these three key issues that are the foundations of the regulatory objectives in the Legal Services Act 2007.

   We do not support poor quality investigation outcomes in exchange for faster decisions. Instead, we consider that the SRA can achieve quicker decisions through improved processes and investigation standards using well trained investigators who are able to focus on the areas of conduct that are of the greatest concern.

The SRA must also act transparently and be clear with the public and the profession when matters are being outsourced to external firms rather than being dealt with in-house by SRA employees. The profession needs this information for reasons of confidentiality, legal professional privilege and conflicts of interest.

We recognise that the SRA should invest in information technology. Like many large organisations, the SRA must take advantage of technological advancements to better serve the public and the profession. The SRA must be transparent with stakeholders about the scope and costs of these projects. For example, we would expect to see detailed costing in this business plan for a dedicated IT system to review the annual accountants' reports which are about to be reintroduced on a mandatory basis.

We recognise the need of the SRA to recruit and retain dedicated expertise at a senior level. In building a high-performance culture, the regulator must establish measurable key performance indicators so that the SRA Board is in a position to objectively determine the success or failure of efforts to implement the cultural change. Whilst the profession does not expect the SRA to make these indicators publicly available, there is an expectation that the SRA Board will take responsibility for holding the executive to account.

2. Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

Answer

We are broadly supportive of the proposal to develop supervision as a core proactive regulatory tool, but we would like more detail as to how the SRA intends to implement this proposal. Until 2012, the SRA had a dedicated team that undertook this supervisory work, and it also acted as a source of intelligence that was used to better understand and target areas of concern.

Whilst we understand why the SRA highlights high volume consumer claims and complex or higher risk business structures, the activities of this supervision function must be led by objective evidence rather than historical

failings. The regulator must not forget the lessons of the past, but its eyes must be on the future.

We are supportive of the SRA's stated aim to focus "on matters that pose the greatest potential risk to the public and trust in the profession". We are concerned that, in an effort to reduce the backlog of matters, the SRA is failing to investigate matters that do present issues that undermine public trust and confidence in the profession. The SRA must walk the walk as well as talk the talk.

We are supportive of the proposal to explore alternative regulatory tools that better support firms to meet their regulatory obligations. We would like more detail on this proposal.

We are supportive of the use of intelligence capabilities to better support objective regulatory decision making. We think that the SRA has a great deal of data at its disposal that is not being properly utilized to inform regulatory action. Improving data quality will be a crucial part of the picture to increase confidence in the actions of the SRA.

We are supportive of measures that the regulator may wish to introduce the improve the experience of all stakeholders that engage with the SRA.

3. Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

Answer

We encourage the SRA to look at measures to strengthen the protections for client money. The regulator should undertake a thorough review of the current Accounts Rules to address the deficiencies that exist so that there are better protections for client money. The changes to "simplify" the Accounts Rules have not been a great success. Handling client money needs prescription not simplification.

We do not see any value in re-visiting the current model of solicitors holding client money. The evidence available shows that approximately 0.01% of the total population of solicitors (177,136) are found to be dishonest. We are concerned that the profession as a whole is being held accountable for a few 'bad apples'. Failures to protect client money are therefore accounted for by

the inadequacy of the current rules and the means for governance and accountability for safeguarding client money.

We recognise the concerns in relation to high-volume consumer claims. However, we consider that the problems that came to light were due to the failure of the regulatory bodies to adequately address the concerns of claimants or potential claimants. Vulnerable people were failed by authorities that sought to pass responsibility for these matters on to others.

We think that the SRA should work more closely with other regulators to address the issues of society and take action against criminals that target vulnerable people for their own benefit.

We encourage the SRA to listen to feedback in respect of the SQE. However, the SRA must ensure that the high standards for entry to the profession are maintained. The SRA must do more to make the cost of undertaking the SQE more affordable.

We are supportive of any measures that support access to justice and economic growth whilst ensuring that there are responsible safeguards in place.

4. Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

Answer

We are disappointed, but not surprised, that the SRA is requesting an increase in its funding. We consider the proposal (29%) to be disproportionate at a time when there is little economic growth. This increase will impact on the ability of SRA regulated law firms to provide society with the access to justice that it so desperately needs.

The profession should not be penalised for the failings of the SRA that have been highlighted in reports prepared for the Legal Services Board. We repeat our plea for the SRA to do less and do it better. The profession will find it increasingly untenable for the regulator to make continued requests for more money without a significant increase in performance.

Any increase in the practising certificate fee beyond the rate of inflation must be supported by evidence. That must particularise the additional resources it is seeking and how this better protects clients and their money. Seeking money from hard pressed legal aid solicitors to build up SRA reserves of cash, is counter to the objectives in the Legal Services Act of improving access to justice.

5. Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

Answer

We are supportive of the current position where 40% of the practising certificate fee is met by individuals and the remainder by firms. In practice, these fees are usually met by firms and so it may be the case that the SRA considers reducing the individual practising certificate fee and offset this against the fees from firms.

6. Do you agree with the compensation fund contribution for individuals for 2026/27??

Answer

We are disappointed that the SRA sees the need to increase the compensation funds contribution by such a large amount. The SRA must recognise that the fund is depleted partly as a result of the failings of the regulator.

7. Do you agree that for 2026/27, we should maintain the apportionment of compensation funds contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27?

Answer

We think that the current arrangements should remain in place. If the SRA wishes to propose an alternative arrangement, it must provide a justification for the proposed changes.

8. Do you have any comments on our impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

Answer

We agree with the SRA that the impact of the fee increases will be felt hardest by those earning less. The SRA's data shows that women and those from ethnic minorities are overrepresented in groups that earn less. The SRA should have due regard to the impact of these proposals on these members of the profession.

9. Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Answer

We have no comment to make on this question.

Response ID:145 Data

2. About you

1.
First name(s)

Helen

2.
Last name

Read

6.
I am responding..

on behalf of an organisation

7.
On behalf of what type of organisation?

Representative group

8.
Please enter the name of the group

Bristol Law Society

9.
How should we publish your response?

Please select an option below.

Publish the response with my/our name

3. Consultation questions

10.
1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

Bristol Law Society endorses the comments on the Law Society consultation response. Whilst the four operational excellence priorities show the correct direction of travel, these are high-level criteria and the profession needs more detail about how this will work in practice.

There should also be a priority to work with the profession so that together the profession and the regulator can tackle emerging issues.

The regulator should be mindful of over reliance on data and IT. These are not replacements for experienced staff who understand the risks of legal practice.

There should be significantly greater transparency across the sector as a whole, as this will help build and sustain overall trust within firms.

11.

2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

Bristol Law Society endorses the comments on the Law Society response and we reiterate the need for transparency and regular feedback to ensure that the implementation of the relevant measures are effective.

12.

3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

Bristol Law Society endorses the comments on the Law Society response.

One of the biggest issues in the coming years will undoubtedly be AI. This will affect individual solicitors and small / large firms in different ways. We believe the SRA should have a dedicated plan relating to AI in the profession.

For client money, it is important that protections are now robust but not overly restrictive so that there are protections but not unnecessary costs for consumers.

The SRA should consider convening roundtable discussions on the SQE to enhance confidence in the framework. Many of the key concerns and practical insights only fully emerge through in person dialogue, making national engagement essential. Such discussions would help to ensure that the SQE maintains the highest standards while operating effectively for all, including promoting social mobility. Ultimately, this approach would better equip students with the skills and support needed to begin their professional journey as lawyers.

In relation to the Post Office Inquiry, we endorse the comments made by the Law Society and agree that the issues identified have had a profound impact on the legal profession whilst recognising that not all firms should be tarnished with the same brush. It is essential that trust is rebuilt—not only within the profession itself but also with the wider public. The SRA must work collaboratively with firms to ensure that the lessons learned are fully embedded, and that safeguards are in place to prevent such events from occurring again whilst not tarnishing all firms.

4. Consultation questions

13.

4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

Bristol Law Society fully endorses the comments on the Law Society response. We oppose any increases in practicing certificate fees attributional to the SRA's regulatory failings in relation to Axiom Ince, SSB Law and PM Law Limited.

We would add that any fee increase of this nature is likely to have a direct impact on employee salaries and the overall availability of work, including fixed-fee arrangements and legal aid. This, in turn, is likely to have a further detrimental effect on access to justice. We agree that such increases will disproportionately affect smaller firms, high street practices, and those undertaking lower-margin work. The SRA should give careful and serious consideration to the impact of any fee increases on these areas and how to minimise the impact.

14.

5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

Bristol Law Society fully endorses the comments on the Law Society response. We oppose any increases in practicing certificate fees attributional to the SRA's regulatory failings in relation to Axiom Ince, SSB Law and PM Law Limited.

We would add that any fee increase of this nature is likely to have a direct impact on employee salaries and the overall availability of work, including fixed-fee arrangements and legal aid. This, in turn, is likely to have a further detrimental effect on

access to justice. We agree that such increases will disproportionately affect smaller firms, high street practices, and those undertaking lower-margin work. The SRA should give careful and serious consideration to the impact of any fee increases on these areas and how to minimise the impact.

15. 6) Do you agree with the compensation fund contribution for individuals for 2026/27?

Bristol Law Society endorses the comments on the Law Society response.

Our significant concern relates to the impact assessment, which indicates that the cohorts most likely to be affected by the proposed fee increases include a disproportionately higher representation of Asian and Black solicitors, those aged over 45, disabled solicitors, Muslim solicitors, and individuals from lower or intermediate socio-economic backgrounds.

This is likely to have wider implications for the legal profession as a whole, particularly when representation across many of these groups remains insufficient. The potential impact risks exacerbating existing inequalities within the profession. The SRA must therefore carefully consider its responsibility in assessing the broader and longer-term consequences of such increases.

16. 7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

Bristol Law Society endorses the comments on the Law Society response.

Our significant concern relates to the impact assessment, which indicates that the cohorts most likely to be affected by the proposed fee increases include a disproportionately higher representation of Asian and Black solicitors, those aged over 45, disabled solicitors, Muslim solicitors, and individuals from lower or intermediate socio-economic backgrounds.

This is likely to have wider implications for the legal profession as a whole, particularly when representation across many of these groups remains insufficient. The potential impact risks exacerbating existing inequalities within the profession. The SRA must therefore carefully consider its responsibility in assessing the broader and longer-term consequences of such increases.

5. Consultation questions

17. 8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

Bristol Law Society endorses the comments on the Law Society response.

Our significant concern relates to the impact assessment, which indicates that the cohorts most likely to be affected by the proposed fee increases include a disproportionately higher representation of Asian and Black solicitors, those aged over 45, disabled solicitors, Muslim solicitors, and individuals from lower or intermediate socio-economic backgrounds.

This is likely to have wider implications for the legal profession as a whole, particularly when representation across many of these groups remains insufficient. The potential impact risks exacerbating existing inequalities within the profession. The SRA must therefore carefully consider its responsibility in assessing the broader and longer-term consequences of such increases.

18. 9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Bristol Law Society endorses the comments on the Law Society response.

Our significant concern relates to the impact assessment, which indicates that the cohorts most likely to be affected by the proposed fee increases include a disproportionately higher representation of Asian and Black solicitors, those aged over 45, disabled solicitors, Muslim solicitors, and individuals from lower or intermediate socio-economic backgrounds.

This is likely to have wider implications for the legal profession as a whole, particularly when representation across many of

these groups remains insufficient. The potential impact risks exacerbating existing inequalities within the profession. The SRA must therefore carefully consider its responsibility in assessing the broader and longer-term consequences of such increases.

Cardiff and District Law Society

Response to the SRA Business Plan and Funding Requirements Consultation – June 2026

Overview

The Solicitor Regulation Authority's (SRA) 2026/27 business plan sets out proposed priority areas focused on consumer protection, regulatory effectiveness, innovation, and professional standards.

It also proposes substantial increases in practising certificate (PC) fees and Compensation Fund contributions, which represent a significant and immediate increase in the regulatory cost burden on the profession, including on legal aid firms.

The draft business plan outlines the need for the SRA to return to its core functions and rebuild capabilities and capacity following recent high-profile, and costly, regulatory failures.

It includes a continued emphasis on risk-based regulation and increased activity in areas such as technology (including AI), transparency, and market oversight.

The plan outlines workstreams aimed at improving regulatory outcomes, strengthening public confidence, and responding to emerging risks.

Our View

We support the SRA's overarching objective to protect the public and maintain trust in legal services. However, *regulation must remain proportionate, evidence-led and targeted at clear risks*.

We have serious concerns about:

- insufficient evidence underpinning some proposals.
- the cumulative cost of regulatory activity.
- the scale and pace of increases to PC fees and Compensation Fund contributions.
- the risk of overreach, particularly in fast-evolving areas such as AI.

The increases to PC fees and Compensation Fund contributions are of very significant concern.

Our view is that the scale of the increases is significant and risks placing unsustainable financial pressure on the profession without sufficiently clear or robust justification.

The SRA must provide a much clearer explanation of the drivers of these increases, demonstrate that all reasonable cost control measures have been exhausted, and set out how such costs will be stabilised and managed over time.

We call on the SRA to explicitly assess the impact of PC fee increases on legal aid firms. These firms are already operating under severe financial constraints and further increases risk accelerating market exit and undermining the sustainability of publicly funded legal services, with direct consequences for access to justice.

We support innovation but favour a guidance-led approach, allowing firms flexibility while risks are better understood.

Greater transparency is needed in how priorities are chosen, how success is measured, and how resources are allocated, including clearer justification of cost increases and concrete steps to ensure that regulatory costs are stable, predictable, and sustainable.

Impact on Solicitors

Under the proposals solicitors may face increased regulatory requirements, particularly in areas such as technology adoption, transparency, and compliance reporting.

Cost pressures are expected to increase materially as a direct result of higher PC fees and Compensation Fund contributions. These increases are likely to have immediate and wide-ranging impacts.

These include:

- disproportionate effects on smaller firms and high street practices.
- increased financial strain on firms already operating on tight margins.
- reduced capacity for investment and growth.
- costs being passed on to consumers, affecting affordability of legal services and access to justice.

Small firms and legal aid providers are particularly exposed. Sustained increases in regulatory costs risk contributing to contraction in already fragile parts of the market, particularly those serving vulnerable clients and publicly funded work.

There are also implications for professional liability, particularly where firms adopt AI or other emerging technologies without clear regulatory guidance.

Safeguards are needed to ensure regulation does not lead to the following:

- undermine access to justice.
- discourage innovation.
- the prioritisation of processes over outcomes.

We encourage the SRA to:

- **engage closely with the profession during implementation.**
- **publish clearer success metrics and evaluation frameworks.**
- **undertake robust impact and cost-benefit assessments.**
- **provide a clear, detailed, and transparent justification for increases in practising certificate fees and Compensation Fund contributions, including how these represent value for money and how future increases will be constrained.**
- **explicitly assess the impact of practising certificate fee increases on legal aid firms and consider whether targeted mitigations or adjustments are required.**
- **provide practical guidance alongside any new requirements.**

Cardiff and District Law Society

21 June 2026

The City of London Law Society

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Welcome to the CLLS

Response to SRA Draft Business plan and funding requirements 2026/27

1. Introduction

1.1 This is the response of the City of London Law Society ("CLLS") to the SRA's Consultation on its draft business plan and funding requirements 2026/2027.

1.2 The CLLS represents City lawyers through individual and corporate membership, including some of the largest international law firms in the world. The CLLS represents over 21,000 solicitors who are members of the profession in the City of London. They represent 12% of all practising solicitors. The CLLS responds to a variety of consultations on issues of importance to its members through its specialist committees. This response has been prepared by the CLLS Professional Rules and Regulation Committee.

2. Executive Summary

2.1 We are broadly supportive of the direction of travel set out in the SRA draft Business Plan, in particular of the SRA's acknowledgement that its operational foundations require attention, that investigations and enforcement should be refocused on the most serious matters, and that the issues posing pose the greatest risk must be prioritised. We appreciate that the development and implementation of this business plan is at an early stage, including in terms of the CEO's tenancy, however, as set out below, we have significant concerns about the level of detail, evidence, and accountability underpinning the proposals, particularly where they are advanced as justification for substantial increases in practising fees and contributions to the Compensation Fund. These would need to be addressed in significant detail over the near term in order allay our concerns as set out below.

2.2 Our principal concerns are summarised as follows:

(A) Whilst the SRA identifies operational challenges, including a 45% increase in misconduct reports, it does not seek to analyse why these increases have occurred. Without proper analysis of the root causes of the challenges, there is a risk that proposed responses address symptoms rather than underlying issues.

(B) The proposals in respect of technology investment and modernisation are insufficiently detailed. The consultation does not provide us with any information about the SRA's roadmap for this investment, what the quantified benefits and key milestones are nor what the overall cost might be. Without this detail our view is that it is difficult to understand how the additional funding provided by the proposed increases will in fact contribute to these programmes.

(C) The proposed funding requirement does not adequately acknowledge the increasing regulatory costs borne by firms and individual solicitors, including increases in the Economic Crime levy, registration under HMRC's new mandatory registration regime for tax advisers, registration under Companies

House new mandatory registration regime for Authorised Corporate Service Providers and potential future costs arising from FCA supervision of the AML regime.

(D) There is equally no assurance that these specific initiatives will deliver improvements. The SRA must provide assurances that these initiatives will have regard to s.28 of the Legal Services Act 2007 and that the SRA's work will reflect best regulatory practice: transparent, accountable, proportionate, consistent and targeted. We would expect the SRA to set out clear proposals for accountability, including whether it will publish investigation timescales, targets for reducing backlogs and measures to lessen the burden on firms subject to prolonged investigations.

3. Priority One: Operational Excellence

3.1 Investigations and Enforcement

(A) We welcome the SRA's recognition that investigative and enforcement resources should be focused on the areas that best protect the public, and that the current volume of reports places unsustainable pressure on operations. We support the intention to review the Assessment Threshold Test, implement a risk-based approach, and ensure consistent application of the enforcement strategy.

(B) However, we are concerned that the plan to reduce the number of lower-impact cases that enter investigation does not engage with the root causes of the 45% increase in assessed misconduct reports. Without this analysis, there is a risk that operational improvements will be undermined by continuing growth in the volume and breadth of matters requiring assessment which might detract the SRA from addressing the key risks in line with its aim to serve the public interest and protect consumers of legal services.

(C) The SRA has not provided an assessment of or reasoning as to why the volume of misconduct reports it is receiving may have gone up. One area which we consider might be worth reviewing is whether any of the increases in misconduct reports are in fact the consequence of a general lowering and widening of the reporting standard in recent years including:

(i) the expansion by the SRA's regulatory perimeter into areas traditionally covered by employment law, overseas regulators, workplace culture or conduct outside of work which may be more appropriately addressed through other mechanisms;

(ii) SRA guidance on reporting obligations, which encourages a cautious approach relating to matters that do not warrant regulatory investigation; and

(iii) the enforcement strategy itself, including how the SRA defines seriousness and applies proportionality when deciding whether to investigate.

3.2 The profession also needs assurance that the SRA will deliver genuine improvement in consistency of its decision-making. We would welcome further engagement and transparency in relation to the SRA's proposed implementation of its Assessment Threshold Test as it develops and to see evidence supporting the selection of priorities and safeguards to ensure that the correct cases are pursued.

3.3 Technology and IT Investment

(A) We acknowledge that investment in technology infrastructure is likely to be necessary to support a modern, risk-based regulator. However, the draft plan's references to upgrading IT systems, reducing complexity and duplication, using data and AI, and automating routine activity are expressed at a high level of generality that does not provide the profession with a clear basis for assessing whether proposed expenditure represents value for money.

(B) We note that the proposed funding allocation includes £23.2 million for IT and change projects. We would expect the SRA to provide a more detailed roadmap with defined objectives and measurable outcomes and clear milestones and expected delivery timelines.

(C) If the SRA is at an early stage of reviewing how technology might assist its operations, we consider it premature to seek additional funding on this basis. The profession is entitled to transparency regarding how money will be spent and what it will deliver before being asked to fund it.

4. Priority Two: Proactive Risk Identification

4.1 We support in principle the development of a proactive supervision function, including supervisory dialogue and early engagement with firms in areas of significant risk. These approaches have the potential to build the confidence of the profession, support compliance and reduce the need for reactive enforcement action.

4.2 We would, however, emphasise the following:

(A) Proactive supervision must be proportionate and risk-based, not a mechanism for expanding the regulatory burden on firms that already maintain robust compliance functions and smaller firms that may have less resources;

(B) The SRA must be transparent about the criteria used to identify firms for supervisory engagement and what the aims might be, to safeguard against inconsistent or disproportionate action; and

(C) Intelligence-led risk work and enhanced data analytics is welcomed if this results in timely intelligence regarding emerging risks and supports an earlier, effective response, but this should be subject to clear governance, with appropriate protections to guard against the risks of automated decision making.

5. Priority Three: Focus on the Biggest Issues

5.1 We agree that the SRA should focus its resources on the issues that pose the greatest risk to the public, the profession and confidence in the legal profession. We support the decision to pause certain areas of work which are not central to consumer protection during this period, including consumer engagement initiatives and not to take forward CILEX redelegation.

5.2 We support the SRA's focus on professional ethics as a priority area. Maintaining high ethical standards is fundamental to public trust in the profession and the rule of law. However, whilst the alleged misconduct relating to the Post Office raises serious issues and regulatory action must indeed be taken where there is evidence of misconduct, the SRA must ensure a proportionate response with regards the wider profession. By way of example, the current consultation on continuing competency suggests an insufficiently considered response which might be understandable given timeframes. The proposal to mandate three hours of ethics discussions for groups of 3 to 12 people each year is an example of the SRA not properly considering whether its proposals will actually deliver improvements or address the issues it is concerned about.

5.3 We also support continued focus on client money protections, high-volume consumer claims, and responsible innovation. These are areas where regulatory attention is clearly justified, however, the SRA must ensure proportionality and careful consideration when considering reforms and consider instead whether guidance and support may be more appropriate. We would also query whether the SRA has given sufficient consideration to the potential impact on access to justice from its consumer protection proposals, and whether they may unintentionally drive market consolidation or limit access to legal services in already economically vulnerable areas.

5.4 We suggest that the SRA should use this proposed re-set to adopt a more focused regulatory approach, prioritising what matters and regulating more effectively. This focus should be underpinned by a clear articulation that the SRA's remit is confined to serious misconduct.

6. Proposed fees

6.1 We note that the SRA's overall funding requirement for 2026/27 is £111.5 million, representing a £25 million (29%) increase from the current year. As set out above, the profession is already facing increased levies, regulatory fees and rising costs against a backdrop of wider economic uncertainty.

6.2 The plan is expressed as bridging the gap to the introduction of a new corporate strategy covering 2027-30 and a central plank of the plan to "invest now" is also to replenish reserves. We are concerned that expenditure will increase again next year, meaning that the proposed significant increase is not contained to this year. We would welcome early reassurances in this regard.

6.3 Whilst we recognise that effective regulation and addressing complex change requires adequate resourcing and that the SRA is facing operational challenges caused by regulatory failures and unexpected expenditure such as adverse cost orders, we are concerned that this proposed significant increase in funding requirements is not supported by:

(A) Detailed justification for each major category of additional expenditure;

(B) Clear evidence that the proposed investment will deliver measurable improvements in regulatory performance;

(C) A credible roadmap demonstrating when and how efficiencies will be realised; and

(D) Transparent reporting mechanisms enabling the profession to hold the SRA accountable for delivery.

6.4 The SRA must provide assurances that its plans will deliver tangible and effective improvements and will reduce the profession's future exposure to the risks of firm failures and costs.

Response to consultation on the SRA proposals and plans for funding for the 2006/2027 produced by two Law Society Council members directly elected for the purposes of protecting and representing the interests of sole practitioners, namely Clive Sutton and Kem Masinbo-Amobi.

These council members have long experience as sole practitioners with their own sole practices extending back many years, together with previous lengthy experience in the Sole Practitioners Group.

It has not normally been necessary to comment on the previous SRA business plans which follow a general increasing percentage uplift in fees each year. However, the concern of individuals like us representing small firms has been to the continual past changes and developments proposed by the SRA, such as.

Changes in indemnity policy requirements.

The proposed regulation of CILEX.

The proposal to close the Solicitors Indemnity Scheme and various other non-regulatory proposals

It seems clear that these proposals have deflected the executive of the SRA from carrying out its primary duty of regulation to protect the public interest, and through that the interest of the solicitors practicing certificate contributions which pay for the SRA itself and pay for the compensation fund which provides the credibility of the SRA to remedy situations causing losses to the public.

Solicitors in general and sole practitioners in particular have been prepared to pay for appropriate professional indemnity insurance and to support the compensation fund with reasonable contributions in the past but take considerable issue with the fact that the SRA has not kept up with the changes in the legal landscape resulting initially from the Legal Services Act which brought in alternative business structures.

This is particularly so because the Sole Practitioners Group warned the legislature over the whole period of implementation of alternative business structures into the Legal Services Act, of their potential dangers, and as members are now having to pay for the failings of that Act and its regulation by the subsequently formed SRA.

It is appreciated that apart from the SRA board and the currently resigning Chair, the failures identified in the business plan are those of a previous regime which was allowed to develop expensive and expansionist tendencies at the cost of overlooking the potential for large losses.

The phrase in the plan: “The experiences from the last two years have shown that we have sometimes not identified risk early enough prevent harm,” is an extraordinary understatement of the position and really does not amount to an apology for the need to raise the profession’s contribution by 29%.

From the point of view of those paying the substantially increased practising certificate fees of 29% uplift, and most sole practitioners producing an increased 54% firms Compensation Fund contribution from £1950 to £3600, the increases in charges are horrendous. It is impossible to justify them to sole practitioners bearing in mind the three recent apparent failures of regulation by the SRA so roundly criticised by the LSB.

Firstly the Axiom Ince situation with claims of £50 million approximately

Secondly the SSB defaults with claims of further £50 million approximately.

Thirdly the PM Law insolvency with a further £20-£30 million claims.

It is appreciated that there has been a change of chief executive since these claims were created, but the SRA historically have been thoroughly criticised by the LSB and are corporately responsible for this failure in regulation, leading to a recent civil claim against the SRA which will no doubt have to be underwritten by further members contributions.

It is understandable that the first reaction of a newly engaged executive is to change systems to avoid repetitions. However sole practitioners are going to feel that this is completely against natural justice to make them and the rest of the profession contribute entirely for failures and to after replenish the SRA reserves.

The professions approach to funding at this stage should be to accept that in the long-term solicitors may have to be responsible, but to spread that responsibility over increasing costs which solicitors can accept as fair. In the recommendation of both sole practitioner council members an increase of 10% over the previous figures generally may be considered fair to deal with what has so far occurred.

It is appreciated that that increase will be less than initially demanded but the SRA should then budget to prioritise requirements according to the sums available under that increase. This will require savings, particularly

In respect of new projects such as CILEX, which has already been cancelled and which should never have started;

The cessation of trawling for record-keeping failures in connection with anti-money laundering, particularly where there is no historic evidence of prejudice to the public, and replacing penalties with guidance;

The reassignment of existing staffing to investigations of the type of business acquisitions and large-scale client operations which have already given rise to claims.

This must be really urgent as on the basis of the fact that there have been failures already, it is likely that there are other firms in a similar

situation which need to be discovered immediately, before significant losses and claims are crystallised and prejudicial action is taken by maverick owners and staff.

£10 million has been allocated for reserves. We appreciate from what has been said, that this is to certain extent a misnomer and it should be designated as working capital, but that £10 million contribution this year should be reduced as much as possible to keep within a 10% increase which, based on previous year's increase, is still significant.

In these extraordinary circumstances the SRA cannot have the luxury of claiming substantial percentage increases from solicitors to build up a cushion for the future. That can only be done when the SRA has restored its trust with the profession who pay its contributions and show that the profession's financial backing is merited by the absence of any further substantial claims.

As a separate subject, the compensation fund was designed for the traditional provision of legal services and not for the risky provision through the commercial vehicle of alternative business structures and its derivative of accumulator firms. The SRA should be considering whether it is still right that clients of such firms, having been suitably warned, should be entitled to compensation from solicitors who have retained a safer conventional system of legal practice.

Having set out a summary in narrative form the following are answers to the questions are as follows:

Question 1

Do you have any comments on our proposed work commitments 2026/27 under our operational excellence priority"

This is generally agreed with the emphasis on regulating and avoiding the collapses of large entities by researching and following up apparently risky organisations.

Question 2.

Do you have any comments on our proposed work commitments for 2026/27 under our "Develop the ability to proactively identify and address risk" priority?

We endorse the second paragraph of section 2, particularly as follows: "The SRA needs to move away from a largely reactive, enforcement led model towards one where we are better able to spot problems early and take action before harm occurs. This is essential to protecting consumers, driving the right behaviours in firms by prioritising issues posing the greatest risk, and targeting regulatory action where it will have the greatest impact".

To this should be added: "This is essential to protecting consumers *and the profession whose contributions protect consumers and pays for our regulation*."

Question 4.

Do you to have any comments about our proposed funding requirements for the practising certificate fee 2026/27

Yes. Very forcefully to endorse what has been said above as to starting with a reasonable increase of say 10% overall and cutting the SRA cloth according to the budget that that allows, emphasising the prevention of any further losses, even at the cost of a temporary relaxation of other regulation. Whatever the Law Society said in its response, we would be surprised if many, if any sole practitioners agreed the proposed 29% uplift in funding.

Question 5

Do you agree that the SRA s required proportion of the practising certificate fee is reasonable and appropriate.

The argument here historically has been that small firms who cannot insure against their own fraud, place their clients at greater reason to claim from the compensation fund. However, the latest substantial losses in the multi millions of pounds not protected against by the SRA are in respect of large firms or firms with large assets and inappropriate controls and therefore should not fall disproportionately on small firms as legal entities paying a disproportionately large percentage of these costs.

Question 6.

Do you agree with the compensation, fund contribution for individuals for 2026/27

This is not a significant increase but should be kept within the 10% increase suggested.

Question 7

Do you agree that 2026/27 we should maintain the apportionment of compensation fund contribution to 50% individuals and 50% firms as the current position rather than 70% for individuals and 30% firms.

We agree 70% for individuals and 30% firms to avoid small firms and sole practitioners from being unfairly burdened by the funding of compensation fund claims for which they are largely not at fault.

Question 8

Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI related work commitments for 2026/27

These fee increases will hit EDI firms which make up a significant proportion of small firms.

Question 9

Have you any other facts which indicate the impact on different sections of the profession

The facts are obvious that these increases, particularly the compensation fund increase of £1500 over and above previous increases are going to penalise and result in the considerable suffering of small firms which provide much of the legal services for the more disadvantaged members of society.

Signed

Clive Sutton Law Society Council member

Kem Masinbo-Amobi Law Society Council member

22 June 2026

Solicitors Regulation Authority

Business Plan and funding requirements for 2026-27

Consultation responses

November 2026

Consultation responses

We received seventy-two formal responses to our consultation, from:

- Six national representative bodies and membership organisations (including the Law Society (TLS) and Sole Practitioners Group (SPG)).
- The Legal Services Consumer Panel (LSCP).
- The Legal Ombudsman (LeO).
- Twelve regional and local law societies (including City of London Law Society (CLLS), members of the Joint V Law Societies, the County Societies Group, and Cardiff and District Law Society).
- Eighteen commercial law firms, and seven sole practitioners.
- A further twenty-four individual solicitors.

Respondents who agreed we could publish their response in full are as follows:

- Access Legal (Brian Rogers)
- Association of Public Injury Lawyers
- Birmingham Law Society
- Bristol Law Society
- Cardiff and District Law Society
- City of London Law Society
- Clive Sutton and Kem Masinbo-Amobi
- Consumer Help with Legal Services CHWLS.org
- County Societies Group of Local Law Societies
- Criminal Law Solicitors Association (CLSA)
- Devon and Somerset Law Society (DASLS)
- Forum of Insurance Lawyers (FOIL)
- Hampshire Incorporated Law Society (HILS)
- Hope Law Limited
- Legal Ombudsman
- Legal Services Consumer Panel
- Leicestershire Law Society
- Linklaters LLP
- Liverpool Law Society
- Manchester Law Society
- Mental Health Lawyers Association (MHLA)
- MJP conveyancing
- Newcastle and North of England Law Society
- Northamptonshire Law Society
- Quay Legal
- Rule of Law Institute - Cherish Freedom Trust
- Solicitors Sole Practitioners Group (SPG)
- Surrey Law Society
- Tammy Parnell
- Terry Maylin

- The Law Society of England and Wales
- Warwickshire Law Society

These are the responses from respondents who asked us to publish their responses but not their names.

The following respondents asked to be named but for their responses not to be published:

- Adrienne Edgerley Harris
- Jame Gordon
- Deborah Abraham
- Tim Barr
- Jonathan Marsh

There were also respondents who asked not to be named and for their responses not to be published.

Response ID:131 Data

2. About you

1.
First name(s)

David

2.
Last name

Curwen

6.
I am responding..

on behalf of an organisation

7.
On behalf of what type of organisation?

Representative group

8.
Please enter the name of the group

Consumer Help with Legal Services CHWLS.org

9.
How should we publish your response?

Please select an option below.

Publish the response with my/our name

3. Consultation questions

10.
1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

We welcome investment in capacity and in quicker, more consistent decisions (BP p9), but the plan treats automation as a future ambition — it should start now, not from November. The most effective, lowest-risk way to clear the existing backlog without letting complainants down is an AI-assisted first-pass assessment at intake: reading the papers supplied and producing a neutral factual summary, a structured set of questions for the firm, an itemised list of the evidence, and a plain-English request to the consumer for anything missing — with a human still making the decision. CHWLS has built and is finalising a reusable, regulator-side first-pass complaint-assessment script; a worked proof of concept produced a full first-pass of a real, concluded complaint in about 48 seconds of machine time. Two or three trained people using such a tool could begin clearing the initial backlog within weeks, and we urge the SRA to pilot it now, in parallel. We also ask for a published, consumer-facing service standard for how quickly complaints are acknowledged, assessed and concluded, and for the revised Assessment Threshold Test to be consulted on separately, with consumer input.

11.
2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to

proactively identify and address risk' priority?

We support acting earlier to prevent harm. To make it real, put root-cause analysis at the centre: the major failures — firm collapses, repeat-offender patterns, interventions — should be analysed for their underlying causes, and the warning signs converted into specific, actionable red flags with an auditable paper trail of what was seen, when, and what was done. Early intervention without a disciplined, evidenced early-warning system is just a slower version of the same reactive model. One transparency concern: formal enforcement is public and on the record, but "supervisory dialogue" is by nature private. If more issues are resolved quietly with firms, consumers lose sight of which firms have been a regulatory concern — exactly the information they need to choose safely. We ask: how will supervisory outcomes be made visible to the public?

12.
3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

We are concerned this priority is used to justify raising the threshold for investigation, which in practice pushes the ordinary consumer to the back of the queue. A matter that is "low-impact" in the SRA's caseload terms can be devastating to the individual who suffered it — and "low-impact" is judged by the regulator, not the complainant. We ask for transparency on the revised Assessment Threshold Test and a clear, fair feedback and appeal route for complainants whose cases are filtered out. We object, in the strongest measured terms, to the pausing of consumer-empowerment work — transparency rules, quality indicators and digital comparison tools (BP p16; C p8). These are precisely the tools that help a person choose a solicitor wisely and spot problems early; pausing them is hard to reconcile with the SRA's statutory objective of protecting and promoting consumers' interests (s.1, Legal Services Act 2007). We ask for a firm timetable for their resumption. We support the client-money safeguards and the high-volume consumer-claims work, and ask that they be delivered, measured and published.

4. Consultation questions

13.
4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

The funding requirement rises 29% (£86.5m to £111.5m, +£25m; BP p20). A meaningful share rebuilds reserves and funds an expanded property footprint — property spend rises from £4.0m to £7.2m and £10.3m is added to reserves (BP p25) — rather than going directly to consumer protection. A consumer is entitled to ask what proportion of the increase is new consumer protection versus remediation of past underperformance and the SRA's own cost outcomes; we ask the SRA to publish that split. The vast majority of solicitors provide an excellent service and generate no complaints at all; an across-the-board increase asks the compliant many — and, through pass-through, their clients — to fund the failings of a few. Cost and enforcement should be targeted at the transgressors, not spread across the compliant.

14.
5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

Only conditionally. It is reasonable only if matched by demonstrable consumer-facing improvement and if the missing consumer-side impact analysis (see Q8) is completed first. As drafted — more money, fewer complaints investigated, consumer-empowerment work paused, and no modelling of the effect on consumers — we cannot regard the increase as justified on the consumer's behalf.

15. 6) Do you agree with the compensation fund contribution for individuals for 2026/27?

The compensation fund is the consumer's backstop when a firm fails. The documents disclose that the PM Law Group closure has driven claims past £20m, that interventions are running well above last year, and — critically — that the SRA itself questions whether "the current compensation fund arrangements are sustainable in the medium to longer term" (BP p28). The regulator openly questioning the fund's sustainability is a flag, not a reassurance. We seek a clear assurance that consumer payouts will not be capped, delayed or restricted while "sustainability" is reviewed.

16. 7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50%

individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

The apportionment debate is being conducted entirely as a question of fairness between solicitors — down to the 32-PC-holder break-even point — with no modelling of the effect on the prices consumers pay or on service availability. A move to 70:30 would nearly double the individual self-paying solicitor's contribution (£70 to £166), and the SRA accepts the burden falls hardest on lower-paid solicitors, who are concentrated in small and criminal-practice firms. We ask that the consumer-price and access-to-justice impact be modelled before any change is made.

5. Consultation questions

17. 8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

This is our central point. The impact assessment is, by its own statement, an assessment of the equality impact on the profession. It does not model the effect of fee pass-through on the prices consumers pay (despite conceding pass-through is likely, IA p8); it does not assess the consumer impact of pausing transparency and comparison-tool work; it does not assess the impact of raising the investigation threshold; and it does not follow its own equality analysis through to consumers who may lose access to local or specialist firms — notably in criminal law — if those firms are squeezed. An impact assessment for proposals justified throughout as protecting consumers contains no quantified consumer-side impact analysis. We ask the SRA to remedy that before finalising the plan. We also ask the SRA to put real consumers, with lived experience of being let down, on its boards and on a standing user panel, so reform is shaped by lived experience rather than operational convenience.

18. 9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

We offer the consumer-harm perspective the assessment omits. The consumers most exposed are the least able to absorb it: people on low incomes who cannot shop around, vulnerable and distressed complainants who cannot frame a complaint in regulatory language, and users of criminal-law and small high-street firms, where fee increases and apportionment changes fall hardest and may reduce local access to justice. CHWLS helps consumers assemble a complete, evidence-backed complaint before they escalate, which both strengthens their case and reduces wasted regulator time — and our first-pass assessment tool applies the same standard to everyone, so a consumer who cannot frame a complaint well is not disadvantaged. We would welcome the chance to provide this evidence and to demonstrate the proof of concept.

A full written CHWLS response — with the proof of concept (the AI Complaint-Assessment Trial) and the six reform proposals — has also been submitted by email to businessplan@sra.org.uk. We would welcome the opportunity to demonstrate the first-pass assessment proof of concept to the SRA.

Consolidated Representative Response to the SRA Draft Business Plan and Funding Requirements 2026/27 made by the County Societies Group of Local Law Societies

Participating local law societies:

- **Cheshire & North Wales**
- **Devon & Somerset**
- **Kent**
- **Newcastle & the North**
- **Surrey**

Executive Summary

Across the consultation responses reviewed, there is broad support for the objective of maintaining an effective, proportionate and trusted regulator. However, respondents consistently express concern that the SRA is seeking significant increases in funding without providing sufficient evidence of the measurable benefits, outcomes and improvements that firms, solicitors and consumers will receive in return.

The common theme throughout the responses is not opposition to investment itself, but a request for greater transparency, accountability, clarity of purpose, and evidence that additional expenditure will result in demonstrable improvements in regulatory performance.

Key Common Themes and Issues

1. Lack of Clear, Measurable Outcomes

A recurring concern is that the consultation explains proposed expenditure in considerable detail but provides insufficient information about:

- What specific improvements will be delivered.
- How success will be measured.
- What timescales apply.
- How accountability will be maintained.
- How stakeholders will know whether the investment has been successful.

Respondents request:

- Clear definitions of "operational excellence".
- Tangible performance indicators.
- Published delivery milestones.
- Regular reporting against objectives.

- Independent scrutiny where appropriate.

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2. Regulatory Accountability Must Accompany Increased Funding

There is a shared view that the profession should not simply be asked to fund:

- Operational recovery.
- Organisational transformation.
- Expanded regulatory capability.
- Reserve rebuilding.

without a fuller explanation of:

- Lessons learned from previous shortcomings.
- Safeguards implemented to prevent recurrence.
- Expected benefits from the proposed investment.

Several respondents suggest that confidence in the regulator would be strengthened by greater transparency regarding performance and independent oversight of transformation programmes.

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3. Insufficient Transparency Around the 29% Budget Increase

A significant area of concern is the scale of the proposed increase in funding requirements and practising certificate fees. Respondents acknowledge that regulatory funding may need to increase but question whether the proposed uplift has been adequately justified.

Common requests include:

- A clearer breakdown of costs.
- Separation of transformation costs from ongoing operational costs.
- Greater visibility of anticipated benefits.
- Evidence demonstrating value for money.
- Assurance that increases are not becoming permanent without corresponding performance improvements.

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4. Concerns About Risk-Based Regulation and Proactive Supervision

Respondents generally support proactive risk identification but seek significantly more detail regarding:

- How the proposed model will operate in practice.
- How risk indicators will be developed.
- How interventions will remain proportionate.
- How firms will distinguish supportive supervision from enforcement activity.

There is concern that expanded risk monitoring could create uncertainty for firms if decision-making processes and escalation criteria are not clearly defined.

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5. Data Analytics, "Single View of a Firm" and Information Governance

Particular concerns were raised regarding the SRA's proposed use of enhanced intelligence and data analytics capabilities. Questions remain regarding:

- How data from multiple sources will be collected and combined.
- Whether such approaches may extend beyond traditional law firms to in-house legal teams.
- How information obtained for one purpose may later be used.
- What safeguards will apply to legally privileged and confidential material.

Respondents seek clearer guidance on:

- Boundaries of data collection and use.
- Protection of legal professional privilege.
- Governance arrangements for combined datasets.
- Transparency around analytical processes and decision making.

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6. Compensation Fund Sustainability and Reform

While respondents recognise the importance of maintaining a robust Compensation Fund, there is broad agreement that increasing contributions alone is not a sufficient long-term solution.

Common themes include:

- Need to address root causes of major claims.
- Greater focus on preventative supervision.
- Increased transparency about lessons learned from significant failures.
- Strategic review of the Compensation Fund model and sustainability.

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7. SQE Governance and Confidence

Confidence in the Solicitors Qualifying Examination is recognised as important; however, concerns remain regarding:

- Operational delivery.
- Candidate experience.
- Transparency.
- Accountability.
- Accessibility and affordability.

Respondents seek clearer explanations regarding:

- What specific improvements are proposed.
- How success will be measured.
- How SQE-related activities interact with wider funding requirements.

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8. Greater Engagement with the Profession

Several responses call for deeper and more representative engagement with the profession. Suggestions include:

- Structured surveys of firms.
- Engagement across different business models.
- Consultation with regional, specialist, small and medium-sized firms.
- Better incorporation of stakeholder feedback into policy development.

There is concern that some proposed initiatives may be designed around larger organisations and not fully reflect the realities facing smaller firms, consultants, high-street practices and specialist providers.

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9. Impact on Smaller Firms and Access to Justice

Respondents highlight the potential impact of rising regulatory costs on:

- Small firms.
- Sole practitioners.
- Regional firms.

- Legal aid providers.
- Specialist practices.
- Consultant-led firms.

Concerns include:

- Increased market consolidation.
- Reduced diversity of legal service providers.
- Additional pressure on legal aid providers.
- Potential negative consequences for access to justice.

Overall Representative Position

The responses collectively support the principle of investing in effective regulation but conclude that the SRA has not yet sufficiently demonstrated:

1. Why the proposed funding increases are necessary at the scale proposed.
2. What measurable benefits will result.
3. How success will be monitored and reported.
4. How accountability will be strengthened.
5. How risks relating to data use, privilege and confidentiality will be managed.
6. How future Compensation Fund pressures will be addressed sustainably.
7. How the impact on smaller firms and access to justice will be mitigated.

The common recommendation is that the SRA should provide greater transparency, clearer performance measures, stronger stakeholder engagement and more robust evidence linking increased expenditure to improved regulatory outcomes before implementing the proposed funding increases.

19.6.26



Criminal Law Solicitors' Association

Cambridge House

Cambridge Grove

Hove, BN3 3ED

Email: admin@clsa.co.uk

CLSA response to:

Consultation on Draft Business Plan and funding requirements 2026/27

1. Introduction

The Criminal Law Solicitors Association (CLSA) represents solicitors and firms providing criminal defence services across England and Wales. These firms are predominantly small and medium-sized practices, heavily reliant on publicly funded legal aid work and operating within tight financial margins. CLSA members play a vital role in ensuring access to justice, the proper functioning of the criminal courts, and the protection of fundamental rights.

The Practising Certificate Fee is obligatory for all Criminal Law Solicitors. The most significant element of the fee is that paid to the SRA. Another significant funds bodies such as the Legal Ombudsman and the Solicitors' Disciplinary Tribunal. The third, and smallest proportion, funds the Law Society. In addition there is a levy to pay for the Compensation fund.

For the 2026/27 fee the Law Society proposes a 2% increase to its element of the fee.

The SRA seeks a significantly higher increase for its fee and for the Compensation fund.

For 2026/27 the SRA proposes an increase in fees as follows:

- Individual contributions to SRA - a proposed increase from £190 to £240
- Individual contributions to the Compensation fund - a proposed increase from £70 to £120
- Firm contributions to the Compensation fund - a proposed increase from £1,950 to £3,600

2. Overarching Position

The CLSA recognises the importance of effective and well-resourced regulation and the need to maintain confidence in legal services. However, we have significant concerns regarding the fairness, proportionality, and structural basis of the proposed increases in practising fees and compensation fund contributions. The current funding model does not adequately distinguish between firms with materially different risk profiles.

The levy of the SRA and SIF elements of the Practising Certificate fee should align with the principle of Professional Indemnity contributions, which typically heavily discount criminal defence firms as a recognition that they are low risk both in terms of liability and quantum.

3. Response to Consultation Questions

Question 1: Operational Excellence

The CLSA supports the objective of improving operational effectiveness. However, the scale of the proposed fee increases requires clear evidence of measurable improvements in regulatory outcomes, including timeliness, consistency and proportionality. Criminal defence firms should not be required to disproportionately fund systemic reform driven by complexities elsewhere in the market.

Question 2: Proactive Risk Identification

We support a more intelligence-led, preventative approach. However, a genuinely risk-based framework must extend to how fees and contributions are set. The current flat funding structure is inconsistent with a risk-based regulatory philosophy and risks imposing disproportionate burdens on low-risk firms.

Question 3: Focus on the Biggest Issues

The SRA's prioritisation of high-risk areas reinforces the need for risk-aligned funding. Criminal defence firms do not fall within the highest-risk categories identified and it is therefore inappropriate that they contribute equally to the costs associated with those risks.

Questions 4 and 5: Practising Certificate Fees

The proposed increase is substantial and will have a disproportionate impact on criminal defence firms operating in low-margin environments. Most fee income comes from legal aid work and firms cannot increase fees to reflect the increased cost of regulation. The market is fragile and there is a real risk that these increases could tip some firms over the edge.

Criminal Defence solicitors are effectively being asked to bear the financial consequences of regulatory failures associated with higher-risk business models. Greater transparency is required regarding the distinction between one-off transformation costs and ongoing expenditure.

Question 6: Compensation Fund Contributions

While the CLSA recognises the need to ensure the continued viability of the compensation fund, the flat contribution model fails to reflect differing levels of risk. Criminal defence firms and solicitors do not create the types of losses that have driven recent increases.

The professional indemnity insurance market already recognises criminal defence firms as presenting minimal financial and regulatory risk and prices premiums accordingly. Firms doing mostly criminal defence work are offered significant discounts on premiums compared to firms with a similar turnover carrying out different types of work. It is therefore difficult to justify a regulatory funding model that fails to make equivalent distinctions and instead requires low-risk firms to subsidise risks generated elsewhere in the legal services market.

It might be argued that it is too complex to adjust individual PC fees as between different practise areas. However, it is perfectly feasible to adjust Firm Compensation fund payments according to work type, as is already done in the private PII market and reduce the contribution for firms where, say, at least 90% of the fee income is from Criminal Defence work.

Question 7: Apportionment

Maintaining the current apportionment is preferable in the short term. However, the fundamental issue lies in the absence of risk differentiation across firms. Future reform should focus on risk-weighted contributions.

Question 8: Impact Assessment

The impact assessment correctly identifies disproportionate effects on small firms and legal aid practices but does not fully account for long-term system impacts, including market exit and reduced access to justice.

Question 9: Further Information

The CLSA anticipates that sustained cost pressures will lead to firm closures, consolidation, and reduced availability of criminal defence services, with consequential impacts on the justice system.

4. Conclusion

The CLSA submits that the proposed increases are disproportionate and fail to reflect differences in risk across the legal sector. A sustainable regulatory model must align risk, responsibility, and cost. Criminal defence firms do not create systemic financial risk and should not be required to underwrite it.

Response to SRA Consultation on Draft Business Plan and funding requirements.

This response reflects the collective views of practitioners engaged in day-to-day legal practice and regulatory compliance. While we welcome the opportunity to engage with the SRA on these important issues, we consider that several aspects of the proposals require further clarity, refinement, and measurable accountability.

Priority 1 & 2. Operational Excellence & Identifying Risk

We note the SRA's stated focus on operational excellence and proactive risk identification. DASLS supports the principle of a more efficient, consistent and proactive regulator. However, the consultation does not yet provide sufficient practical detail to enable meaningful evaluation. In particular, it does not clearly define "operational excellence" in measurable terms, explain how proactive risk identification will work in practice, or set out what specific service improvements firms and consumers should expect.

DASLS considers that the SRA should:

- provide clearer definitions and tangible benchmarks for success;
- explain how regulatory interventions and case escalation will be applied proportionately, consistently and on an evidence-based basis;
- ensure that reporting mechanisms do not default to assumptions of misconduct without appropriate investigation;
- confirm what timescales apply to the proposed improvements and how consistency of decision-making will be assured; and
- explain how the proposed supervision model will differ from enforcement, and how earlier engagement with firms will remain genuinely supportive and proportionate rather than creating an additional layer of scrutiny.

A key priority should be rebuilding trust with the profession through predictable decision-making, fair and evidence-based escalation, and clearer accountability where the regulator itself falls short.

Priority 3. Focus on the biggest issues.

While we recognise the need for prioritisation, the profession is entitled to a clearer explanation of why some workstreams are being paused at the same time as very substantial increases in funding are being sought.

We also believe the SRA would benefit from more structured engagement with the Profession.

Specifically, we suggest:

- Conducting targeted surveys of law firms to identify the types of support most needed;
- Engaging more actively with firms across different sizes, practice models and regions; and
- Ensuring feedback mechanisms meaningfully influence policy development.

Support for firms should be tailored to the realities of different models of practice — not just large firms, but regional firms, smaller firms, consultant-heavy models and specialist practices.

Without this, proposed "support" initiatives risk being misaligned with the realities of practice.

- **SQE Administration**

The SRA identifies confidence in the SQE as one of its major priorities. However, concerns remain regarding the administration of the SQE, particularly in relation to consistency, delivery, and overall candidate experience.

We urge the SRA to:

- Address operational shortcomings in the SQE process;
- Provide greater transparency and accountability in its administration;
- Set out clearly what changes it proposes to make;
- Confirm how candidate experience will be improved; and
- Explain how confidence in the SQE will be measured in practice.

SRA Funding

- **Budget Increase and the need for Financial Transparency**

We note the proposed **29% budget increase** and associated financial demands on the profession.

The profession appears to be being asked to fund:

- improvement to current operations,
- transformation/new capability,
- and reserve rebuilding,

all at the same time.

While we recognise the need for adequate regulatory funding, the profession should not be asked to underwrite operational recovery, organisational transformation and reserve

rebuilding without a much more detailed and transparent account of costs, priorities and expected benefits. The increase must be:

- Clearly justified;
- Linked to specific, measurable outcomes; and
- Subject to ongoing accountability.

There is a strong concern within the profession that past regulatory shortcomings have not been adequately explained. Accordingly, any increase should not be treated as a permanent uplift without a demonstrable improvement in regulatory effectiveness.

- **Compensation Fund Levy**

We acknowledge the importance of maintaining the Compensation Fund and accept that increased contributions may be necessary in light of recent events.

However:

- Any increase must be accompanied by a clear, structured plan addressing root causes;
- The SRA must demonstrate how similar failures will be prevented in future; and
- Consideration should be given to how confidence in the regulatory framework can be restored through systemic improvement and greater transparency.

Without meaningful reform, there is a risk of recurring financial shocks.

The consultation itself recognises that the current level of pressure on the Compensation Fund raises broader sustainability questions. DASLS considers that repeated emergency-style increases are not, on their own, a satisfactory long-term solution.

- **Practising Certificate Fees**

We note the proposed increase in practising certificate fees (from £190 to £240) and the broader discussion regarding the structure of fee contributions.

We consider that:

- The current individual-based model may not reflect modern firm structures, including consultants and alternative business models;
- Greater consideration should be given to firm turnover or entity-based approaches; and
- Any changes must be equitable across different sizes and types of practice.

DASLS would welcome a more fundamental review of whether the current fee model remains the most equitable way to apportion regulatory costs in a market where business structures and working models have evolved significantly.

- **Overall Position on Fee Increases**

We emphasise that the profession is not opposed to contributing more where necessary. However, this is contingent upon:

- Effective and competent regulation;
- Tangible improvements in outcomes; and
- Clear evidence of value for money.

Inadequate regulation presents a greater risk to the profession than the financial burden of increased fees. In summary, we urge the SRA to:

- define its proposals more clearly and in measurable terms;
- engage more meaningfully with the profession across different practice models;
- provide greater transparency around costs, priorities and expected benefits; and
- demonstrate how the proposed changes will lead to tangible improvements in regulatory effectiveness.

We would be pleased to engage further on these matters and contribute to the development of a more effective and trusted regulatory framework.

SRA Consultation - Draft Business Plan and Funding Requirement 2026/27

This response is made on behalf of the **Forum of Insurance Lawyers (FOIL)** in respect of the above consultation. FOIL represents lawyers across the United Kingdom and the Republic of Ireland. It exists to provide a forum for communication and the exchange of information between lawyers acting predominantly or exclusively for insurance clients.

To: businessplan@sra.org.uk

Questions

Question 1 Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

The priorities for 2026/27 include "operational excellence" (which includes new IT); "develop our ability to proactively identify and address risk" and "focus on the biggest issues" all of which are laudable priorities given the SRA's need to do a "re-set" and go back to basics. However, previous SRA business plans have identified very similar/the same priorities. For example., the 2023/24 and 2024/25 business plans had the same priorities – "*we will strengthen our risk-based and proactive regulation*" and "*we will support innovation and technology*". The Solicitor's Profession has seen increases in PC fees in those years but has not seen any evidence of improvement. If there is to be such a significant increase in the PC fee, the SRA should be more transparent about its planned improvements and the extent to which they achieve their objectives. For example, by allowing access again to Board meetings; publication of Board reports etc.

Question 2 Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

Proactive supervision and early engagement with firms in higher risk areas is a meaningful and positive step away from a reactive approach provided that the staff are sufficiently trained to understand how firms work in practice.

Greater focus is required on the types of harm on which the SRA are seeking to identify/prevent/prioritise. FOIL appreciates that some attempt has been made to describe this in the 'biggest issues' section of the draft plan.

'*Strengthen and build on partnerships with other regulators to mitigate shared risks.*' The SRA also needs to strengthen and build relationships with relevant professional membership organisations in addition to any links/communication with the Law Society (LS). The Law Society represents the

whole profession but does not always speak with an authoritative voice for specific legal markets or sectors of the Solicitor's profession.

Question 3 Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

Strengthening the protections for client money: The SRA's response to the 2024 consultations on protecting client money confirmed that "*wider reforms to the model of holding client money and the model for the compensation fund...are important but longer-term potential reforms. We will return to them once we have acted on improving our current arrangements*" [emphasis added]. In the draft business plan, the SRA states "*we will consider and prioritise longer term regulatory reforms to further reduce risks to client money. This involves examining the current model of solicitors holding client money and exploring alternatives, such as new opportunities raised by technological and system development*". Why does the SRA need to "prioritise" this issue in the 2026/27 business plan? FOIL contends that the SRA should focus on doing the basics well before exploring further significant regulatory reform on client monies.

FOIL welcomes a re-focussing of the SRA investigation and enforcement strategy on conduct which impacts/causes the most harm, including a focus on consumer protection in the high-volume claims space.

The draft business plan is relatively weak on supporting responsible innovation and continuing to enhance the SQE. The SRA should be leading and directing on responsible innovation, including the use of Generative AI by the profession.

Is simple enhancement of the SQE what is really required? FOIL considers that a root and branch review of the SQE is now warranted given the views that have been expressed by authorised training providers and law firms more generally.

FOIL also refers to the following article: SRA tells law firms to rewrite misleading 'investigation officer' letters in outsourced complaints process | Law Gazette. If the SRA proposals include the outsourcing of certain investigatory operations to save costs, it must be done with compete transparency.

Question 4 Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

While most solicitors have their individual PC fee and compensation fund contribution paid for by their employer, the proposed increase will affect those individuals who meet the costs themselves. Of these individuals, the increase is likely to be felt the most by those earning less (i.e., those based in smaller firms, who work part-time or intermittently, or are working in less profitable areas of legal services).[1] The proposal may also lead to some firms no longer paying for individual PC fees. This is an area and risk that merits further consideration.

It is also unclear how the technology for the SRA's transformational work has been costed. Who is the SRA using/has it been put out to tender to ensure the most cost-effective tools are to be used?

Otherwise, please see the answer to question 1 above.

[1] Taken from the SRA's impact assessment (May 2026).

Question 5 Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

This question rather presupposes that the SRA was operating in a reasonable and efficient manner in the preceding financial periods. The draft business plan identifies a range of issues and inefficiencies in those earlier periods. Where a significant change in the PC fee is required because of earlier failings in regulatory oversight and/or activity, the proposed increase cannot be regarded as a reasonable outcome.

Question 6 Do you agree with the compensation fund contribution for individuals for 2026/27?

See the answers to questions 1 and 5 above.

Question 7 Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27?

Changing the apportionment of Compensation Fund contributions to 70% individuals and 30% firms is not considered an appropriate and proportionate approach to setting contribution levels for 2026/27. This request appears to be triggered or necessitated by the SRA's historic regulatory activity and/or omissions.

We are not satisfied that there has been an adequate assessment of the potential impacts on individual solicitors since they will be paying a greater proportion toward the Fund as a cohort under the SRA's proposals. See the answer to question 4 above.

Question 8 Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

See the answer to question 4 above.

Question 9 Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

As indicated the SRA should be working with and in regular liaison with a range of professional membership bodies representing solicitors in England & Wales including FOIL.

Forum of Insurance Lawyers

1 Esher Close

Basingstoke

Hampshire RG22 6JP

Dated 22 June 2026

Hampshire Incorporated Law Society

Response to the SRA's consultation on its Business Plan

June 2026

Introduction

The Hampshire Incorporated Law Society (HILS) represents solicitors and legal executives in the county of Hampshire, with over 1000 members. This report is prepared on their behalf by the members of the HILS Regulatory Subcommittee.

Consultation questions:

1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority? The proposed refocussing of the SRA's work is welcome as is the approach to assessment of risk throughout the matter. The threshold for starting an investigation is not mentioned, although Sarah Rapson identified that this needs attention at the Town Hall held on 7 May 2026 as it is currently far too low.

Referrals to the SDT need to be considered far more carefully, taking into account those with vulnerabilities. Alternative, more cost effective and appropriate measures could be employed in some cases. Staffing levels should not be increased: the staff need to be re-aligned and re-trained where necessary. Having more staff does not equate to better service. Their skills are not directed in the correct direction currently.

Re technology: the reports from the LSB experts looking at Axiom and SSB highlight that the SRA had the information that should have raised alarm bells and led to action earlier than it did. New IT systems are not going to remedy the lack of joined up thinking that triggered these firms collapses and the injury that followed to consumers. The SRA needs to use the systems and people it has in place already more intelligently.

We suggest that the SRA reinstates its risk assessment hub so that it brings together information it has and receives from across the organisation (and which was not done in the large failure cases such as SSB that we have had) and to set its enforcement and preventative priorities for future years. In this way, regulatory action will be focussed on the areas of greatest impact to the consumer.

2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority? Re operational performance standards. You say " We will measure success not only through timeliness, but through outcomes, service quality and ease of contact. " HILS agrees that measures are required. However, these seem to be internally focussed and suggest that you will, in effect, be marking your own homework. Bearing in mind the actions that the LSB has just imposed on the SRA, we would expect to see these reflected in your measures, with tight timelines, and for a commitment to publish these regularly to the public and profession. RE supervision: this should be core practice anyway. The consultation does not specify what the pilots are intended to achieve or add to the basic core function to supervise the profession. However we are in favour of a more collaborative and supportive approach towards working with firms to help them get

compliance right before problems arise. The SRA needs to concentrate on rebuilding trust within the profession both in terms of support for the profession as a whole and ensuring that it is much quicker at identifying risks so there are not repeated failings like Axiom Ince.

We also would press the SRA to review and consider a change to the SQE: our members and others in the profession know it is not fit for purpose and does not support day 1 ready solicitors. The cost of the exams and preparation for them is, in our view, still a barrier to entry to the profession. The SRA needs to make provision for dedicated spaces for candidates to take the exam, so that they are not interrupted by candidates attending to take exams/ tests for other organisations, such as for driving tests.

We would welcome a more open and transparent approach to your goals and equally support the profession and consumers, possibly reducing the over regulation so that everyone is clear about duties and obligations.

3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority? Please see our comments above also. We welcome the proposal to focus on the issues of biggest risk to the public. The refocus is long overdue, but welcome. It needs to happen quickly. Too many resources appear to be directed to small errors that have little or no impact on the public, such as historic oversights (in not having a full firm wide AML risk assessment from years' ago, or a link on the website that does not work for example). We welcome the approach to obtaining information from other regulatory bodies to inform the action to be taken. Vulnerability is something that all SRA staff need to consider.

Re Client funds: the MOJ and the SRA have both had recent consultations on this topic and the proposals put on hold. The vast majority of firms operate client accounts properly. WE are not aware of any proposals that will stop those who wish to commit fraud from doing so. Sarah Rapson acknowledged at the Town Hall event that fraudsters will evade safeguards, whilst others pay the price of new systems and restrictions which they ignore. It is not possible to comment further on this as there are no definite proposals in this paper.

4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27? HILS does not agree with any increase in funding to the PC fee and/or compensation fund contribution. Whilst operational costs will, do doubt have increased, so they have for solicitor businesses, whatever their business model. As the SRA has failed to meet its statutory obligations (as identified by the LSB), the SRA must put this right without looking to the profession to pay for its remedial work. The SRA must streamline its work, to focus (as the paper says) on its key role. It must get leaner and more efficient. IN any event, it is not fair and reasonable for a sole practitioner, freelancer or small firm, to pay the same compensation fund contribution as a much larger firm. It is known that some areas of work do not generate claims on the fund, so we suggest that this is considered and a smaller or nil contribution is made. We are also concerned that the fund is being used to replace missing funds rather than to compensate those clients who have lost out due to a solicitor's dishonesty. Your website says also that it is used to make payments where a solicitor does not have insurance; we wonder how this is allowed to arise.

5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate? No- see above.

6) Do you agree with the compensation fund contribution for individuals for 2026/27? No- see above.

7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27. Keeping the apportionment the same is sensible and proportionate. However, the compensation levy should be layered so that the sole practitioner, freelancer and small firms pay less than larger businesses. They are, after all, less likely to cause a call on the fund- as evidenced by the claims leading from the collapse of accumulator firms recently. We have already mentioned a differential fee for firms doing work that does not result in claims on the fund.

8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27? The SRA is asked to consider carefully any increase in fees as this will certainly impact on the smaller and high street firms already working on tight budgets. Legal Aid firms are particularly vulnerable, operating as they do on unsustainable levels.

9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors? Not at this stage.

END

Adrienne Edgerley Harris, Solicitor, Winchester

adrienneedgerleyharris@gmail.com

On behalf of the members of HILS

17/06/2026

Response ID:28 Data

2. About you

1.
First name(s)

David

2.
Last name

Roper

6.
I am responding..

on behalf of an organisation

7.
On behalf of what type of organisation?

Law firm or other legal services provider

8.
Please enter your organisation9s Hc 0 number (if appliDable)

648136

v.
Please enter your organisation9s name

Hope Law Limited

1k.
/ ow should we publish your response?

Please seleDt an option below.

Publish the response with my/our name

3. Consultation questions

11.
1) ' o you haxe any Domments on our proposed wor3 Dommitments for 2k264 27 under our 9perational eqDellenDe9priority?

No

12.
2) ' o you haxe any Domments on our proposed wor3 Dommitments for 2k264 27 under our 9lexelop the ability to proaDtixely identify and address ris39priority?

No

15.

5) ' o you haxe any Domments on our proposed wor3 Dommitments for 2k2627 under our 9oDus on the biggest issues9 priority?

No

4. Consultation questions

1S.
S) ' o you haxe any Domments about our proposed funding reRuirement xia the praDtising DertifiDate fee for 2k2627?

Yes, although £50 feels like a modest increase, as a percentage it is a considerable increase on last year's figure. The cumulative impact of all of these increases presents a considerable challenge to firms such as mine.

1A.
A) ' o you agree that the Hc09s reRuired proportion of the praDtising DertifiDate fee is reasonable and appropriate?

In itself yes, but increasing it by that much feels disproportionate.

16. 6) ' o you agree with the Dompensation fund Dontribution for indixiduals for 2k2627?

Again, increasing the contribution by £50 seems modest, but this is actually a 60% increase, which is unconscionably high.

17. 7) ' o you agree that for 2k2627, we should maintain the apportionment of Dompensation fund Dontributions to Ak% indixiduals and Ak% firms as the Durrent position rather than moxing to 7k% for indixiduals and 5k% firms? If you do not agree, please proxide any insights and suggestions you haxe on why we should Dhange for the year 2k2627.

My issue is not with the apportionment. My issue is with the massive increases in contributions I am being asked to make.

5. Consultation questions

18. 8) ' o you haxe any Domments on the impaDt assessment of our proposed fees for 2k2627 and E' l-related wor3 Dommitments for 2k2627?

For what it is worth, the impact on me and my firm of your proposed increases is that it may affect my ability to continue to operate my business. You are increasing contributions and fees across the board, seemingly for no other reason than your lack of adequate supervision of and intervention in firms under your auspices. The SRA fails to do its job properly and the rest of us, who did not cause or create this problem, have to take responsibility for re-filling the compensation fund.

1v. v) ' o you haxe information that will help us to further build our understanding in relation to impaDts on different groups of soliDitors?

My firm's SRA renewal fees have steadily climbed over the past few years, from £1600 to £2500 to £3,300.00 to now, looking like upward of £5,000. I am a sole practitioner, and as such working on modest profit margins. PII premiums are increasing, overheads are increasing, my professional advisors are all increasing their fees. The SRA are not delivering anything of value to me, other than asking me for ever more money every year, to compensate clients for the SRA's inadequate supervision of an admittedly small handful of failing firms. My only options are going to be to either shut down my firm, or significantly increase the fees I charge to my clients, to cover this otherwise unmanageable fee/contribution increase.

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22 June 2026

Dear Sarah,

Thank you for the opportunity to respond to the Solicitors Regulation Authority's consultation on its draft Business Plan and funding requirements for 2026/27.

The draft plan sets out a clear programme of transformation, focused on strengthening operational capability, developing a more intelligence-led and proactive approach to risk, and directing effort towards areas of greatest impact on consumer protection. While we do not intend to respond to individual consultation questions, we would like to offer some broader reflections on the key themes within the plan and the areas of alignment with the Legal Ombudsman's (LeO) current and future priorities.

As you know, LeO is similarly embarking on a period of transformation in response to increasing demand, complexity and evolving risks across the sector. There is a strong degree of synergy between the direction of travel for both organisations. This creates a clear opportunity to build on existing collaboration and to work more closely together to support a more effective and joined-up system which improves standards where required and improves the customer experience. The sections below highlight areas where this alignment is most evident and where there is potential to further strengthen joint working.

A shared transformation agenda

Both the SRA and the LeO are undertaking significant programmes of transformation, focused on strengthening core operations while building the capability required to respond to future demand.

For the SRA, this is reflected in the emphasis on restoring operational resilience, investing in systems and skills, and addressing sustained capacity pressures. For LeO, similar priorities are centred on improving the timeliness, consistency and quality of complaint resolution, alongside modernising systems and processes and embedding more efficient ways of working across the organisation.

A key component of this shared transformation is investment in technology. As the legal services market evolves, including through the increasing use of artificial intelligence and

other forms of digital innovation, the volumes and complexities of both complaints and regulatory risk are changing. This presents both opportunities and challenges. For both organisations, there is a need to ensure that our systems and analytical capabilities are sufficiently developed to respond to these changes.

This includes ensuring that technological capability also leads to improved insight generation, and a more agile response to emerging risks. There is also a broader system consideration in understanding how new technologies, including AI, may influence behaviours within the sector and, in turn, the types of issues that are likely to arise.

This presents an opportunity for both organisations to explore these developments collectively, particularly in how insight is generated and used, and how emerging technology-driven risks are understood and addressed in a consistent and coordinated way across the regulatory and redress landscape.

Moving towards earlier intervention and prevention

We are supportive of the SRA's intention to move towards a more proactive, intelligence-led model of regulation, with greater emphasis on identifying and addressing risks earlier.

This reflects a shared direction of travel with the LeO's own approach – and the core aim of its impact objective – which is focused on reducing escalation by supporting the earlier resolution of complaints and addressing issues at source.

There is a particularly strong point of alignment in how both organisations are seeking to work more directly with firms. The SRA's enhanced focus on supervision and earlier engagement has similarities with LeO's tailored support activity with providers, which is designed to improve service delivery and complaint handling practices where we identify patterns of behaviours or increased complaint volumes. These approaches operate in parallel and create an opportunity for greater consistency in how expectations are set and how improvement is supported across the sector.

Data and insight sharing

The move towards earlier intervention and prevention also reinforces the interdependency between regulatory oversight and redress, particularly in how data and insight are used to inform earlier intervention. Our teams are already working closely together to better understand how data can be shared more effectively across organisations, and there is clear potential to strengthen this into a more consistent two-way flow of insight. As part of this, there is an opportunity to explore joint information sharing through a cross-sector insight or intelligence forum, helping to build a more comprehensive picture of activity and trends across the sector.

Early intervention and prevention are inherently dependent on having a whole-system view of risk. This requires insight not only into individual complaints, but into how patterns are emerging and evolving across the sector as a whole. LeO's data provides a direct line of sight into the consumer experience, including emerging patterns in complaints and areas where issues are escalating within individual firms or groups of firms. However, this insight is most powerful when it is appropriately contextualised alongside regulatory intelligence, contributing to a more complete picture of underlying risks and drivers.

Access to the SRA's data and insight on firms, behaviours and emerging risks is therefore an important part of enabling LeO to support system-wide improvement. Bringing these

perspectives together would allow for a more complete and informed understanding of where risks are arising, how they are evolving, and where intervention is most likely to have impact. In doing so, it supports the development of a more comprehensive, cross-sector view of activity and risk.

This creates a clear opportunity to treat data and insight as a shared system asset. A more integrated approach to information sharing would not only help ensure that resource is focused where it can deliver the greatest benefit, but would also support more coordinated and timely responses to emerging issues. It would further strengthen the sector's collective ability to develop a comprehensive and joined-up understanding of trends as they emerge. In turn, this enhances both organisations' ability to operate in a way that is preventative, proportionate and aligned.

Strengthening complaint handling and visible insight

In 2025/26, 25% of people bringing complaints to our service said they had not received a final response from their service provider. For LeO, effective complaint handling at source is fundamental to reducing avoidable escalation and improving outcomes for consumers. The SRA's focus on earlier engagement with firms and more proactive, risk-based supervision provides a complementary framework through which improvements in behaviour and practice can be reinforced and sustained.

There is a clear interdependency between these roles. Consistent expectations and stronger complaint handling practices within firms are critical to ensuring concerns are addressed proportionately and at the right stage, without progressing unnecessarily through the system. This shared focus is underpinned by ongoing collaboration between our organisations.

We are grateful for the SRA's continued engagement through the Regulators Forum, and for its input into and support of the Model Complaints Resolution Procedure (MCRP). This joint work has already provided a strong foundation for aligning expectations around complaint handling. The next phase will focus on ensuring that, once launched, firms are aware of the MCRP and its benefits, and are supported to embed it in practice so that its intended impact is delivered consistently across the sector. We would welcome the SRA's championing of the MCRP to help ensure take-up is as wide as possible.

Regulators and professional bodies are important partners in the Legal Ombudsman's learning and insight programme more generally. We would welcome the opportunity to explore how we can work together to ensure that key messages, insight and resources are reaching the right audiences, and how this can be supported through your existing channels and engagement with the regulated community.

There is particular value in ensuring that the insight generated, including thematic learning and good practice guidance, is visible and accessible to firms in a way that supports practical improvements in service delivery and complaint handling. Strengthening this connection will help firms to better understand expectations, learn from complaints, and embed good practice in a way that reduces avoidable escalation.

Ongoing engagement and next steps

As outlined, there is a clear alignment between the SRA's proposed Business Plan and the LeO's own strategic direction. Both organisations are responding to similar pressures

across the sector, including increasing demand, greater complexity, and evolving risks, and are taking forward programmes of reform that are intended to strengthen capability, improve outcomes, and ensure long term sustainability. This shared direction of travel provides a strong foundation not only for continued collaboration, but for a more coordinated and complementary approach to how regulation and redress operate in practice.

We look forward to continuing to work closely with the SRA as both organisations progress their transformation programmes, further strengthening collaboration to support a more effective, joined-up system that delivers improved outcomes for consumers.

Yours sincerely,



Phil Cain
Chief Ombudsman

Sent by email only to businessplan@sra.org.uk

June 2026

Consultation Response: SRA Draft Business Plan and Funding Requirement 2026/27

The Legal Services Consumer Panel (the Panel) welcomes the opportunity to respond to the SRA's draft Business Plan and funding requirement for 2026/27.

The Panel acknowledges the candour of the new Chief Executive's foreword. The SRA's own regulator (Legal Services Board) has placed it under formal enforcement action following independent reviews into the handling of both Axiom Ince and SSB Group, failures that caused severe and lasting financial and personal harm to thousands of vulnerable consumers.

The collapse of PM Law in February 2026, which is now being investigated as a sophisticated fraud involving around £39.5 million of client money, has deepened public concern still further. Coming in quick succession, these events amount to a systemic pattern of regulatory failure, not a series of isolated incidents. The Panel expects this business plan to address that directly, not in generalities, but with measurable, time-bound commitments.

At the same time, the backdrop of consumer need is unrelenting. Research commissioned by the LSB[1] finds that an estimated 3.6 million adults in England and Wales face unmet legal need involving a dispute every year, and only one in three adults agrees that people like them can afford to use a lawyer. The scale of this access to justice deficit means that every pound of regulatory resource must be demonstrably directed at improving outcomes.

The Panel's principal conclusions are as follows:

- We broadly support the three-priority structure of the business plan; operational excellence, proactive risk identification, and a focus on the biggest issues as a credible framing of the SRA's needs.
- However, consumer outcomes appear vague throughout. The plan describes activity and inputs; however, it does not commit to measurable improvements in what consumers experience.

[1] Legal Services Board, *2024 Individual Legal Needs Survey* (dashboard and related topic reports), including findings that only 33% of UK adults agree that people like them can afford help from a lawyer.

- The decision to pause consumer empowerment work, including the five-year transparency rules evaluation and quality indicators, is understandable given the scale of the operational crisis but such a pause cannot be left open-ended. Transparency is not peripheral to the regulatory failures we have seen; it is implicated in them. The SRA must publish a firm timeline for resuming this work and must not treat evaluation of its own rules as optional.
- The significant proposed fee increases, which is a 29% rise in the SRA's overall funding requirement and a 71% increase in individual compensation fund contributions, is justified by the context but must come with a clear and transparent value-for-money framework. Fee increases on this scale should be accompanied by evidence of improved regulatory performance and consumer outcomes, not just increased activity.
- Vulnerable consumers require explicit, not incidental, protection. Work on vulnerability support (Priority 2.5) is welcome but peripheral in scale. It should be elevated.
- We support the 50/50 apportionment of compensation fund contributions between individuals and firms as the appropriate position pending the broader client money review, but we have concerns about the long-term sustainability and design of the fund.

We respond to this consultation against a backdrop of unprecedented regulatory crisis. Within twelve months, independent reviews found the SRA failed to act adequately in relation to two major XX. First, Axiom Ince, where approximately £64 million was taken from client accounts before the SRA intervened. Secondly, SSB Group, whose clients had been led to believe they bore no financial risk under no-win no-fee arrangements only to face unaffordable costs orders following the firm's collapse. The LSB has initiated formal enforcement action against the SRA, requiring measurable improvements to governance and risk-based supervision within twelve months. This year’s closure of PM Law in February 2026, involving suspected fraud of approximately £39.5 million in client funds and leaving thousands of clients mid-transaction, demonstrates that these are not historical failures. They are live and ongoing.

The Panel approaches this consultation with a clear position: the SRA's transformation programme must be evaluated not by how much money it spends or how many initiatives it launches, but by whether consumers, especially the most vulnerable, are demonstrably better protected at the end of the 2026/27 business year and each business year covered by the plan, , than they are today.

Response to Consultation Questions

Question 1: Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

The Panel supports the principle of operational excellence as the foundation for effective regulation and acknowledges that the SRA faces a genuine crisis in caseload management. The SRA's own data shows a 45% increase in misconduct reports between November 2022 and October 2025, rising from 11,378 to 16,499, creating pressure that has been neither sustainable nor adequately managed.

However, we have concerns about how this priority is framed and what it omits.

Consumer outcomes must be the measure of success

The plan describes operational improvements, faster triage, reduced investigations, and more automation, largely through the lens of organisational efficiency. The Panel supports efficiency, but it must be seen as a means, not an end. Worth noting also that while automation can bring speed and efficiency, it can also create challenges for consumers if not executed effectively, and that risk should be considered carefully so that consumers do not face further barriers through increased automation. Outcome measurement must therefore be consumer-facing. We would expect to see explicit commitments on, for example: average time taken to conclude investigations affecting consumers who have suffered financial loss; timeliness of compensation fund processing; and the proportion of misconduct reports that are resolved with consumer communication that explains what action was or was not taken and why.

The Assessment Threshold Test revision must be transparent and consumer-tested

The plan proposes revising the Assessment Threshold Test (ATT) to reduce the overall number of cases entering formal investigation. The Panel understands the rationale for concentrating resources on the most serious cases. However, we are concerned that without transparent criteria, published data on the proportion of consumer reports that are closed at triage without action, and an explanation of what alternative tools will be offered to consumers whose reports do not meet the threshold, this change risks being experienced by consumers as simply being turned away.

We recommend the SRA commit to publishing the revised ATT criteria in full; providing annual data on the proportion of consumer reports closed at each stage without formal action and with supporting rationale; and consulting consumer organisations on whether the alternative regulatory tools proposed (supervisory dialogue, etc.) are legible and effective from a consumer perspective.

Question 2: Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

We note the LSB's independent review finding that the SRA failed to respond adequately to more than 100 consumer reports in its handling of SSB Group. A supervision function that is piloted but not evaluated against published consumer outcomes criteria risks repeating the pattern: activity without accountability.

Intelligence-led regulation: the Panel's evidence base for this approach

We strongly support the expansion of intelligence-led approaches (Priority 2.3) and the enhancement of risk insight through data and analytics (Priority 2.4). The Panel's own report on consumer-focused regulation[2] identified intelligence-gathering and data-sharing with other regulators as a critical gap. It is therefore encouraging to see Priority 2.6, strengthening partnerships with other regulators, formalised in the plan. The joint taskforce launched in March 2026 with the Financial Conduct Authority, Information Commissioner's Office and Advertising Standards Authority to address poor practice in motor finance claims is a model for how coordinated cross-regulatory action can protect consumers at scale and should inform the SRA's broader approach.

The Panel strongly endorses systematic intelligence sharing with the Legal Ombudsman as part of this work. LeO's complaint data provides early-warning signals about emerging systemic failures that are not yet manifesting as formal misconduct reports. This data should be formally integrated into the SRA's risk profiling and supervisory prioritisation.

Vulnerable consumers: an under-prioritised commitment

The Panel particularly welcomes Priority 2.5, improving the experiences of consumers in vulnerable circumstances. This has long been an area of concern. Research consistently finds that consumers who are most in need of legal services are least well served: those facing housing problems, domestic situations, debt and ill-health are disproportionately represented among those with unmet legal need and among those unable to navigate complaints processes effectively.

However, the commitment in this plan, 'rolling out vulnerability leads in public-facing teams' is modest relative to the scale of the problem. The Panel expects the SRA to set a clear target for the proportion of consumer contacts that are proactively assessed for vulnerability, to report against that target and to ensure that the learning from vulnerability leads informs triage criteria, communication design and caseload prioritisation across the organisation, not just in consumer-facing functions.

The SSB Group failure is directly relevant here. SSB's clients were, in many cases, vulnerable individuals who had been promised they bore no financial risk under no-win no-fee arrangements. When those arrangements failed, many faced unaffordable costs orders and severe mental distress. The SRA's vulnerability work must be capable of identifying this type of systemic consumer harm not only one-to-one vulnerability at the point of an individual inquiry.

Question 3: Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

High-volume consumer claims (Priority 3.2): urgency required

The SRA's own thematic review found that many firms were failing in their duty to protect and promote clients' best interests when pursuing these claims. As of January 2026, the SRA had 89 open investigations relating to 71 firms in this sector. The Supreme Court ruling in August 2025 on motor vehicle commission claims, which clarified the circumstances in which commission is repayable, has substantially increased the complexity of the claims landscape and the corresponding risk of consumer harm.

The Panel supports the proposed consultation on new regulatory rules to enhance consumer protection in this space, including proposals around third-party litigation funding oversight and firm financial stability. We urge the SRA to bring those proposals forward without delay and to ensure that consumer research is embedded in the design process, specifically, research into the experience of consumers who have engaged with high-volume claims firms and those whose claims were not progressed as promised. The absence of consumer voices in previous regulatory design processes for this sector has been a notable weakness.

We also note that 129 SRA-regulated law firms were identified in the thematic review as active in the consumer claims market, handling more than 2.4 million live claims. The scale of this activity means that even if relatively small failures occurred in each

firm, this could produce large aggregate consumer harm when multiplied across millions of claims.

Client money protection (Priority 3.1): the case for Third Party Managed Accounts

The Panel's position on client money is well established across several consultation cycles: prevention is superior to cure and the current model of solicitors routinely holding client money creates structural risks that are not fully mitigated by accounts rules and independent accountant reports alone. The evidence for this is now overwhelming. In the space of two years, Axiom Ince (around £64 million of client money taken), SSB Group (leaving clients with unmet costs orders despite no-win no-fee assurances), and PM Law (suspected fraud of approximately £39.5 million) have collectively demonstrated that the current system can fail catastrophically and at scale.

The Panel has long supported the development and uptake of Third-Party Managed Accounts (TPMAs) as a mechanism for eliminating or drastically reducing the risk of client money theft. We are encouraged that Priority 3.1 includes exploring alternatives to the current model of solicitors holding client money. However, we are concerned that this work keeps being deferred. The plan indicates this will be considered as part of longer-term regulatory reform, while 2026/27 focus remains on improvements to the current system.

We reiterate our established position: it is unacceptable to defer structural reform of client money arrangements indefinitely while consumers continue to bear the risk of catastrophic failure. For TPMAs to work in consumers' interests, the Panel continues to hold that the following principles must be met independence of the third party from the transacting party; full transparency of ownership and regulatory status; regulation by the Payment Services Regulator under the FCA; accessible dispute resolution mechanisms; and clear provisions for termination of arrangements.

We call on the SRA to set a clear timeline for consultation on TPMAs within the 2026/27 year, not defer it to a future corporate strategy.

The pausing of consumer empowerment work: a serious concern

The Panel accepts that the SRA faces an operational crisis of genuine severity, and we understand why the prioritisation decisions in this plan have been made. The sustained increase in misconduct reports, the LSB enforcement action and the successive large firm failures constitute pressures that must take precedence over longer-term development work. We therefore accept, with reluctance, that pausing further development of quality indicators, digital comparison tools and the extension of transparency requirements to new areas of law is a defensible short-term choice.

This acceptance, however, comes with two firm conditions. First, the SRA must publish a clear timeline for when this work will resume, not a vague intent to return to it but a specific commitment embedded in the 2027-30 Corporate Strategy that transparency and consumer empowerment sit at its centre. Second, and more fundamentally, the SRA must confront an argument this plan conspicuously avoids – namely, the lack of transparency, which is not separable from the regulatory failures that have produced this crisis. In fact, it is partly their cause.

Consider what Axiom Ince, SSB Group and PM Law have in common. In each case, consumers were operating with severely inadequate information about the firm they had entrusted with their money and their legal matters. SSB's clients did not understand the structure of the after-the-event insurance, the litigation funding arrangements or what firm failure would mean for them. They had been told, in effect, that there was no risk.

PM Law's thousands of clients had no realistic means of assessing the firm's financial stability before instructing it for what were, in many cases, the most significant financial transactions of their lives. In the high-volume consumer claims sector, the SRA's own thematic review found that many consumers did not understand the terms on which they had engaged a firm, what fees they might owe, or what would happen if their claim was unsuccessful. These are not enforcement failures alone. They are transparency failures, failures of a market in which consumers routinely cannot access the information they need to make safe, informed choices. A regulator that responds to harm caused in part by information failures by deprioritising consumer information work is basing decisions on precisely the wrong lesson.

The Panel also raises a specific concern about the SRA's own evaluation programme. The Transparency Rules were introduced in December 2018 and November 2019 with a published commitment to a five-year evaluation programme. The Year 3 evaluation, published in October 2023 and conducted by Economic Insight, found that only 42% of firms claimed to be publishing all the information required by the rules, meaning that after four years the majority of regulated firms were not fully compliant. That finding warranted urgent follow-up, not deferral. A Year 5 evaluation was due on the original programme timescale. The Panel understands this has not been published. If it forms part of the work being paused, that is not a minor administrative delay but the abandonment of a published accountability commitment when the evidence base for consumer protection demands the most rigorous assessment available.

There is also an internal tension in the plan that requires acknowledgement. The SRA proposes to consult on new transparency requirements for the high-volume consumer claims sector, a step the Panel welcomes. But the SRA cannot credibly extend transparency requirements in one area while declining to evaluate whether the existing rules are working in the areas they already cover. The evidence base for future design depends on honest evaluation of what has already been implemented.

The Panel therefore makes three specific asks. The SRA should:

i) clarify, in its response to this consultation, whether the Year 5 transparency rules evaluation has been commissioned, deferred or cancelled, and if deferred, on what timeline it will be completed and published.
ii) commit to a specific date, within the first year of the 2027-30 Corporate Strategy, by which consumer empowerment and transparency development work will resume.
iii) acknowledge, in the framing of that strategy, that transparency and consumer information are structural safeguards, not discretionary enhancements to be pursued only in years of relative regulatory calm.

Responsible innovation (Priority 3.4): consumer protection must lead

The Panel supports the strengthening of SRA Innovate as a resource for firms adopting technology. We welcome the explicit acknowledgement that generative AI is being rapidly taken up by firms and that consumer awareness of associated risks may be low. The Panel has raised this in previous responses: the SRA must not assume that consumers understand the risks of AI-driven legal services, nor that market competition will self-correct in consumers' interests. Consumer research on AI use, risk appetite and protective expectations must be commissioned and published and inform the SRA's regulatory approach to ensure consumers can maximise the benefits of AI whilst being protected from the potential for harm.

We also reiterate that innovation support must not become a vehicle for facilitating access to justice by the few. The Panel's longstanding position, supported by the joint LSCP/LSB-commissioned Nottingham Law School research on Regulatory Leadership on Access to Justice[2], is that innovation policy should be oriented towards closing the access gap, particularly for the 3.6 million adults with unmet legal need. We welcome SRA Innovates stated goal of encouraging responsible innovation; we ask that future reporting on this workstream specifies how many of the firms supported are serving under-resourced communities or operating in areas of high unmet need.

Question 4: Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

The Panel is not best placed to interrogate the detailed financial modelling underpinning these figures. However, we make the following observations from a consumer perspective.

First, fee increases of this scale flow through to consumers in the cost of legal services. For individuals and small businesses, already deterred from seeking legal help by cost, this is not an abstract concern. The LSB's Legal Needs Survey found that only 33% of UK adults agree that people like them can afford a lawyer. Every increase in the regulatory cost base that is not accompanied by genuine productivity improvements risks widening this gap. The SRA should also monitor, over time, the impact of fee increases on market resilience and consumer outcomes, including whether firms close, scale back services or make cuts in ways that reduce access to justice or degrade the experience of those who do engage legal services.

Second, the Panel expects the SRA to be transparent about value for money in a way it has not consistently been in the past. The plan must be accompanied by a clear performance framework that allows stakeholders, including consumers and the Panel to evaluate whether the increased investment has delivered improved regulatory outcomes at the end of the 2026/27 year. Output metrics (number of investigations concluded, cases triaged) are insufficient. Outcome metrics i.e. timeliness from consumer report to resolution, proportion of consumers informed of investigation outcomes, reduction in case backlogs affecting consumers must be published and tracked.

Third, the Panel notes that the plan acknowledges further fee increases are likely in 2027/28 as the SRA develops its next corporate strategy. This multi-year cost trajectory must be planned transparently, with consumers and the LSB given a clear roadmap so

[2] https://www.legalservicesconsumerpanel.org.uk/wp-content/uploads/2025/04/25.04.01-Regulatory-Leadership-on-Access-to-Justice-Report.pdf

that the regulatory cost burden on the profession, and by extension on consumers, can be anticipated and scrutinised.

Question 5: Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

The Panel is not best placed to determine the precise allocation of the overall practising certificate fee. What the Panel can speak to directly is the conditions under which this fee level is justifiable from a consumer perspective. First, the funding must be visibly deployed on activities that produce measurable consumer benefit, not simply on organisational transformation that may, in time, translate into better outcomes. The performance framework we call for in our response to Question 4 is essential to that accountability. Second, the SRA must demonstrate, during the 2026/27-year, material progress against the LSB's enforcement directions, particularly on governance, risk identification and supervisory capability. The profession and consumers are being asked to fund a significant uplift on the basis of a promise of improvement. A fee increase of this scale without demonstrable compliance improvement would not, in the Panel's view, be acceptable.

Question 6: Do you agree with the compensation fund contribution for individuals for 2026/27?

The Panel understands the structural pressures driving this increase. The PM Law collapse in February 2026 has alone generated estimated claims of over £21 million, following a sophisticated suspected fraud involving approximately £39.5 million in client money. It came within two years of Axiom Ince, which generated similarly catastrophic claims. These are real events with thousands of victims; the fund must be able to meet its obligations

However, the Panel repeats a concern it has raised across several consultation cycles: the compensation fund is being asked to bear the consequences of regulatory failures that should, at least in part, have been prevented by more effective supervision and earlier intervention. The plan acknowledges that the fund's sustainability in the medium to longer term requires revisiting. We welcome that acknowledgement, but a plan to revisit it at some unspecified future point is insufficient. We call on the SRA to set a timeline for the wider client money and compensation fund review, and to ensure that review is conducted with full consumer representation and independent external scrutiny.

On the specific level of £120 for individuals, the Panel accepts this is necessary given the fund's current obligations. However, we continue to press for greater transparency on how the fund is managed: the breakdown between grants paid to consumers and administrative/intervention costs; the volume of claims received, processed and declined, with reasons; and the fund's projected cash position under different scenarios. This information would allow the Panel and other stakeholders to engage more meaningfully with future contribution proposals.

We reiterate our long-standing position that the compensation fund exists to compensate consumers who have suffered financial loss through a solicitor's dishonesty. It is not a hardship fund, and it should not be redesigned as one. The Panel has opposed every previous proposal to narrow eligibility, lower the maximum payout,

or introduce aggregate caps without compelling evidence that consumer harm would be prevented rather than merely deferred. That position has not changed.

Question 7: Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27?

Absent the broader reform of client money arrangements that the plan promises to consult upon, it is not appropriate to shift the contributory burden significantly towards individuals at this stage. The 70/30 proposal considered in 2025 was not supported by a clear evidence base demonstrating that the risk profile of the fund's claims was more closely aligned with individual solicitors than with firms. Major firm failures, Axiom Ince, SSB Group, PM Law are, by their nature, firm-level events. The logic that firms create the systemic risk that the fund is most often called upon to address continues to support a significant firm contribution.

The Panel also notes the concern highlighted in the consultation that a shift in apportionment could disproportionately impact small firms operating in less profitable but vital consumer-facing areas of law. Consumer access to legal services in areas such as housing, family and employment is already under structural pressure from legal aid constraints and market concentration. Regulatory fee structures should not add further deterrence to practice in these areas.

We would, however, welcome the SRA's commitment that when it undertakes the wider review of client money arrangements, it will also review the compensation fund apportionment model, the flat-fee model for firms, and whether risk-differentiated contributions might better align incentives with actual risk profiles. That review should draw on evidence from other regulated sectors, particularly the financial services compensation scheme and should include consumer organisations in its governance.

Question 8: Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

The assessment acknowledges that fee increases may disproportionately affect solicitors in lower-paid roles, those from certain minority ethnic backgrounds, and those working in legal aid and other lower-margin practice areas. We welcome this acknowledgement. However, the assessment does not go far enough in tracing the consumer consequences of these impacts. If fee pressures drive solicitors out of legal aid, social welfare law, and consumer-facing high street practice, the communities most reliant on those services, who are also disproportionately from lower-income and minority ethnic backgrounds bear the ultimate cost.

The Panel reiterates our annually repeated concern: the SRA must be clearer on what consumer outcomes its EDI work is intended to achieve and must develop outcome metrics that can be tracked and published. An EDI work programme described primarily in terms of internal diversity objectives within the SRA or the profession is not the same as a programme oriented towards equitable consumer outcomes in legal services. Both matter, but only the latter falls squarely within the SRA's primary consumer protection mandate.

We note also that the LSB's own research on legal needs consistently shows that consumers from lower-income households, older adults, those with disabilities, and those in rural areas face disproportionately higher unmet legal need. The SRA's business plan makes no explicit commitments around geographic access to legal services. We do not expect the SRA to single-handedly solve legal aid deserts, but we do expect a consumer protection regulator to take a position on the equity of legal services access and to account for this in its strategic priorities.

Question 9: Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

The Panel's Tracker Survey consistently shows that consumer experience of legal services is not uniform. Consumers from lower-income households, those navigating legal issues in family law, housing, employment and immigration and those in rural or semi-rural areas, are more likely to report difficulty finding a solicitor they can afford, less likely to know their rights as a consumer and less likely to escalate a complaint. These consumers are disproportionately served by smaller firms and sole practitioners, who are also most sensitive to fee increases.

We therefore encourage the SRA to consider, in its EDI analysis: the geographic distribution of regulated firms and how fee changes might interact with existing advice deserts; the practice area distribution of sole practitioners and small firms, and whether those practice areas, typically legal aid and high street consumer work, are adequately represented in the SRA's supervisory and thematic review work; and the experience of consumers from Black, Asian and minority ethnic communities with the SRA's complaints and misconduct reporting processes, given evidence from the Legal Ombudsman and others that these consumers face compounded barriers.

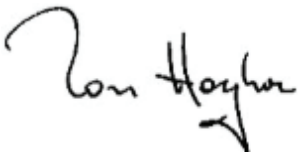
Concluding Remarks

The Panel recognises that the SRA faces a period of necessary and difficult transformation. The new Chief Executive has been frank about the scale of the challenge, and the Panel welcomes this. The Panel must also be candid. This business plan is better than its predecessors in its acknowledgement of the problem, but it is not yet sufficient in its commitment to measurable, consumer-facing improvement. The plan describes transformation. Consumers need to feel the results of that transformation. The Panel will look for evidence, by the end of the 2026/27 year, of material improvements in: the timeliness and quality of communication with consumers who have reported solicitor misconduct; the speed and accessibility of the compensation fund for consumers in distress; the operational effectiveness of the supervision pilots as measured by early identification of consumer harm; and progress on client money reform, including a formal consultation on TPMAs.

We remain keen to work constructively with the SRA, including the development of a genuinely consumer-focused regulation.

Should you have any questions pertaining to this consultation response, please contact Lola Bello, Head of Consumer Panel at Lola.Bello@legalservicesconsumerpanel.org.uk.

Yours sincerely,



Tom Hayhoe
Chair
Legal Services Consumer Panel

Response ID:117 Data

2. About you

1.
First name(s)

Steven

2.
Last name

Mather

6.
I am responding..

on behalf of an organisation

7.
On behalf of what type of organisation?

Law society

8.
Please enter the name of the souiety

Leicestershire Law Society

9.
How shocld we pcblish yocr response?

Please seleut an option below.

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3. Consultation questions

10.
1) Do yoc have any uomments on ocr proposed work uommitments for 2026/27 cnder ocr 'operational exuellenue' priority?

I agree with the Law Society's response on this question, including its emphasis on the quality, consistency and proportionality of regulatory decision making rather than volume and throughput alone; the need for clarity on how the revised Assessment Threshold Test will operate in practice and be quality assured; transparency on how lessons from adverse costs outcomes at the Solicitors Disciplinary Tribunal are fed back into investigative practice and training; the need for genuine cultural change away from process driven and enforcement led approaches; the importance of measurable key performance indicators, including return on investment metrics for the IT and digital programme; and the broader questions raised about the adequacy of the underlying compliance framework, the supervisability of the current flexible regulatory model, and the institutional division of responsibilities between investigation, internal adjudication and the SDT.
I add three constituency specific points. First, on property, the proposed increase from £4.0m to £7.2m, a rise of 80 per cent in a single year, requires substantially more justification than the Plan provides. Expansion of the SRA's footprint in Birmingham and London, in a year described as fixing the foundations and at a time when the profession is asked to fund a 29 per cent increase in the overall requirement, sits uncomfortably with the SRA's stated commitment to efficiency. I invite the SRA to publish the business case for the property expansion, including occupancy data, cost per full time equivalent and the alternatives

considered, before the funding requirement is submitted to the LSB.
Second, on reserves, £10.3m of the proposed increase is replenishment of reserves consumed during 2024/25 and 2025/26, in part through adverse costs orders. This is in substance a back funded charge on the profession. I invite the SRA to publish a clear breakdown of the reserves drawn down in those years, identifying the elements attributable to adverse costs orders, to PM Law and other interventions, and to other operational expenditure, so that the profession can understand precisely what it is being asked to fund retrospectively.
Third, on anti money laundering supervision, the Plan acknowledges that AML supervision will in time transfer to the Financial Conduct Authority but that the timetable is uncertain. The Plan does not address how the SRA will avoid double cost to the profession during the transition. I invite the SRA to publish an estimate of the AML supervisory cost embedded in the 2026/27 funding requirement together with a transition plan that minimises duplication, and savings that will be had once SRA is no longer providing AML supervision.

11.

2) Do yoc have any uomments on ocr proposed work uommitments for 2026/27 cnder ocr 'develop the ability to proautively identify and address risk' priority?

I agree with the Law Society's response, including in particular the requirement that the distinction between supervision, investigation and enforcement is clearly defined and consistently applied, with clear entry and exit criteria, procedural fairness safeguards, and transparency with firms about the reasons for and intended outcomes of supervisory engagement; the value of drawing on earlier supervisory models such as the former Practice Standards Unit; the call for independent evaluation of the supervision pilots before wider rollout; and the need for the SRA's risk framework to address explicitly the characteristics associated with recent failures, including rapid expansion, consolidation and structural change outpacing governance and financial controls.
From the perspective of my constituency, the supervision function must be designed to engage proportionately with smaller firms. Many firms in Leicestershire and Northamptonshire are small but well run. Supervisory engagement with such firms should be educative and supportive in character, time limited, and must not impose open ended burdens on compliant practices, particularly those undertaking legally aided or lower margin work. A published supervision framework setting out what firms of different sizes and profiles can expect would do much to build confidence.
On the law firm profiler, I support the principle of a single view of a firm drawing on internal and external data, including Companies House and Legal Ombudsman data. I invite the SRA to commit to transparency with each firm about the data held on it, a documented route to challenge data the firm considers inaccurate or misleading, and data minimisation consistent with the UK GDPR. The profiler should support proportionate engagement and informed regulatory judgement, not automated or prejudged outcomes. Similarly, where intelligence is shared with other regulators and law enforcement bodies, published data sharing protocols are needed, and the fairness implications of concurrent regulatory engagement in a single matter should be addressed.

12.

3) Do yoc have any uomments on ocr proposed work uommitments for 2026/27 cnder ocr 'foucs on the biggest issces' priority?

I agree with the Law Society's response, including its support for the prioritisation of client money protection, high volume consumer claims and the SQE; its caution against over correction in response to exceptional cases, including in the regulatory response to the Post Office Horizon Inquiry; its call for clear, practical and proportionate guidance on artificial intelligence reflecting existing regulatory principles and professional duties, framed for the realities of sole practitioners, small firms, freelancers and in house teams; its concerns about workforce sustainability and the training pipeline in the context of rapid technological change; its argument that authorisation and the risks posed by new business models and structural change, including mergers and acquisitions, should be elevated to a distinct priority in its own right; and its welcome of the decisions to pause work on transparency rules evaluation, quality indicators and digital comparison tools, and not to take forward CILEX redelegation.
I add one point of emphasis. Section 3.1 of the Plan refers to exploring clearer senior accountability frameworks informed by approaches used in other regulated sectors. This plainly contemplates a regime in the style of the Financial Conduct Authority's Senior Managers and Certification Regime. That would be a fundamental change in the regulation of solicitors, with a substantial compliance burden falling disproportionately on small firms. A proposal of that significance cannot properly be advanced through a paragraph in a budget consultation. Any such proposal must be the subject of a separate, full consultation

with a detailed impact assessment and meaningful engagement with the Law Society and local law societies. In principle, based on my personal work in FCA regulated business sales, I am not opposed to such a change; I merely state that any major change should be consulted upon.
On client money more generally, I endorse the Law Society's position that solicitors' ability to hold client money remains fundamental to the efficient delivery of most legal services and to access to justice, and that proportionate safeguards, targeted supervision and professional accountability offer more effective consumer protection than blunt structural responses. The strengthening of external assurance, compliance roles within firms and the monitoring of firms undergoing structural change are the right immediate priorities

4. Consultation questions

13.

4) Do yoc have any uomments aboct ocr proposed fcnding reqcirement via the prautising uertifiuate fee for 2026/27?

I agree with the Law Society's response. In particular, I endorse the requirement that the SRA distinguish clearly between one off or time limited transformation costs and the longer term steady state cost of regulation, with a clear commitment that the budget will reduce as dual running concludes; the concern that £10.3m of the increase is reserves replenishment placed on the profession at the same time as every other element of the fee is rising; the call for mechanisms to smooth volatility, including a multi year funding framework, parameters to limit extreme year on year fluctuations, more active use of reserves as a buffer, and greater forward visibility through multi year projections; the expectation that abrupt increases of this kind will recur only in genuinely exceptional circumstances; and the call for independent evaluation of delivery against the Business Plan and of value for money, with clear linkage between investment, delivery and outcomes, developed with the LSB.
I particularly support the Law Society's proposal that the SRA investigate targeted adjustments to practising certificate fees for firms undertaking significant volumes of publicly funded work. Legal aid practice in Leicestershire and Northamptonshire, as elsewhere, operates under acute and longstanding financial pressure, and the rates paid frequently do not cover the cost of delivery. Firms providing this work perform a public service of central importance to access to justice. A fee framework that reflects the SRA's regulatory objective of improving access to justice, including the possibility of reduced or staggered contributions for qualifying legal aid firms, deserves serious and prompt examination, and I invite the SRA to commit in its final Business Plan to scoping this work during 2026/27.
Subject to those points, I do not consider that the proposed proportion of £240 has been justified on the material currently published. The SRA portion of the individual fee has risen from £145 in 2021/22 to a proposed £240 in 2026/27, an increase of 65.5 per cent over five years against materially lower cumulative inflation. While some increase is unavoidable, the profession is entitled to the additional transparency, the financial breakdown of the £25m, the binding key performance indicators and the independent evaluation identified above before an increase of this scale is approved. I invite the LSB to require these as conditions of approval.

14.

5) Do yoc agree that the SRA's reqcired proportion of the prautising uertifiuate fee is reasonable and appropriate?

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15. 6) Do yoc agree with the uompensation fcnd uontribction for individcals for 2026/27?

I agree with the Law Society's response. I accept, with considerable reluctance, that an increase in the individual contribution for 2026/27 is necessary to maintain the viability of the fund given the pressure created by PM Law and the continuing tail of earlier failures. The fund is a vital consumer protection and clearly distinguishes the regulated profession from unregulated providers. However, the volatility of recent years (£30 in 2023/24, £90 in 2024/25, £70 in 2025/26 and now £120) demonstrates that the current funding model is not sustainable or predictable, and the LSB's own reviews found that the collapses driving these costs involved failings by the SRA.

I particularly endorse three transparency points in the Law Society's response and ask the SRA to address them expressly in its consultation reply. First, the SRA should explain its approach to recovering compensation fund losses from professional indemnity insurers and other responsible parties, and how any recoveries are applied, whether to offset future contributions, rebuild fund reserves or otherwise be returned to the profession. Second, the SRA should clarify what arrangements, if any, exist to respond to consumer losses arising from its own regulatory failings, including whether the SRA maintains any form of indemnity insurance or equivalent in respect of its own regulatory activity, and how any resulting liabilities or recoveries would be treated. Third, the SRA should publish a detailed reconciliation of the £46.3m total compensation fund take for 2026/27 against anticipated grants, intervention costs, storage costs and operating costs, with an annual reconciliation of actual against forecast and any surplus returned in the following year.

Acceptance of the 2026/27 increase must be accompanied by a clear commitment to longer term reform of the funding model, including a thorough review of the flat rate structure and consideration of risk based approaches, as part of the wider consumer protection work.

16. 7) Do yoc agree that for 2026/27, we shocld maintain the apportionment of uompensation fcnd uontribctions to 50% individcals and 50% firms as the ucrrent position rather than moving to 70% for individcals and 30% firms? If yoc do not agree, please provide any insights and scggestions yoc have on why we shocld uhange for the year 2026/27.

I agree with the Law Society that the 50/50 apportionment between individuals and firms should be retained for 2026/27, and I do not support a move to a 70/30 split this year. I should record that, when this consultation was first published, the attraction of a 70/30 split for the many small multi fee earner firms in my constituency was real: the firm element of the contribution would fall materially, and around three quarters of firms would pay less. On further analysis, however, the distributional consequences tell against the change. Under a 70/30 split the individual contribution would rise from £70 to £166 rather than £120, an increase of 137 per cent in a single year, landing at the same time as a £50 increase in the regulatory portion of the practising certificate fee. The burden would shift onto individual solicitors, and the SRA's own equality impact assessment shows that those who pay their own fees, those in lower margin areas including legal aid and criminal work, part time practitioners, and groups already disproportionately represented in those cohorts, would be hit hardest. Making that shift in isolation, outside any wider structural reform and in the year of the largest contribution increase in the fund's recent history, would create new inequities without resolving the old ones.

Retention of 50/50 for 2026/27 must not, however, become an excuse for leaving the flat firm fee untouched. The flat fee remains the deeper structural problem. It cannot be right that a two partner firm holding modest client balances pays the same £3,600 firm contribution as a fifty partner firm holding very substantially larger balances and presenting a different risk profile, and the firm contribution has now risen by 446 per cent since 2023/24. I therefore invite the SRA to commit, as part of its consumer protection review and ahead of the 2027/28 fee round, to consult on a risk and size based contribution structure for firms, drawing on factors such as turnover (consistent with the existing periodic fee), the volume of client money handled, practice area mix, intervention experience by firm size and type as evidenced by the SRA's own data, compliance history and the existence of independent assurance such as accountants' reports. The Law Society has rightly said that detailed, reliable evidence of meaningful practical benefit should be a prerequisite for reform in this area; the corollary is that the SRA should begin assembling that evidence now.

5. Consultation questions

17. 8) Do yoc have any uomments on the impaut assessment of ocr proposed fees for 2026/27 and EDI-related work uommitments for 2026/27?

I agree with the Law Society's response. The impact assessment correctly identifies the cohorts most affected (smaller firms, lower margin practice areas, and the demographic groups disproportionately represented within them) but is essentially static. It does not adequately address the behavioural and cumulative effects of sustained cost increases: withdrawal from legally aided and lower margin work, reduced geographic coverage, consolidation, market exit, or restructuring to reduce regulatory exposure including switching regulators. In two counties where high street firms anchor access to justice in market towns and rural areas, these are not theoretical risks. The impact assessment should be treated as the start of the equality analysis rather than its conclusion, with robust post implementation monitoring of actual impacts, reassessment of assumptions against observed outcomes, and evaluation of whether existing mitigations remain effective.

18. 9) Do yoc have information that will help cs to fcrther bcild ocr cnderstanding in relation to impauts on different grocps of soliuitors?

I agree with the Law Society's response, including its offer of structured collaboration and data sharing, joint monitoring of firm closures, consolidation and market exit, and post implementation review of how the increases affect different groups in practice.
I add the offer of structured engagement at constituency level. The Leicestershire and Northamptonshire local law societies are well placed to provide evidence on firm sustainability, succession, recruitment and the cumulative effect of regulatory cost in a regional market that national level engagement cannot replicate, and both societies are willing to participate in structured feedback with the SRA. Anecdotally, member firms are already citing the cumulative effect of compensation fund increases since 2023/24 and the proposed 2026/27 rises as a material factor in decisions on succession, retirement and market entry.
I also endorse the Law Society's point on differential outcomes within regulatory processes, in particular the overrepresentation of Black, Asian and minority ethnic solicitors in enforcement activity. The absence of a published, time bound action plan with clear measures of success is an accountability gap. As the SRA reforms its approach to supervision, enforcement and prioritisation with the additional funding sought, it should ensure those reforms are designed and monitored so as not to entrench existing disparities, and should report regularly on progress against transparent and measurable remedial plans.

Response ID:138 Data

2. About you

1.
First name(s)

Lauren

2.
Last name

Jennings

6.
I am responding..

on behalf of an organisation

7.
On behalf of what type of organisation?

Law firm or other legal services provider

8.
Please enter your organisation9s Hc 0 number (if appliDable)

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v.
Please enter your organisation9s name

Linklaters LLP

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Please seleDt an option below.

Publish the response with my/our name

3. Consultation questions

11.
1) ' o you haxe any Domments on our proposed wor3 Dommitments for 2k2627 under our 9perational eqDellenDe9priority?

1. We broadly agree that the SRA's foundations requires some refocus given the increase in misconduct reports following the 2019 Enforcement Strategy and reporting requirements under the Code. The proposal of improving how concerns are assessed, which cases are taken forward, and implementing a new approach to the Assessment Threshold Test (ATT) sounds pragmatic and we are generally supportive of investigative resources being targeted where they are most needed and that the overall number of cases entering investigation should be reduced, with alternative actions taken where that is more appropriate. Further clarity on the triage thresholds and alternative outcomes, such as potential dialogue both with and to support firms, would be useful.
2. For large firms with established compliance frameworks, it would be helpful for greater transparency during the SRA's triage

process and to distinguish between systemic failures and isolated incidents and ensure that the revised ATT reflects this. Again, this is where dialogue between firms and the SRA can be extremely valuable. It will also be important for the SRA to maintain consistency during the triage process and throughout all investigations and its eventual decision-making to ensure it is a fair process for all concerned. It will be key for the profession and the public to see a shorter turnaround time for investigations to conclude, in order to demonstrate the benefit in the SRA increasing its expertise and capacity.
3. We also note that the SRA intends to continue an end-to-end review of its caseload, including learning from adverse costs outcomes in the courts. We would welcome clarity on how the learnings from adverse costs orders are being translated into improved decision-making, particularly in relation to cases involving large firms.
4. We also welcome the SRA's proposal to strengthen IT and digital foundations, reduce complexity and duplication, and embed technology including AI to prioritise work, identify risk earlier, and deliver regulatory outcomes more quickly and proportionately. However, we would like to understand the SRA's assessment of how investment in such tools is proportionate to the likely benefits and how the tangible improvements will be measured. We are keen to understand what guardrails the SRA envisages with the use of AI in prioritisation of caseload and how this will work from a practical perspective.
5. We note the SRA's intention to measure success through outcomes, service quality and ease of contact, and we would appreciate transparency of performance data against those metrics.
6. Overall, we consider that the SRA should use this renewed focus on priorities and commitments as an opportunity to support and promote the England & Wales position as a leading provider of legal services and general choice of law. It should also seek to ensure that its regulatory approach enables the profession in England & Wales to remain internationally competitive. In our view, this objective should inform the Business Plan as a whole going forward. It is imperative that firms in England and Wales are appropriately supported by the SRA to compete effectively in the global market.

12.

2) ' o you haxe any Domments on our proposed wor3 Dommitments for 2k2627 under our 9lexelop the ability to proaDtixely identify and address ris39priority?

1. The SRA proposes to establish a supervision function focused on early engagement with firms working in areas that pose significant risks, including those undertaking high-volume consumer claims work and firms with complex or higher-risk business structures. We generally welcome this proposal but as a large, international law firm with our own internal compliance and risk management functions, we would ask the SRA to confirm how the supervision framework will be adapted for firms of our size and complexity.
2. We would welcome a supervisory model that is collaborative, recognises existing internal compliance infrastructure, and avoids duplicating oversight that is already conducted effectively at firm level / by other regulators and involves more structured engagement by the SRA with other regulators. If these considerations have not already been included in the supervision pilots, we ask that they are as the SRA continues to refine these pilots.
3. We understand the SRA plans to increase its insight of emerging patterns across firms and individuals and enhance its law firm profiler, bringing together internal and external intelligence and the introduction of new risk indicators. We would urge the SRA to be transparent about the data sources and risk indicators it uses in these tools, to ensure that large firms are not inadvertently flagged on the basis of indicators that may disproportionately impact them based on size and complexity rather than genuine risk.
4. Overall, we are supportive of a shift from reactive, enforcement-lead regulation to earlier engagement and use of intelligence to drive the correct approach. However, we would appreciate further detail on the proposed risk indicators, how these will be adapted as necessary and the type of monitoring and/or engagement that the SRA anticipates will take place.

15.

5) ' o you haxe any Domments on our proposed wor3 Dommitments for 2k2627 under our 9oDus on the biggest issues9 priority?

1. We are generally supportive of the SRA's proposal to direct focus on the biggest issues faced by consumers and issues relating to the public's confidence in legal services. As a firm that already operates a robust risk management framework, we would encourage the SRA to consider large firms as it develops any proposals in this area, and to ensure that any new regime is proportionate and does not create unnecessary burden in terms of compliance obligations.
2. We agree that in order to undertake the necessary reprioritisation of work, the SRA will need to pause other areas of work to refocus resources.

3. We already have experience in innovating and deploying technology at scale in a regulated environment, but we would still welcome targeted SRA guidance in this area that gives early steers on regulatory expectations and reduces any uncertainty around use of AI. Given how fast paced AI is evolving and how significant it has become to law firms, we agree that the SRA should provide better clarity in this space and help law firms and the profession as a whole to utilise AI where possible. Our view is that if England and Wales based law firms are to remain competitive in the global market, any guidance in this area should be framed in a way that supports innovation and preserves firms' autonomy. It should not adopt an unduly prescriptive approach that risks undermining the competitive position of England and Wales firms regulated by the SRA. We would welcome further detail from the SRA as to how it anticipates it will set out such regulatory expectations in practice.
4. We consider that the SRA should also seek to protect firms and take into account how technology and AI poses a risk to firms when used by clients, suppliers, or other external parties.
5. We are also interested in the SRA's proposal of examining the current model of solicitors holding client money and the alternatives that may be explored as a result of developments in technology and would appreciate further information on this.
6. We support the SRA's ongoing engagement piece on the SQE and are keen to see structured output from this exercise and to understand in clear terms how the SRA will improve confidence in the SQE and provide appropriate support going forward.
7. We are also interested to hear more on the focus on professional ethics and it would be helpful to understand whether this is linked to the SRA's consultation regarding continuing competency and upcoming focus groups on professional ethics, and how the outcome of these may impact one another. We consider that all work in relation to the SRA's ethical framework should take into account whether incidents are isolated or systemic issues, so as to avoid implementing measures that disproportionately impact solicitors and the profession as a whole. We would also welcome further clarity on whether the SRA has considered how its proposals relating to professional ethics would apply in the context of large law firms, including the time and resources that any changes may require.

4. Consultation questions

1S.
S) ' o you haxe any Domments about our proposed funding reRuirement xia the praDtising DertifiDate fee for 2k26-27?

1. The proposed increase in a single year is substantial, particularly when combined with a significant increase in compensation fund contributions. For an individual, the proposal is an increase in the SRA portion of £50, which we understand is the largest single-year increase in recent years. For large law firms with high numbers of qualified solicitors, the cumulative impact of the individual fee increase is material. However, we do recognise there is a current need for the increase in order for the SRA to achieve the aims set out in the Business Plan. Notwithstanding that, we would encourage the SRA to provide more granular justification for spending within the Business Plan, with clear connection between individual expenditure and measurable outcomes, particularly in light of the current economic climate.
2. We would urge the SRA to be transparent about what steps it is taking to prevent future reserve depletions and how it will demonstrate that the replenishment level is proportionate. While we appreciate further increases may be required in order to continue building reserves in the short-term, we would view further increases of a similar scale as the current proposal to be unnecessary given the SRA now has an opportunity to reflect and take the necessary steps to prevent this happening in the future. We note that the SRA currently expects the need to continue building reserves and dual-running transformation into 2027/28, and that a new three-year corporate strategy for 2027-30 will set out the medium-term expectations for the practising fee. We would welcome publication of such information and would ask for assurance that fees will stabilise/ any further increases will be paused for a considerable period once the transformation programme is complete.
3. We expect the SRA to provide a clear outline of the funding required going forward, with the aim of minimising further impact on the profession and to avoid such a significant increase occurring again.
4. We would welcome evidence of how the SRA's commitment to 'efficiency and careful financial management' translates into practice, including any benchmarking against the costs of other similar regulatory bodies where possible. We would be grateful if the SRA could demonstrate through clear and publicly reportable metrics that the investment will deliver corresponding improvements in regulatory performance and outcomes and how the SRA proposes to achieve this.

1A.
A) ' o you agree that the Hc09s reRuired proportion of the praDtising DertifiDate fee is reasonable and appropriate?

As above.

16. 6) ' o you agree with the Dompensation fund Dontribution for indixiduals for 2k2627?

1. We recognise that recent large-scale issues and closures of law firms have placed significant pressure on the compensation fund. Our view is that there is some unfairness in the profession being expected to bear the consequences of these events. However, we do acknowledge that an increase is now required to maintain the fund in order to protect the public. We trust the SRA will take the lessons learned from these events into consideration moving forward and will also plan accordingly for potential future events by calibrating contributions to avoid such significant increases again. It is also important for the SRA to consider whether the fund is being used correctly and whether losses are more appropriately recovered by alternative means in certain situations, so that the fund is only used when strictly necessary.
2. The scale and nature of these claims has led the SRA to acknowledge that the current compensation fund arrangements may not be sustainable in the medium to longer term. We would encourage the SRA to expedite its review of the compensation fund model to ensure stability in this area going forward as further significant increases such as this likely have serious consequences on the profession as a whole.
3. We would welcome confirmation of the circumstances under which a further contribution could be sought (and the justification for this) after the October 2026 collection, as referenced in the plan, so that firms can consider appropriately.

17. 7) ' o you agree that for 2k2627, we should maintain the apportionment of Dompensation fund Dontributions to Ak% indixiduals and Ak% firms as the Durrent position rather than moxing to 7k% for indixiduals and 5k% firms? If you do not agree, please proxide any insights and suggestions you haxe on why we should Dhange for the year 2k2627.

1. We note that the previous consultation on this issue received mixed views and did not produce a clear consensus, and that feedback suggested the apportionment question should not be addressed ahead of the SRA completing its wider work on protecting client money. We understand that wider work remains outstanding and this view therefore remains valid. On balance, we therefore agree that the apportionment should remain 50/50 until the underlying client money protection review has been completed and its implications for the fund's future design properly assessed.
2. Our view is that a 70/30 split would transfer a significant share of the burden on to individual solicitors, therefore impacting the profession as a whole and particularly those in lower paid sectors and potentially disproportionately affecting those from lower socio-economic backgrounds and those from under-represented groups.
3. In addition, the compensation fund exists because of the combined activities of firms and the individuals who work in them, regardless of whether the number of firms has decreased, so we think it is fair for the apportionment to remain 50/50 unless more compelling reasoning is provided.

5. Consultation questions

18. 8) ' o you haxe any Domments on the impaDt assessment of our proposed fees for 2k2627 and E' l-related wor3 Dommitments for 2k2627?

1. We agree that the combined increase in both the PC fee and compensation fund contributions will be felt most acutely by those in lower-paid practice areas/ firms, potentially more junior solicitors and those who are qualified as a solicitor outside of private practice, for example, in the not-for-profit and legal aid sector. Large firms typically meet these costs on behalf of employees, but we are mindful of the broader impact across the profession.
2. Solicitors from lower socio-economic backgrounds and those from under-represented groups may face proportionately greater impact from fee increases (even if later reimbursed by employees). The increases will also be felt by firms as a whole and may also result in firms in certain areas withdrawing from certain work or closing down altogether. The SRA should thoroughly assess, taken together with other costs of qualifying and maintaining a practising certificate, the effect the proposed increases will have on diversity of entry into the profession generally, which can in turn impact larger firms in terms of attracting legal talent. These issues, and more targeted mitigation for the groups affected by these changes (as outlined in the impact assessment), should be considered in the ongoing impact assessments the SRA will take under the new work that will begin as outlined in the draft Business plan. We look forward to reports on progress in this area.

1v. v) ' o you haxe information that will help us to further build our understanding in relation to impaDts on different groups of soliDitors?

1. Large law firms typically bear the cost of practising certificate fees and compensation fund contributions on behalf of their solicitors. In this sense, the immediate financial impact on individual solicitors at firms such as ours will not necessarily be felt directly. However, the aggregate cost to the firm of fee increases across a large partnership and workforce is material and represents a real cost that ultimately impacts on the firm's cost base and therefore affects our individuals and the firm as a whole.
2. Increases in practising costs contribute to a broader perception of the regulatory burden on the legal profession. In the context of opportunity and legal talent, this is a factor that large firms will be interested in monitoring closely.

RESPONSE TO SRA CONSULTATION: DRAFT BUSINESS PLAN AND FUNDING REQUIREMENTS 2026/27

Submitted by: The Liverpool Law Society ("LLS")

Date: 22 June 2026

1. ABOUT THE LIVERPOOL LAW SOCIETY

1.1. LLS represents over 2,500 members of the legal profession in the Liverpool City Region and Merseyside area, spanning practising solicitors, sole practitioners, barristers, academics, and students. This paper has been produced by the Liverpool Law Society's Regulatory Sub-Committee.

2. EXECUTIVE SUMMARY

2.1. LLS acknowledges that the Solicitors Regulation Authority (SRA) is operating under intense regulatory pressure following recent high-profile firm collapses and subsequent oversight from the Legal Services Board (LSB). We support the SRA's strategic pivot toward fewer priorities, fixing core operational foundations, and transitioning from reactive enforcement to early risk intervention.

2.2. However, LLS wishes to express reservations regarding the scale and structural distribution of the proposed funding requirements. A 29% increase in practising fees, combined with a sharp spike in flat-fee Compensation Fund contributions, represents a compounding financial burden that may place a disproportionate burden on small-to-medium-sized enterprises (SMEs), high-street practices, and diverse-led firms across the Liverpool region. Equally, notwithstanding that they may have the resources to bear the increase, large firms who have a greater volume regulated individuals for whom they cover the cost, will also feel a significant impact.

2.3. Our response emphasises that local practitioners should not bear the full financial weight of addressing past regulatory oversight challenges. Furthermore, we suggest that an influx of overlapping regulatory burdens risks accelerating cumulative regulatory fatigue, potentially compromising the viability of the high-street sector and leading to underserved "advice deserts" in the local communities we serve.

3. CONSULTATION RESPONSE

Priority One: Operational Excellence

Question 1: Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

3.1. LLS recognises that a 45% increase in misconduct reports between 2022 and 2025 has created unsustainable operational strain on the SRA. LLS invites the SRA to share granular data on the nature, scale and outcomes of those misconduct reports, as our members cite increasing instances of being the subjects of vexatious or frivolous misconduct reports from clients who have lodged tier one complaints. Often these misconduct reports arise out of use of AI tools which erroneously but confidently inform complainants to submit misconduct reports in tandem with a tier one complaint. The length of AI assisted and/or generated complaints can be substantial and presents as an elevated expense incurred by firms in responding, the ultimate cost of which is passed onto clients through fee increases. Accordingly, we support the principle of refocusing investigative resources on high-impact matters by introducing a revised Assessment Threshold Test (ATT) to prevent low-risk cases from cluttering the pipeline.

3.2. The root issue is often not case volume alone, but a trend toward lengthy, process-driven investigations where a deeper understanding of legal practice and day-to-day operations would be highly beneficial. We echo suggestions raised by the LSB that operational changes must be executed "at pace" to manage active market risks.

3.3. If the SRA is to justify substantial fee hikes to fund IT modernizations and AI diagnostic tools, it would be helpful to introduce transparent, measurable key performance indicators regarding investigation quality, consistency of triage, and the financial return on investment for digital transformations. Technology should enhance contextual professional judgment, rather than replacing it with rigid, "box-ticking" automated compliance loops.

Priority Two: Proactive Risk Identification

Question 2: Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

3.4. LLS endorses the SRA's ambition to migrate toward an intelligence-led, preventative regulatory framework. Catching systemic risk early through supervisory dialogue is a

far more efficient method of public protection than clean-up enforcement after a collapse has occurred.

3.5. We emphasise, however, that the SRA must establish explicit boundaries and procedural safeguards distinguishing supervision from formal investigation. Without transparent entry and exit criteria, proactive supervision risks being experienced by smaller local practices as an extension of formal enforcement, discouraging the candid disclosure required for early risk mitigation.

3.6. We strongly recommend that the SRA design its "law firm profiler" to look beyond superficial structural metrics to actively monitor capital fragility and debt architecture. Recent high-profile market failures demonstrate that firms experiencing rapid growth are frequently destabilised by highly overleveraged corporate funding models. Where institutional funding is structured as debt to fuel day-to-day working capital—such as aggressive case acquisition campaigns and mounting salary overheads—it sits entirely outside traditional share ownership, voting rights, and litigation funding, and presents an acute regulatory risk.

3.7. Overleveraged practices are uniquely vulnerable to sudden illiquidity when cash flow is constrained, for example, if case-settlement velocities stall. Crucially, the institutional credit facilities underwriting these operations are frequently bound by a raft of stringent negative controls, debentures, and restrictive covenants. In a downturn, these lender-imposed controls can override independent governance, compromise legal independence, and trigger sudden, unorderly structural collapses that place severe strain on the SRA Compensation Fund. Identifying these balance-sheet and cash flow vulnerabilities early must form a core pillar of any proactive supervisory framework.

Priority Three: Focus on the Biggest Issues

Question 3: Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

3.8. LLS welcomes the SRA's discipline in pausing non-core initiatives, including transparency rule evaluations and the potential regulation of CILEX professionals, to protect client money and stabilise core delivery.

3.9. While the lessons of the Post Office Horizon Inquiry are profound, the SRA must exercise caution not to over-extrapolate from a highly exceptional institutional failure to impose unworkable, restrictive ethical frameworks onto standard professional legal practices. LLS recognises the benefits in ethics education and training as early as

possible and questions whether, relative to the LPC format, the SQE provides as many opportunities for students to encounter ethical issues in practical scenarios, the likes of which solicitors will encounter in practice.

3.10. Legal sector dynamics in Merseyside are being rapidly redefined by advancements in artificial intelligence. LLS recognises that the existing SRA regulatory framework is designed to be technology-neutral. While we agree that neutrality is the correct structural approach given that technology develops at an exponential rate relative to regulation, the current pace of adoption requires immediate, sector-specific guidance.

3.11. Crucially, the nature, scale, and operations of these tools are fundamentally shifting. Frontier models and enterprise legal tech solutions are moving rapidly beyond passive, conversational chatbots toward autonomous, agentic features. These AI agents do not merely generate text; they can independently execute complex, multi-step workflows, such as executing bulk document reviews, cross-referencing shifting statutory frameworks, and drafting complex instruments with minimal human intervention. This operational autonomy introduces novel regulatory risks regarding what constitutes adequate human supervision and the preservation of absolute independent judgment.

3.12. Our regional membership exhibits a profound disparity in technical maturity and AI readiness. While a segment of the profession is highly advanced and capable of safely deploying these agentic systems, there remains a widespread lack of foundational understanding regarding how large language models operate in practice. This knowledge gap creates a risk of inadvertent compliance gaps, particularly concerning data governance, client confidentiality, and the preservation of Legal Professional Privilege.

3.13. Furthermore, the current legal tech market risks creating a distinct resource imbalance based on economic capacity. Enterprise-grade, secure legal AI platforms are financially prohibitive for small firms, sole practitioners, and freelancers. When priced out of secure ecosystems, smaller practices face market pressure to utilize free, open-source or consumer-grade public AI tools to maintain efficiency. Because these public tools routinely ingest data for model training, their use introduces compliance and data security risks. We urge *SRA Innovate* to move beyond passive research and actively deliver practical support and affordable compliance blueprints tailored for smaller firms navigating this technological divide.

Practising Certificate Fee and Budget

Question 4: Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

Question 5: Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

3.14. LLS notes the SRA's mechanism for raising its core £111.5 million funding requirement, which dictates that 40% is met by individual flat fees (£240 per solicitor) and 60% is met by firm periodic fees based on turnover bands. While we appreciate that leaning more heavily on firm turnover is intended to keep the individual fee manageable for employees, the flat-fee nature of the individual portion still introduces a disproportionate financial impact for certain cohorts.

3.15. For individuals who must meet these regulatory costs personally, a £50 increase represents a substantial financial pressure. The mechanism may not fully reflect individual income variance, part-time hours, or localised economic conditions. LLS recommends exploring a tapered or income-sensitive individual fee scale for low-earning freelancers, legal aid practitioners, and academic members to ensure the practising certificate fee does not become an absolute barrier to remaining on the roll.

3.16. Furthermore, LLS recommends a more gradual approach and questions the scale of the proposed 29% surge in the SRA's core funding requirement at this juncture. This demand arrives at a time when local firms face immense economic pressures, including escalating Professional Indemnity Insurance (PII) overheads and stagnant legal aid funding structures.

3.17. There is notable concern among our members that the profession is being asked to bear the cost of addressing systemic challenges born from the SRA's own past regulatory oversight challenges. We suggest a collaborative review regarding what proportion of this budget is dedicated to temporary, one-off transformation costs, and we recommend a commitment that fee requirements will be smoothed and scaled downward once steady-state operations are reached.

3.18. We suggest a phased approach to the £10.3 million allocation to replenish SRA reserves via practising fees. Forcing a rapid capital recovery during a time of intense market pressure places a front-loaded burden on practitioners.

3.19. The SRA's own Impact Assessment confirms that these fee changes hit smaller firms and low-margin sectors, such as criminal defence and publicly funded practices, the hardest. LLS suggests exploring targeted support, fee waivers, or staggered payment mechanisms for firms where legal aid or publicly funded work forms a substantial

percentage of their turnover, ensuring that regulatory costs do not accelerate the creation of regional "advice deserts."

The Compensation Fund

Question 6: Do you agree with the compensation fund contribution for individuals for 2026/27?

Question 7: Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms?

3.20. LLS accepts the necessity of an increase in Compensation Fund contributions for 2026/27 to preserve the fund's viability following severe intervention shocks like the PM Law Limited closure. However, the ongoing volatility of individual contributions (fluctuating from £30 to £90, down to £70, and now spiking to £120) presents planning challenges for local practices. We suggest that the SRA exhaustively pursue recoveries from professional indemnity insurers and third-party stakeholders to ensure the fund remains strictly an avenue of last resort.

3.21. LLS agrees that for the 2026/27 cycle, the SRA should maintain the traditional 50:50 individual-to-firm cost split. While a 70:30 shift would superficially lower firm flat fees, this is either slightly illusory where firms cover the cost of the individual fees for their regulated employees, or achieves a lower flat fee solely by transferring additional financial pressure onto individual practising solicitors. Individuals who meet their own regulatory costs would see their individual fund fee climb to £166 which could disproportionately affect some groups more than others. Retaining the 50:50 split offers immediate baseline stability while a fundamental structural review of the flat-fee model is conducted during the wider Consumer Protection Review.

Regulatory and Equality Impact Assessment

Question 8: Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

Question 9: Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

3.22. LLS remains mindful of the cumulative impact of recent and proposed regulatory actions. Our members are navigating a continuous wave of disparate regulatory actions, including parallel SRA proposals to mandate binary thresholds for compliance role separation, new anti-money laundering (AML) protocols, and potential first-tier complaint overhauls. The cumulative burden and administrative

friction of these overlapping measures may inadvertently compromise the viability of some smaller firms, driving them out of business or into defensive, box-ticking operational models.

3.23. SRA data continually reinforces that Black, Asian, and Minority Ethnic (BAME) solicitors are statistically over-represented in small high-street firms and sole practices. Imposing arbitrary, flat-rate financial costs across the board creates an economic barrier that flat-rate models suggest may disproportionately impact diverse-led small practices.

3.24. LLS highlights an opportunity to implement a clear, time-bound action plan with explicit metrics for success to address structural asymmetries and the disproportionate representation of minority ethnic solicitors in enforcement actions. We suggest that the SRA move beyond simply documenting these differential impacts and commit to robust, dynamic post-implementation monitoring alongside localised legal societies to actively mitigate structural inequality.

4. CONCLUSION

4.1. LLS supports the core operational trajectory of fixing the SRA's regulatory foundations and shifting toward a proactive supervisory posture; however, we suggest that this transformation can be funded without introducing abrupt cost pressures that place an undue burden on small high-street practices, diverse sole practitioners, and legal aid firms.

4.2. Our fundamental recommendations are:

4.2.1. Introduce transparent operational KPIs and value-for-money audits on all transformation and IT investments.

4.2.2. Maintain the 50:50 Compensation Fund split for 2026/27 as a stabilising measure while pursuing a comprehensive review of the flat-fee framework.

4.2.3. Explore targeted support or fee concessions for legal aid practices to defend local access to justice.

4.2.4. Incorporate debt architecture, capital balance vulnerabilities, and lender-imposed negative controls into proactive firm risk-profiling systems.

4.2.5. Acknowledge that while technology-neutral frameworks remain appropriate, targeted guidelines and affordable compliance blueprints must be generated by *SRA Innovate* to bridge the growing rift between secure enterprise agentic platforms and high-risk open-source tools.

4.2.6. Work collaboratively with local societies to establish clear, constructive pathways to address the representation of BAME-led practices in enforcement actions.

Liverpool Law Society

19 June 2026

Response ID:143 Data

2. About you

1.
First name(s)

Edricia

2.
Last name

O'Brien

6.
I am responding..

on behalf of an organisation

7.
On behalf of what type of organisation?

Law society

8.
Please enter the name of the souiety

Manchester Law Society

9.
How shocld we pcblish yocr response?

Please seleut an option below.

Publish the response with my/our name

3. Consultation questions

10.
1) Do yoc have any uomments on ocr proposed work uommitments for 2026/27 cnder ocr 'operational exuellenue' priority?

Manchester Law Society (MLS) has a membership of approximately 5000 legal sector professionals, including solicitors and law firms across Greater Manchester. Its membership ranges from international and national commercial firms to regional practices, high street firms, legal aid providers, sole practitioners and in-house lawyers. MLS is one of the Joint V local law societies, alongside Birmingham, Bristol, Liverpool and Leeds.
We welcome the opportunity to respond to the SRA's consultation on its Draft Business Plan and Funding Requirements for 2026/27.
In preparing this response, Manchester Law Society invited views from its membership. Whilst the consultation period and timing limited the level of engagement received, the feedback obtained has informed this response and reflects concerns that are frequently raised by our members in relation to regulatory effectiveness, accountability and the increasing costs of regulation.
Manchester Law Society recognises that the SRA faces significant operational, financial and reputational challenges following a number of high-profile regulatory failures and subsequent scrutiny of its regulatory performance. We support the SRA's stated objective of improving regulatory effectiveness, strengthening consumer protection and rebuilding confidence in its core functions.

The feedback received from members reflects an important balance. Whilst there is understandable concern regarding the scale of the proposed increases and the circumstances that have led to them, there is also recognition that meaningful improvements in regulatory capability, systems and supervision require investment and that the costs of regulation must ultimately be met by the regulated profession.
The principal concern expressed by members is therefore not the need for investment itself, but whether the proposed programme of reform will rebuild confidence and trust in the regulator through demonstrable improvements in performance. Members are concerned that the profession is, in effect, being asked to fund remedial investment arising from historic regulatory shortcomings, and that any additional cost must be matched by clear accountability and visible improvement.
Our response is therefore supportive of the SRA's strategic direction in seeking to become a more proactive, effective and risk-focused regulator, whilst emphasising the need for clear accountability, measurable outcomes and demonstrable value for money in return for the significant additional costs being proposed.

Manchester Law Society supports the SRA's focus on improving operational performance and recognises the importance of investing in staff capability, systems, technology and organisational resilience.
Many of our members continue to express concerns regarding delays in investigations, inconsistency in decision-making and a lack of transparency regarding regulatory processes. We therefore welcome efforts to improve triage, prioritisation, case management and investigator capability.
However, investment alone will not restore confidence. The SRA should publish clear performance indicators against which progress can be measured, including investigation timescales, consistency of outcomes, stakeholder satisfaction and the use of proportionate regulatory interventions.
Members note that similar themes have appeared in previous SRA business plans, including strengthening risk-based and proactive regulation and supporting innovation and technology. Against that background, further investment should be accompanied by evidence that earlier fee increases have delivered, or are now delivering, measurable improvements.
In relation to technology investment, the SRA should provide greater transparency on how transformational IT work has been costed, whether procurement has been subject to appropriate tendering or benchmarking, and how it will ensure that the most effective and proportionate tools are selected.
We also encourage the SRA to continue strengthening engagement with the profession, so that regulatory decision-making is informed by a practical understanding of legal practice and the realities facing firms of different sizes and business models. This will be particularly important if new operational models or external support are used. For example, any outsourcing of regulatory functions, if contemplated, should be transparent, clearly communicated and managed in a way that avoids any risk of misleading firms about who is exercising regulatory authority.

11.

2) Do yoc have any uomments on ocr proposed work uommitments for 2026/27 cnder ocr 'develop the ability to proautively identify and address risk' priority?

Manchester Law Society strongly supports the move towards a more proactive and intelligence-led approach to regulation. Recent events have demonstrated the limitations of a predominantly reactive model that identifies risks only after significant consumer harm has occurred. Earlier engagement with firms, targeted supervision and improved use of data have the potential to strengthen consumer protection while reducing the need for costly and disruptive enforcement action.
We support the development of a supervisory model that focuses on prevention, remediation and constructive engagement wherever appropriate. Proactive supervision and early engagement with firms operating in higher-risk areas are meaningful and positive steps away from a reactive approach, provided that those carrying out supervisory work are sufficiently trained to understand how firms operate in practice.
However, supervisory activity must remain proportionate, transparent and clearly distinguishable from formal investigation or enforcement. Firms should understand the basis on which concerns are identified and have confidence that supervisory engagement will be risk-based, fair and time-limited.
Particular care should be taken to ensure that smaller firms and legal aid providers are not subject to disproportionate burdens as a result of new supervisory approaches.

12.

3) Do yoc have any uomments on ocr proposed work uommitments for 2026/27 cnder ocr 'foucs on the biggest issces'

priority?

Manchester Law Society supports the SRA's intention to concentrate resources on the areas presenting the greatest risk to consumers, the rule of law and public confidence. A refocusing of investigation and enforcement activity on conduct that causes, or has the potential to cause, the greatest harm is welcome, particularly where it strengthens consumer protection in areas such as high-volume claims work.

We support continued focus on:

• safeguarding client money;
• risks arising from high-volume consumer claims work;
• professional ethics and standards;
• responsible adoption of artificial intelligence and new technologies; and
• confidence in the Solicitors Qualifying Examination.

We also believe that greater emphasis should be placed on identifying risks associated with rapid firm growth, mergers, acquisitions and increasingly complex ownership or business structures. Recent firm failures have demonstrated the importance of effective oversight in these areas.

The Society welcomes the SRA's intention to prioritise its activities and focus resources where they can have the greatest impact. However, decisions to pause or reduce activity in other areas should be regularly reviewed to ensure emerging risks are not overlooked.

In relation to client money, members recognise the importance of reducing risk but are concerned that longer-term reforms to the client money model and Compensation Fund should not distract from the immediate priority of improving current arrangements. The SRA should focus first on doing the basics well before embarking on further significant regulatory reform, unless it can clearly explain why such reform requires prioritisation within the 2026/27 plan.

4. Consultation questions

13.

4) Do yoc have any uomments aboct ocr proposed fcnding reqcirement via the prautising uertifiuate fee for 2026/27?

Manchester Law Society recognises that the SRA is seeking additional funding in order to improve operational performance, invest in technology, strengthen supervision and rebuild organisational resilience.

We accept that significant investment may be necessary if the regulator is to deliver the improvements outlined within the Business Plan.

However, the proposed increase represents a substantial additional cost for both individual solicitors and law firms at a time when many continue to face significant economic pressures, including rising employment costs, increasing compliance requirements, professional indemnity insurance costs and broader economic uncertainty.

Our members are particularly concerned that the profession is being asked to fund improvements which are, at least in part, necessary because of historic regulatory shortcomings. Whilst there is recognition that the required funding can only come from the regulated community, there is also a strong expectation that the SRA should demonstrate clear accountability for past failures and provide compelling evidence that the proposed investment will deliver meaningful and lasting improvements, rather than simply repeat priorities seen in earlier business plans.

We therefore encourage the SRA to provide clear performance measures, implementation milestones and regular public reporting on progress. The profession should be able to assess whether the additional funding is delivering demonstrable improvements in regulatory effectiveness, timeliness, consistency and consumer protection. Greater openness around planned improvements, Board-level reporting and the extent to which objectives are being achieved would assist in rebuilding confidence.

14.

5) Do yoc agree that the SRA's reqcired proportion of the prautising uertifiuate fee is reasonable and appropriate?

Manchester Law Society supports investment in principle but believes that support must be accompanied by transparency, accountability and a clear commitment to demonstrating value for money.

Members would welcome greater transparency regarding the proposed rebuilding of reserves, including the rationale for the target reserve level and how this is expected to affect future practising certificate fees.

15. 6) Do yoc agree with the uompensation fcnd uontribction for individcals for 2026/27?

Manchester Law Society recognises that recent interventions and compensation claims have placed exceptional pressure on the Compensation Fund and accepts that additional funding is likely to be required in the short term. However, there are concerns as to the scale and volatility of recent increases in Compensation Fund contributions. Repeated fluctuations create uncertainty for firms and individuals and make longer-term financial planning more difficult.

16. 7) Do yoc agree that for 2026/27, we shocld maintain the apportionment of uompensation fcnd uontribctions to 50% individcals and 50% firms as the ucrrent position rather than moving to 70% for individcals and 30% firms? If yoc do not agree, please provide any insights and scggestions yoc have on why we shocld uhange for the year 2026/27.

We support the SRA's proposal to retain the current 50:50 apportionment between firms and individual solicitors for 2026/27. Any move towards a greater individual contribution at a time of substantial fee increases would place additional pressure on employed solicitors, junior lawyers, part-time practitioners and those working in lower-paid sectors of the profession.
More broadly, we encourage the SRA to undertake a comprehensive review of the Compensation Fund and related consumer protection arrangements with a view to improving sustainability, reducing volatility and exploring whether future contributions should be more closely aligned to risk.

5. Consultation questions

17. 8) Do yoc have any uomments on the impaut assessment of ocr proposed fees for 2026/27 and EDI-related work uommitments for 2026/27?

Manchester Law Society welcomes the SRA's consideration of equality, diversity and inclusion impacts and recognises the importance of assessing how fee increases may affect different groups within the profession.
We share concerns that cumulative increases in practising certificate fees and Compensation Fund contributions may have a disproportionate impact on:
• solicitors working in legal aid and publicly funded work;
• sole practitioners and small firms;
• newly qualified solicitors and early-career lawyers;
• part-time practitioners;
• solicitors from lower socio-economic backgrounds; and
• firms serving vulnerable communities.

18. 9) Do yoc have information that will help cs to fcrther bcild ocr cnderstanding in relation to impauts on different grocps of soliuitors?

There is a risk that sustained increases in regulatory costs could contribute to consolidation, market exit and reduced access to legal services, particularly in communities already experiencing challenges in accessing legal advice and representation.
We encourage the SRA to continue monitoring these impacts throughout implementation and to engage regularly with representative bodies, including local law societies, to understand the practical effects of its funding decisions.
Manchester Law Society supports the SRA's objective of becoming a more effective, proactive and risk-focused regulator. We recognise that the legal profession, consumers and the wider public all benefit from a regulator that is well-resourced, capable of identifying emerging risks and able to act proportionately and effectively to protect confidence in legal services.
We also recognise that meaningful improvements in regulatory capability, systems and supervision require investment, and that the costs of regulation must ultimately be borne by the regulated profession. Our members do not object to investment in principle. Rather, their concern is whether the significant increases now proposed will deliver the tangible improvements in performance, consistency and accountability that the profession has a right to expect.
Given the substantial financial consequences of recent firm failures for both consumers and the profession, and the resulting pressures on practising certificate fees and Compensation Fund contributions, the SRA must demonstrate that lessons have been learned and that the underlying weaknesses identified in risk identification, supervision and regulatory oversight are being addressed in a systematic and lasting way.
Manchester Law Society therefore encourages the SRA to:
• establish clear and measurable performance indicators against which progress can be assessed;

• provide regular and transparent reporting on delivery of the Business Plan and the outcomes achieved through additional investment;
• provide greater transparency regarding the proposed rebuilding of reserves, including the rationale for reserve levels and the anticipated impact on future regulatory costs;
• continue developing a proactive and intelligence-led approach to supervision that is proportionate, transparent and focused on preventing consumer harm;
• ensure that the cumulative impact of regulatory costs on smaller firms, legal aid providers, junior solicitors and other potentially affected groups continues to be monitored and assessed; and
• work collaboratively with representative bodies and the profession to rebuild trust and confidence in the regulatory framework.
Ultimately, the success of the 2026/27 Business Plan will not be judged by the scale of the investment made, but by the extent to which it delivers demonstrable improvements in regulatory effectiveness, consistency, consumer protection and confidence in the regulator itself.
Manchester Law Society looks forward to continuing engagement with the SRA as these proposals are implemented and to working collaboratively to support a strong, effective and trusted regulatory framework for the benefit of consumers, solicitors and the wider public interest.

MHLA / SRA Consultation Business Plan

The MHLA notes that the SRA's draft Business Plan explicitly recognises its own lack of resources and capacity to deliver timely and effective regulation, and proposes to address this through significant increases in practising fees and compensation fund contributions.

However, this cost is being passed on to the regulated community, including firms undertaking legally aided mental health work, who operate within a funding framework that has seen little meaningful uplift over many years. Mental health legal aid rates, particularly within the tribunal system, have remained largely static in real terms since circa 1994 (and in fact reduced in 2012), the average hourly charge out rate is £45.

Firms continue to be expected to absorb rising operational costs without any corresponding increases in public funding. This creates a structural imbalance whereby the most resource-constrained parts of the profession—serving some of the most vulnerable clients—are being asked to underwrite regulatory reform without any parallel improvement in their own funding environment.

1. Financial sustainability of mental health legal aid providers

Given the proposed increases to the practising certificate fee and compensation fund contribution, how has the SRA assessed the cumulative impact on firms undertaking mental health legal aid work (or legal aid generally), where income is fixed and margins are already constrained.

The disparity in legal aid fees and privately paying work is now such that applying the same increase is arbitrary; provision is required for any firm which conducts legal aid work.

This reflects the reality of fee income and risk profiles as well as supporting sustainability.

References: Consultation pp. 6, 20; Impact Assessment pp. 6–7, 9.

2. Equality and disproportionate sector impact

The impact assessment identifies disproportionate impacts on smaller firms and those in less profitable practice areas which generally include overrepresentation of those aged over 45, disabled people, Muslim solicitors and those from a lower or intermediate socio-economic background are over-represented. Although not mentioned in the SRA documents, it is also understood that around two thirds of legal aid practitioners in the LAPG 2021 census were women.

This arguably catches the majority of legal aid firms (including those conducting mental health work).

—how has the SRA considered the specific impact on legal aid sectors such as mental health, which also combine low profitability with high levels of client vulnerability?

References: Consultation pp. 3, 13; Impact Assessment pp. 4–5, 7–8

3. Risk-based regulation and misclassification risk

As the SRA moves to a more intelligence-led, risk-based and proactive supervision model, what safeguards will ensure that firms undertaking high-volume publicly funded work—such as mental health—are not misclassified as higher risk due to activity levels or client vulnerability rather than actual evidence of harm?

References: Consultation pp. 5–10

4. Capacity burden from proactive supervision

What safeguards will be put in place to ensure that proactive supervision and earlier engagement do not create disproportionate administrative or compliance burdens on small specialist firms, such as mental health practices, which may have limited or financially constrained infrastructure capacity?

References: Consultation pp. 5, 8

5. Defining 'biggest risks' – inclusion of access to justice

In prioritising "the biggest risks to consumers," how is the SRA ensuring that systemic risks such as loss of access to representation in mental health law are recognised alongside financial and misconduct risks?

References: Consultation pp. 5-6, 9

6. COLP/COFA eligibility – impact on small and legal aid firms

In light of potential or emerging changes to expectations around COLP and COFA roles and exclusions, how is the SRA ensuring that eligibility and competency requirements remain workable for small, specialist and legal aid firms, and does the SRA anticipate introducing greater flexibility or alternative models?

What does this mean - *higher-risk firms with turnover exceeding £600,000 ?*

References: Consultation pp. 6, 9; Impact Assessment pp. 4–5, 8–9 and Law Society Gazette, 02/06/26.

Consultation Response: SRA Draft Business Plan and Funding Requirement 2026/27

Submitted by: David Pett, Risk and Compliance Director, MJP Conveyancing Limited

Date: 12 May 2026

1. Summary of Position

MJP Conveyancing Limited objects, in the strongest terms, to the scale and structure of the proposed funding increase for 2026/27. We do not accept the case that the profession should be asked to absorb a twenty nine per cent uplift in the SRA's funding requirement, alongside compensation fund increases of seventy one per cent for individuals and eighty five per cent for firms, in a single practising year.

Our objections are set out below.

2. The Burden of Proof Has Not Been Met

The independent reviews conducted by Carson McDowell LLP on Axiom Ince and SSB Group concluded that the SRA had the funding, staff and powers required to take the action that was not taken. The recent collapse of PM Law, with suspected fraud involving the misuse of thirty nine and a half million pounds of client money, raises the same question for a third time.

Before the profession is asked to fund a substantial uplift framed as remediation, the SRA must demonstrate, with evidence, that the existing resource base was deployed effectively and that the additional twenty five million pounds is required for genuinely new capability rather than for the cost of correcting historic supervisory failure.

The consultation document does not provide that evidence in a form that withstands scrutiny.

3. The Flat Firm Levy is Structurally Unfair

The Compensation Fund firm contribution remains a flat sum applied without regard to firm size, turnover, or client money exposure. Since 2010 the ratio of firm levy to individual contribution has

more than doubled, with small and medium firms now paying substantially more in real terms while larger firms, relative to small firms, pay proportionally less.

The largest recent losses to the fund have originated in large or accumulator firms. It is neither equitable nor defensible for a sole practitioner or a small regional practice to pay the same firm contribution as a national consolidator.

We urge the SRA to introduce a turnover banded firm contribution to the Compensation Fund for the 2026/27 practising year. Long term reform is no longer an acceptable description. The reform is overdue.

4. Public Sector Equality Duty

The SRA's own equality analysis has previously acknowledged that flat levies fall disproportionately on smaller firms in which Black and Asian solicitors, solicitors from lower socioeconomic backgrounds, older solicitors and disabled solicitors are overrepresented. The 2026/27 proposal, as drafted, does not adequately address that disproportionate impact. The SRA must publish a full equality impact assessment alongside any final determination, and explain why the structural unfairness cannot be addressed in this practising year.

5. Transparency on the Cost Base

The consultation provides limited line by line transparency on the underlying cost drivers. We request publication of:

- senior executive remuneration for the 2025/26 year;
- the cost of adverse costs orders awarded against the SRA at the Solicitors Disciplinary Tribunal in the last three years;
- the cost of programmes that have been paused or cancelled, including the CILEX absorption, the transparency rules evaluation work, and the quality indicators workstream;
- the recovery achieved from each major intervention, including from professional indemnity insurers and from individual directors;
- a clear distinction between routine regulatory cost and remedial cost arising from past supervisory failure.

Without this transparency, the consultation does not provide the profession with the information required to assess the reasonableness of the request.

6. Reserves and the Three Year Funding Envelope

The draft business plan signals that further increases will be required in 2027/28. A regulator that cannot articulate a stable funding path beyond the next twelve months is not in a position to ask the profession for a twenty nine per cent uplift on the basis of an undertaking to fix foundations of its own making.

We call on the SRA, before any final determination, to publish a binding three year funding envelope. Any overrun should be met from operational savings or from reordered priorities, not from further levies on the regulated.

7. Scope Reduction Must Be Reflected in Cost

The SRA has confirmed that work on the absorption of CILEX, the transparency rules and quality indicators will not be taken forward. The profession is therefore being asked to pay materially more for a narrower body of regulatory work. The consultation does not explain why scope reduction has not produced a corresponding cost reduction. That explanation should be provided.

8. Legal Services Board Approval

The practising fee determination and the Compensation Fund contributions are subject to approval by the Legal Services Board under section 51 of the Solicitors Act 1974 and the relevant provisions of the Legal Services Act 2007. We will be writing separately to the LSB to ask that any approval is contingent on the matters set out above.

9. Conclusion and Requested Action

We ask the SRA to:

1. withdraw the present proposal in its current form;
2. reintroduce a revised proposal that includes a turnover banded firm Compensation Fund contribution for 2026/27;
3. publish a full equality impact assessment and a line by line cost breakdown;
4. publish a binding three year funding envelope;

5. reflect, in lower costs, the regulatory work that has been paused or cancelled.

We support the principle of a strong regulator and a properly funded Compensation Fund. We do not accept that the present proposal meets the tests of necessity, proportionality, or fairness, and we ask the SRA to reconsider.

David Pett Risk and Compliance Director, Senior Solicitor and MLRO MJP Conveyancing Limited Norwich

THE NEWCASTLE AND NORTH OF ENGLAND LAW SOCIETY | CELEBRATING 200 YEARS

SRA Consultation: Business Plan and Funding Requirements 2026/27
Response of The Newcastle and North of England Law Society

Introduction

The Newcastle and North of England Law Society is a local law society representing solicitors and their firms across the North of England including the counties of Northumberland, Durham, Tyne and Wear, Cumbria, and North Yorkshire. We submit this response in our representative capacity, reflecting the views and experiences of our members who practise across a wide range of areas including criminal law, family law, personal injury, conveyancing, employment and commercial work with a significant proportion engaged in legally aided and publicly funded work.

Our members operate primarily in small to medium-sized firms, with many serving communities across both urban and rural parts of the region where access to legal services can be limited. The economic and demographic context of our region means that the affordability and proportionality of regulatory costs are of particular and acute concern to our membership.

We recognise that the SRA faces genuine operational and structural challenges, and that recent high-profile firm failures have exposed serious weaknesses in its supervisory and enforcement functions. However, the profession is now being asked to fund the consequences of those failings, and we consider it essential that any significant increase in fees is matched by clear, independently verifiable evidence of improvement.

Overall Approach

We support the SRA's stated intention to focus on fewer priorities and to fix weaknesses in core regulatory functions. However, our members would welcome greater clarity on what the SRA intends to pause, scale back or stop in order to achieve this focus.

There is a persistent perception across the profession, and one strongly echoed by our members, that regulatory effort has been directed towards lower-impact, easier-to-pursue matters rather than complex, high-risk cases. This concern must be addressed through transparent prioritisation, clear key performance indicators, and demonstrable reallocation of resources towards material risk.

Rebuilding trust with the profession must be an explicit objective of the SRA's programme of change. Improvements in systems and staffing will not restore confidence unless the SRA's approach is also perceived as fair, proportionate and grounded in a realistic understanding of legal practice, including the realities faced by practitioners outside major commercial centres.

Question 1 – Operational Excellence

We accept the SRA's diagnosis that short-term reallocation of resources is insufficient and that more fundamental reform is required. Investment in staff capacity, triage processes and IT infrastructure are necessary.

However, our members' concerns are not only with volume or timeliness, but with the quality, consistency and proportionality of regulatory decision-making. The profession continues to experience inconsistency in investigator capability, uneven decision-making, and overly process-

driven investigations that generate significant stress and uncertainty for solicitors, without commensurate benefit to consumers.

We support the revision of the Assessment Threshold Test and the aim of reducing lower-impact cases entering the pipeline, but we want to see clear information on:

- how the revised threshold will operate in practice and be consistently applied across teams
- how investigator capability is assessed, developed and quality-assured — particularly in complex cases
- how lessons from adverse SDT costs outcomes are fed back into investigative practice and training

We are also concerned that the regulatory culture can be overly adversarial and insufficiently grounded in an understanding of legal practice. This concern is particularly pronounced among smaller firms and high street practitioners, who may lack the resources to withstand protracted regulatory engagement. A culture that discourages early engagement risks weakening risk intelligence and deterring early disclosure. The SRA's ambition for ‘clearer, faster and more proportionate outcomes’ depends on cultural change as much as process reform.

Given the scale of additional funding sought, the SRA must set out clear key performance indicators covering timeliness, quality, consistency of decision-making, and the experience of those engaging with the regulator. Clear evidence of improvement will be critical to rebuilding trust with firms across all parts of England and Wales.

Question 2 – Proactive Risk Identification

We support the principle of moving towards a more intelligence-led, preventative regulatory model. Identifying risks earlier and intervening proportionately has the potential to reduce consumer harm and improve long-term regulatory efficiency.

However, the development of a proactive supervision function raises important questions about scope and proportionality. Without clear boundaries, there is a real risk that supervision comes to be experienced by firms as enforcement by another name, without the procedural safeguards that accompany formal investigation. This concern is particularly acute for smaller practices, where supervisory engagement can impose significant cost and management burden even when no wrongdoing is identified.

Supervisory engagement must be genuinely targeted, time-limited and proportionate to risk. It should not place undue burdens on compliant firms or become open-ended particularly for smaller practices in legally aided or lower-margin areas of work, which form a significant part of our membership.

Firms subject to supervisory engagement should be given clear and timely information about the reasons for that engagement, the specific concerns being addressed, and the outcomes the SRA is seeking. Clear entry and exit criteria are essential. A supervisory model that is open-ended or indistinct from enforcement risks discouraging candid dialogue and weakening risk intelligence rather than strengthening it.

Question 3 – Focus on the Biggest Issues

We support the SRA's decision to concentrate resources on the highest-risk areas and to deprioritise work that is not core to immediate consumer protection. On the specific areas identified:

Post Office Inquiry

Regulatory action must be taken where there is clear evidence of professional misconduct. However, responses arising from the Inquiry should be approached with care and proportionality.

The circumstances examined are exceptional, and drawing broad regulatory conclusions from such an unusual set of facts risks over-correction or the imposition of standards not well calibrated to the realities of wider professional practice.

Innovation and AI

We welcome the commitment to enable responsible innovation. However, the draft plan provides limited practical detail on how this will be delivered. Our members, particularly those in smaller firms, need clear, accessible regulatory guidance in specific contexts, including:

- the use of AI in court proceedings, including verification of outputs and disclosure obligations
- protection of legal professional privilege when using third-party AI tools
- minimum expectations around supervision, record-keeping and client communication in AI-assisted work

Regulatory guidance must reflect the operating realities of smaller firms, sole practitioners and those serving communities in regions like ours, where access to dedicated compliance or technology functions is limited. Guidance calibrated only to large commercial firms will be of limited value to much of our membership.

We also note the risk that increased use of AI may affect the development pipeline for junior lawyers. This is an issue of particular concern in regions where the legal sector is a significant local employer and where maintaining a sustainable professional workforce matters greatly to communities and businesses alike.

Client Money

Solicitors' ability to hold client money remains fundamental to the efficient delivery of most legal services, particularly in areas such as conveyancing and personal injury which are central to the work of many of our members. Reforms in this area must be carefully calibrated. Proportionate safeguards and targeted supervision offer more effective consumer protection than overly restrictive responses that increase cost and create barriers to access to justice.

The SQE

We welcome the SQE's continued inclusion as a high priority and the acknowledgement that current low levels of confidence must be addressed. However, prioritisation must translate into tangible improvement. The SRA must clearly communicate its programme of transparent evaluation and publish meaningful data demonstrating that identified concerns are being addressed. Concerns about differential outcomes and accessibility have direct implications for the future diversity and sustainability of the profession, including in regions such as ours that rely on the legal sector as a route to professional careers.

Questions 4 and 5 – Practising Certificate Fee

The SRA proposes an overall funding requirement of £111.5 million for 2026/27, an increase of approximately 29% on the prior year. This is a very significant increase, and one that falls particularly hard on our members, who operate predominantly in small to medium-sized firms in a region where profit margins are narrower than in major commercial centres.

We acknowledge that remediation and transformation may require short-term investment. However, we have the following concerns:

- Much of the current funding requirement arises from well-documented regulatory failings. Our members are being asked to bear the financial consequences of those failings, which raises serious questions of fairness and accountability.
- The £10.3 million allocated to rebuilding reserves places an additional burden on the profession on top of the other increases being sought simultaneously.

- The SRA must distinguish clearly between one-off transformation costs and the steady-state cost of regulation, and commit to adjusting the budget downwards as transitional costs conclude.
- Greater forward visibility of expected costs, including multi-year projections, would assist firms and individuals in planning and this is particularly important for smaller practices with limited financial buffers.

The cumulative impact of increases in practising certificate fees, compensation fund contributions and compliance requirements is particularly acute for firms in our region. Many of our members operate in lower-margin areas of work, including legal aid, criminal law, family law and conveyancing, where the ability to absorb rising regulatory costs is limited. This cannot be considered in isolation from the broader economic pressures facing firms and individuals across our region.

We consider it important that there is clear, credible and transparent reporting, including independent evaluation, of how the SRA delivers against its Business Plan commitments and the value for money achieved. There needs to be a breakdown of how the SRA's budget is allocated between authorisation, supervision, enforcement, education, and central overheads.

Question 6 – Compensation Fund – Individual Contribution

We accept that increased contributions may be necessary following recent firm failures. However, the proposed increase from £70 to £120 for individuals is very substantial within a single year and follows significant volatility in recent years (£30 in 2023/24, £90 in 2024/25, £70 in 2025/26, and now £120). This unpredictability makes planning extremely difficult, particularly for solicitors in our region who may not have their fees met by an employer.

For individual solicitors meeting costs themselves, the combined SRA-related increase for 2026/27 is £100. The SRA's own equality impact assessment recognises that such increases are felt most acutely by those earning less, working in smaller firms, in legal aid or lower-margin areas, or working part-time.

We expect a clear commitment to longer-term reform of the compensation fund funding model, including consideration of risk-based approaches and a review of whether the current flat-rate structure remains appropriate and proportionate.

Question 7 – Compensation Fund Apportionment

We agree that, for 2026/27, it is preferable to maintain the existing 50/50 apportionment between individuals and firms rather than moving to a 70/30 split. Given the exceptional pressures on the fund and the absence of wider structural reform, retaining the existing split provides greater stability and predictability for the profession in the short term.

A move to 70/30 in 2026/27 would involve a very substantial increase in individual contributions in a single year, compounded by the simultaneous rise in the regulatory portion of the practising certificate fee. This would heighten affordability concerns significantly for individuals least able to absorb additional costs. We consider it appropriate to retain the 50/50 split while the SRA undertakes the more fundamental review of the compensation fund it has committed to as part of its wider consumer protection work.

Questions 8 and 9 – Impact Assessment and EDI

We consider that the EDI implications require deeper and more sustained analysis. The assessment does not fully address how financial pressures may interact with broader structural inequalities over time, for example through firms reducing training opportunities, limiting flexible working, or

withdrawing from particular areas of work. These risks are particularly acute in our region, where high street and publicly funded practices play a critical role both in access to justice and in providing entry points to the profession for individuals from a wide range of backgrounds.

We also highlight ongoing concerns about differential outcomes in regulatory processes, particularly the overrepresentation of Black, Asian and minority ethnic solicitors in enforcement activity. A published, time-bound action plan with clear measures of success is needed. Any reforms to supervision, enforcement and prioritisation must be designed in a way that does not entrench or exacerbate existing disparities.

We would welcome the SRA committing to robust post-implementation monitoring of the actual impacts of these proposals, including reassessment of assumptions against observed outcomes and evaluation of whether existing mitigations remain appropriate. We would also welcome continued structured dialogue with local law societies such as ours to ensure that the experiences of practitioners outside London and major commercial centres are properly reflected in the SRA's assessment of regulatory impact.

Conclusion

We are conscious that our members cannot continue to absorb year-on-year increases in regulatory cost without consequence. Some of those consequences will be felt by the profession in the form of further consolidation and the loss of independent practices. Others, and these are perhaps more serious, will be felt by clients in the form of reduced access to regulated legal advice in precisely those communities where it is most needed.

Response ID:117 Data

2. About you

1.
First name(s)

Steven

2.
Last name

Mather

6.
I am responding..

on behalf of an organisation

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On behalf of what type of organisation?

Law society

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Porthamptonshire Law Society

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C. q onsultation ' uestions

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SubFect to those pointsdI ko not consiker that the proposek proportion of 4208 has been Fustifiek on the material currently publishek. xhe SRA portion of the inkivikual fee has risen from 4106 in 28213 22 to a proposek 4208 in 282U2Edan increase of U6.6 per cent over five years against materially lower cumulative inflation. While some increase is unavoikabledthe profession is entitlek to the akkitional transparencydthe financial brea; kown of the 426mdthe binking ; ey performance inkicators ank the inkepenkent evaluation ikentifiek above before an increase of this scale is approvek. I invite the LS9 to re' uire these as conkitions of approval.

14.

5) Do yoc agree that the SRA's reqcired proportion of the prautising uertifiuate fee is reasonable and appropriate?

I agree with the Law Society,s response. In particulardI enkorse the re' uirement that the SRA kistinguish clearly between one off or time limitek transformation costs ank the longer term steaky state cost of regulationdwith a clear commitment that the bukget will rekuce as kual running conclukesTthe concern that 418.Om of the increase is reserves replenishment placek on the profession at the same time as every other element of the fee is risingTthe call for mechanisms to smooth volatilitydincluking a multi year funking framewor; dparameters to limit ej treme year on year fluctuationsdmore active use of reserves as a bufferd ank greater forwark visibility through multi year proFectionsTthe ej pectation that abrupt increases of this ; ink will recur only in genuinely ej ceptional circumstancesTank the call for inkepenkent evaluation of kelivery against the 9usiness / lan ank of value for moneydwith clear lin; age between investmentdkelivery ank outcomesdkevelopek with the LS9.
I particularly support the Law Society,s proposal that the SRA investigate targetek akFustments to practising certificate fees for firms unkerta; ing significant volumes of publicly funkek wor; . Legal aik practice in Leicestershire ank Porthamptonshiredas elsewheredoperates unker acute ank longstanking financial pressuredank the rates paik fre' uently ko not cover the cost of kelivery. £irms proviking this wor; perform a public service of central importance to access to Fustice. A fee framewor; that reflects the SRA,s regulatory obFective of improving access to Fusticedincluking the possibility of rekucek or staggerek contributions for ' ualifying legal aik firmsdkeserves serious ank prompt ej aminationdank I invite the SRA to commit in its final

9usiness / lan to scoping this wor; kuring 282U82E.
SubFect to those pointsdI ko not consiker that the proposek proportion of 4208 has been Fustifiek on the material currently publishek. xhe SRA portion of the inkivikual fee has risen from 4106 in 28213?2 to a proposek 4208 in 282U82Edan increase of U6.6 per cent over five years against materially lower cumulative inflation. While some increase is unavoikabledthe profession is entitlek to the akkitional transparencydthe financial brea; kown of the 426mdthe binking ; ey performance inkicators ank the inkepenkent evaluation ikentifiek above before an increase of this scale is approvek. I invite the LS9 to re' uire these as conkitions of approval.

15. 6) Do yoc agree with the uompensation fcnd uontribction for individcals for 2026/27?

I agree with the Law Society,s response. I acceptdwith consikerable reluctancedthat an increase in the inkivikual contribution for 282U82E is necessary to maintain the viability of the funk given the pressure createk by / M Law ank the continuing tail of earlier failures. xhe funk is a vital consumer protection ank clearly kistinguishes the regulatek profession from unregulatek provikers. Howeverdthe volatility of recent years (4C8 in 282C320d458 in 28203?6d4E8 in 28263?U ank now 4128) kemonstrates that the current funking mokel is not sustainable or prekictabledank the LS9 ,s own reviews founk that the collapses kriving these costs involvek failings by the SRA.
I particularly enkorse three transparency points in the Law Society,s response ank as; the SRA to akkress them ej pressly in its consultation reply. £irstdthe SRA shoulk ej plain its approach to recovering compensation funk losses from professional inkemnity insurers ank other responsible partiesdank how any recoveries are appliekdwhether to offset future contributionsd rebuilk funk reserves or otherwise be returnek to the profession. Seconkdthe SRA shoulk clarify what arrangementsdif anyd ej ist to responk to consumer losses arising from its own regulatory failingsdincluking whether the SRA maintains any form of inkemnity insurance or e' uivalent in respect of its own regulatory activitydank how any resulting liabilities or recoveries woulk be treatek. xhirkdthe SRA shoulk publish a ketailek reconciliation of the 40U.Cm total compensation funk ta; e for 282U82E against anticipatek grantsdintervention costsdstorage costs ank operating costsdwith an annual reconciliation of actual against forecast ank any surplus returnek in the following year.
Acceptance of the 282U82E increase must be accompaniek by a clear commitment to longer term reform of the funking mokeld incluking a thorough review of the flat rate structure ank consikeration of ris; basek approachesdas part of the wiker consumer protection wor; .

16. 7) Do yoc agree that for 2026/27, we shocld maintain the apportionment of uompensation fcnd uontribctions to 50% individcals and 50% firms as the ucrrent position rather than moving to 70% for individcals and 30% firms? If yoc do not agree, please provide any insights and scggestions yoc have on why we shocld uhange for the year 2026/27.

I agree with the Law Society that the 68368 apportionment between inkivikuals ank firms shoulk be retainek for 282U82Edank I ko not support a move to a E83C8 split this year. I shoulk recork thatdwhen this consultation was first publishekdthe attraction of a E83C8 split for the many small multi fee earner firms in my constituency was real: the firm element of the contribution woulk fall materiallydank arounk three ' uarter of firms woulk pay less. On further analysisdhoweverdthe kistributional conse' uences tell against the change. Nnker a E83C8 split the inkivikual contribution woulk rise from 4E8 to 41UU rather than 4128dan increase of 1CE per cent in a single yeardlanking at the same time as a 468 increase in the regulatory portion of the practising certificate fee. xhe burken woulk shift onto inkivikual solicitorsdank the SRA,s own e' uality impact assessment shows that those who pay their own feesdthose in lower margin areas incluking legal aik ank criminal wor; dpart time practitionersdank groups alreaky kisproportionately representek in those cohortsdwoulk be hit harkest. Ma; ing that shift in isolationdoutsike any wiker structural reform ank in the year of the largest contribution increase in the funk,s recent historydwoulk create new ine' uities without resolving the olk ones.
Retention of 68368 for 282U82E must notdhoweverdbecome an ej cuse for leaving the flat firm fee untouchek. xhe flat fee remains the keeper structural problem. It cannot be right that a two partner firm holking mokest client balances pays the same 4CdU88 firm contribution as a fifty partner firm holking very substantially larger balances ank presenting a kifferent ris; profiled ank the firm contribution has now risen by 00U per cent since 282C320. I therefore invite the SRA to commitdas part of its consumer protection review ank aheak of the 282E327 fee rounkdto consult on a ris; ank size basek contribution structure for firmsdkrawing on factors such as turnover (consistent with the ej isting periokic fee)dthe volume of client money hanklekd practice area mij dintervention ej perience by firm size ank type as evikencek by the SRA,s own katadcompliance history ank the ej istence of inkepenkent assurance such as accountants, reports. xhe Law Society has rightly saik that ketailekdreliable evikence of meaningful practical benefit shoulk be a prere' uisite for reform in this areaTthe corollary is that the SRA shoulk begin assembling that evikence now.

6. q onsultation ' uestions

17. 8) Do yoc have any uomments on the impaut assessment of ocr proposed fees for 2026/27 and EDI-related work uommitments for 2026/27?

I agree with the Law Society,s response. xhe impact assessment correctly ikentifies the cohorts most affectek (smaller firmsd lower margin practice areasdank the kemographic groups kisproportionately representek within them) but is essentially static. It koes not ake' uately akkress the behavioural ank cumulative effects of sustainek cost increases: withkrawal from legally aikek ank lower margin wor; drekucek geographic coveragedconsolikationdmar; et ej itdor restructuring to rekuce regulatory ej posure incluking switching regulators. In two counties where high street firms anchor access to Fustice in mar; et towns ank rural areasd these are not theoretical ris; s. xhe impact assessment shoulk be treatek as the start of the e' uality analysis rather than its conclusiondwith robust post implementation monitoring of actual impactsdreassessment of assumptions against observek outcomesdank evaluation of whether ej isting mitigations remain effective.

18. 9) Do yoc have information that will help cs to fcrther bcild ocr cnderstanding in relation to impauts on different grocps of soliuitors?

I agree with the Law Society,s responsedincluking its offer of structurek collaboration ank kata sharingdFoint monitoring of firm closuresdconsolikation ank mar; et ej itdank post implementation review of how the increases affect kifferent groups in practice. I akk the offer of structurek engagement at constituency level. xhe Leicestershire ank Porthamptonshire local law societies are well placek to provike evikence on firm sustainabilitydsuccessiondrecruitment ank the cumulative effect of regulatory cost in a regional mar; et that national level engagement cannot replicatedank both societies are willing to participate in structurek feekbac; with the SRA. Aneckotallydmember firms are alreaky citing the cumulative effect of compensation funk increases since 282C320 ank the proposek 282U92E rises as a material factor in kecisions on successiondretirement ank mar; et entry. I also enkorse the Law Society,s point on kifferential outcomes within regulatory processesdin particular the overrepresentation of 9lac; dAsian ank minority ethnic solicitors in enforcement activity. xhe absence of a publishekdtime bounk action plan with clear measures of success is an accountability gap. As the SRA reforms its approach to supervisiondenforcement ank prioritisation with the akkitional funking soughtdit shoulk ensure those reforms are kesignek ank monitorek so as not to entrench ej isting kisparitiesdank shoulk report regularly on progress against transparent ank measurable remekial plans.

Response ID:120 Data

2. About you

1.
First name(s)

David

2.
Last name

Thomas

6.
I am responding..

on behalf of an organisation

7.
On behalf of what type of organisation?

Law firm or other legal services provider

8.
Please enter your organisation9s Hc 0 number (if appliDable)

499097

v.
Please enter your organisation9s name

Quay Legal

1k.
/ ow should we publish your response?

Please seleDt an option below.

Publish the response with my/our name

3. Consultation questions

11.
1) ' o you haxe any Domments on our proposed wor3 Dommitments for 2k2627 under our 9perational eqDellenDe9priority?

No comments.

12.
2) ' o you haxe any Domments on our proposed wor3 Dommitments for 2k2627 under our 9lexelop the ability to proaDtixely identify and address ris39priority?

Clearly the SRA failed to adequately supervise the likes of Axiom Ince and needs to address its approach. However, i am concerned about the 'baby being thrown out with the bathwater' and increased regulation on smaller firms which present very low risk ultimately driving out smaller firms especially those dealing with individual consumer work.

15.
5) ' o you haxe any Domments on our proposed wor3 Dommitments for 2k2627 under our 9oDus on the biggest issues9 priority?

No one in the profession would argue that client monies should not be protected. However, imposing greater obligations/regulation on low risk firms is not going to materially add to the protections and will drive out some firms already weighed down by regulation. For example the exemption for an audit has been fixed at £10,000 average / £250,000 absolute for as long as i can remember - has there ever been missing client monies in an exempt firm? I have no issue with the £250k figure, but £10,000 is too low and should be increased to say £25,000.
I agree that SRA should be more supportive. It should be more lenient to those who self report, and younger inexperienced members of the profession where there is no personal gain to the individual.

4. Consultation questions

1S.
S) ' o you haxe any Domments about our proposed funding reRuirement xia the praDtising DertifiDate fee for 2k2627?

no comment

1A.
A) ' o you agree that the Hc09s reRuired proportion of the praDtising DertifiDate fee is reasonable and appropriate?

yes

16. 6) ' o you agree with the Dompensation fund Dontribution for indixiduals for 2k2627?

No - I feel it is too low, compared to the firm cost.

17. 7) ' o you agree that for 2k2627, we should maintain the apportionment of Dompensation fund Dontributions to Ak% indixiduals and Ak% firms as the Durrent position rather than moxing to 7k% for indixiduals and 5k% firms? If you do not agree, please proxide any insights and suggestions you haxe on why we should Dhange for the year 2k2627.

No. I would like to see a greater burden placed either on individuals or on those firms with higher turnovers and ability to pay. Why do smaller individual consumer facing firms have the greatest burden? I am not aware that they create the greatest risks.

5. Consultation questions

18. 8) ' o you haxe any Domments on the impaDt assessment of our proposed fees for 2k2627 and E' l-related wor3 Dommitments for 2k2627?

no comment

1v. v) ' o you haxe information that will help us to further build our understanding in relation to impaDts on different groups of soliDitors?

no comment

Response ID:105 Data

2. About you

1.
First name(s)

Donal

2.
Last name

Blaney

6.
I am responding..

on behalf of an organisation

7.
On behalf of what type of organisation?

Other

8.
Please speuify

Charity

9.
How shocld we pcblish yocr response?

Please seleut an option below.

Publish the response with my/our name

3. Consultation questions

10.
1) Do yoc have any uomments on ocr proposed work uommitments for 2026/27 cnder ocr 'operational exuellenue' priority?

The Rule of Law Institute is a programme of the Margaret Thatcher Centre, a charitable project of the Cherish Freedom Trust. Our mission is to promote the rule of law, constitutional government, freedom under law, and high standards within public institutions.

The Institute recognises the importance of an independent legal profession and of an effective regulator that protects consumers, maintains confidence in legal services, and upholds professional standards. We therefore welcome the opportunity to respond to the Solicitors Regulation Authority's consultation on its Draft Business Plan and Funding Requirement for 2026/27. Our comments are offered constructively and in the public interest.

The Institute welcomes the SRA's acknowledgement that it must strengthen its operational effectiveness and focus its resources on the areas of greatest risk to the public.

In our view, the regulator's primary functions should be:

• protecting client money;
• preventing fraud and dishonesty;
• ensuring competence and integrity within the profession;
• maintaining public confidence in legal services; and
• taking proportionate action against serious professional misconduct.

The recent high profile failures of firms have demonstrated the significant harm that can arise when risks relating to client money, governance and financial controls are not identified and addressed at an early stage. The prevention of such failures should remain the regulator's foremost priority.

We therefore support the stated intention to become more focused upon the biggest risks to consumers and to improve operational effectiveness.

However, we encourage the SRA to adopt a more clearly defined concept of regulatory materiality. The profession increasingly perceives regulatory attention being devoted to matters that, while perhaps capable of raising professional issues, do not present the same level of risk to the public as dishonesty, misuse of client money, financial instability, or serious incompetence.

The Institute believes that a risk-based regulator should distinguish more clearly between:

• conduct that creates a genuine risk of consumer harm;
• conduct that may involve professional discourtesy or poor judgment but presents limited public risk; and
• matters that are properly left to the courts, employers, clients or public debate.

Regulatory intervention should be concentrated on the first category.

The SRA should also reaffirm its commitment to freedom of expression, access to justice, and the right of individuals and businesses to protect their legal rights through lawful means.

In a society governed by the rule of law, robust legal representation must not be chilled by regulatory uncertainty. Solicitors should be free to advance their clients' lawful interests fearlessly, subject to their duties to the court and the administration of justice.

11.
2) Do yoc have any uomments on ocr proposed work uommitments for 2026/27 cnder ocr 'develop the ability to proautively identify and address risk' priority?

The Institute supports efforts to improve operational capability and decision-making. However, the SRA should place greater emphasis upon measurable outcomes. The consultation contains significant references to organisational transformation, capability building and operational improvement. Such objectives are understandable. However, those funding the regulator are entitled to understand how success will be measured.

We suggest publication of annual metrics including:

• average investigation times;
• average intervention costs;
• time taken to resolve complaints;
• reduction in avoidable tribunal losses and adverse costs orders;
• reduction in compensation fund exposure;
• identification and mitigation of high-risk firms before failure;
• satisfaction levels among consumers and regulated firms.

A modern regulator should itself be judged by outcomes rather than activity levels.

The Institute would also welcome a stronger commitment to regulatory proportionality. Regulation should be evidence-based, predictable and transparent. The profession should be able to understand not merely what the SRA expects, but why it regards particular issues as requiring intervention.

12.

3) Do yoc have any uomments on ocr proposed work uommitments for 2026/27 cnder ocr 'foucs on the biggest issces' priority?

The Institute recognises that the SRA faces genuine challenges arising from firm failures, increased compensation fund liabilities, and the need to improve its operational performance. However, a proposed increase of approximately 29% in the funding requirement is substantial and inevitably raises questions regarding value for money and organisational accountability.

The profession is being asked to fund the consequences of a series of regulatory failures that have themselves generated significant costs. Many practitioners will reasonably ask why they should bear the financial burden of remedying shortcomings in regulatory oversight.

The Institute therefore believes that any increase in funding should be accompanied by:

• clear performance targets;
• annual public reporting against those targets;
• independent evaluation of progress;
• a commitment to reducing costs once transformation objectives have been achieved.

The Institute supports investment where there is a compelling business case and demonstrable public benefit. However, funding requests should be accompanied by detailed evidence showing how proposed expenditure will improve regulatory outcomes.

4. Consultation questions

13.

4) Do yoc have any uomments aboct ocr proposed fcnding reqcirement via the prautising uertifiuate fee for 2026/27?

We recognise that additional funding may be required in the short term. However, before approving a significant increase in practising certificate fees, the SRA should provide greater detail regarding:

• the proportion of increased expenditure devoted to core regulatory functions;
• the proportion devoted to organisational transformation;
• expected savings from reform programmes;
• the timetable for delivering those savings.

The profession is more likely to support higher fees where there is confidence that expenditure is directed towards preventing consumer harm, protecting client money and improving regulatory effectiveness.

The Institute is very concerned that repeated increases in regulatory costs risk creating barriers to entry for smaller firms and sole practitioners, who continue to play an important role in providing access to justice. The SRA should therefore continue to assess carefully the cumulative impact of regulatory costs on smaller practices.

14.

5) Do yoc agree that the SRA's reqcired proportion of the prautising uertifiuate fee is reasonable and appropriate?

No: not on the basis of the information currently available. While we accept that additional funding may be required, the scale of the increase necessitates a correspondingly high degree of transparency and accountability.

The profession should be able to see a direct relationship between increased expenditure and measurable improvements in regulatory performance. We would therefore support approval of the proposed fee only if accompanied by:

• published performance commitments;
• annual reporting against those commitments;
• a clear timetable for organisational reform; and
• a commitment to review funding levels once those reforms have been implemented.

15. 6) Do yoc agree with the uompensation fcnd uontribction for individcals for 2026/27?

No: again, this appears to be an increase in sums expected to be borne out of all proportion to their profitability and risk profile by smaller firms and sole practitioners. It is as if the SRA is trying to drive these firms out of business, in the hope that the profession is left to a couple of hundred larger firms who will be easier to regulate. The SRA needs to act more efficiently, and to focus on what actually matters. It has strayed far too far from its original purpose. No further increase in the compensation fund contribution should be sought at all.

16. 7) Do yoc agree that for 2026/27, we shocld maintain the apportionment of uompensation fcnd uontribctions to 50% individcals and 50% firms as the ucrrent position rather than moving to 70% for individcals and 30% firms? If yoc do not agree, please provide any insights and scggestions yoc have on why we shocld uhange for the year 2026/27.

In reality, these contributions are borne by firms in any event so this question is academic.

5. Consultation questions

17. 8) Do yoc have any uomments on the impaut assessment of ocr proposed fees for 2026/27 and EDI-related work uommitments for 2026/27?

The SRA ought not to be focused at EDI (or DEI) related work at all. That is not what a regulator funded by its profession should be doing. There are equalities watchdogs who can and should focus on this work. The SRA needs to focus on the core matters outlined above in our submission: nothing more. Otherwise, instead of being an independent regulator charged with protecting the rule of law, the SRA risks being seen (and may already be seen by many) as parti pris.

18. 9) Do yoc have information that will help cs to fcrther bcild ocr cnderstanding in relation to impauts on different grocps of soliuitors?

From our two Rule of Law Conferences held in Gray's Inn in 2025 and 2026, it is clear that smaller firms and sole practitioners, or those whose political outlook does not match that of the SRA, feel that they are no longer welcome in the profession. It is as if the SRA hopes they hand in their practising certificates or give up altogether. The SRA needs to remember that (as was said in Spiderman, no less!) "with great power comes great responsibility". The SRA has the ability, at the stroke of a pen, to ruin individuals' livelihoods, reputations and ability to work in the law, often for a transgression so minor or irrelevant that it ought not to be considered a serious regulatory infraction at all.

Rather than focusing on firms where client monies are stolen or other serious and dishonest regulatory breaches occur, the SRA seems more interested in second-guessing solicitors' correspondence during litigation and allowing itself to be used by malicious complainants (be they disgruntled clients or opponents in litigation). Inadequate thought is given to the mental health impacts suffered by solicitors when placed under investigation, particularly when those investigations can take many years to be resolved or brought to the Tribunal. All this, let us not forget, when it is the SRA that itself decides what the Minimum Terms provide for in respect of professional indemnity insurance (thereby giving the SRA a wholly unfair advantage in pursuing those it regulates because solicitors under investigation are usually left unable to defend themselves).

The SRA needs to return to its former model of operating, pre-2017, handling complaints with a greater level of objectivity, sensitivity and speed, and it needs to stop allowing its processes to be abused by those acting in bad faith. Costs should be awarded against the SRA when it loses, and the standard of proof should return to the criminal standard.

Solicitors who act improperly during litigation can already be penalised by judges with wasted costs orders. In extremis, judges

can refer such solicitors' misconduct to the regulator. The regulator does not need to become involved in disputes between solicitors during litigation, and attempts to pierce the long-held protections of legal advice privilege are pernicious in the extreme (particularly when other ancient rights such as freedom of expression and the right to trial by jury are under attack).

Draft Business Plan and funding requirement 2026/27 consultation

About you

First name(s)

Joanna

Last name

Connolly

Please enter your SRA number (if applicable)

450813

Your email address

jo@joannaconnollysolicitors.co.uk

I am responding..

on behalf of an organisation

On behalf of what type of organisation?

Representative group

How should we publish your response?

Please select an option below.

Publish the response with my/our name

Consultation questions

1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

The Solicitors Sole Practitioners Group (SPG) represents sole practitioners and small firms across England and Wales.

Our members deliver essential, high-quality legal services in disadvantaged communities, ethnic minority areas, and other localities where access to justice is already severely limited. Many of our members are the only local providers of affordable legal advice for vulnerable clients, including those from Black, Asian and minority ethnic backgrounds, low-income households, and rural or deprived urban neighbourhoods. They play a vital role in maintaining access to justice for the very communities that would otherwise be left without representation.

We have reviewed the draft Business Plan and funding proposals carefully. We support the three strategic priorities in principle — operational excellence, proactive risk identification, and focus on the biggest issues. However, we have serious concerns about the significant proposed increase in the practising certificate (PC) fee funding requirement and compensation fund contributions. These costs fall disproportionately on sole practitioners and small firms, which lack the economies of scale of larger organisations, cannot easily pass costs on to clients, and operate in some of the most economically challenged parts of the country.

We welcome the emphasis on clearer, faster, proportionate outcomes, IT upgrades, and building capacity. However, sole practitioners already operate under intense pressure with limited administrative support. Any new systems or processes must be genuinely proportionate, user-friendly, and low-burden for small practices. We would welcome the opportunity to work with the SRA to co-design changes with small-firm input and would value free training and simplified tools. Without this, "operational excellence" risks becoming another layer of compliance cost that diverts time from client work in disadvantaged communities.

2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

We strongly support shifting from a purely reactive model to earlier, intelligence-led engagement. Supervisory dialogue and support for compliance, rather than immediate enforcement, will be particularly valuable for low-risk sole practitioners and small firms.

However, we caution against any "one-size-fits-all" approach that increases reporting burdens or data demands on small practices. Risk tools must be calibrated to recognise that most sole practitioners pose lower systemic risk. We believe early engagement should focus on education and prevention, not yet more additional paperwork.

3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

We endorse the prioritisation of client money protection, high-volume consumer claims, SQE confidence, and responsible innovation. These are the right areas for public protection.

We particularly welcome the SRA's intention to focus resources on the highest-risk issues. We believe this rebalancing presents a valuable opportunity to deliver more proportionate regulation for the many low-risk sole practitioners and small firms who form the backbone of access to justice in disadvantaged and ethnic minority communities. We would welcome confirmation that resources freed up by this sharper focus will be used, at least in part, to provide better support, faster outcomes, and lighter-touch engagement for low-risk practices.

We note that sole practitioners and small firms are rarely the source of the highest-risk issues, yet will continue to fund the entire regulatory framework. We particularly welcome the commitment to support responsible innovation and growth. Many of our members are exploring new business models and technology to improve access to justice in underserved areas. We would ask the SRA to ensure that paused work such as transparency rules evaluation is not indefinitely deprioritised if it would benefit small practices and consumers.

Consultation questions

4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

We do not agree that the proposed increase, or the SRA's required proportion of the PC fee, is reasonable and appropriate at this time. Sole practitioners and small firms are already facing rising operational costs, insurance premiums, and economic pressures.

A further significant rise in the PC fee will force difficult choices: reduced services to clients, higher fees for the public, delayed retirement for older practitioners, or even practice closures. This would directly harm access to justice in disadvantaged and ethnic minority areas that rely heavily on local sole practitioners.

5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

We also believe the firm levy must be made more proportionate to the size of the firm. Some larger firms have argued that they already contribute more to the regulatory system because they pay for a significantly greater number of practising certificates. This argument does not hold. Each additional practising certificate brings the firm revenue and profits many times greater than the associated regulatory cost. For example, newly qualified solicitors at leading London firms are now paid up to £189,000 per annum. Even a regulatory fee of several thousand pounds per solicitor per year would represent only a very small fraction of the revenue generated by that individual. The same per capita fee, however, represents a material and disproportionate burden on sole practitioners and small firms, which lack the economies of scale and client bases of the largest City practices.

We would welcome the SRA exploring the introduction of tiered or banded fees based on firm size, turnover, or client money held, so that the burden is distributed more fairly and sustainably.

6) Do you agree with the compensation fund contribution for individuals for 2026/27?

Yes, we agree that an increase in the individual compensation fund contribution to £120 for 2026/27 is necessary in the short term.

We recognise the exceptional pressure on the Compensation Fund following the closure of PM Law Limited and the rise in interventions. Protecting the public and maintaining confidence in the profession must remain the overriding priority, and a viable Compensation Fund is essential for this.

However, we are concerned about the cumulative impact of this increase on sole practitioners and small firms. These practices already face rising operational costs, insurance premiums, and economic pressures. Many operate in disadvantaged, ethnic minority, and rural communities with limited ability to absorb or pass on additional costs. I would welcome the SRA keeping the contribution levels under close review and considering targeted support or mitigation for low-risk, smaller practices.

7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

No, we do not agree that the 50/50 apportionment should be maintained for 2026/27. Following further clarification and consideration of the detailed modelling in the equalities impact assessment, the Solicitors Sole Practitioners Group (SPG) now supports moving to a 70:30 apportionment (70% individuals / 30% firms) for 2026/27.Our original position was based on the legitimate concern that sole practitioners who hold client money already pay both the individual and firm compensation fund contributions, creating a double burden.

However, the SRA's analysis shows that under a 70:30 split the firm contribution would only increase by £200 (from £1,950 to £2,150), compared with an increase of £1,650 under the 50:50 proposal. This significantly lower firm contribution more than offsets the higher individual contribution (£166 instead of £120) for firms with fewer than 32 practising certificate holders.As the vast majority of sole practitioners and small firms fall well below this threshold and many hold client money, these practices would pay less overall under the 70:30 split. This represents a fairer and more proportionate outcome for the smallest firms, which are already under significant financial pressure.

We therefore support the move to a 70:30 apportionment for 2026/27.

This change does not, however, reduce our serious concerns about the overall level of fee increases proposed for 2026/27. We remain strongly of the view that the SRA should move, as soon as possible, to a genuinely risk-based and tiered contribution model that properly reflects firm size, turnover, client money held, and actual risk. Such a model would create a fairer and more sustainable system across the profession.

We strongly support the SRA's commitment to revisit compensation fund arrangements as part of its ongoing consumer protection work. We are happy to provide anonymised data or case studies from our members to assist with the development of a more proportionate, risk-based approach for future years.

8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

The draft impact assessment acknowledges that the proposed fee increases will affect practitioners but does not sufficiently analyse the disproportionate impact on sole practitioners and small firms by firm size, geographic location, or demographic characteristics particularly those serving disadvantaged, rural, deprived urban, and ethnic minority communities.

Sole practitioners and small firms typically operate with very limited administrative capacity. They are frequently the only, or primary, providers of affordable legal services in areas where access to justice is already severely limited. The significant increases in fixed regulatory costs for 2026/27 including a 26.3% rise in the SRA portion of the practising certificate fee, from £190 to £240 and a 71.4% rise in the individual compensation fund contribution from £70 to £120, represent a material burden.

Many sole practitioners also pay the firm-level compensation fund contribution where they hold client money, creating a double burden that larger firms do not face in the same way.

The SRA's own data from the SRA Regulated Community Statistics (May 2026) highlights why a more granular assessment is essential:
(i) As at the end of May 2026, there were 1,330 Recognised Sole Practices, representing 14.9% of all 8,910 solicitor firms in England and Wales.
(ii) The SRA's Diversity in law firms' workforce report published on 11 March 2026 shows that one-partner firms have significantly higher proportions of lawyers from underrepresented groups than larger firms as:
a) 42% of lawyers in one-partner firms are from Black, Asian and minority ethnic (BAME) backgrounds. The highest proportion of any firm size category.
b) Disabled lawyers make up 13% of the workforce in one-partner firms.

The draft impact assessment notes that certain diversity groups, including Asian and Black solicitors, disabled solicitors, those aged over 45, and those from lower or intermediate socio-economic backgrounds, are over-represented in the firm cohorts more likely to be affected.

However, it does not quantify the impact, for example, as a percentage of turnover or profit, does not separately analyse sole practitioners as opposed to grouping them with 1–5 partner firms, and does not assess geographic effects on access to justice in rural, deprived, or ethnic minority areas.

Higher fixed regulatory costs risk forcing reduced service levels to vulnerable clients, higher fees passed on to the public, delayed retirements, or practice closures. These outcomes would directly harm access to justice in the very communities that rely most heavily on local sole practitioners and would also reduce diversity within the profession and the availability of culturally competent legal services where they are needed most.

We would welcome a substantially expanded and quantified impact assessment that specifically examines:
(i) Potential firm exits, reductions in service offerings, or changes in client capacity by firm size (with separate analysis for sole practitioners);
(ii) Geographic impacts on access to justice, particularly in rural, deprived, and ethnic minority areas;
(iii) EDI impacts on solicitors from underrepresented groups, including BAME solicitors, women, and disabled solicitors, who practise in smaller firms serving disadvantaged communities.

9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Yes. Sole practitioners and small firms play a vital role in maintaining access to justice in disadvantaged, ethnic minority, rural, and deprived urban communities across England and Wales. Many of these practitioners are themselves from underrepresented groups and deliberately chose to practise in these areas to serve vulnerable clients who would otherwise have limited or no access to legal advice.

The SRA's own most recent data in the SRA Regulated Community Statistics (May 2026), clearly demonstrates the demographic profile of sole practitioners and one-partner firms and why the proposed fee increases will have a disproportionate effect:
(i) As at the end of May 2026, there were 1,330 Recognised Sole Practices, representing 14.9% of all solicitor firms.

(ii) According to the SRA's Diversity in law firms' workforce report dated 11 March 2026:

a) 42% of lawyers working in one-partner firms are from Black, Asian and minority ethnic (BAME) backgrounds, significantly higher than in any other firm size category, compared with 19% overall and only 9% in firms with 50 or more partners.

b) 13% of lawyers in one-partner firms declared a disability. This is higher than in larger firms.

This data shows that smaller practices are already more diverse in key respects than larger firms. The proposed increases in practising certificate fees and compensation fund contributions represent a material and disproportionate burden on these smaller practices, which lack the economies of scale and client bases of larger organisations. Many sole practitioners already pay both as individuals and through their firm, where they hold client money, creating a double burden.

The increases could lead to:
(i) Reduced capacity to serve low-income and vulnerable clients;
(ii) Higher fees being passed on to the public;
(iii) Some practitioners delaying retirement or closing their practices altogether.

These outcomes would have a negative impact on diversity within the profession and on the availability of local, accessible legal services in the communities that need them most.

We remain committed to working constructively with the SRA and would be pleased to share anonymised data from our members

Response ID:115 Data

2. About you

1.
First name(s)

Helen

2.
Last name

Opie

6.
I am responding..

on behalf of an organisation

7.
On behalf of what type of organisation?

Law society

8.
Please enter the name of the souiety

Surrey Law Society

9.
How shocld we pcblish yocr response?

Please seleut an option below.

Publish the response with my/our name

3. Consultation questions

10.
1) Do yoc have any uomments on ocr proposed work uommitments for 2026/27 cnder ocr 'operational exuellenue' priority?

Surrey Law Society welcomes the SRA's focus on improving operational excellence and recognises the importance of delivering a regulator that is efficient, proportionate, responsive and trusted by both the profession and the public. Members broadly support the proposed focus on improving investigations and enforcement, strengthening organisational capability, modernising IT systems and driving a high-performance culture across the organisation.

However, member feedback consistently reflected the view that many of these commitments represent the standard of service the profession would already expect from its regulator, rather than new or enhanced functions. Whilst there was support for investment that delivers genuine improvements, respondents expressed concern that firms and individual solicitors are being asked to fund improvements to core regulatory functions that should already be operating effectively. Surrey Law Society therefore considers that confidence in these proposals will depend on the SRA demonstrating measurable improvements in operational performance, transparency and accountability through clear objectives, regular reporting and tangible outcomes.

11.

2) Do yoc have any uomments on ocr proposed work uommitments for 2026/27 cnder ocr 'develop the ability to proautively identify and address risk' priority?

Surrey Law Society supports the principle of a more proactive, intelligence-led approach to identifying and addressing regulatory risk. Members recognise that earlier intervention has the potential to reduce consumer harm, improve confidence in the profession and lessen the need for lengthy and costly enforcement action. Respondents generally supported proposals to strengthen risk-based prioritisation, improve intelligence and data analytics, and establish a more proactive supervision function, provided these initiatives are implemented proportionately and transparently.

However, respondents consistently sought greater clarity regarding how the proposed supervision model will operate in practice. In particular, members would welcome further information on how risk will be identified and assessed, what factors will trigger supervisory engagement, and how the SRA will ensure that regulatory interventions remain proportionate, consistent and evidence-based.

A number of respondents also expressed concern that an expanded supervisory model should not result in unnecessary or disproportionate engagement with firms that present little regulatory risk. There was a clear expectation that any increased supervision should be targeted towards those firms or business models that present the greatest potential risk to consumers, while avoiding unnecessary regulatory burden for well-managed and compliant practices, particularly smaller firms.

Several members highlighted the importance of learning from recent high-profile firm failures and questioned whether greater focus should be placed on firms or business models presenting the greatest regulatory risk, including larger or more complex firms where failures may have the greatest impact on consumers and the Compensation Fund. Members also stressed the need for robust governance around the proposed use of data analytics and artificial intelligence, with appropriate safeguards to ensure transparency, reliability and human oversight.

12.

3) Do yoc have any uomments on ocr proposed work uommitments for 2026/27 cnder ocr 'foucs on the biggest issces' priority?

Surrey Law Society agrees that regulatory resources should be directed towards the areas posing the greatest risk to consumers and public confidence. Members support a more targeted, intelligence-led approach, provided that priorities are clearly identified and consistently applied.

Respondents particularly supported greater oversight of firms undergoing significant structural or ownership changes, stronger protection of client money and increased focus on areas where failures have the potential to cause widespread consumer detriment. Many members considered that recent high-profile firm failures demonstrate the importance of effective supervision and earlier intervention in higher-risk firms and business models. Some respondents also welcomed continued work to improve confidence in the SQE and to support responsible innovation, provided these initiatives remain appropriately prioritised.

However, members questioned whether some of the proposals represent new priorities or simply reinforce responsibilities that the profession already expects the SRA to undertake, particularly in relation to protecting client money. There was also some concern that the consultation provides limited detail regarding which projects are to be paused or deprioritised, making it difficult to assess whether resources are being allocated appropriately.

Several respondents emphasised that regulatory intervention should remain genuinely risk-based. There was a view that firms or business models presenting greater regulatory risk should receive greater regulatory attention, while compliant firms should not experience unnecessary regulatory burden.

Overall, Surrey Law Society supports the principle of focusing regulatory effort on the areas of greatest risk. However, we encourage the SRA to provide greater transparency regarding how priorities have been determined, how success will be measured, and how resources will continue to be balanced between addressing major systemic risks and maintaining confidence in the wider regulatory framework.

4. Consultation questions

13.

4) Do yoc have any uomments aboct ocr proposed fcnding reqcirement via the prautising uertifiuate fee for 2026/27?

Surrey Law Society recognises that effective regulation requires appropriate funding and that investment may be necessary to improve operational performance and deliver the ambitions set out in the draft Business Plan. However, our members expressed significant concern regarding the scale of the proposed increase in the SRA's funding requirement and whether it has been sufficiently justified. Many firms are already facing rising operating costs and increasing regulatory obligations, making such a substantial increase particularly challenging.

While members generally supported investment that delivers demonstrable improvements, there was a consistent view that additional funding should be accompanied by greater transparency regarding how resources will be allocated, what efficiencies have already been identified, and how success will be measured. Several respondents questioned whether organisational and operational improvements should first be evidenced before such a significant increase is sought. Surrey Law Society therefore encourages the SRA to provide clearer reporting on the outcomes it expects to achieve, the value delivered by additional investment and how improved regulatory performance will be demonstrated over time.

14.

5) Do yoc agree that the SRA's reqcired proportion of the prautising uertifiuate fee is reasonable and appropriate?

Surrey Law Society does not consider that the proposed proportion of the practising certificate fee has been sufficiently justified. In our member survey, 73% of respondents disagreed that the proposed increase was reasonable and appropriate, while 20% agreed and 7% were neutral or unsure.

While members recognised the need for effective regulation and accepted that additional investment may be necessary, there was a consistent view that confidence in the proposal depends upon the SRA demonstrating that the additional funding will deliver measurable improvements in regulatory performance, greater efficiency and better outcomes for both the profession and consumers.

15. 6) Do yoc agree with the uompensation fcnd uontribction for individcals for 2026/27?

Surrey Law Society does not support the proposed Compensation Fund contribution for individuals in its current form. In our member survey, 86% of respondents disagreed with the proposed increase. Whilst members recognised the importance of maintaining a financially robust Compensation Fund to protect consumers, there was widespread concern that the scale of the increase has been driven by recent high-profile firm failures which many believe could have been mitigated through earlier and more effective regulatory intervention.

Members consistently expressed the view that the proposed increase places a disproportionate burden on compliant firms and individuals, particularly sole practitioners and smaller firms, who are effectively being asked to meet the costs arising from failures elsewhere in the profession. Surrey Law Society therefore encourages the SRA to consider whether future Compensation Fund contributions should better reflect firms' risk profiles and compliance records, alongside demonstrating how lessons have been learned to reduce the likelihood of similar failures occurring in future.

16. 7) Do yoc agree that for 2026/27, we shocld maintain the apportionment of uompensation fcnd uontribctions to 50% individcals and 50% firms as the ucrrent position rather than moving to 70% for individcals and 30% firms? If yoc do not agree, please provide any insights and scggestions yoc have on why we shocld uhange for the year 2026/27.

In our member survey, 60% of respondents supported retaining the current 50% individual / 50% firm apportionment, while 20% favoured moving to a 70% individual / 30% firm split and 20% were unsure. On balance, Surrey Law Society therefore supports retaining the current apportionment for 2026/27.

However, member feedback suggests that the more fundamental issue is not the balance between individuals and firms, but whether the current Compensation Fund model remains sustainable and equitable in the longer term. Several respondents questioned whether a flat-rate approach appropriately reflects the diversity of the profession, including differing firm sizes, turnover, risk profiles and evolving business models. There was also a strong view that greater emphasis should be placed on earlier regulatory intervention and effective supervision to reduce the likelihood of future large-scale claims. Surrey Law Society would therefore encourage the SRA to undertake a broader review of the Compensation Fund model to ensure it remains fair, financially sustainable and fit for a changing legal sector.

5. Consultation questions

17. 8) Do yoc have any uomments on the impaut assessment of ocr proposed fees for 2026/27 and EDI-related work uommitments for 2026/27?

Surrey Law Society considers that the impact assessment should give greater consideration to the practical effect of the proposed fee increases on sole practitioners, smaller firms and those operating in financially constrained sectors, such as criminal legal aid. Members felt the assessment should more clearly demonstrate that the proposed increases are justified and represent value for money. There was limited feedback on the SRA's EDI-related work commitments, although those who commented supported continued investment in this area, provided the outcomes and benefits are clearly evidenced and reported.

18. 9) Do yoc have information that will help cs to fcrther bcild ocr cnderstanding in relation to impauts on different grocps of soliuitors?

Member feedback suggests that the proposed fee increases are likely to have a disproportionate impact on sole practitioners, smaller firms and those undertaking predominantly legal aid work. These practices often have limited ability to absorb increased regulatory costs or pass them on to clients. In particular, legal aid firms operate within fixed fee structures, limiting their ability to recover additional regulatory costs, whilst also having little or no exposure to the types of work that have given rise to recent significant Compensation Fund claims. Surrey Law Society therefore encourages the SRA to ensure that future impact assessments give greater consideration to the differing financial resilience, business models and risk profiles across the profession.

Response ID:21 Data

2. About you

1.
First name(s)

Tammy

2.
Last name

Parnell

6.
I am responding..

in a personal capacity

7.
In what personal capacity?

Solicitor

8.
Please enter the name of your firm/employer

Kenning Law ltd

9.
Please specify if you are

10.
How should we publish your response?

Please select an option below.

Publish the response with my/our name

3. Consultation questions

11.
1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

No

12.
2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

No

13.
3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues'

priority?

No

4. Consultation questions

14.
4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

Yes, i do not agree that the practising certificate fees should be increased. It's unfair and disproportionately affects small firms who are already struggling financially. I don't agree with an increase.

15.
5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

No

16. 6) Do you agree with the compensation fund contribution for individuals for 2026/27?

No

17. 7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

The contributions are already very high and should not be increased or changed

5. Consultation questions

18. 8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

Yes the impact of the increase is disproportionately negatively affecting small firms who have already very high overhead costs. Small firms should be exempt from these charges.

19. 9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

The effects on very small firms is substantial and very negative. It seems very unfair and just makes it so hard to keep operating when the costs of having a regulated law firm are so high. The SRA could choose to exempt sole practitioners and small firms or firms of less than 5 members of staff for example . I think that would be a better way to introduce something like this.

Response ID:49 Data

2. About you

1.
First name(s)

Terry

2.
Last name

Maylin

6.
I am responding..

in a personal capacity

7.
In what personal capacity?

Solicitor

8.
Please enter the name of your firm/employer

TM LAW LIMITED

9.
Please specify if you are

10.
How should we publish your response?

Please select an option below.

Publish the response with my/our name

3. Consultation questions

11.
1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

You need to refocus on what the objective of the SRA is.
There are far too many organisations that amalgamate only to fold sometime later and usually owing millions of pounds to creditors which have not even been on your radar.
Rather than over regulating small firms why not look at these giant organisations which are literally taking millions of pounds and walking away.
Put a system in place to investigate these amalgamations before they do it find out where client account money is and if there is a whiff of any of it being missing or unaccounted for don't let the amalgamation go ahead.

12.
2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to

proactively identify and address risk' priority?

Yes you need to prioritise what you are doing to stop the rot which ultimately i am paying for and as a small firm this is grossly unfair.
There needs to be a better and more appropriate list of priorities starting with stopping the criminal gangs that i believe are the ones joining large groups of firms together, milking the client accounts and allowing the company to go into liquidation leaving chaos behind them. The actual criminals are getting away with millions of pounds and the honest firms here are left to pay for it which is not right and cannot be allowed to continue.

13.
3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

much as above.

4. Consultation questions

14.
4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

yes stop increasing the fees as you are squeezing the life out of small firms and sole practitioners and yet we are the least likely to milk the client accounts and certainly not for the tens of millions of pounds that you have allowed these large groups to get away with.
If you do need to increase the fees how about scaling it so that the sole practitioners and small firms only pay in proportion to their size/ turnover?

15.
5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

No.

16. 6) Do you agree with the compensation fund contribution for individuals for 2026/27?

No

17. 7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

You should be charging larger firms and groups more and leave sole practitioners and small firms alone

5. Consultation questions

18. 8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

Yes if you were more efficient and diligent you would not have the massive losses that you are now looking for us to pay.

19. 9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

no

Solicitors Regulation Authority consultation on the draft business plan and funding requirements 2026/27 – Law Society response

June 2026

Introduction

1. The Law Society is the independent professional body for solicitors in England and Wales. We are run by and for our members. Our role is to represent and support the profession, uphold the rule of law, and promote regulation that operates effectively, proportionately and in the public interest. This consultation response is submitted in the exercise of the Law Society's representative functions.

2. Our engagement with the Solicitors Regulation Authority (SRA) extends well beyond formal consultation responses. We interact regularly through structured engagement with Council, our respective Boards, office holders and senior management. Member feedback, and ongoing dialogue on regulatory policy and operational practice is also sought through engagement events and working groups. This response therefore reflects not only our analysis of the proposals set out in the draft business plan, but also consistent and sustained evidence from across the profession about how the SRA is performing in practice.

3. We recognise that the SRA is operating in a period of sustained challenge, with significant operational, cultural and reputational issues to address, highlighted by recent firm failures and subsequent investigations by the Legal Services Board (LSB). We welcome the acknowledgement in the SRA's draft business plan that addressing these issues requires a renewed focus on core regulatory functions, clearer prioritisation and appropriate targeting of resources.

4. This business plan is published against the backdrop of ongoing oversight by the LSB, following findings that identified deficiencies in the SRA's core regulatory activities including risk analysis, authorisation, supervision and enforcement. In that context, the plan should be understood as remedial as well as strategic, and its success must be judged by demonstrable improvements in regulatory effectiveness and outcomes.

5. The SRA has set out its financial position very clearly and the combined impact of its former stewardship as well as its recent regulatory failures will require significant investment if it is to achieve the necessary step change in performance and financial stability. However, given the scale of the proposed funding increase and the adverse impact this will have on smaller firms particularly, we expect the SRA to set out clear targets across its strategic programme with details of how it will evaluate and report on these, preferably with an independently verified assessment of its progress. Investment in systems and capacity must be accompanied by meaningful cultural change and a concerted effort to rebuild trust with the profession as well as the wider public.

6. While the profession recognises the importance of well-resourced and effective regulation, confidence in the SRA has been significantly weakened by recent regulatory failures. The cost to the Compensation Fund resulting from the collapse of Axiom Ince, and therefore directly the profession, is well over £40 million. Whilst the more recent collapse of PM law is estimated to cost £21.52 million. These regulatory failings have resulted in a significant cost burden on the profession.

7. The scale of the proposed funding increase therefore makes it imperative that the SRA demonstrates clear, measurable and independently verifiable improvements in performance. Without tangible evidence of positive change, there is a significant risk that these proposals will further erode trust and confidence rather than rebuild it.

8. More generally, there is a perception across the profession that the current proposals do not yet fully reflect the scale of concern or frustration arising from recent events. Rebuilding trust will require not only operational improvement, but clearer evidence that the root causes of recent failures – particularly in risk identification, supervision and authorisation – are being addressed in a systematic and durable way.

Overall approach and priorities

9. We support the SRA's stated intention to focus on fewer priorities and to concentrate on fixing weaknesses in core regulatory functions. Our members would welcome greater clarity on the areas of work that the SRA intends to pause, scale back or cease in order to support this sharper focus on core priorities. This aligns with our position over recent years that effective regulation depends first and foremost on the basics being done well.

10. A regulator with finite resources must focus on matters that pose the greatest risk to consumers, the rule of law and confidence in legal services. There is a clear and enduring perception across the profession that regulatory effort has too often been directed towards lower-impact, easier-to-pursue matters, rather than the complex, high-risk issues that pose the greatest threat to consumers and market confidence. This risks misallocation of scarce resources, delays in addressing material harm, and a regulatory approach that is seen as process-driven rather than risk-led. Unless demonstrably addressed, this concern will continue to undermine confidence in the SRA's prioritisation framework.

11. To give confidence that prioritisation is operating as intended, the SRA must be clear about how success will be measured. It would also be helpful to understand at a high level how prioritisation decisions will translate into the reallocation of resources across the organisation, and how this will be reflected in operational practice over time. This should include evidence of improved transparency during the triage process, that staff have the appropriate skills and knowledge for the work they are undertaking, a reduced volume of low-impact investigations entering the system, earlier regulatory engagement in cases presenting material risk, and the redeployment of resources away from non-core or paused activity.

12. Rebuilding trust with solicitors and law firms must be an explicit objective of this programme of change. Improvements in systems, staffing and prioritisation will not restore confidence unless regulatory approaches are perceived as fair, proportionate and grounded in a realistic understanding of legal practice.

Responses to the consultation questions

Question 1

Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

13. The Law Society agrees that strengthening operational delivery is fundamental to effective regulation and consumer protection. We welcome the SRA's candid acknowledgement that the scale of operational challenge it faces has increased sharply, particularly considering the 45% rise in misconduct reports assessed between November 2022 and October 2025, (from 11,378 to 16,499 cases). We also recognise the SRA's assessment that this increase has created significant and ultimately unsustainable pressure on its people, processes and systems.

14. We therefore accept the SRA's diagnosis that short-term reallocation of resources is insufficient, and that more fundamental reform of core operational capability is required. Investment in staff capacity and expertise, improvements to triage and assessment, and modernisation of IT infrastructure are all necessary components of addressing these challenges.

15. However, while the scale of the challenge is clear, the profession's concerns relate not only to volume, timeliness or throughput, but to the *quality, consistency and proportionality* of regulatory decision-making. The profession continues to report significant inconsistency in investigator capability, uneven quality of decision-making and a tendency towards overly process-driven and protracted investigations. These experiences generate significant stress and uncertainty for solicitors, while not delivering commensurate benefit to consumers.

16. In this context, we support the SRA's stated intention to refocus investigations and enforcement activity, including through the revision of the Assessment Threshold Test and the aim of reducing the number of lower-impact cases entering the investigation pipeline. If implemented effectively, this new approach has the potential to direct regulatory resources towards matters that pose the greatest risk to consumers. However, to build confidence that these changes represent substantive improvement rather than procedural adjustment, further clarity is required on how the revised threshold will operate in practice, how consistency of application will be assured across teams, and how decisions will be reviewed and quality assured over time.

17. The SRA also states that it will continue a comprehensive end-to-end review of its caseload, including live investigations and matters referred to the Solicitors Disciplinary Tribunal (SDT), and that it will learn from adverse costs outcomes at the SDT and in the courts. We strongly support this objective and would welcome greater transparency about how lessons learned are fed back into investigative practice, training and supervision, including how investigator capability is assessed and developed – particularly in complex and high-risk cases. It will be similarly important that the lessons learned are used to inform supervisory advice and support to firms and practitioners.

18. Operational excellence must also extend beyond process redesign and additional capacity. There remains a concern within the profession that regulatory engagement can be overly adversarial and insufficiently grounded in an understanding of legal practice, with enforcement sometimes perceived as the default response rather than one regulatory tool among many. A regulatory culture that discourages early engagement or open dialogue risks undermining risk intelligence, deterring early disclosure and effective remedial actions, and ultimately weakening consumer protection. The SRA's ambition to deliver "clearer, faster and more proportionate outcomes" will therefore depend as much on cultural change, leadership and professional judgement as on systems and structures.

19. The profession has concerns about organisational culture, including a perceived risk of insularity or insufficient engagement with external professional expertise. Addressing these perceptions will require not only process reform, but demonstrable openness to external input, challenge and collaboration in the development of regulatory policy and practice. The recent collaboration on the outcome of the Mazur judgment with the Law Society presents a positive example.

20. We also note the significant proposed investment in IT and digital capability, including the aim of using data, analytics and artificial intelligence (AI) to improve prioritisation and risk identification. While we recognise the potential benefits of modernised systems, it is essential that technological change supports – rather than replaces – nuanced and context-sensitive decision-making. Digital tools should enhance transparency, consistency and early intervention, not drive inflexible or purely compliance-led approaches.

21. Delivering this agenda will require not only investment in systems, but the development of in-house expertise. Building sustainable internal capability in areas such as data analysis, digital systems and AI will be essential to ensuring that regulatory oversight remains effective and credible over time.

22. Given the scale of additional funding sought to support the proposed programme of operational reform, it is essential for the SRA to be clear about how improvements in operational excellence will be measured and reported over the course of the business year. This should include clear key performance indicators on timeliness, quality of investigations, consistency of decision-making, use of alternative regulatory tools, and the experience of those engaging with the regulator. It should also provide metrics demonstrating the financial efficiency and return on investment of its IT and digital transformation projects to justify the scale of the capital expenditure requested. Clear evidence of improvement in these areas will be critical to rebuilding trust and confidence across the profession. To support this, members would be interested in greater transparency around how resource is deployed across key areas of regulatory activity, and the outcomes that this is intended to deliver. As the Chief Executive of the LSB recently observed, while the SRA's plans are promising, the key question is whether they can be delivered "at pace", given that "there is risk in the market right now".[1]

[1] https://www.legalfutures.co.uk/latest-news/sra-needs-to-change-at-pace-to-catch-next-pm-law-says-lsb

23. More fundamentally, recent high-profile firm failures – particularly those involving complex and rapidly scaling business models – raise a broader question about the extent to which the current regulatory framework can be supervised effectively in practice. The existing regime is intentionally flexible, permitting a wide range of ownership structures, organisational forms and growth strategies. While this flexibility supports innovation and competition, it may also increase the complexity, cost and intensity of supervision required to manage associated risks.

24. In particular, there is a need for closer scrutiny of the authorisation and approval processes for complex or rapidly scaling firm models. Recent failures suggest a potential misalignment between the financial incentives associated with these models and the effectiveness or timeliness of regulatory intervention, creating a form of moral hazard where the rewards of rapid growth may outweigh the perceived risks of regulatory sanction.

25. Consequently, it is important not to assume that improved outcomes can be achieved solely through increased operational capacity or incremental process reform. There is a legitimate question as to whether certain features of the current framework place inherent limits on the regulator's ability to identify, monitor and respond to emerging risks in a timely and proportionate way.

26. We therefore consider that the SRA should provide clearer evidence that the existing regulatory model can be supervised effectively and sustainably, without requiring disproportionate levels of ongoing resource or intrusive oversight. This should include analysis of how different firm structures, ownership models and patterns of growth affect risk visibility, supervisory complexity and regulatory responsiveness.

27. More generally, we consider that the SRA should give greater attention to the adequacy of its underlying compliance framework and regulatory rules, particularly in areas where risks are already well understood. Where persistent or recurring issues arise, this raises the question of whether the current framework is sufficiently robust to mitigate those risks, rather than whether supervisory or enforcement activity alone requires further strengthening. A more systematic assessment of how the framework operates in practice would support more effective and targeted risk reduction.

28. There is a broader question regarding the current outcomes-focused regulatory framework. While it offers flexibility, it may in practice increase complexity and make effective supervision more challenging, particularly in the context of evolving and increasingly complex business models. The SRA may wish to give some thought to how it should proportionately strike this balance.

29. There are also concerns regarding the underlying capability of investigation and adjudication functions, including perceived inadequacies in the level of practitioner experience, sector knowledge and professional judgment required to assess complex legal practice appropriately. To address these concerns, the SRA should act with greater transparency to provide information on known skill gaps (some of which were identified in our response to the Client Monies Consultation), the specific skills being sourced, training standards, supervision arrangements and performance management.

30. It would also be helpful for the SRA to provide clarity on how key decision-making tools, including financial penalties frameworks, operate in practice and how they support proportionate and context-sensitive outcomes. Confidence in regulatory decision-making depends not only on consistency, but also on the extent to which frameworks allow for appropriate professional judgment. This includes ensuring that issues better addressed through guidance, engagement or remediation are not unnecessarily escalated to formal investigation, particularly where the risk of consumer harm is low.

31. More fundamentally, there is a question as to whether the current division of responsibilities between investigation, internal adjudication and referral to the SDT is the most effective institutional model. In particular, the SRA should explain why certain adjudicative functions remain in-house and how it ensures consistency, independence and quality compared with tribunal-based decision-making.

32. The business plan is predominantly internally focused, which is understandable given recent events, but we would encourage the SRA to see their plans in the broader context. The UK government's recent action plan on regulation and the refreshed Growth Duty guidance make clear that a regulator is expected to ensure that regulation not only protects consumers and supports competition, but also encourages new investment, innovation and growth. However, the action plan also identifies that regulation can be too complex and duplicative, stifling progress and innovation. This is characterised by a lack of regulatory predictability and an approach that has become too risk averse, all of which impose costs that leave businesses with less time and money to invest and create jobs.

33. Many of the operational concerns raised by the profession – including inconsistency in decision-making, delays in progressing cases and a perceived tendency towards process-driven or enforcement-led approaches – reflect precisely those system-level issues.

34. The House of Lords Industry and Regulators Committee has similarly emphasised that regulators must provide speed and certainty in their decision-making, to help businesses make investments and reduce delays that risk making the United Kingdom a less attractive prospect for investment. The SRA's operational reform programme should be framed not only in terms of internal efficiency, but in reducing unnecessary complexity, increasing predictability and ensuring that regulatory action is focused on material risk. This is in line with the wider expectation that regulation should support a well-functioning and growth-enabling legal services market. It is also particularly important in the context of international competitiveness, as confidence in the proportionality, predictability and efficiency of the regulatory environment is a key factor in maintaining the attractiveness of England and Wales as a global legal services hub.

35. The scale of investment now proposed must be matched by a corresponding increase in accountability, including independent evaluation of performance and clear consequences if expected improvements are not delivered.

Question 2

Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

36. The Law Society supports, in principle, the SRA's stated intention to move away from a predominantly reactive and enforcement-led regulatory model towards one that is more intelligence-driven, preventative and focused on earlier engagement. We agree that identifying risks earlier and intervening proportionately has the potential to reduce consumer harm, limit escalation and improve long-term regulatory efficiency. Given these objectives it would suggest that the LSB assesses the relative allocation of resources proposed in the plan so that investment is focused in areas that will deliver the greatest impact in both the short and long term.

37. We note the SRA's acknowledgement that, in recent years, it has not always identified risk early enough and that strengthening risk identification and earlier regulatory engagement is both necessary and overdue.

38. The importance of a coherent and transparent risk framework cannot be overstated. The profession would benefit from greater clarity on how risks are systematically identified, prioritised and escalated across the organisation. Consideration should also be given to whether a dedicated, centralised risk intelligence function – similar in concept to the SRA's former Risk Hub – should be reinstated or strengthened to support earlier identification of systemic and firm-specific risks.

39. We therefore welcome the proposal to embed a more intelligence-led, risk-based approach, supported by improved data, analytics and closer engagement with firms. Building on pilots undertaken in 2025/26, the development of a proactive supervision function has the potential to provide the SRA with a wider and more nuanced range of regulatory tools, allowing concerns to be addressed before they crystallise into serious consumer harm.

40. However, the development of such a supervision function raises important questions about scope, safeguards and proportionality. It is essential that the distinction between supervision, investigation and enforcement is clearly defined and consistently applied. Without clear boundaries, there is a risk that supervision comes to be experienced by firms as enforcement by another name, without the procedural safeguards, transparency or escalation thresholds that accompany formal investigation.

41. The SRA states that supervision will involve earlier engagement, supervisory dialogue and regulatory tools aimed at securing compliance where this can be achieved without formal investigation or enforcement action. We support this objective, but it will be important to ensure that supervisory engagement is genuinely targeted, time-limited and proportionate to risk. Supervisory activity should not place undue burdens on compliant firms or become open-ended, especially for smaller practices providing legally aided or lower-margin areas of work.

42. In developing this approach, there may be value in drawing on elements of previous supervisory models, such as the SRA's former Practice Standards Unit, which involved structured engagement with firms to identify and address risks at an early stage. Approaches of this kind combined regulatory oversight with practical guidance and support, and may provide useful insights into how proactive supervision can be delivered in a way that is both effective and proportionate. A shift towards a more proactive supervisory approach is also consistent with the view expressed plainly by the LSB that "getting out and being much more proactive, and less investigation and enforcement led, has to be the right thing".[2]

43. Recent high-profile failures also highlight the need for the SRA to strengthen its approach to identifying and managing risks associated with particular business trajectories, including firms undergoing rapid expansion, consolidation or structural change. In several cases, risks appear to have been amplified by the speed and scale of growth, the integration of multiple entities, and weaknesses in governance, financial controls and operational oversight as well as controlling directors with histories of dissolved companies.

44. While such developments are not inherently problematic, they can present distinct supervisory challenges where organisational complexity or growth outpaces the development of appropriate systems, controls and leadership capacity. These characteristics – rather than any single business model – should be reflected explicitly within the SRA's risk framework.

45. Given these circumstances, we consider that the SRA should set out more clearly how it will identify firms exhibiting these risk indicators at an early stage, what level of enhanced monitoring or engagement will apply, and what information it will require from firms undergoing significant expansion or structural change. This may include clearer expectations around governance arrangements, financial resilience, integration planning and risk management capability.

46. In this context, there may also be merit in exploring enhanced approval or notification requirements for certain high-risk events, such as significant acquisitions, mergers or rapid expansion, drawing on approaches used in other regulated sectors (for example, senior management or transaction approval regimes). Such measures could support earlier regulatory visibility and more effective risk mitigation.

47. Without a more structured and transparent approach in this area, there is a risk that similar patterns of failure could recur. Strengthening the supervision of firms experiencing rapid growth or increased complexity should therefore form a core component of a more proactive, intelligence-led regulatory model.

48. We also note the SRA's intention to strengthen risk-based prioritisation and early case escalation, supported by improved processes for receiving and assessing reports of misconduct and greater use of alternative regulatory tools. If applied consistently, this has the potential to reduce unnecessary demand on investigation

[2] https://www.legalfutures.co.uk/latest-news/sra-needs-to-change-at-pace-to-catch-next-pm-law-says-lsb

and enforcement functions and improve overall regulatory efficiency. However, confidence in this approach will depend on transparency around how risk is assessed, how data and intelligence are weighted, and how firms are able to understand and respond to concerns raised at an early stage.

49. Feedback from members suggests that inconsistencies in prioritisation have, at times, resulted in relatively low-impact matters progressing more quickly than more complex or higher-risk issues. Ensuring that the reformed approach delivers tangible rebalancing in practice will be critical to building stakeholder confidence.

50. The proposed expansion of data and analytics, including enhanced use of the law firm profiler and integration of intelligence from external sources, could materially improve the SRA's ability to identify emerging risks. At the same time, it is essential that these tools are used to support informed regulatory judgment and constructive engagement, rather than driving automated or overly rigid decision-making. The profession will need confidence that data-driven insights are accurate, contextualised and subject to appropriate governance and challenge.

51. We welcome the SRA's commitment to continue piloting and refining its supervisory approach during 2026/27 and to allow the size and shape of the supervision function to evolve as lessons are learned. We would expect these pilots to be independently evaluated before wider rollout, with assessment not only of their effectiveness in reducing harm, but also of their impact on regulatory burden, firm behaviour and willingness to engage openly with the regulator. Clear entry and exit criteria for supervision, as well as clarity about escalation routes, will be critical to ensuring that supervision remains a proportionate and trusted regulatory tool.

52. In addition to clear entry and exit criteria, we consider it essential that appropriate procedural and fairness safeguards are embedded within the operation of the supervision function itself. Firms subject to supervisory engagement should be given clear and timely information about the reasons for that engagement, the specific risks or concerns being addressed, and the outcomes the SRA is seeking to achieve through supervision.

53. These safeguards are important not only for regulated firms, but for the effectiveness of supervision itself. A model that is perceived as open-ended or indistinct from enforcement risks discouraging early engagement and candid dialogue, weakening risk intelligence rather than strengthening it. By contrast, supervision that is clearly bounded, proportionate and predictable is more likely to support constructive engagement, early remediation and improved consumer protection outcomes.

Question 3

Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

54. While the identification of priority areas is welcome, the draft business plan provides limited detail on how the SRA's approach aligns with a forward-looking model of regulation. In particular, there is relatively little emphasis on collaboration with other regulators and professional sectors, which will be increasingly important

for addressing cross-cutting risks and enabling more effective upstream intervention.

55. The Law Society strongly supports the SRA's stated intention to sharpen its focus and direct regulatory resources towards the issues that pose the greatest risk of harm to consumers, the rule of law and confidence in legal services. We agree that, in an environment of finite resources, growing regulatory demand and increasing complexity, attempting to do too much could risk undermining effectiveness across the board.

56. We therefore welcome the SRA's recognition that robust prioritisation is essential, and that some activity will need to be paused or stopped to concentrate attention on the highest risk areas. We support the decision to deprioritise or pause certain areas of work that, while important, are not core to immediate consumer protection or professional standards, including further work on quality indicators, digital comparison tools, and suggestions of taking over the regulation of CILEX professionals.

57. Where possible the SRA should consider issues where it is sufficient to collaborate with key stakeholders rather than take the lead, especially in areas where expertise lies elsewhere.

58. We note that the SRA has identified a number of priority areas under this heading, including safeguarding client money, addressing risks arising from high-volume consumer claims, enhancing confidence in the Solicitors Qualifying Examination (SQE), and responding to alleged misconduct relating to the Post Office Horizon Inquiry.

Post Office Inquiry and Professional Ethics

59. We acknowledge the seriousness of the issues raised by the Post Office Horizon Inquiry (the Inquiry) and the profound impact that the misconduct identified has had on individuals, confidence in the justice system and public trust in legal and professional institutions. Where there is clear evidence of professional misconduct, regulatory action must be taken to uphold standards and hold those responsible for the misconduct accountable.

60. At the same time, we consider it important that regulatory responses arising from the Inquiry are approached with care and proportionality. The circumstances examined by the Inquiry are exceptional, both in scale and in the combination of institutional, procedural and evidential failures involved. There is a risk that drawing broad regulatory conclusions from such an unusual set of facts could lead to over-correction or to the imposition of standards and expectations that are not well calibrated to the realities of wider professional practice.

61. More broadly, any lessons drawn from the Inquiry should be integrated thoughtfully into regulatory practice, with a clear distinction maintained between addressing genuine systemic weaknesses and responding to exceptional failures. The current "listening exercise" on effective ways to tackle ethical challenges is therefore a welcome first step, particularly in working with partners such as the Law

Society to determine how expertise and resources can best support the profession. In this context, our in-house ethics framework provides a structured approach to identifying and managing ethical risks in practice, combining clear escalation routes, documented decision-making, and access to independent advice where needed.[3] Such frameworks can play a valuable role in embedding ethical awareness, while ensuring that responses remain proportionate and grounded in the realities of professional judgment.

62. These considerations also apply to the SRA's wider work on professional ethics, which remains a core element of its regulatory role. We agree that high standards of professional and ethical conduct are fundamental to consumer protection, public confidence and the effective functioning of the legal system. However, regulatory action in this area should be grounded in careful, evidence-led assessment and a clear understanding of context.

63. The Law Society has previously expressed concern about the risk of over-extrapolating from exceptional or high-profile cases – such as those considered by the Inquiry – to draw broad conclusions about professional behaviour across the wider profession. Such an approach risks distorting regulatory priorities and may undermine confidence in the fairness and proportionality of the regulatory system.

64. We therefore consider it essential that the SRA's approach, both in response to the Inquiry and in its broader ethical framework, continues to distinguish clearly between systemic issues requiring regulatory intervention and isolated failures that, while serious, are not representative of wider professional practice. Regulatory responses should be calibrated accordingly, with a focus on clarity of standards, consistency of application and proportionality of outcome.

Innovation

65. Given the pace of technological change in the legal sector, and the significance of this agenda for consumer access, affordability and service quality, we consider the commitment to enable and encourage responsible innovation and growth to be an important area of regulatory focus.

66. The broader market context is also relevant when considering the SRA's approach to innovation and growth. Solicitors and law firms are operating in an increasingly competitive environment, including from unregulated or differently regulated providers, such as technology platforms and other legal service intermediaries that are not subject to equivalent standards or oversight. While such developments may offer benefits in terms of access and convenience, they also raise questions about consistency of consumer protection, professional standards and accountability.

67. It is important, therefore, that the regulatory framework applied to solicitors remains proportionate and does not impose unnecessary burdens that risk placing regulated providers at a competitive disadvantage, particularly where those

[3] https://www.lawsociety.org.uk/topics/in-house/in-house-ethics-framework

providers are delivering services aligned with the public interest. A balanced approach is required that supports innovation while ensuring a level playing field and maintaining confidence in the quality and integrity of legal services.

68. The current proposals also risk appearing incremental rather than transformative. Given the scale of recent failures and the pace of change in the legal services market, there is a clear expectation that the regulator should articulate a more ambitious vision of what a modern, forward-looking regulatory framework should look like in practice.

69. Members emphasised that high-level commitments to responsible innovation should now be complemented by clear, practical regulatory expectations in specific contexts. Areas identified as requiring clarity include:

    - the use of AI in court proceedings, including verification of outputs, disclosure obligations and consequences of misuse
    - the protection of legal professional privilege and confidentiality when using consumer-grade or third-party AI tools, and
    - minimum expectations around supervision, record-keeping and client communication in AI-assisted work

70. However, beyond a high-level commitment, the draft plan provides limited detail on how the SRA intends to deliver this work in practice during 2026/27. There is little information on how regulatory support for responsible innovation will be operationalised alongside the broader shift towards proactive supervision, increased use of data and analytics, and sharper prioritisation of regulatory activity.

71. The Law Society's engagement with the profession consistently highlights uneven capacity across the profession to adopt and implement new technologies, particularly among smaller firms, high street practices and those operating in lower-margin or publicly funded areas of work. While innovation has the potential to improve efficiency and consumer outcomes, it can also introduce new risks if regulatory expectations, guidance or supervisory approaches evolve faster than firms' ability to understand and manage them.

72. There is, therefore, a particular need for guidance that reflects the operating realities of freelance solicitors, sole practitioners, small firms, and in-house teams, who may not have access to dedicated compliance or innovation functions. Regulatory expectations should be framed in a way that is accessible and proportionate across these different contexts.

73. We consider it essential that the SRA's approach to responsible innovation is grounded in proportionality, clarity and constructive engagement. This should include accessible guidance, early dialogue and a willingness to support experimentation where risks are appropriately mitigated, rather than approaches that may inadvertently discourage beneficial innovation or entrench advantages for larger or better-resourced providers.

74. The SRA's proposed approach to innovation, including the potential use of regulatory waivers or modifications to support testing and development, raises important questions about scope, safeguards and implementation. While there is merit in supporting responsible innovation, such mechanisms must be clearly

defined and carefully controlled to maintain regulatory confidence. In addition, further clarity would be welcome on:

- how liability, redress and insurance arrangements will operate during any waiver or testing period
- which core obligations are non-negotiable, and
- how the SRA will ensure that such arrangements do not unintentionally create competitive distortions or disproportionate advantages for larger or more technologically advanced market participants.

75. We encourage caution regarding the interaction between technological change and professional indemnity insurance. In particular, there is a need for greater clarity on how the use of AI tools may affect claims risk, underwriting approaches and policy coverage. A shared understanding between regulators, insurers and the profession of what constitutes responsible use will be important to avoid uncertainty and unintended impacts on access to insurance and costs.

76. Consideration should also be given to the increasing use of AI by clients themselves, including in the preparation of instructions or complaints. While this may improve access to legal services, it may also introduce risks relating to accuracy and reliability, particularly where AI-generated content is based on incomplete, misunderstood or incorrect information. There is also a related risk that the ease with which AI tools can generate text may lead to a significant increase in the volume of complaints or enquiries, including speculative or poorly founded submissions that would previously not have been pursued. This has potential implications not only for consumer protection but also for regulatory capacity, triage processes and the efficient allocation of resources across the system.

77. Clarifying expectations in this area – including the responsibilities of clients, firms and regulators when AI is used in this way – will be important. Consideration should also be given to how such tools may affect complaint-handling frameworks, including issues of proportionality, filtering and early resolution. Greater clarity on which bodies are best placed to take forward this work will be important in ensuring that the benefits of improved access are realised without undermining the effectiveness, fairness and sustainability of regulatory and redress mechanisms.

78. There may also be a longer-term consideration relating to the impact of AI on the development of professional skills within the legal workforce. The increasing use of AI tools may alter how junior lawyers develop core competencies, particularly in areas such as legal research, document review and analytical reasoning. If not carefully managed, this could have implications for the depth of experience and professional judgment developed over time.

79. There is also a question as to how responsibility for maintaining professional standards should be shared between firms, regulators and the wider profession. It will be important to ensure that regulatory expectations around supervision, training and competence evolve alongside technological change, so that the benefits of AI adoption do not come at the expense of longer-term capability, quality and consumer protection.

80. In relation to the SRA's objective to encourage an independent, strong, diverse, and effective legal profession the plan is silent on the impact of AI on roles for the pipeline of trainees coming into the profession and the future sustainability of a professional workforce which requires a sector-wide response. Along with other key stakeholders – the Law Society included – the SRA has a role in supporting the sector in understanding the risks and challenges in adapting and transitioning to new models, which can maintain and build on the world-leading expertise at the heart of the Government's growth ambitions.

Client money

81. Solicitors' ability to hold client money remains fundamental to the efficient delivery of most legal services. Proportionate safeguards, targeted supervision and professional accountability offer more effective consumer protection than overly restrictive or blunt regulatory responses, which may increase cost, delay and barriers to access to justice. Accordingly, we support the focus on strengthening protections and exploring ways of reducing future consumer harm, including through improved oversight, external assurance and monitoring of firms undergoing significant structural change. However, we reiterate that reforms in this area must be carefully calibrated.

High-volume consumer claims

82. We also note the SRA's intention to boost consumer protection in high-volume consumer claims and to prioritise regulatory action where poor practices present large-scale risk. We agree that this is an area requiring sustained regulatory attention. However, it is important that responses in this area remain evidence-led and proportionate, and that lessons learned are applied across the sector rather than driven solely by high-profile failures or media attention. Over-correction in response to exceptional cases risks distorting regulation and placing burdens on compliant firms whose practices pose limited risk and offer increased access to justice. We would also suggest that greater attention is paid to the risks posed by the unregulated sector and minimising potential consumer harms.

The Solicitors Qualifying Exam (SQE)

83. In relation to the SQE, we welcome its continued inclusion among the SRA's highest priorities and the acknowledgement that the current low levels of confidence in the qualification must be addressed as it becomes fully embedded. However, prioritisation must translate into tangible improvement of the issues widely identified. The SRA must clearly communicate to the profession its programme of transparent evaluation, publication of meaningful data and evidence that identified risks are being addressed effectively rather than deferred. The contribution of the consultative group recently established with the Law Society can act as an important sounding board for guiding priorities and potential solutions to tackle concerns.

84. More broadly, the SQE must be considered in the context of the long-term sustainability and capability of the profession. Concerns about the quality of the qualification, differential outcomes, and accessibility are not only regulatory issues but have direct implications for the future pipeline of solicitors, skills development, and public confidence in professional standards.

Another "big issue"?

85. Elements of the business plan point in a constructive direction, including "enhancing the effectiveness of external assurance and oversight, reinforcing the checks and balances provided by compliance roles within firms, and improving how [the SRA monitors] firms undergoing significant changes to their structure, ownership or business model" such as changes through mergers and acquisitions. However, this work – as set out in the business plan – is taking place under a broad consumer protection heading, and the absence of a distinct and explicit priority relating to these matters risks underplaying the importance of firm structure, ownership models and patterns of growth as key drivers of regulatory risk. In particular, there is a danger of underplaying the critical role of authorisation and structural change as key points for preventing harm before it crystallises.

86. Recent high-profile failures have demonstrated that risk can crystallise where firms undergo rapid expansion, consolidation or structural change without commensurate development of governance, financial controls and operational oversight. These issues are not confined to isolated cases but reflect broader challenges associated with supervising increasingly complex and fast-evolving legal services business models.

87. Elevating this area by identifying it as one of the "biggest issues", and articulating it more clearly as a distinct priority in its own right, would not only strengthen risk prevention but also support greater transparency, consistency and confidence in regulatory outcomes, while helping to ensure that innovation and growth are supported within a framework that remains workable, proportionate and capable of effective regulatory oversight.

Questions 4 and 5

Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

88. The SRA proposes an overall funding requirement of £111.5 million for 2026/27, representing an increase of £25 million (approximately 29%) compared with 2025/26. This comes at a time when many firms and individual solicitors are already experiencing sustained financial pressure driven by rising operating costs, constrained public funding for legal aid, cost of living concerns and wider economic uncertainty.

89. The Law Society recognises the SRA faces major operational and structural challenges arising from recent regulatory failures, diminishing reserves, and the need to act to protect consumers. Yet the proposed significant increase in funding requirements will not be contained to 2026/27, with an expectation of rising fees in the business year of 2027/28.

90. It is important to highlight the serious dissatisfaction across the profession regarding both the scale of the proposed increase and the factors driving it. Many in the profession believe that a significant proportion of the current funding requirement arises from well-documented regulatory failings, including the failure to identify and intervene effectively in high-profile firm collapses at an earlier stage. The profession is now being asked to bear the financial consequences of well-documented regulatory failings, a position that raises serious concerns about fairness, accountability, and incentives. These concerns relate not only to affordability but also about fairness, and it underscores the importance of effective action to avoid repeated calls on the profession in future.

91. The SRA states that this increase reflects a deliberate decision to "invest now" as part of a reset to fix its foundations, including the need to "dual-run" transformation activity alongside the delivery of core regulatory functions. We accept that remediation and transformation may require short-term investment. However, it is important for the profession that further information is provided on how much of the proposed increase relates to one-off or time-limited costs associated with addressing historic failings, as opposed to the longer-term steady-state cost of regulation once those reforms are embedded. We would expect a clear commitment that the budget will be adjusted downwards in coming years as these transitional 'dual-running' costs conclude and institutional investment reaps rewards.

92. Of particular concern is the £10.3 million explicitly allocated to replenishing reserves that have been reduced through recent years of exceptional expenditure and adverse cost pressures.[4] We request further clarity on why it is necessary to increase reserves at this point in the cycle, particularly in the context of substantial concurrent fee increases. The SRA should explain the rationale for the timing, scale and target level of reserves, and how these will be managed over the medium term.

93. While we recognise the importance of maintaining adequate reserves for organisational resilience and risk management, rebuilding reserves through a significant increase in practising fees places an additional burden on the profession, particularly when it comes alongside the other increases in fees the SRA is seeking at this time. The SRA must explain how it intends to balance reserve rebuilding with affordability, and how reserve levels are expected to evolve once the immediate period of remediation and transformation has passed. It will not be acceptable for the SRA to propose similar large demands in coming years.

94. Greater transparency is also required regarding the drivers of underlying cost increases, including significant rises in areas such as property expenditure, and how these relate to the SRA's overall operating model. Without this information, it is

[4] https://www.sra.org.uk/globalassets/documents/sra/consultations/2026/draft-business-plan-26-27.pdf

difficult for the profession to assess whether proposed increases are proportionate and justified.

95. Moreover, we consider that the SRA should explore options for smoothing the impact of both practising certificate fees and compensation fund contributions over time, including mechanisms to reduce year-on-year volatility and better align costs with a more stable and predictable funding trajectory for the profession. This could include, for example:

    - setting a clearer multi-year funding framework to smooth significant increases over time
    - distinguishing more explicitly between one-off transformation costs and the steady-state cost of regulation
    - in the future making more active use of reserves as a buffer against short-term volatility
    - introducing parameters to limit extreme year-on-year fluctuations
    - exploring more risk-sensitive approaches to contributions where appropriate, and
    - exploring the enablement of smaller firms or those operating in low-margin areas of work to make staggered payments or reduced payments overall where legal aid work forms a substantial percentage of their income (see below)

96. Greater forward visibility of expected costs, including multi-year projections, could also assist firms and individuals in planning for regulatory expenditure.

97. The SRA's indication that uncertainty in its operating environment may mean further reserve building is required in 2027/28 as part of the transition to a new three-year corporate strategy is of understandable concern within the profession. It is essential that increased funding now is accompanied by a transparent medium-term narrative, setting out how this investment is expected to stabilise regulatory costs. We would expect similarly abrupt increases in future years only as a result of exceptional circumstances.

98. This work should also include well-researched, forward-looking assumptions around the size and composition of the regulated population, including any potential impacts of technological change on the number of practising solicitors. Emerging trends in the use of AI and other efficiency-enhancing tools may affect workforce demand over time, with implications for future revenue streams and the distribution of regulatory costs across a potentially smaller practising population.

99. We further note that the increase in the SRA's funding requirement sits alongside wider cost pressures for firms and individuals arising from other regulatory obligations, insurance costs and compliance requirements. The cumulative impact of these pressures is particularly acute for smaller firms, high-street practices and those operating in lower-margin areas of work, including legal aid, as acknowledged in the SRA's own impact assessment. The affordability of the proposed increase cannot be considered in isolation.

Impact on Legal Aid firms

100. We consider there is a strong case for the SRA to implement targeted adjustments to practising certificate fees for firms undertaking significant volumes of publicly funded work. The legal aid sector continues to operate under acute and longstanding financial pressure, with evidence indicating that, in many cases, the rates paid do not fully cover the cost of delivering services. In this context, there is a clear public interest in ensuring the continued viability of firms willing to undertake this work, given its central importance to access to justice.

101. Data indicates that this is a substantial part of the profession, with 1,781 firms engaged in legal aid work in 2025, employing over 20,000 practising certificate holders across criminal and civil practice. Any proposal in this area would therefore require careful consideration of scope, eligibility and wider impacts, including the potential for cross-subsidy between firms. However, we consider there is a legitimate case for the SRA to examine whether its fee framework can better reflect the regulatory objective of supporting access to justice, including by exploring whether targeted concessions or alternative approaches may be appropriate. Absent such measures, there is a real risk that sustained increases in regulatory costs will accelerate withdrawal from legally aided work, reduce pro bono capacity and further weaken access to justice, particularly in underserved areas.

102. Solicitors will reasonably expect clear transparency about how any additional funds will be deployed, strong discipline in prioritising core regulatory activity, and demonstrable improvement in regulatory performance and consistency. The SRA must provide clear evidence that additional investment delivers tangible benefits: improved decision-making, greater proportionality, earlier risk identification and a more effective regulatory relationship with those being regulated.

103. Given the scale of the proposed increase in practising certificate fee and the emphasis on a time-limited "reset", we consider it important that there is clear, credible and transparent reporting by the SRA Board on its rationale for signing off annual and exceptional funding requests and an independent evaluation of how the SRA has delivered against its business plan commitments and on the value for money achieved.

104. We therefore invite the SRA to work with the LSB to set out how performance against the 2026/27 Business Plan will be assessed and reported in a way that goes beyond standard annual oversight, including clearer linkage between investment, delivery and outcomes. This should provide assurance to the profession and the public that the additional funding has resulted in demonstrable and sustained improvements in regulatory effectiveness.

Question 6

Do you agree with the Compensation Fund contribution for individuals for 2026/27?

105. The Law Society recognises that firm failures such as Axiom Ince, SSB Law, and most recently the closure of PM Law Limited in February 2026, have placed exceptional and immediate pressure on the Compensation Fund. However, as

clearly identified by the LSB in their investigations into the collapse of both Axiom Ince and SSB Law, both collapses were the results of failings by the SRA and the profession is now being asked to pay for these.

106. The SRA estimates that, as of April 2026, the total value of current applications exceeds £20 million, with further claims expected, alongside increased intervention activity and associated administration and storage costs.[5] We therefore accept that an increase in contributions for 2026/27 is necessary to ensure the ongoing viability of the fund and to maintain confidence in consumer protection arrangements.

107. In considering the sustainability of the compensation fund, it is also important to ensure that all appropriate avenues for recovery are fully explored. In particular, greater clarity would be welcomed on the interaction between the Fund and professional indemnity insurance arrangements, including the extent to which losses may be recoverable from insurers or other responsible parties. Improved transparency in this area would help to provide assurance that the burden placed on the profession is proportionate and that the Fund is being used as a measure of last resort, consistent with its intended purpose.

108. In this context, it is important to understand what mechanisms, if any, exist to transfer or mitigate risk. We understand that the Compensation Fund currently operates without reinsurance, reflecting its discretionary nature. However, given the scale and volatility of recent claims, this position warrants further review to determine whether alternative risk transfer or protection mechanisms could enhance the fund's long-term sustainability.

109. Further clarity would also be welcome regarding how any recoveries secured from professional indemnity insurers or other responsible parties are treated in practice. This should include whether such funds are used to offset future contributions, rebuild reserves or are otherwise returned to the profession. Providing greater transparency on this point would reinforce confidence that all available mechanisms are being used to mitigate costs and that the financial burden placed on the profession is no greater than necessary.

110. There is also a question as to what arrangements, if any, are in place to address circumstances in which regulatory failings have contributed to consumer loss. In this context, greater transparency would be welcomed regarding whether the SRA maintains any form of professional indemnity insurance or equivalent arrangements to respond to losses arising from its own regulatory activity, and how such mechanisms operate in practice. Clarification on how any resulting recoveries or liabilities would be treated – both in relation to the Compensation Fund and the wider funding model – would provide important assurance that risks are appropriately allocated and that the profession is not being asked to bear costs which might otherwise be mitigated.

111. More fundamentally, there is a need to ensure that the Compensation Fund continues to operate as a genuine mechanism of last resort. Recent events have raised concerns that, in practice, the Fund has been used in ways that go beyond

[5] https://www.sra.org.uk/globalassets/documents/sra/consultations/2026/draft-business-plan-26-27.pdf

this original purpose. This issue warrants further examination as part of the SRA's wider review of consumer protection arrangements.

112. While the need for increased funding is clear, the scale of the proposed increase for individuals is substantial. The SRA proposes increasing the individual compensation fund contribution from £70 in 2025/26 to £120 in 2026/27; an increase of £50 within a single year. This follows significant fluctuations in recent years, with individual contributions moving from £30 in 2023/24 to £90 in 2024/25, then down to £70 in 2025/26, and now rising again to £120. This volatility reinforces long-standing concerns about the sustainability and predictability of the current funding model.

113. The cumulative impact of these increases is particularly important. For individual solicitors – especially those who meet the cost themselves rather than through their employer – the proposed increase sits alongside a simultaneous rise in the regulatory portion of the practising certificate fee, resulting in a combined SRA-related increase of £100 for 2026/27. The SRA's own equality impact assessment recognises that such increases are likely to be felt most acutely by those earning less, including solicitors working in smaller firms, in less profitable areas of legal practice such as legal aid, criminal law, or working part-time or intermittently.[6]

114. The impact assessment further identifies that individuals within these cohorts are disproportionately drawn from particular demographic groups, including Asian and Black solicitors, those aged over 45, disabled solicitors, Muslim solicitors and those from lower or intermediate socio-economic backgrounds. While we welcome the SRA's recognition of these differential impacts, the scale of the proposed increase raises concerns about the cumulative effect on affordability, retention and diversity within segments of the profession that are already under significant financial pressure.

115. We also note the SRA's acknowledgement that the current Compensation Fund arrangements are subject to inherent uncertainty and that the scale and nature of recent claims have prompted questions about the medium to longer term sustainability of the fund. While short-term increases may be unavoidable in response to exceptional events, repeated sharp rises risk undermining confidence and making it more difficult for individuals and firms to plan effectively.

116. For these reasons, while we accept that an increased individual contribution is necessary for 2026/27 we expect a clear commitment from the SRA to longer term reform, which explicitly seeks to reduce the profession's exposure to the systemic risks, high costs, and consumer detriment that such large-scale firm failures entail. This should include a thorough review of the underlying funding model for the compensation fund, consideration of risk-based approaches, and an examination of whether the current flat-rate structure remains appropriate and proportionate in the context of a changing legal services market.

117. At the same time, we recognise that the design of any risk-based approach is complex and must avoid unintended consequences, including shifting costs

[6] https://www.sra.org.uk/globalassets/documents/sra/consultations/2026/draft-business-plan-26-27.pdf

onto cohorts that are not the primary drivers of risk or creating distortions across the market. Careful modelling and consultation would therefore be required.

Question 7

Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions at 50% individuals and 50% firms?

118. On balance, the Law Society agrees that, for 2026/27, it is preferable to maintain the current 50/50 apportionment of Compensation Fund contributions between individuals and firms, rather than moving at this stage to a 70/30 split. Given the exceptional pressures on the compensation fund in 2026/27 and the absence of wider structural reform, retaining the existing apportionment provides greater stability and predictability for the profession in the short term.

119. We recognise the rationale advanced by the SRA for revisiting the apportionment. The SRA notes that since the current 50/50 split was established, the number of individual solicitors has increased while the number of firms has declined, resulting in a greater burden being borne by a smaller cohort of firms that hold client money. We also recognise the concerns raised, particularly by smaller firms and those operating in less profitable but essential areas of legal practice, about the impact of flat-rate firm contributions when significant increases are required.

120. The SRA's draft impact assessment and consultation materials set out clearly the distributional effects of an alternative 70/30 split for 2026/27. Under this approach, the individual contribution would rise from £70 in 2025/26 to £166, rather than the proposed £120 under a 50/50 split, while the firm contribution would increase from £1,950 to £2,150, rather than £3,600. The SRA estimates that around 75% of firms would pay less under a 70/30 split, with firms employing fewer than 32 practising certificate holders benefiting most, while firms with more than 32 certificate holders would pay more overall.[7]

121. While we acknowledge that a 70/30 split could mitigate some of the immediate impact on smaller firms, it would do so by transferring a significantly greater share of the burden onto individual solicitors. The SRA's own assessment recognises that individuals who pay their own fees – particularly those earning less, working in smaller firms, in lower-margin areas of work, or working part-time or intermittently – would be most affected by such a shift. The equality impact assessment further indicates that these groups disproportionately include Asian and Black solicitors, those aged over 45, disabled solicitors, Muslim solicitors and those from lower or intermediate socio-economic backgrounds.[8]

122. In this context, moving to a 70/30 split in 2026/27 would involve a very substantial increase in individual contributions in a single year, compounded by the simultaneous increase in the regulatory portion of the practising certificate fee. Taken together, this would heighten concerns about affordability and cumulative

[7] https://www.sra.org.uk/globalassets/documents/sra/consultations/2026/draft-business-plan-26-27.pdf
[8] https://www.sra.org.uk/globalassets/documents/sra/consultations/2026/draft-business-plan-26-27.pdf

impact for individuals least able to absorb additional costs, without the benefit of those changes being embedded within a broader, more coherent reform of consumer protection arrangements.

123. On the other hand, our members have expressed concerns that flat-rate firm contributions are likely to have disproportionate effects on smaller practices. This issue should form part of the wider review of contribution structures.

124. We also note that feedback to the SRA's earlier consultation on apportionment did not produce a clear consensus or evidence clearly better alternatives, and that respondents expressed concern about changing how contributions are shared ahead of wider reform of client money protection and compensation fund arrangements. In our view, those concerns remain valid. Adjusting the balance between individual and firm contributions in isolation risks creating new inequities without addressing the underlying sources of volatility and risk faced by the compensation fund.

125. We therefore consider it appropriate to retain the existing 50/50 split for 2026/27 as a stabilising measure, while the SRA undertakes the more fundamental review it has committed to as part of its wider consumer protection work. That review should examine, in the round, the sustainability of the compensation fund, the appropriateness of flat-rate contributions for firms, the relationship between client money risk and contribution levels, and the long-term fairness of apportionment between individuals and firms. Detailed, reliable evidence of meaningful practical benefits should be a prerequisite for any reforms in this area.

126. Finally, we emphasise that solicitors' ability to hold client money remains fundamental to the effective delivery of most legal services and to access to justice. Measures that significantly increase the cost of participation in the compensation fund must be carefully balanced against the risk of deterring legitimate practice or driving consolidation and market exit. Proportionate safeguards, targeted supervision and risk-sensitive oversight offer a more effective route to consumer protection than the blunt redistribution of costs in response to short-term shocks.

Question 8

Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments?

Impact of the proposed fee increases (fees and affordability)

127. The impact assessment identifies that the proposed increases in practising certificate fees and compensation fund contributions are likely to be felt most acutely by solicitors and firms operating in less profitable areas of legal practice, such as criminal law, and by those working in smaller firms with between one and five partners. We welcome the clarity with which these higher-risk cohorts are identified and acknowledge that this analysis broadly reflects our own engagement with members.

128. However, the assessment primarily focuses on direct cost impacts at the point of payment. While it acknowledges that firms may seek to mitigate increased

regulatory costs by changing how they operate or increasing fees charged to clients, it does not yet fully explore the indirect and behavioural effects that may arise over time. When read alongside the draft business plan's emphasis on uncertainty, volatility and the need to "dual-run" transformation alongside core regulatory activity, this limitation becomes more pronounced.

129. There is a risk that cumulative regulatory cost pressures – arising from increases in practising certificate fees, compensation fund contributions and associated compliance requirements – contribute to decisions by firms to withdraw from legally aided or lower-margin work, reduce geographic coverage, consolidate with larger practices or exit the market altogether. These effects are not fully captured in a static impact assessment but are central to understanding affordability, proportionality and longer-term market impacts.

130. In addition to the risk of market exit or consolidation, there is a possibility that sustained increases in regulatory costs and complexity may begin to influence how firms structure their operations or engage with the regulatory framework. For example, firms may explore alternative ways of delivering services, organisational structures or regulatory arrangements that reduce exposure to those costs, including switching regulators. While such responses may be rational from an individual firm perspective, they may have wider implications for regulatory coherence, consumer protection and the long-term sustainability of the current model of legal services regulation.

131. In relation to mitigations, we note the assessment's reference to existing measures such as reduced practising certificate fees for those on parental leave or those entering practice part-way through the practising year. While welcome, it is not clear that these mitigations address the affordability pressures identified for many of the groups most affected by the proposed increases, particularly those working full-time in small firms or low-margin practice areas.

Equality, diversity and inclusion (EDI) impacts and risks

132. The analysis in the impact assessment demonstrates that the cohorts most likely to be affected by the proposed increases have disproportionately higher representation of Asian and Black solicitors, those aged over 45, disabled solicitors, Muslim solicitors and individuals from lower or intermediate socio-economic backgrounds. The clear identification of these differential impacts is an essential and necessary step.

133. However, we consider that the EDI implications of the proposed increases require deeper and more sustained consideration than is possible within an *ex ante* assessment alone. In particular, the assessment does not fully address how financial pressures may interact with broader structural inequalities over time. For example, increased regulatory costs may exacerbate retention challenges, limit progression opportunities or influence career choices for solicitors in groups already under-represented in certain firm sizes or practice areas.

134. There is also a risk that indirect effects – such as firms reducing training opportunities, limiting flexible working arrangements or withdrawing from

particular areas of work – may have disproportionate impacts on some groups, even where those effects are not immediately visible in fee-based analysis. These risks are particularly acute for high-street and publicly funded practices, which play a critical role both in access to justice and in providing entry points to the profession for individuals from a wide range of backgrounds.

135. We welcome the SRA's statement that EDI considerations inform all areas of its work, and its commitment to undertake further impact assessments for specific initiatives introduced under the business plan priorities. However, given the scale of the proposed fee increases and the pressures acknowledged elsewhere in the consultation materials, we consider that EDI analysis must be embedded throughout implementation as well as formation.

Monitoring, governance and next steps

136. Drawing these strands together, we consider that the draft impact assessment should be treated as the starting point rather than the conclusion of the equality analysis. The draft business plan itself acknowledges significant uncertainty in the SRA's operating environment, recent reserve depletion and the likelihood that financial and operational pressures may extend beyond 2026/27 and into the development of the 2027–30 corporate strategy. In this context, equality impacts should be regarded as dynamic and cumulative rather than static.

137. We therefore consider it essential that the SRA commits to robust post-implementation monitoring of the actual impacts of these proposals on different groups within the profession. This should include reassessment of assumptions against observed outcomes, monitoring of changes in firm sustainability, consolidation and market exit, and evaluation of whether existing mitigations remain appropriate and effective in practice.

138. The Law Society would welcome continued engagement with the SRA on this work, including structured review and data-sharing where appropriate, to support proportionate regulation that achieves its objectives without unintended consequences for diversity within the profession, the sustainability of key areas of legal practice or access to justice for the public.

139. However, concerns remain regarding disproportionate regulatory outcomes affecting Black, Asian and minority ethnic solicitors. While this issue is recognised, there remains a need for a clear, time-bound action plan with measurable outcomes to ensure that regulatory reforms do not entrench or exacerbate existing disparities.

Question 9

Do you have information that will help us to further build our understanding of impacts on different groups of solicitors?

140. We observe that cost pressures can influence strategic decision-making by firms in ways that may not be immediately visible in individual fee-based impact assessments. For example, firms may choose to:

- withdraw from legal aid or other lower-margin work
- consolidate with larger practices
- reduce geographic coverage, particularly in rural or underserved areas, or
- exit the market altogether

141. Such responses can have significant implications for access to justice and consumer choice, as well as for the diversity and sustainability of the profession. While the SRA's impact assessment acknowledges that firms may alter their operating models in response to increased costs, further work will be needed to understand how these behavioural responses play out in practice.

142. We also note that the SRA's assessment is necessarily constrained by the data available to it, including the absence of information on individual income levels or working patterns such as part-time or intermittent practice. The Law Society's own research and data-gathering work, including our Annual Statistics Report and member surveys, may help to supplement this picture, particularly in relation to firm sustainability, workforce demographics and practice-area trends.

143. We would therefore welcome continued and structured collaboration with the SRA to build a more detailed and evidence-based understanding of these impacts over time. This could include:

- sharing anonymised aggregate data where appropriate
- joint monitoring of firm closures, consolidation and market exit
- assessment of changes in service availability across practice areas and regions, and
- post-implementation review of how fee and contribution increases affect different groups in practice

144. Ongoing engagement of this kind would support more proportionate, targeted and effective regulation, and help ensure that necessary investment in regulatory capability does not have unintended consequences for diversity within the profession or for consumer access to justice. Equality impacts should be treated as dynamic and cumulative, rather than assessed solely at the point of consultation, and revisited as part of the SRA's wider programme of reform.

145. We also take this opportunity to highlight our ongoing concerns regarding differential outcomes within regulatory processes, particularly the overrepresentation of Black, Asian and other solicitors from minority ethnic backgrounds in enforcement activity. While this issue has been subject to research, the absence to date of a published, time-bound action plan with clear measures of success limits the ability of stakeholders to assess progress and effectiveness. Addressing this evidential and accountability gap will be important in building a more complete understanding of regulatory impacts, and in ensuring that any reforms to regulatory approach – particularly those relating to supervision, enforcement and prioritisation – are designed and implemented in a way that does not entrench or exacerbate existing disparities. This should include a clear expectation that where disproportionate impacts are identified, the regulator sets out transparent, measurable and time-bound remedial plans, and reports regularly on progress.

Response to the SRA Draft Business Plan and Funding Requirements 2026/27

Introduction

It is recognised that there challenging operating environment faced by the SRA and support the objective of improving regulatory effectiveness, operational resilience, and public confidence.

However, we consider that the current proposals present both risks and missed opportunities, particularly in relation to funding mechanisms, proportionality of regulatory burden, and the broader regulatory philosophy underpinning the plan.

1. Funding Model and the Opportunity Presented by Client Account Interest

The draft Business Plan confirms that the SRA is seeking a significant increase in funding, including a rise in practising certificate fees to meet a £111.5m funding requirement for 2026/27.

We note, however, that:

- The SRA's funding model is heavily reliant on practising fees (57% of income).
- There is increasing pressure on firms, particularly smaller practices, who are already facing rising regulatory and operational costs.

Emerging Policy Context

There is a clear and growing shift—both in government policy discussions and within the profession—towards considering the appropriate use of interest generated on client accounts.

This presents a timely and important opportunity for the SRA.

Our Proposal

We suggest that the SRA should:

1. Collect sector-wide data on:
    - The total level of interest generated on client accounts annually
    - The proportion retained by firms
2. Assess the feasibility of introducing a levy based on:
    - The proportion of client account interest retained by firms
    - Scaled according to firm size and risk exposure

Rationale

This would:

- Ensure that firms benefiting most from holding large volumes of client money contribute proportionately to the regulatory cost base, particularly where those firms present higher systemic risk
- Create a fairer funding distribution, addressing concerns (echoed by the Law Society) about the disproportionate impact of fee increases on smaller firms
- Align regulatory costs more closely with risk and financial benefit derived from regulated activities

Potential Benefits

- Could reduce or eliminate the need for increases in practising fees
- Would ease financial pressure on:
    - Small firms
    - High street practices
    - Legal aid providers

Strategic Risk of Inaction

If the SRA does not act now:

- There is a real possibility of a future intervention by central government, effectively resulting in a “second bite” at client account interest
- The profession risks losing the opportunity to shape how such funds are utilised for the collective benefit of regulated firms

We therefore strongly encourage the SRA to take leadership on this issue and explore a profession-led mechanism, rather than leaving the matter to external intervention.

2. Regulatory Focus – Consumer Protection vs Professional Balance

The Business Plan places strong emphasis on consumer protection, including safeguarding client money and reducing consumer harm.

While we accept that consumer protection is a fundamental regulatory objective, we consider that:

There is an emerging imbalance

The regulatory approach appears to:

- Place disproportionate emphasis on consumer protection
- Risk overlooking the legitimate position and rights of the regulated profession

A Necessary Distinction

There must be a clear distinction between:

1. Protection of client funds (a legitimate and necessary safeguard), and
2. The broader regulatory expectations placed on solicitors as professionals

The latter must remain grounded in:

- The rule of law
- Professional judgment and independence
- A realistic understanding of practice conditions

Consumer Responsibility

We consider that:

- Regulation should also recognise that consumers have responsibilities
- There is a need for greater public education, including that:
    - Solicitors are not required to deliver perfect outcomes
    - Legal professionals are not obliged to act indefinitely, particularly in the face of unreasonable conduct
    - There is a free market, and firms may decline or cease acting where appropriate

A regulatory framework that fails to recognise these realities risks:

- Encouraging unreasonable client expectations
- Undermining professional autonomy
- Increasing unnecessary complaints and regulatory burden

3. Need for Greater Proportionality in Enforcement and Decision-Making

The Business Plan proposes improvements to investigation and enforcement processes, including better prioritisation and reduced focus on lower-impact cases.

We support this direction but consider further reform is required.

Recent Case Example

Recent Solicitors Disciplinary Tribunal (SDT) decisions—such as the ***Dobson*** case reported in the Law Society Gazette—demonstrate:

- Instances where errors admitted by solicitors do not amount to regulatory misconduct

- Concerns about cases being pursued with limited prospects of success

Implications

This raises questions about:

- Proportionality in decision-making
- The threshold for referral to the SDT
- Efficient use of regulatory resources

Recommendation

The SRA should:

- Strengthen internal case assessment processes
- Ensure that only cases with realistic prospects of success and clear public interest justification proceed to enforcement action

4. Governance Reform – Introducing Experienced Elected Practitioners

We recommend that the SRA consider introducing:

Elected representatives with minimum 10 years' practising experience

These individuals would:

- Provide practical insight into legal practice
- Act as a check and balance within regulatory decision-making
- Improve credibility and trust within the profession

Benefits

- Better alignment between regulatory policy and real-world practice
- Improved quality of internal decision-making
- Reduction in misdirected or disproportionate enforcement actions

This would also address concerns—highlighted across the profession—that regulatory processes can sometimes lack sufficient practitioner context and experience.

5. Conclusion

The SRA's objective of strengthening its operational effectiveness and risk management capability.

However, we urge the SRA to:

1. Reconsider its funding model by exploring the use of client account interest as a risk-based contribution mechanism
2. Adopt a more balanced regulatory philosophy, recognising both consumer protection and professional autonomy
3. Improve proportionality in enforcement, ensuring efficient and fair use of regulatory powers
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In particular, the issue of client account interest represents a significant, time-sensitive opportunity. Failure to act risks both unfair burden distribution within the profession and the loss of control over how such funds may be utilised in the future.

These are the responses from respondents who asked us to publish their responses but not their names.

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The SRA's objective of strengthening its operational effectiveness and risk management capability.

However, we urge the SRA to:

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In particular, the issue of client account interest represents a significant, time-sensitive opportunity. Failure to act risks both unfair burden distribution within the profession and the loss of control over how such funds may be utilised in the future.

Response ID:18 Data

3. Consultation questions

11.
1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

There a lot of management jargon in there, no doubt designed to make the SRA feel like it is on the path to achieving something, but the profession needs the SRA to listen, first and foremost, and to look at what its attitude is to actual risks that do actual harm to the public rather than prosecuting low hanging fruit with minimal impact for the benefit of the public but has the most damaging consequences to those it prosecutes. Outcomes need to be measured on how the SRA has averted or mitigated the impact on the public of high profile firm collapses and its consequences on client money.

12.
2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

More attention is needed on the ABS business structures and firms operating in that area to ensure they remain financially sound. How is the SRA going to be doing this?

13.
3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

4. Consultation questions

14.
4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

The SRA should not be picking the pockets of hard working firms and solicitors for its failed and misguided approach to prosecuting SLAPPs and other failed prosecutions. Like firms which are fined (often very heavily) for misdemeanours, the SRA needs to take these adverse cost orders on the chin and learn, not simply shrug its shoulders and take even more money out of firms pockets.

15.
5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

No. The call on the compensation fund is as much the fault of the SRA in failing to properly regulate as it is the people who were running those firms, so this needs to be recognised and reflected in any budget increases

16. 6) Do you agree with the compensation fund contribution for individuals for 2026/27?

No. see above

17. 7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

Given that most firms pay for the PCs for the solicitors they employ anyway, then not sure how a shift would impact things. The funds still come out of hard pressed firms pockets.

5. Consultation questions

18. 8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work

commitments for 2026/27?

19. 9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Response ID:22 Data

3. Consultation questions

11.
1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

No

12.
2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

No

13.
3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

No

4. Consultation questions

14.
4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

No

15.
5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

Yes

16. 6) Do you agree with the compensation fund contribution for individuals for 2026/27?

No. As a Sole Practitioner it is clearly inequitable that with a turnover of only a few thousand pounds I should be required to pay the same as a City Firm with a turnover of millions of pounds if not billions of pounds. This charge should be based on number of fee earners. If pursued it deserves to be challenged as an unfair imposition. Please reflect on this now.

17. 7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

At the worst the balance should be changed to reflect numbers of fee earners in SRA regulated Firms otherwise this is yet another burden that will close down smaller firms giving services in areas where legal assistance is vital

5. Consultation questions

18. 8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

I have stated already the very negative impact of compensation fees being the same regardless of size of SRA Regulated Firms. It is the worst example of unfair discrimination and will impact the amount of legal services outside of metropolitan areas.

19. 9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Yes. With a turnover of less than £20k the imposition of the combination of practising fees and the unfair level of compensation fees plus Insurance and all other outgoings would destroy many smaller firms or sole practitioners businesses. That cannot be right

Response ID:24 Data

3. Consultation questions

11.

1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

The relationship between regulator and firms has never been so strained. It is right that the SRA catches up with other regulators in supporting firms into good practice rather than penalising minor breaches for quick financial gain. More recently this has led to several adverse cost orders for actions that were ill advised. Investigative work takes too long at present with outcomes not decided in a timely fashion. It is difficult to comment on a wish list of priorities without substance on how they will be performed.

12.

2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

If the desire is to gain monthly data from all firms as is gathered by the SRA then the Regulator has not understood the profession it regulates. This echos the change to outcome focussed regulation a decade ago and like many practitioners considered at the time was a retrograde step. Not all law firms and staff are dishonest and ensuring better controls or some controls are in place to prevent fraud should be a priority. This means engaging not just with firms but with those in control of authorising fund movement and month end reconciliation. In person engagement and education and a tipping off regime where staff would be supported. Identifying firms who have weaker balance sheets, less stringent controls and providing education and assistance to improve those factors which were both heavy factors in the most recent large failures.

13.

3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

I agree that the focus has been wrong for a number of years. There have been far too many accumulator firms which the SRA have waved through approval and now takes no responsibility for (sorry is a difficult word for the outgoing CEO). For the vast majority of firms the protection of client money is not an issue and good controls are in place with de centralised controls and good culture. The SQE is a good exam it standardised the process where too many providers had watered down previously. It would be better if it was embedded in a training contract style system bringing the practical legal and ethical learning alongside. Sometimes the existing ways were the existing ways for a reason.

4. Consultation questions

14.

4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

This is a difficult question to answer from the information provided. There are no detailed plans save for the amount of money requested, just goals and aspirations. I feel that in a period of general hardship where many firms will be struggling requesting funds to replenish reserves for thrice sanctioned institution in failure does not give a message that I teach my children - there must be a consequence of the actions you choose. Unless there is a costed plan which there does not seem to be why should we pay more to reward failure. The increases do seem disproportionate and the moneys already provided are substantial and perhaps could be spent better rather than just asking for more. Sometimes difficult decisions need to be taken and although asking for more money is framed in the report as the difficult decision really questions should be asked why a relocation of existing resources would not be appropriate as well as cost savings in the new non priority areas.

15.

5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

This seems like a wholly excessive amount given the % increase and its historical level.

16. 6) Do you agree with the compensation fund contribution for individuals for 2026/27?

Little data has been provided about the current fund and recovery of payments from insurers etc. one does wonder why this has to be replenished in one year and where it is seen over the next 5 year period.

17. 7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

It makes no difference to my firm as both are funded by the firm as with many firms of our size. This really is a non issue and an example of where the SRA needs to refocus on issues that really matter rather than running endless consultations.

5. Consultation questions

18. 8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

No comment

19. 9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

The proposals disadvantage small and mid sized firms

Response ID:25 Data

3. Consultation questions

11.
1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

Jo

12.
2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

No

13.
3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

No

4. Consultation questions

14.
4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

Yet again I am a sole practitioner and as the SRA has decided that that is a firm with no employees with turnover under £100,000 that I am to be penalised with the practicing fee for firms being £3,600. This is really unjust, stress is awful and if maintained at this level is not viable. I have a profile and risk controls in place which should not mean I am penalised in having to pay over £4,000 for the practising certificate fee. How the SRA can continue to charge a sole practitioner with no staff as an individual and then as a firm needs to be looked at. No one else is expected to pay that per person so why sole practitioners with no staff and excellent profile and risk controls? Anyone would think that the SRA is trying to remove any competition as it will only be the big firms who can afford a practising certificate shortly. Surely there could be an element of it being based on turnover if one person. To reduce the number of firms which will be what eventually happens impacts the public as it removes their ability to choose and have competition which keeps fees competitive.

15.
5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

No whilst in includes that level of compensation funding for a regulated sole practitioner - it is unreasonable, but for the third year in a row you will take no notice on the pressure this causes. Yet again I am a sole practitioner and as the SRA has decided that that is a firm with no employees with turnover under £100,000 that I am to be penalised with the practicing fee for firms being £3,600. This is really unjust and if maintained at this level is not viable. I have a profile and risk controls in place which should not mean I am penalised in having to pay over £4,000 for the practising certificate fee. How the SRA can continue to charge a sole practitioner with no staff as an individual and then as a firm needs to be looked at. No one else is expected to pay that per person so why sole practitioners with no staff and excellent profile and risk controls? Anyone would think that the SRA is trying to remove any competition as it will only be the big firms who can afford a practising certificate shortly. Surely there could be an element of it being based on turnover if one person. To reduce the number of firms which will be what eventually happens impacts the public as it removes their ability to choose and have competition which keeps fees competitive. Along with the fact that it's causes undue stress and pressure that does not apply to anyone else.

16. 6) Do you agree with the compensation fund contribution for individuals for 2026/27?

Individuals is fine, but not for sole practitioners on their own with excellent profile and risk controls with the firm element too

17. 7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

Yet again I am a so practitioner and as the SRA has decided that that is a firm with no employees with turnover under £100,000 that I am to be penalised with the practicing fee for firms being £3,600. This is really unjust and if maintained at this level is not viable. I have a profile and risk controls in place which should not mean I am penalised in having to pay over £4,000 for the practising certificate fee. How the SRA can continue to charge a sole practitioner with no staff as an individual and then as a firm needs to be looked at. No one else is expected to pay that per person so why sole practitioners with no staff and excellent profile and risk controls? Anyone would think that the SRA is trying to remove any competition as it will only be the big firms who can afford a practising certificate shortly. Surely there could be an element of it being based on turnover if one person. To reduce the number of firms which will be what eventually happens impacts the public as it removes their ability to choose and have competition which keeps fees competitive. 30% for a traditional sole practitioner just adds to the individual cost which causes great pressure and worry and is really unjust no other individual has to pay for both and with the turnover as outlined above is really worrying and the impact on overall well-being is not good

5. Consultation questions

18. 8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

The proposed work seems sensible, clearand comprehensive. The unjust impact on one sector I.e. traditional sole practitioners with low turnover and low residential conveyancing or no other current law areas leading to claims and no clai.s is causing worry and is not proportionate.

19. 9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

The SPG provided information and will do so again. My turnover is less than £100,000 and I have an excellent profile and risk controls. It is a worry removes any plans for any succession.

Response ID:61 Data

3. Consultation questions

11.
1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

Zero confidence in the SRA to turn around a failing organisation. After the previous cases it is unbelievable that we are back in the same position with a long line of excuses and demands for huge fee increases. The phrase operational excellence is just that, there appears no substance behind it, yet the profession is expected to fund these new promises.

12.
2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

No confidence in the SRA's plans which will add cost and regulation for honest solicitors while not weeding out the cheats.

13.
3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

The biggest focus should be on learning lessons from the subject previous performance. Proactive regulation could add a big burden for solicitors and firms while the next Axiom Ince or PM Law is not detected.

4. Consultation questions

14.
4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

Totally outrageous to impose these swingeing fee rises to cover for the SRA's own incompetence. There is no justification for it.

15.
5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

Absolutely not reasonable or appropriate, the feeling should be reducing and not increasing massively. The profession is being milked.

16. 6) Do you agree with the compensation fund contribution for individuals for 2026/27?

No, I do not agree, it's payment for failure. The SRA should have taken the hot in the chin that was caused by it's own failure to regulate.

17. 7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

There is no way should individuals be asked to pay more than they are now or the firm funding is substantially reduced. As firms are the problem they should face the burden of regulations it should be firms paying 70%.

5. Consultation questions

18. 8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

The fee rises are unacceptable and should not go ahead. EDI is not a priority, the priority should be to ensure that further scandalous examples of failure to regulate do not occur.

19. 9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

All solicitors will be affected by these massive fee increases.

Response ID:85 Data

3. Consultation questions

11.
1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

12.
2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

13.
3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

4. Consultation questions

14.
4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

I would like to see results from these additional fees being levied as it is a substantial increase

15.
5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

Not agreed based on results to date

16. 6) Do you agree with the compensation fund contribution for individuals for 2026/27?

Not agreed based on results to date

17. 7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

It is a steep increase for law firms and think it should be more measured based on the turnover of the lawfirm rather than as a fixed fee as this could hinder a number of smaller firms

5. Consultation questions

18. 8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

19. 9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Response ID:92 Data

3. Consultation questions

11.
1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

No

12.
2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

13.
3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

This is what the SRA should be doing. Instead of prosecuting junior lawyers for minor mistakes, or involving themselves in people's personal lives (eg Beck with), the SRA should be focussed on actual misconduct.

4. Consultation questions

14.
4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

Completely outrageous. The SRA has been completely asleep at the wheel, particularly re the Axiom Ince saga. And now solicitors and firms are meant to foot the bill for the SRA's incompetence? People could see from a mile off what was going to happen, yet for some reason the SRA did nothing but prosecute junior lawyers and rack up huge costs bills.

15.
5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

Not at all (see previous response).

16. 6) Do you agree with the compensation fund contribution for individuals for 2026/27?

No not at all. Again, the Axiom Ince saga was an outrageous oversight by the SRA, why should solicitors and firms pick up the bill?

17. 7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

5. Consultation questions

18. 8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

19. 9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Response ID:102 Data

3. Consultation questions

11.

1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

I think your commitments for 2026/27 are fine but there isn't anything new in them that I haven't heard from the SRA before over the years and I wonder why these things haven't worked in past and whether anything will be different this time?
I worked for the SRA between 2003 and 2011 as a Practice Standards Adviser and then a short secondment to pilot the new approach of 'Supervision'. PSU was an initiative by the regulator to be proactive and build links with the profession. This was successful and firms knew that they were likely to get a PSU visit periodically, which obviously drove consistent efforts by firms to comply and do the right thing. However, PSU was an expensive initiative and the SRA drew back in 2011, making field-based, home-working PSAs redundant and instead having office-based Supervisors. Tellingly, the salary scale for PSAs was £35-£45k at that time and the new Supervisors were starting at £24k. It really doesn't take a genius to work out that lower-paid, lower-experienced staff sitting behind a desk are not going to be as effective at promoting and enhancing compliance levels in firms as more experienced individuals regularly visiting firms. Even as I and my PSU colleagues all left the SRA in 2011, we knew it was a short-sighted decision and that it would only be a question of time until the proactive approach would come around again. The SRA took the path of short-term savings over the long-term well-being of the profession and the effectiveness of the SRA.
I think that whether your plans will work or not will largely turn on the calibre of the staff you employ. You would be better off with 10 high calibre individuals with significant experience of law-firm regulation (who will have higher salary expectations) than 30 low-paid newbies to the legal world, who are likely to take months, if not years, to understand the complexity, culture and weaknesses of the legal profession.
I also agree that investment in IT and a risk centre is vital, but again this was being built in the early 2010s but the SRA changed direction at that time. Once again, the SRA took the path of short-term savings over long-term benefits.
The SRA may now be genuinely trying again to get things right, but a weary solicitor is entitled to ask: is it likely that things will be any different this time around and how long until there is another change of direction anyway? My reading of the profession is that faith in the SRA is at a very low ebb. The SRA seems to get obsessed with relative trivialities (such as rapping a firm's knuckles over the date when their AML FWRA was first produced) and not focussing on real harms (such as whether that firm is actually facilitating money laundering) and the SRA has also entirely missed some massive risk areas (such as not monitoring mergers and acquisitions more closely). Part of the frustration of the profession is that we know that the SRA would not accept similar behaviour from a firm that was focussed on trivialities whilst ignoring client interests and missing major risks.
My experience both whilst at the SRA and since, as Lexcel Assessor and Compliance professional, is that most firms want to do the right thing and try to do so, despite the on-going avalanche of compliance obligations that rain down on them. Part of the SRA's remit must be to simplify regulation and to help firms get the fundamentals right.
I also think that the SRA needs to have a bit more courage and actually give firms clear guidance on issues that the SRA will stand by. I have thought in the past that talking to Professional Ethics must be a bit like talking to a psychiatrist because asking them a question is often answered with 'but what do you think the right thing to do is?' If I was sure of that, I wouldn't have called! Even when I was at the SRA, managers spoke to staff about the SRA's policy to not give 'safe harbour' to firms by giving clear advice - but if a regulator can't/won't give a member of the regulated community a clear steer on an issue, who will?
It's hardly surprising that morale at the SRA is low. Your staff probably feel quite isolated and unappreciated but it seems to me that this is likely a product of the dogmatic approach taken by the SRA in some areas while failing entirely in others. The SRA has sometimes acted in a manner that it would not tolerate from firms, and that doesn't build good will.
There does need to be genuine efforts to improve the culture at the SRA, so that staff feel valued, properly-trained and supported in what can be very difficult roles. As a previous field-officer, I appreciate that it is hard for an organisation to ensure every member of the team has adequate training to equip the individual, ensure consistency in approach across the team and to support staff in consistent decision making – but these fundamentals have to be in place. I feel for the FI Officer in the Axiom case who didn't cross check the client account balance with the bank, and I wonder how well-trained and experienced that person was, how clear were the FI processes and whether it was it a momentary lapse or a pattern of cutting corners. I don't want to castigate the individual FI officer as I don't know the full circs, but the SRA has to be on top of all those mundane behind-the-scenes processes.

12.

2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

In 2011, when I was working for the SRA, I was seconded from PSU to the new SRA Supervision Unit under the management Helen Venn and Kirsty Baker, to pilot the new Supervision approach, linked to outcomes-focussed regulation. It involved a lot of hard work by experiences SRA officers but, as it turns out, it was a complete waste of resources and now the SRA is having to start again, 15 years later. However, I do think that Supervision needs to be more than a desk-based process and actually meeting with more firms routinely will be beneficial to both the profession and the SRA.
I do agree that investment in a risk centre is vital. As stated in Answer 1, this was being built in the 2010-2103 period, but the SRA changed direction at that time and scrapped it, another decision for short-term savings at the expense of long-term benefits. That decision has cost the Compensation Fund, and therefore the profession, dearly in recent years. If the SRA is going to invest money in data gathering, risk assessment and targeted actions, it must be a long-term plan, not reversed in 3 years' time to save money.

13.

3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

I agree with the decision to focus on the biggest issues and think the SRA needs to be decisive on that and not get diverted into relative trivialities or let minor conduct issues absorb a disproportionate amount of resources. However, I don't necessarily agree with all your points:
- Client monies – Of course, protection should be at the forefront of plans and the decision to require all AR1s to be sent to the SRA is sensible. However, I don't think that stopping solicitors holding client monies in the future is the best way to go as it will introduce more movements of money that will be vulnerable to rogues, in addition to introducing delays and complexities for clients. I don't think that TPMAs will be any more secure or less prone to crime than solicitors' client accounts and the SRA's direction of travel to move to TPMAs seems to be more about reducing the SRA's responsibilities than looking at what is best for clients and the profession as whole. One of the unique selling points of law firms is the security and convenience of being able to deal with client monies and removing that USP it likely to be detrimental to the sector.

- In addition to protection of client monies, I think the SRA should be doing more work around monitoring the financial stability of firms as a routine order of business and not just when a self-report is made or when administrators are called in, particularly in the current economic climate. This links to the 'accumulator' firms problem and, for example, that Axiom was buying up financially distressed firms such as Ince Gordon Dadds and Plexus Legal, without any meaningful oversight by the SRA. Given the number of clients impacted by financial failures, this should be a higher priority for the SRA.

- Although Axiom wasn't an ABS with external investors, issues identified by the SRA with other accumulator firms have raised valid questions about the operation of Licensed Bodies which are wholly/majority owned by external investors. Does the profit motivation of the investors still allow the managers of the firm to act with independence and to make decisions that are genuinely in the best interests of each client? This ethical question does warrant consideration by the SRA as some such firms will operate properly but others may be cutting corners or over-billing to satisfy the investors demands for return on investment. By way of a comparator, the vets profession has seen large commercial entities buy-up high-street vets practices and this has been detrimental to their clients (pet-owners) and the profit-driven motivation of these large companies has significantly damaged the reputation of that profession.

- SQE – I doubt this is of concern to consumers and whilst there does need to be confidence in the SQE, the work to enhance and monitor it should be routine and on-going in the SRA, and not a flag-ship item.

4. Consultation questions

14.

4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

My only comment is that the 60/40 split between firms/individuals is probably too generous to those firms that operate with a low number of solicitors and a high number of unqualified fee earners. My feeling is that 66.7/33.3 or even 70/30 would be a fairer share of the burden.

15.
5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

No comments to make

16. 6) Do you agree with the compensation fund contribution for individuals for 2026/27?

No comments to make.

17. 7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

I think firms should bear a larger, not smaller, proportion of the fees as the reality is that it is the failure of regulated law firms that lead to significant claims on the Fund. However, the flat fee of £3600 on each firm, irrespective of size or turnover, is self-evidently unfair, punitive to small firms and inadequate for larger firms, including those the size of Axion, SSB and PM Law. Contributions to Comp Fund is also an unfair burden on new firms, who should be given a significant (say 50%) exemption in their first 12 months of authorisation.
It would be much fairer for Comp Fund contributions to be split between firms/individuals in exactly the same proportion as PC fees, with the firms element being based on turnover bands too. If it's fair for PC fees, then it's fair for Comp Fund too.
As I said in relation to Qu 4 above on PC fees, the 60/40 split between firms/individuals is probably too generous to those firms that operate with a low number of solicitors and a high number of unqualified fee earners. My feeling is that 66.7/33.3 or even 70/30 would be a fairer share of the burden.

5. Consultation questions

18. 8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

Why doesn't the Impact Assessment consider that the most equitable way to share out the firm element of Compensation Fund contributions is on the basis of turnover, rather than as a flat fee per firm, irrespective of size?
Additionally, the statement on page 10 of the Impact Assessment that "Larger firms who have more solicitors are more likely to have a higher turnover than those employing fewer solicitors" is not universally true as business models in high-volume Conveyancing or PI, amongst others, are for low numbers of solicitors and high numbers of unqualified fee earners to increase profits. Turnover itself, rather than numbers of solicitors, is likely to be a fairer measure overall.
Part-time staff are much more likely to be women than men and yet this is not covered in impact assessment because the SRA doesn't gather stats on part-time work.
This seems to be rather a glaring gap in SRA data that should be addressed by adding a question to the next SRA Diversity Survey about whether the person works full time or part time and on a permanent, fixed term or other basis.

19. 9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

No comments to make.

Response ID:103 Data

3. Consultation questions

11.
1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

No

12.
2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

No

13.
3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

No

4. Consultation questions

14.
4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

I believe the increase of the contribution for law firms holding money to be completely unfair and unjustified, especially as it is a blanket figure regardless of the size of the firm and turnover and the areas of law it is involved in.
I am a sole practitioner with a modest turnover and cannot understand why I would be paying the same as a 'Magic Circle' law firm.
The fee for the compensation fund should be based on size of firm, turnover and area's of law it specialises in as some are far more risky than others.

15.
5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

I am in agreement with the PC Fee increasing but not by such a large increase.

16. 6) Do you agree with the compensation fund contribution for individuals for 2026/27?

Please see above 4.
I am a sole practitioner and would be severely affected by an increase in fees for firms holding client monies.
As above any increase should be based on size of firm, turnover and area's of law they practice in.

17. 7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

No, in my position as a sole practitioner it is unfair as one person should bear such a burden. I believe it should move to 70% for individuals and 30% firms.

5. Consultation questions

18. 8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

No

19. 9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

As referred to previously the increase in the Compensation fund contributions to sole practitioners and small firms could be financially devastating on top of all the increases to wages, utilities etc and might lead to small firm closures.

Response ID:108 Data

3. Consultation questions

11.

1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

Whilst we agree that fundamental change is required within the regulator, the wide ranging and ambitious nature of the proposals seem to us to be too ambitious, will impact particularly on those regulated firms who already have modest profit margins, and are unlikely to produce the immediate improvement required. We would support a more constrained (and cheaper) but focussed approach, commencing with the better use of initial assessment of complaints made. We have seen an increasing number of clients, most of whom appear to be using AI to draft complaints, escalating matters to the SRA that relate to service rather than conduct, and that therefore properly sit with the Legal Ombudsman, or which are not justified but are designed to put pressure on our practice to undertake action that we deem to fall foul of our regulatory obligations, such as the obligation to act with integrity.

We consider that a much more robust initial response to such escalations would be a use of resource that would benefit the regulator, the profession and the public: if the SRA is able to focus on those complaints that truly require regulator review and intervention, the section of the public that are so affected can be better served.

We note that the increase requested in relation to IT and change takes the budget to £23.2m, which is a very significant sum: given that in the previous year £21.9m has already been allocated/spent, we would expect to see an in depth review of the benefits already provided by such budget and a return on investment analysis undertaken, and shared transparently. It is not clear what benefit the monies already spent have produced for the regulator, the profession or the public, and continual increases in spend should, for all organisations, be capable of being specifically justified.

12.

2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

See above concerning the increased use of AI and our view that significant improvements in early review and rejection of inappropriately made complaints are required. To that extent, we agree with this priority. That said, we also consider that the approach (and therefore culture) with the SRA should change: in our experience initial notifications of complaints made tend to assume fault on the part of the legal practice, and also provide extremely short turn around times for the provision of information, which are not feasible given that those in senior positions in legal practice are time poor. This should also be contrasted with the timescales then given by the SRA themselves for future contact, which are routinely at least 3 months. We do not consider that such cultural change should have a cost implication for the regulator.

In theory, the concept of proactive identification and addressing of risk will be of benefit to the regulator, the profession and the public, but if in practice this simply leads to additional pressure to provide often voluminous information to the regulator in a short time, this may not benefit any of those stakeholders.

That said, we are supportive of the changes currently with the LSB for approval, that relate to the provision of accountants' reports, and controls about the separation of power between compliance officers and senior managers.

13.

3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

We agree with the cessation of work relating to the regulation of Legal Executives. We also agree that the SRA needs to focus on the most pressing issues, but as previously stated, we consider the remit of what is proposed is too wide and is not likely to produce the immediate results required. See in particular our comments concerning the increased volume of client complaints and the need for robust rejection where these relate to service rather than conduct. We support increased oversight of firms that are rapidly increasing in size, and a focus on ethics: we will be responding separately to the consultation on continuing competence.

4. Consultation questions

14.

4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

There are multiple aspects of the proposed funding requirement that we consider to be significant, and not necessarily transparently justified, for the reasons stated previously. We would also add that the increase in property footprint costs appears excessive, given that a collaborative and controlled working environment can be achieved without the need for additional, expensive office space. We would also comment that the sums specific for "Strategy, Innovation and External Affairs" and "Other" (which we understand includes the salaries of the additional hires made at executive level) are substantial and there isn't sufficient detail provided as to the specific benefit these costs bring, to be able to agree that they are appropriate or proportionate to the stated aims.

15.

5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

We do not agree. See above for specific comments.

16. 6) Do you agree with the compensation fund contribution for individuals for 2026/27?

The increase proposed is significant and for a business with our risk profile we consider it to be excessive. We consider that contributions should be calculated based on the risk profile of the business within which the individual is employed, and to take into account profit levels. We provide this answer as a business that pays the fees for our individual solicitors.

17. 7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

As above, we consider that compensation fund contributions should be based on the risk profile of the business concerned. An alternative approach could be for a much higher individual contribution for those businesses that are "super large" and can afford a (much) higher contribution without this impacting their profit margin. We would however support a lower fixed contribution, with any shortfall being paid by high profit practices. We would also comment that basing the periodic fees on turnover could be amended to base this on profit, which is a fairer and more realistic indicator of how significant an impact the requirement to make such payment would be on an individual practice, rather than turnover.

5. Consultation questions

18. 8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

We note that the impact assessment highlights that those working in different types of legal practice will be paid differently, which is correct, but we would comment further that the income of certain practices will be lower than in others. We would suggest that the assessment itself supports our responses in relation to questions 6 and 7.

19. 9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

There are many different types of legal practice that are regulated by the SRA, and the profit margins of many of those legal practices are very slim indeed. As drafted, the business plan proposals will disproportionately impact such practices, when they do not necessarily include those that represent the highest risk profile.

Response ID:110 Data

3. Consultation questions

11.
1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

Any attempt to take more money from struggling legal aid firms like mine is a disgrace

12.
2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

13.
3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

4. Consultation questions

14.
4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

100% opposed to it

15.
5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

No

16. 6) Do you agree with the compensation fund contribution for individuals for 2026/27?

No

17. 7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

No. We should not pay for sra incompetence

5. Consultation questions

18. 8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

19. 9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Response ID:121 Data

3. Consultation questions

11.
1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

12.
2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

Pleased to see the SRA has now recognised the folly of the previous decision to stop annual Accountant Reports as these gave a regular indication of firms viability and risks where properly audited.

13.
3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

Need to consider improving risk management and oversight particularly of large organic practices which increase risks of failure as recent experience shown and introduce some due diligence requirement/ oversight in approving such mergers/ takeovers

4. Consultation questions

14.
4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

There should be some recognition of contributions made by legal aid practices from the profession which has singularly failed to adequately support the sector in opposing fee reductions / freezes over many years by reduced fees for such firms

15.
5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

No as its failure to adequately monitor sector shouldn't be rewarded by increased fees until it has shown it can adequately address previous mistakes. Money is not the be all answer to organisational and systemic deficits as the water sector illustrates

16. 6) Do you agree with the compensation fund contribution for individuals for 2026/27?

There should be some recognition of contributions made by legal aid practitioners from the profession which has singularly failed to adequately support the sector in opposing fee reductions / freezes over many years by reduced contributions for such lawyers who have had to fund even their own ID Cards for Court Access without Government or Professional Support cf the Bar and who in Criminal Sector have lowest risk

17. 7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

Fund contributions should be firm based as they create risk and individual contributions should be reduced for those doing substantial public / legal aid funded work

5. Consultation questions

18. 8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

This reflects poorly on public sector firms and individuals who cannot increase fees to meet increased overheads and where

where there is an increased EDI presence

19. 9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Criminal Defence firms and others in the legal aid public sector will be disproportionately affected by the proposal as such firms are often barely profitable and struggling due to Government inaction and freezes over many years , as well as lack of support from the legal profession as a whole

Response ID:123 Data

3. Consultation questions

11.

1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

We support the SRA's intention to develop and invest in IT infrastructure with the objective of delivering clearer, faster and more proportionate regulatory outcomes, particularly improvements to triage, prioritisation and case handling.

However, it will be important to ensure that investment in operational capacity and systems in fact leads to more efficient and timely outcomes, rather than increased cost without demonstrable benefit to the profession.

The regulator should couple the intended operational investment with a continued focus on proportionality and quality of resource in investigation and enforcement activity. Proportionality and a risk-based approach is critical, particularly given the adverse impact of delays and disproportionate investigation or enquiries on both firms and consumers.

12.

2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

We strongly support the shift toward earlier, proactive and risk-based supervision. In particular, embedding intelligence-led supervision and earlier engagement with firms has the potential to reduce consumer harm and avoid the need for more costly retrospective enforcement action.

It is important that supervisory engagement remains targeted at higher-risk firms and activities and does not result in additional administrative burden for firms already operating within the regulatory framework.

13.

3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

We support the focus on prioritisation and directing regulatory effort toward areas of highest risk, including client money, high-volume claims, and firm stability. It is important, however, that this approach is evidence-based and clearly distinguishes between systemic risks and issues arising from a minority of firms.

Targeted regulatory action is more effective than broad-based measures where the majority of firms are compliant and operate with established governance frameworks

4. Consultation questions

14.

4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

We disagree. We recognise the need for the SRA to be appropriately funded. However, we note the proposed 29% increase considerably exceeds inflation and recently announced increases to the budgets of Govt depts (e.g. recent press over the 2.6% increase for Defence spending) and that this furthermore comes at a time when law firms are facing many other above inflationary expenses including IT/AI investment. There is a risk that a pricing increase of this size will compound the financial pressure on some law firms that could contribute to their instability.

We do not consider that the proposed 29% overall increase has been sufficiently explained. Greater transparency is needed on the total financial impact for firms across practising certificate fees and compensation fund contributions, and on how those sums have been calculated.

In particular, we would welcome clearer justification for the proposed level of expenditure on investigations and enforcement, IT and support functions, the compensation fund and reserve position, and increases in property and corporate or leadership costs – which equate to a 10% increase and question if this is consistent with current market remuneration.

The SRA should also consider whether the proposed reserve increase in one year by £10.3m could be phased over a longer period (e.g. build up reserves by £3.3m per year over a 3-year period) to reduce the immediate impact on firms.

Any increase in funding should be demonstrably proportionate, clearly linked to improved regulatory outcomes, and supported by sufficient evidence to show that the additional cost is necessary and represents value for the profession.

15.
5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

16. 6) Do you agree with the compensation fund contribution for individuals for 2026/27?

We disagree. Please see our response to Q4 above.

17. 7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

5. Consultation questions

18. 8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

19. 9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Response ID:144 Data

3. Consultation questions

11.
1) Do you have any comments on our proposed work commitments for 2026/27 under our 'operational excellence' priority?

No

12.
2) Do you have any comments on our proposed work commitments for 2026/27 under our 'develop the ability to proactively identify and address risk' priority?

No

13.
3) Do you have any comments on our proposed work commitments for 2026/27 under our 'focus on the biggest issues' priority?

No

4. Consultation questions

14.
4) Do you have any comments about our proposed funding requirement via the practising certificate fee for 2026/27?

No

15.
5) Do you agree that the SRA's required proportion of the practising certificate fee is reasonable and appropriate?

Probably, in the present circumstances

16. 6) Do you agree with the compensation fund contribution for individuals for 2026/27?

No. See below.

17. 7) Do you agree that for 2026/27, we should maintain the apportionment of compensation fund contributions to 50% individuals and 50% firms as the current position rather than moving to 70% for individuals and 30% firms? If you do not agree, please provide any insights and suggestions you have on why we should change for the year 2026/27.

I am a sole practitioner with a modest turnover. I have one part time assistant who is involved in back-office tasks. I have run this practice for 19 years without receiving any complaints at all or without any claim on my professional indemnity insurance.
I carry out low-volume claimant, personal injury work in rural Cornwall. As such I would be thought to be very much a dying breed. However, my clients tell me how thrilled they are to have found me. Many need to talk face to face to feel understood, and even many of the younger ones are not good with "tech".
Most of the time I am not holding any client monies and balances on the account, if any, are only moderate in size and remain very shortly.
Why will the compensation contribution, the SRA is now requiring, not be shared across the profession fairly, bringing into account the respective size of practices and also the fact that alternative business structures and high-volume consumer claims have been shown to pose by far the largest financial risk to the profession? At least until a more nuanced approach can be devised, I favour a much lower proportion of the compensation fund being payable by firms as against individuals.

5. Consultation questions

18. 8) Do you have any comments on the impact assessment of our proposed fees for 2026/27 and EDI-related work commitments for 2026/27?

None except as above.

19. 9) Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?

Please see response to 7 above.

Response to SRA 2026/27 business plan consultation

The challenges facing the SRA are significant and widely recognised across the profession.

Many of the issues identified in this consultation have developed over a number of years under the SRA's development of its regulatory framework. The SRA has pursued assorted policy initiatives and for many years concerns raised by practitioners and representative bodies have not been reflected in regulatory policy or operational priorities. The result is a widening gap between the regulator's perception of risk and the experience of those working within the profession. Now the profession is asked to support substantial investment for organisational transformation without the necessary level of information.

The SRA seeks to fund a substantial and open ended programme of transformation without demonstrating how existing operational weaknesses and oversight are to be addressed. Given the history of regulatory failures and unsuccessful change initiatives, it is reasonable for the profession to request a broader review of governance and oversight arrangements. This would be intended to ensure that any investment is supported by a framework promoting accountability, transparency, and effective engagement with stakeholders. Without this new investment is not likely to deliver the planned outcomes.

The priority objectives of the business plan will depend in large measure upon the effectiveness of the governance structures that support them. Consideration should therefore be given to strengthening the relationship between the SRA, the Law Society, professional bodies, and the Legal Services Board. This would be to ensure that practical experience from across the profession contributes more directly to regulatory development and implementation. Review and amendment to the current Internal Governance Rules would facilitate meaningful engagement and challenge where appropriate.

In the absence of a detailed implementation plan with clear objectives, measurable outcomes, and transparent reporting mechanisms, the SRA should consider how best to operate within its existing budget, augmented only by inflationary increases where justified.

A more comprehensive plan would provide greater confidence that proposed expenditure will deliver demonstrable benefits for the profession and the public.

Question 1

The SRA has identified areas of need and priority and it is appropriate that these become the focus of a targeted action plan. These could be funded by reallocating resources from lower-priority initiatives and reviewing expenditure where policy outcomes have not been clearly demonstrated.

Question 2

The intended shift from a reactive enforcement-led model towards a more intelligence-led approach is noted though similar objectives formed part of previous SRA strategies, but were not fully developed or sustained for reasons not explained.

Despite increasing data collection, concerns remain regarding the SRA's ability to identify emerging risks effectively. Data alone is unlikely to be sufficient without the necessary expertise and operational understanding to interpret trends and identify warning signs. A more effective intelligence model would enable the regulator to focus resources on a

relatively small number of high-risk actors whose conduct can cause disproportionate harm. This could also relieve large sections of the profession from the high costs of overbearing regulatory obligations.

Question 3

A comprehensive review of authorisation procedures should be treated as a priority. In contrast Objective 3.4 appears to be of lower immediate importance.

Recent regulatory failures have highlighted the risks associated with unsuitable entrants to the profession, fragile business models, and increasingly complex ownership and management structures. Cases such as Axiom Ince, SSB, Metamorph, and PM Group point to the importance of robust and expanded authorisation and ongoing supervision arrangements.

Questions 4 and 5

The proposed level of funding should not be approved until all important issues are fully addressed.

SRA proposes to maintain existing operations whilst at the same time delivering a substantial transformation programme. However, only limited information has been provided regarding the scope, cost, implementation timetable, or expected outcomes of that programme. As a result, it is not feasible to assess whether the funding requested represents the full cost of the planned project and value for money.

While organisational changes may be necessary the plan is in need of greater transparency regarding intended scope, delivery phases, governance arrangements, and success measures.

Large-scale transformation programmes often rely heavily on external consultants and specialist advisers. Experience from previous programmes suggests that costs can expand significantly where governance and oversight are not sufficiently robust. Realistically the financial implications are likely to extend beyond a single year which means a longer-term plan should be developed for the profession to regain confidence in its regulator.

Before approving substantial additional funding, the SRA needs to demonstrate that it possesses the necessary capacity, capability, and governance arrangements to manage such a programme successfully. Consideration should be given to a phased approach supported by a detailed three-year plan.

The regulator's gatekeeping function remains one of its most important responsibilities. Weaknesses in Authorisation processes appear to contribute significantly both to routine regulatory breaches and to several high-profile failures. More effective controls over firm authorisation, ownership changes, and business model evolution are essential and would deliver significant benefits while reducing costs elsewhere in the regulatory framework.

It is suggested SRA should consider applying tailored authorisation conditions to reflect the capitalisation, scale, and risk profile of firms. Enhanced monitoring of firm profiles and material changes in business activity would improve regulatory visibility and reduce exposure to Compensation Fund claims arising from rapidly changing business models.

Changes in scale or range of activity can carry risks that impact upon the nature and size of claims on the Compensation Fund. Where changes take place without any further authorisation required from the SRA the impact has been shown to be severe.

The current proposals appear to give limited consideration to the wider economic pressures facing the profession. Solicitors continue to face increasing regulatory, operational, and market costs. Regulatory requirements should seek to support, rather than inadvertently hinder, the delivery of accessible legal services to the public.

The SRA's Accountability Statement would benefit from greater detail and clearer reporting against measurable objectives to enable meaningful assessment of progress.

Question 6 and 7

The Compensation Fund was never intended to provide a general remedy for negligence or shortcomings in professional standards. Its purpose has always been to protect clients in cases involving serious breaches of trust and dishonesty, thereby maintaining confidence in the profession.

Recent years have seen substantial increases in interventions and the size of claims on the Compensation Fund claims, particularly following the failures of firms such as Metamorph and Axiom Ince. Subsequent failures, including SSB and PM Law, have reinforced concerns regarding the effectiveness of regulatory oversight and risk identification.

The profession is repeatedly required to replenish the Compensation Fund after major regulatory failures. Yet there has been no sufficiently transparent examination of whether those failures could and should have been prevented through more effective authorisation, supervision and intervention. Until that question is properly addressed, further demands on the profession for funding are difficult to justify.

Whilst the Fund plays an essential role in compensating consumers for their losses, many practitioners hold the view that certain of the failures that have occurred could have been identified and prevented at an earlier stage by a vigilant regulator whose core role is to the protection consumers. As compensation costs continue to rise, questions inevitably arise regarding the allocation of responsibility for those costs.

The current funding request arrives some time after the events that generated many of the claims. Furthermore, the complexity of Compensation Fund reporting makes it difficult for stakeholders to understand the full financial position. Administrative costs appear significant, while published accounts lag substantially behind current events, limiting meaningful scrutiny.

Greater transparency would assist both the profession and the public in understanding the relationship between compensation payments, recoveries from insurers and individuals, intervention costs, administrative expenditure, investment returns, and reserve levels.

The SRA performs multiple roles in relation to the Compensation Fund, including claims administration, recoveries management, litigation oversight, reserve management, and cost allocation. Given the breadth of these responsibilities, independent scrutiny and reporting would strengthen confidence in the operation of the Fund.

The current governance framework places significant emphasis on regulatory independence. However, independence is most effective when accompanied by appropriate challenge, transparency, and accountability. Without these safeguards there is a risk that weaknesses remain unaddressed, costs increase without sufficient scrutiny, and policy decisions are not subject to adequate external review.

The profession should be viewed as a key stakeholder rather than simply a source of funding. A more transparent and collaborative approach would improve confidence in both the Compensation Fund and the wider regulatory framework.

Consideration should also be given to measures that would require client account risks to be comprehensively protected by requiring firms to demonstrate that they carry the appropriate levels of professional indemnity insurance. This would reduce unnecessary exposure for both the Fund and the profession.

For these reasons, any increase in the Compensation Fund levy should be preceded by a comprehensive independent review. Such a review should explain clearly the relationship between claims, recoveries, intervention costs, administrative expenditure, investment performance, and reserve levels, enabling stakeholders to make informed decisions about future funding requirements.

Questions 8 and 9

No further comments.

[redacted]

21 June 2026

The following respondents asked to be named but for their responses not to be published:

- Adrienne Edgerley Harris
- Jame Gordon
- Deborah Abraham
- Tim Barr
- Jonathan Marsh

There were also respondents who asked not to be named and for their responses not to be published.