SRA BOARD
21 April 2026

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This paper will be published

SRA November 2025 to February 2026 Performance Report

Reason for papers	These papers (items 8 and 9) provide the Board with an overview of the performance report for the four month period ended 28 February 2026 and a report covering the management of the SRA's key risks set out in the Strategic Risk Register (SRR).
Decisions(s)	The Board is asked to: a) note the content of the performance report and the overall assessment of performance b) note the update on the LSB performance assessment.
Previous Board and committee consideration	The Board receives performance reports and Strategic Risk updates on a regular basis, three times per annum.
Next steps	The second performance pack for 2025/26, covering the second four months of the year, including the Strategic Risk Register, will come to the Board at its meeting in September 2026. A working group including Board and executive members will review the composition of the performance report, to consider how best to ensure it meets the future needs of the organisation. Board members are asked to consider if they would like to be part of this working group.

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

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SRA November 2025 to February 2026 Performance Report

Purpose

1 This paper provides the Board with an overview of the performance report for the first four month period of this financial year ended February 2026.

Introduction

2 The Board is asked to consider five separate documents which, together with this summary, provide the Board with an update on performance for the period ended February 2026. These are:

- Annex 1: Financial performance and position
- Annex 2: Balanced Scorecard with supporting commentary
- Annex 3: Business plan progress
- Annex 4: LSB Performance Assessment Update
- Agenda item 9: Strategic Risk Register.

3 At the January performance meeting, the Board gave feedback that the performance report was too long. This performance report is therefore shorter, in particular the financial performance and position annex, which includes less information on headcount, expenditure and investments.

4 The balanced scorecard has also been updated, with the removal of the customer scorecard measure of click throughs to our website from google searches, and the addition of a measure on completion of urgent report assessments. The longstanding report assessment timeliness measure now includes the monthly report volumes as useful context.

5 The business plan progress annex has been amended to better clarify the basis of reporting progress as green, amber or red.

6 The Board has agreed that a working group be constituted to consider our approach to performance reporting, following the board effectiveness review. We are looking for Board member volunteers to join the working group, which would be expected to agree any necessary changes ahead of the next performance report for the September Board meeting.

2025/26 business plan performance update

- 15 activities to report against in our business plan.
- 13 ‘green’, delivered commitments and two ‘amber’ where we were only able to partially deliver the commitments.
- We report activities as ‘green’ based on whether we have completed specific measurable actions. Green reporting may not indicate full achievement of the corporate ambition for a given area.

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Key achievements

Operational excellence and focus Managing the increase in reports of potential misconduct	• We increased the average monthly report assessment closures by 32% compared to the prior year level. • The average days to complete assessments reduced from 60 in October 2025 to 42 days in February 2026. • This followed the redeployment of lawyers and support from senior decision makers in the wider Investigations directorate to deliver a second triage stage to identify lower risk matters that can be dealt with more quickly. • Despite this redeployment we increased the average monthly investigation closures by 27% compared to the prior year.
Improving collaboration	• We adopted a more expansive and consumer-focussed approach to publishing information for example with PM Law, a 'no-win no-fee' consumer guide and motor finance claims. • We had 40,000 visitors access consumer information on PM Law in the four weeks following the intervention. • Our teams worked well together in quickly responding to the PM Law intervention and are managing a significant increase in interventions.
Proactive risk identification High volume consumer claims and anti-money laundering (AML)	• We issued a warning notice on 'no win, no fee' arrangements in January, and updates to our claims management guidance in February, alongside a joint statement with the FCA on multiple sign-ups and termination fees in motor finance commission cases. • This led to extensive coverage in the legal press and on BBC This Morning Live, helping to improve consumer awareness. • We have now closed seven firms working in this arena in non-compliant ways. • We continued to exceed our target for reviews of firms' compliance with AML requirements.

Exceptions

AERT performance

7 Our assessment and early resolution team (AERT) case working remains a material exception on timeliness performance delivery, with 54-59% of cases resolved within two months of receipt, compared to the target of 80%. This is an increase from 38-54% in the previous four-month period and is despite record levels of reports received in October and November 2025 of c2,200 and c2,000 reports. The average monthly level in 2024/25 was 1,375, and in 2023/24 it was 1,024.

8 A number of process improvements noted in the previous performance report, together with the redeployments noted above, enabled the increase in the number of report resolutions in 2024/25. If the number of reports received during the period

had remained at a similar level to the prior year, we believe we would have exceeded the target performance level.

9 We reviewed our approach to how we respond to the reports we receive, ensuring a focus in our triage decision making on which reports need the most urgent attention. We exceeded our target for assessing urgent reports throughout the period and have increased the target.

10 Looking forwards we will see outsourced panel firm support on AERT enable us to reduce the emergency use of overtime and increase closures. We expect our strategic AERT improvement project to deliver efficiencies and enable faster resolutions.

11 The increased number of reports did not lead to a failure to meet performance targets for investigation case closures within twelve, eighteen and twenty-four months. There was only a 7% increase in investigation cases, from an average of 239 in 2024/25 to 256 in the first four months of 2025/26, following the 45% annual increase experienced in 2024/25. This reflects a material reduction in the proportion of reports being investigated, from an average of 18% in 2024/25, to 15% in 2025/26.

12 It is also positive to note that in three of the four months in the period we were able to achieve the stretch target of resolving 70% of investigation cases within 10 months from their assessment, with February reaching 78%. The average days for closing investigation cases reduced from 102 days in October 2025 to 96 days in February 2026. Average monthly investigation resolutions were 66% higher than in 2023/24.

13 In the context of the above points, we have in the business plan annex reclassified the commitment on investigation and enforcement to amber, from red in the previous report.

14 The changes we have put in pace to address the increased reports coming to us, including careful consideration of how we apply threshold tests, are making an impact. However, we recognise that to be a more focused proportionate regulator, we must consider more significant changes to our approach to address these ongoing challenges.

Firm authorisation performance

15 The KPI target for medium and high complexity casework is 90% of decisions made within the service level agreement (90 days for medium cases and 180 days for high cases). Performance against this target was an average of 63% during the reporting period, reflecting the significant loss of experienced authorisation officers and the time taken to rebuild team capability, alongside the increased complexity of cases.

16 We have well established quality assurance arrangements to manage the risk of a reduction in decision making quality arising due to the timeliness challenge. We

are confident of the quality of our decisions, reflecting that we prioritise getting decisions right over accelerating to meet the timeliness measure.

17 However, timeliness matters to us and we have a robust recovery plan in place. We forecast that we will return to achieving our timeliness target by October 2026. However, this may be impacted by further developments as we move forward with our consumer protection, risk and data programmes.

Financial performance

18 At the end of February, the SRA has a small £0.1m surplus compared to a budgeted deficit of £2.9m for the year to date. This reflects delays in initiating new activities such as the mentioned panel firm AERT support, leading to lower than budgeted project and non-staff costs, as well as an investment gain of £0.5m.

19 We have completed a forecast for the 2025/26 year, and this indicates we will have a full year deficit of £11m, much larger than the budgeted £5.5m. This reflects increased legal fees, costs orders and property and some other new costs. We therefore forecast that our unrestricted reserves at 31 October 2026 will be c£7m, well below our reserves policy range. The need to increase our reserves is a central component of our practising fee proposals for 2026/27.

20 In the light of the current forecast, the Executive team has initiated a number of urgent measures to manage the financial situation. This includes a zero-based review to test the need to recruit all job vacancies, challenge of all contracts that are due to be signed, and reconsideration of any spend in the forecast that is not yet commercially committed, in order to minimise expenditure this financial year.

21 The compensation fund had a deficit of £9m in the period, leaving it with net assets of £32m. The Solicitor Indemnity Fund (SIF) balance sheet reports the same level of net assets of £33m as at the last year end.

LSB performance assessment

22 The Board has agreed that the updates it receives on the LSB's performance assessment should be focused on the areas of focus set out in the most recent LSB performance report for the SRA, as well as the areas set out for all regulators to focus on. The Board also asked for a summary of LSB consultations / position papers and our response to them. The latest update is provided in annex 4.

Strategic Risk Register

- There continue to be five strategic risks and two continue to be outside our risk appetite. These are risk-based regulation and investigation and enforcement. This is considered in a separate paper under agenda item 9.

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Items for discussion

- As noted above we are forecasting a significant deficit and have implemented urgent additional measures to test the criticality of all new recruitment and material procured spend, to reduce this outcome position.

- In order to be a more focused proportionate regulator, we will need to work in a smarter way, to make the best use of our finite resources.

- We have seen an increase in the number of interventions, as well as a very major one in PM Law. This impacts many parts of the organisation beyond the Client Protection team, most notably Finance, the Contact Centre, and Specialist and Proactive Investigations.

Recommendations: the Board is asked to:

a) **note the content of the performance report annexes and the overall assessment of performance**

b) **note the update on the LSB performance assessment**

Next steps

23 We will continue to report regularly to the Board on our performance. The second report on 2025/26 performance will be in September 2026 and will cover the second four months of the reporting year.

Annexes
Annex 1 Financial performance update
Annex 2 Balanced Scorecard
Annex 3 Business Plan update
Annex 4 Legal Services Board Performance assessment update

NB: Annex 1 of this paper will not be published because it contains information which is commercially sensitive