SRA BOARD
21 April 2026

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This paper will be published

SRA draft Business Plan and Funding Requirement 2026-27

Reason for paper	This paper summarises the SRA's draft Business Plan and funding requirement for 2026-27, alongside next steps that are required for: • consultation and engagement activity • finalising the Business Plan and funding requirement 2026-27 • finalising the Compensation Fund contribution • finalising the practising certificate fee for 2026-27 • publication of the final plan by 31 October 2026.
Decision(s)	The Board is asked to: (a) review and comment on the draft Business Plan, including deliverables and proposed narrative and consultation approach (annex 1) (b) review and comment on our draft funding requirement for 2026-27 and our portion of the practising certificate fee and approve the total practising fee for the SRA to be set at £111.5m resulting in an SRA share of the individual practising certificate fee of £240 (annex 2) (c) support our proposal for total contributions to be set at £46.3m for 2026/27 (up from £26m in 2025/26). This would result in individual contributions of £120 (2025/26: £70) and firm contributions of £3,600 (2025/26: £1,950) (annex 3) (d) review and comment on the draft Equality Impact Assessment (EIA) documents on the Practising Certificate fee and Compensation Fund contribution and Business Plan workstreams (annex 4) (e) confirm that the Chief Executive can approve final changes to the draft business plan and funding requirement documentation for consultation. The Chief Executive will also approve a short consultation document reflecting the Board's steers.
Previous Board and committee consideration	The Board discussed funding considerations at its workshop meeting on 15 March 2026. The Board oversees the SRA's operational and financial performance on an ongoing basis, including tracking progress in meeting Business Plan commitments, and the key

	deliverables described in the SRA's Corporate Strategy 2023-26.
Next steps	Following the Board's review and feedback, the draft Business Plan and funding requirement for 2026-27 – including our portion of the practising certificate fees and the Compensation Fund contribution – will be finalised. It will then be consulted on in May and June 2026. The Board meeting on 30 June 2026 will consider the feedback received during the consultation and make a final decision on the funding requirement for 2026-27. The Compensation Fund contribution and practising certificate fee requirements for 2026-27 will also be approved at the same meeting. We will submit a joint practising certificate fee application with the Law Society to the Legal Services Board (LSB) in July. We also submit a Compensation Fund contribution application to the LSB at the same time. We expect the LSB to respond to those applications in August 2026. Following this, the outcomes from our consultation activity, and a finalised Business Plan and budget, will be shared with the Board for consideration and final approval at its meeting on 22 September 2026. The final Business Plan and budget 2026-27 will then be published in October before going live from 1 November 2026.

If you have any questions about this paper, please contact: Liz Rosser, Executive Director of Operations and Resources – liz.rosser@sra.org.uk or **Aileen Armstrong, Executive Director of Strategy, Innovation and External Affairs – aileen.armstrong@sra.org.uk**

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SRA draft Business Plan and funding requirement 2026-27

Summary

1 This paper summarises the SRA's draft Business Plan and funding requirement for 2026-27, and the steps (including public consultation) that, following the Board's review, will lead through to finalisation. The Business Plan and eventual budget, once agreed, will take effect on 1 November 2026 and run until 31 October 2027.

Background

2 November 2025 to October 2026 is the third and final year of our Corporate Strategy for 2023-26. The 2026/27 Business Plan and supporting funding requirement is intended to act as a bridge whilst we develop and consult on a new three-year strategy for 2027-2030.

3 The Business Plan is shaped around four strategic priorities that will take the organisation up to October 2027:

i. drive operational excellence

ii. develop our ability to proactively identify risk

iii. focus on the biggest issues

iv. strengthen collaboration and engagement

4 We anticipate that further editing of the Business Plan will be required following the Board meeting to address any final points from Board. We will also use this window to likely refine some of the details within the plan. For example, it may be that we could merge some the operational deliverables under priority one while emphasising the message about embedding a high-performance culture.

5 Our Business Plan and Funding Requirement 2026-27 sets out our key deliverables for the coming year. It also includes details on our planned expenditure, our practising certificate fees, and Compensation Fund contribution for 2026-27.

6 The provisional dates we will consult on our draft Business Plan, funding requirement and Compensation Fund contributions for 2026-27 are 28 April to 16 June.

Discussion

7 The SRA's role is to protect the public and to drive trust and confidence in legal services. For all the good work that the organisation has done, we have not consistently met the high expectations that are rightly placed on us in recent

years. This Business Plan sets out how we will meet those expectations by undertaking a necessary transformation to fix the foundations of the organisation and set us on the path to being a modern, proportionate regulator that is trusted and effective.

8 The Business Plan outlines that we cannot address rising volumes, increasing complexity and future risks by doing more of the same. We must modernise how we work, improve how we identify and manage risk, and make sure we are flexible enough to respond to a rapidly changing environment.

9 This requires a focused programme of transformation to stabilise performance, strengthen core operations and build the capabilities needed for the future. This needs to be done alongside the continued delivery of core regulatory activity. In practice, this means "dual-running" new capabilities while maintaining parts of our existing model.

10 To do this effectively, we must have the right funding in place to invest in the people, systems and tools needed to deliver regulation that is timely, proportionate and effective.

11 The document is not intended to reflect all of the work that we do within the SRA, but instead to capture our most important work we need to focus on over this year as we develop and move forward towards and into our next corporate strategy (for 2027-30).

12 We also expect that additional challenges will come to light in the coming year, with multiple uncertainties we will need to respond to. As any new challenges and issues we need to respond to are identified, we will consider whether, and how, we do these alongside all other existing commitments and priorities.

13 Achieving our mission to drive confidence and trust in legal services relies on our ability to respond to new developments in the market so that we can protect the public. We have continued to build our work in a number of areas. We have had to respond to an increase in the complexity and nature of our interventions, and developed new programmes of work around client money, high-volume consumer claims, and professional ethics.

14 Annex 2 sets out our proposed funding requirement for 2026-27 and our proposed portion of the practising certificate fee.

15 Annex 3 sets out our proposal for the 2026-27 Compensation Fund contribution.

16 Annex 4 sets out the Equality Impact Assessment (EIA) on the practising certificate fee, Compensation Fund contribution, and the SRA's Business Plan for 2026-27.

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Draft funding requirement and fees

17 In 2026/27, our overall funding requirement is £111.5 million. This represents an increase of £25 million (29%) from 2025/26 to fund a programme of transformation which will need to run alongside the continued delivery of core regulatory activity.

18 The proposed income contribution will increase our reserves to meet the lowest level of the range set out in the reserves policy. Our reserves exist to manage financial risk, and such risk increases at times of substantial change like the current period.

19 To meet this requirement, we are proposing an increase to the annual practising fees that fund the work of the SRA. For an individual solicitor, the proposal is an increase from £190 to £240 for the SRA portion of the fee, an increase of £50.

20 Additionally, the Compensation Fund exists to provide safeguards to members of the public who have lost money when a law firm has closed. It is a vital tool in not only protecting the public but in maintaining confidence in legal services overall.

21 The unexpected closure of PM Law Limited in February 2026 has contributed to a significant increase in applications to the Fund. As of April 2026, the estimated total of current applications is almost £20 million, with further applications expected.

22 The Compensation Fund contributions for 2026/27 are expected to be £120 for an individual solicitor and £3,600 for an SRA regulated law firm holding client money.

23 The draft Business Plan and funding requirement sets out our draft expenditure proposals for 2026-27. Following our consultation, our finalised funding requirement then informs the overall total amount that will be required to be collected from solicitors and law firms through practising certificate fees.

24 The Law Society carries out a similar exercise. The Law Society is consulting on its funding proposals and the contribution it needs from a share of the practising certificate fee income raised for 2026-27.

25 Each consultation focuses on our respective funding requirements, rather than a total practising certificate fee. Post-consultation, both the SRA's and the Law Society's Board will be asked to confirm their respective funding requirements for 2026-27. For our requirement, this will be at the 30 June 2026 Board meeting.

26 Once the Law Society confirms the requirement for its work as well as the amounts to be collected for other external bodies (LSB, Legal Ombudsman,

Solicitors Disciplinary Tribunal and Financial Conduct Authority), the Board will be asked to confirm the individual and firm practising certificate fees for 2026-27. This will also be discussed at the 30 June 2026 Board meeting, at which the Compensation Fund contribution will also be agreed. The Compensation Fund contribution is collected alongside the practising certificate fees.

27 The final stage of approval is a joint SRA and Law Society practising certificate fee application, and an SRA Compensation Fund contribution application, to the LSB. This will be in July following our Board meeting and Law Society Council approval of their requirement, with approval from the LSB then expected to follow in August.

28 Our draft funding requirement for 2026-27 is attached at annex 2. A summary of this is included in the draft Business Plan and funding requirement document (at annex 1), which also includes the proposed Compensation Fund contribution for 2026-27 and our proposed portion of the practising certificate fees. The detail of the Compensation Fund contribution is included as annex 3. In developing our proposals, we consider the equality impacts – this is discussed further at paragraphs 36-38 below.

Consultation and engagement

29 We will consult on our draft Business Plan and funding requirement 2026-27, and Compensation Fund contribution, during May and June 2026. A comprehensive communications and engagement plan is being developed, which will outline what we want to achieve with the consultation, which audiences we need to engage with, and how that will be achieved.

30 The consultation process will raise awareness of the draft Business Plan and funding requirement document. Our messages will focus on the need for transformation and raise awareness of what change will look like. We will emphasise that appropriate funding is required to address the necessary challenge of transforming the organisation alongside the need to continue to meet our current regulatory responsibilities.

31 We will direct stakeholders towards the SRA's website where they can review the document and complete an online form to answer its specific questions or provide us with a submission by email.

32 Alongside this we will take forward additional stakeholder engagement, including:

- targeted media, digital, and social media campaigns
- profession-wide communication exercises through our communication channels to all solicitors, firms, and their employees (e.g. SRA Update newsletter)

- face-to-face engagement work with stakeholders, including a webinar and roundtable discussions and focus groups where possible.

33 We will engage with a wide range of our key stakeholders to hear a broad set of views on our proposals. We will place particular emphasis on understanding views of our proposals among consumers, so we will carry out activities with members of the public and consumer representative groups, as well as representatives from business, and their representative organisations, as important users of legal services. We will also reach out to the profession, including solicitors, firms, in-house lawyers, lawyers in local government and representative bodies, including EDI groups.

34 We will also hold internal sessions, open to all SRA staff, to seek views and give early insight and understanding of our plans.

35 We will share consultation feedback and viewpoints of our stakeholders with the Board following our consultation. This will be part of our work to finalise a post-consultation version of the Business Plan and funding requirement, and finalise our funding requirement, practising certificate fees and the Compensation Fund contribution for 2026-27.

Monitoring equality impacts

36 We consider equality, diversity and inclusion (EDI) throughout the process of developing our Business Plan commitments. This includes considering learning points and insights from our rolling programme of policy evaluation, and from our EIAs. We also prioritise opportunities to deliver bespoke research projects on EDI subjects during each business plan cycle, to make sure we are actively working to identify and understand the EDI impacts of our work and are then responding to those impacts in the best ways.

37 As part of our consultation activities, we prepare and publish a draft EIA for the proposed practising certificate fee, the proposed Compensation Fund contribution, and the SRA’s Business Plan for 2026-27 (provided in annex 4). We assess the proposed changes against our diversity data to understand potential impacts for different groups of these changes.

38 We will finalise the EIAs after our consultation and publish an updated version alongside the Business Plan and budget document when this is published in October 2026.

Recommendations: the Board is asked to:

(a) review and comment on the draft Business Plan, including deliverables and proposed narrative and consultation approach (annex 1)

(b) review and comment on our draft funding requirement for 2026-27 and our portion of the practising certificate fee and approve the total

practising fee for the SRA to be set at £111.5m resulting in an SRA share of the individual practising certificate fee of £240 (annex 2)

(c) support our proposal for total contributions to be set at £46.3m for 2026/27 (up from £26m in 2025/26). This would result in individual contributions of £120 (2025/26: £70) and firm contributions of £3,600 (2025/26: £1,950) (annex 3)

(d) review and comment on the draft Equality Impact Assessment (EIA) documents on the Practising Certificate fee and Compensation Fund contribution and Business Plan workstreams (annex 4)

(e) confirm that the Chief Executive can approve final changes to the draft Business Plan and funding requirement documentation for consultation. The Chief Executive will also approve a short consultation document reflecting the Board's steers.

39 The timeframes for developing, finalising and publishing the Business Plan and budget 2026/27 are as follows:

21 April 2026	SRA Board approves draft Business Plan and funding requirement 2026-27 and proposed Compensation Fund contribution for consultation.
28 April – 16 June 2026 (provisional)	Consultation on draft Business Plan and funding requirement and proposed Compensation Fund contribution 2026-27.
30 June 2026	SRA Board reviews outcome of consultation and 1) approves funding requirement for 2026-27 2) approves Compensation Fund contributions 3) approves practising certificate fees for 2026-27.
Early July 2026	Law Society Council notes the SRA funding requirement for 2026-27, approves the requirement for its work and the amounts to be collected for other external bodies (LSB, Legal Ombudsman, Solicitors Disciplinary Tribunal and Financial Conduct Authority) and approves the Group funding requirement for 2026-27.
July 2026 (date TBC but after SRA Board)	SRA and the Law Society submit a joint practising certificate fee application to the LSB. SRA

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	submits Compensation Fund contribution application to the LSB.
August 2026 (date TBC)	LSB approves practising certificate fees and Compensation Fund contributions for 2026/27.
22 September 2026	SRA Board approval of Business Plan and budget 2026-27.
October 2026 (date TBC)	SRA Business Plan and budget 2026-27 published.
1 November 2026	SRA Business Plan and budget 2026-27 takes effect (running for twelve months).

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Annexes

Annex 1	**Draft Business Plan and funding requirement document 2026-27**
Annex 2	**SRA draft funding requirement and practicing certificate fee 2026-27**
Annex 3	**Proposed Compensation Fund contribution level for 2026-27**
Annex 4	**Draft EIA on PC fee and Compensation Fund contribution 2026-27, and Business plan**

NB: annex 1 will be published as an annex to the consultation paper. Annexes 2 and 3 will not be published as they relate to emerging strategy or policy. Annex 4 will be published alongside the draft Business Plan and Funding Requirement.

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Supporting information

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

33 This paper seeks approval for consultation on the draft Business Plan and funding requirement 2026-27.

How the issues support the regulatory objectives and best regulatory practice

34 The content of this paper confirms our proposed work and resourcing for 2026-27. Our proposed workstreams and our draft funding requirement have been developed to support us to meet the Legal Services Act 2007's regulatory objectives, and to be consistent with the Better Regulation principles.

Public/Consumer impact

35 The draft Business Plan and funding requirement describes work that we propose to undertake to underpin confidence and trust in the profession.

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

36 The draft Business Plan and funding requirement will be published for public consultation in late April/early May 2026. The consultation process will feature targeted stakeholder engagement and communications. We will update the Board about consultation outcomes in summer 2026.

What equality and diversity considerations relate to this issue?

37 Equality, diversity and inclusion activities are central to our Business Plan, and the commitments we make within it. We carry out EIAs on our fee proposals, which form part of our draft Business Plan and funding requirement, as well as our overall Plan commitments.

How the work will be evaluated

38 The Board's feedback will determine the finalisation of our Business Plan and funding requirement 2026-27. Our progress in delivering our work will be monitored on an ongoing basis by the Board during 2026-27.