

Budget and Funding Requirement 2015

Comparison with 2013 and 2014

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Table 1

2015 Budget comparison with 2013 and 2014

| | 2013 (£000,000) | 2014 (£000,000) | 2015 (£000,000) | Variance 2014-15 % |
|--|--------------------|--------------------|--------------------|--------------------------|
| SRA directly managed budget (excluding interventions) | 39.1 | 40.9 | 38.2 | -6.7% |
| SRA directly managed budget for interventions 1 ¹ | 3.9 | 11.9 | 9.3 ² | -24.4% |
| SRA cost of shared services provided by Corporate Solutions 3 ³ | 21 | 25.8 | 27.0 | 4.7% |
| Total | 64 | 78.6 | 74.5 | -5.3% |

Table 2

2015 funding comparison with 2013 and 2014 4 ⁴

| | 2013 (£000,000) | 2014 (£000,000) | 2015 (£000,000) | Variance 2014-15 % |
|--|--------------------|--------------------|--------------------|--------------------------|
| Funding from practising fees for SRA budget | 33 | 30.9 | 30.9 ⁵ | 0% |
| Funding from practising fees for Corporate Solutions costs to provide shared | 21 | 23.5 | 25.0 ⁶ | 6.7% |

| | | | | |
|---|----|------|------|------|
| services to the SRA | | | | |
| Total funding for regulation from practising fees | 54 | 54.3 | 55.9 | 2.9% |

Table 3

Proportion of practising fees collected in October 2014 (for 2015 year) to be spent on SRA regulation-comparison of 2015 with 2013 and 2014

| | 2013 % | 2014 % | 2015 % | Variance 2014-15 % |
|--|-----------|-----------|-----------|--------------------------|
| Proportion of practising fee income to be used for funding regulation by the SRA 7 [#n7] | 52 | 47 | 50 | 8.4% |

Table 4

Total regulatory requirement from practising fees and compensation fund contributions collected in each year - comparison of 2015 with 2013 and 2014

| | 2013 (£000,000) | 2014 (£000,000) | 2015 (£000,000) | Variance 2014-15 % |
|---|--------------------|--------------------|--------------------|--------------------------|
| Total funding required for regulation by the SRA | 54 | 54.3 | 52.9 | -2.7% |
| Total funding required for the Compensation Fund | 21.9 | 13.4 | 8.4 | -37.3% |
| Total funding required for regulation from fees and contributions paid by regulated individuals and firms | 75.9 | 67.7 | 61.3 | -9.5% |

1. In 2014 the costs of interventions moved to be met by the Compensation Fund rather than (as in 2013) the SRA budget funded by practising fees. This remains the case in 2015 where a provision of £9.3m has been made in the Compensation Fund in 2015 for this purpose.
2. The total SRA directly managed budget for 2015 is £47.5m comprising the first two rows of Table 1 – the figure for the interventions budget in Table 1 has been shown separately to provide transparency about the cost of interventions.
3. Corporate Solutions provides shared services (e.g. HR, finance, IT) to both the SRA and the Law Society representative body. Its costs include both business as usual support and the cost of IT projects. Its costs are driven by the business requirements of the constituent parts of the Law Society Group that it supports.
4. Not all of the costs of regulation are met through practising fees. The balance to meet the budget requirement above the sum collected through practising fees comes from, for example, regulatory fees paid for specific activities (e.g. fees on the authorisation of new entities), cost recoveries and the Compensation Fund.
5. Of this sum, £28.9m was collected in the October 2014 renewal and £2m was carried forward from reserves in respect of fees collected in the October 2013 renewal but not required by the SRA in the 2013/14 financial year.
6. Of this sum, £24m was collected in the October 2014 renewal and £1m was carried forward from reserves in respect of fees collected in the October 2013 renewal but not required for the SRA in the 2013/14 financial year.
7. The total income from annual practising fees is used to fund regulation by the SRA, to pay levies to external regulatory bodies (such as LeO and the LSB) and to fund representative activity by the Law Society that falls within the definition of "permitted purposes" under s.51 LSA 2007.