



Business Plan and budget 2024-25:

responses and feedback to our
consultation

October 2024

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Background

Our consultation '[Business Plan and budget 2024-25](#)' launched on 28 May 2024 and ran until 2 July 2024. The deadline for providing feedback on questions that related to our budget, Practising Certificate (PC) fee and Compensation Fund contribution was 24 June 2024.

The consultation invited views from our stakeholders on:

- our proposed Business Plan and work priorities between 1 November 2024 to 31 October 2025
- our proposed budget for 2024-25
- our proposed share of the PC fee and Compensation Fund contribution for 2024-25
- our assessment of impacts from our proposals towards equality, diversity and inclusion (EDI).

Feedback received during the consultation was used to finalise our Business Plan and budget, and our fees, for 2024-25.

Who did we hear from?

We received 21 responses to our consultation, from:

- The Law Society (TLS)
- Association of Personal Injury Lawyers (APIL)
- Legal Services Consumer Panel (LSCP)
- The Association of Consumer Support Organisations (ACSO)
- 1 technology provider
- 12 solicitors
- 4 law firms.

We also engaged directly and heard from stakeholders through other engagement activities. This included meeting with members of the profession and consumer representative groups, polling members of the public and legal services professionals

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through our social media channels, and broadcasting an [on-demand, interactive webinar](#).

We thank everyone who took part in our consultation process, using any of the available channels. We have published all responses received from stakeholders that confirmed we could do so, whether by name or anonymously. Following the consultation, we reviewed all feedback received and it informed the final version of our Business Plan and budget for 2024-25.

In the remainder of this report we summarise some of the main areas of feedback we received through our consultation process, and our response to that feedback.

In summary

Consultation respondents commented on our workstream proposals, and we heard good levels of support for many of our proposed areas of focus. We also received offers and suggestions for collaboration and partnership working in some areas, including within our proposed technology and innovation activities and our work to progress our equality, diversity and inclusion (EDI) actions.

In some areas our proposed workplans were less-well supported. This included areas that some stakeholders felt we had omitted, or that they felt lacked persuasive detail. The LSCP in particular felt elements of our proposals lacked substance, referencing its concerns that they did not reference “...*anything genuinely substantive on access to justice, consumer research or collaboration with consumer-facing organisations.*” It went on to confirm that the Business Plan as drafted did not meet its expectations, and commented: “*For the SRA to meet the needs of consumers and high expectations of the industry, more needs to be done.*”

Some consultation feedback centred on the scope and extent of our workstream proposals. That included TLS’s call on the SRA to “...*prioritise its focus on core activities and only undertake additional workstreams based on evidence of regulatory need, or specific gaps in responding to consumer needs.*”

We also received feedback about our budget, PC fee and Compensation Fund contribution proposals. We didn’t receive calls for us to specifically amend our budget proposals; however some respondents raised concerns about our proposed increase to Compensation Fund contributions, and we did hear calls for the current basis for splitting required contributions between law firms and regulated individuals to be reconsidered.

In the remainder of this document we summarise feedback received for each consultation question, and confirm our response to the feedback.

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Comments and feedback for question one

Our first question was:

'Do you have any comments on our proposed work commitments for 2024-25 under our first strategic priority?'

We set out work proposals for delivering the second year of activity under our first strategic priority area for 2023-26 – *"We will deliver high professional standards"*.

Our proposals featured commitments relating to the Solicitors Qualifying Examination (SQE), including continuing our evaluation work to understand its impacts. They were well received, including by TLS which welcomed our commitments, and confirmed it would *"...welcome the opportunity to contribute to the year-three evaluation"*. TLS also called for us to *"...publish the best available data on the SQE assessments and the relation of pass marks to providers where possible"*. Other respondents expressed similar views about the importance of our evaluation activities, with ACSO commenting that it *"...is crucial to ensure that the SQE effectively assesses the competence of new solicitors."*

Under strategic priority one we set out our proposed approach for continuing competence. One of the solicitors that responded argued it is not easily measured and suggested that assessments of competency might more explicitly factor in each individual's years of legal practice, and experience that realistically builds-up over time. TLS endorsed this area of our work commitments, and suggested we might consider mandating some areas of training. Both ACSO and the LSCP welcomed our proposed thematic review of competency, with the LSCP commenting it *"...has the potential to help identify issues, as well as concentrate minds on continuous development."*

Expanding engagement and support for solicitors working in-house formed part of our proposed workstreams for 2024-25. We were pleased to hear from some in-house solicitors during the consultation process. One in-house solicitor referenced our [draft in-house guidance](#) and their experiences of engaging with us – underlining the importance of our continued prioritisation of this workstream. TLS confirmed it welcomed this area of our work, and that it looked forward *"...to collaborating with the SRA on constructive next steps."* The LSCP was similarly supportive, stating that the workstream *"...will drive up standards but also offer the opportunity to understand the different challenges faced by in-house teams"*.

Some stakeholders commented on our work proposals on EDI issues. This included the LSCP which called for greater clarity on our intended outcomes for EDI, and in-turn how those outcomes were to be met by our proposed workplans. TLS was enthusiastic about related opportunities for this area of focus, including for potential

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collaborative work between TLS, SRA and others to progress actions driven by our research into differential outcomes within professional assessments.

Our social media polls asked members of the public to rank the importance of different areas of our work – and public protection was highlighted as the most important priority for us. Our workstream proposals under our first strategic priority area reflected this, including by confirming our intention to continue progressing our Consumer Protection Review into 2025. TLS expressed concern about the pace of the review, and referenced potential outcomes that might emerge from the Legal Services Board’s independent review of regulatory events preceding our intervention into Axiom Ince. ACSO confirmed its support for the review, commenting that: *“Ensuring robust arrangements are in place to protect consumers from harm and addressing any failures swiftly will build confidence in the legal services market and its regulators.”*

Our proposed approach to our consumer information workstream was criticised by the LSCP, which felt that we had *“...not shown leadership in key consumer focused areas”*, observing that we had not extended price transparency requirements.

Some consultation respondents commented on our proposals for anti-money laundering (AML) work, including commitments to respond to developments and emerging AML supervision requirements. One solicitor suggested our work should also focus on reducing duplication within AML checks and red-tape for clients, while TLS expressed support for *“...continued joint working with the SRA in drafting guidance for the legal sector and ensuring alignment with reform of the Regulations”*. ACSO was similarly supportive, confirming that *“Your active stance on these issues is right and necessary for maintaining consumer trust.”*

Our response

Given the good levels of support and agreement we received for the majority of our proposals we have finalised our work commitments, aligning with our consultation position, for our:

- ongoing areas of work, including our in-house solicitor resources, our Consumer Protection Review, and our evaluation activities
- SQE workstream
- AML response
- EDI actions and our response to persistent EDI issues
- investigation and enforcement workstream.

We have also amended some of our work commitments in line with the consultation feedback received.

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For our continuing competency workstream we have expanded our commitment for 2024-25 to confirm that our work will include thematic review activity focused on family law solicitors and landlord and tenant solicitors and firms.

We have considered feedback on our consumer information workstream, including that we should do more in this area. We have considered this alongside the insights from our soon to be published stakeholder perceptions work, which showed how important information is for consumers, particularly around costs, in driving confidence and trust in legal services. In response, we have now added two further commitments into our Business Plan. We have confirmed that we will:

- build on work we have already done to improve information available for consumers on legal services, focusing on how we can drive improved information around costs and how that interacts with quality indicators
- continue to lead work with other regulators to develop a cross-regulator digital portal that will help users, and potential users, of legal services to identify a suitable provider for their needs.

We have included further detail on the Consumer Protection Review, to clearly outline how work under our strategic priorities explicitly protects consumers' interests.

We have also provided more detail on our investigation and enforcement continuous improvement programme, highlighting links to work which has already been completed and relationships with work going forward, such as the second annual competency assessment, new competency guidance and resources for solicitors, and the research on differential outcomes in legal professional assessments.

Comments and feedback for question two

Our second question was:

'Do you have any comments on our proposed work commitments for 2024-25 under our second strategic priority?'

Under this question we described work proposals under our second strategic priority for 2023-26 – "*We will strengthen our risk based and proactive regulation*".

We heard a range of views and perspectives about our proposed workstreams. This included calls for caution from some solicitors who commented that they felt over-burdened by regulation, and were concerned about the impacts of increasingly proactive regulatory action. However we also heard perspectives from other solicitors about the benefits of proactive regulation, particularly where it drives improved responses to financial risks or the operation of different law firm structures.

Our proposals to progress our data strategy during 2024-25 were generally well-received. TLS confirmed that it welcomed opportunities here for engagement and

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collaboration, and that to make sure the strategy better targets regulatory activities- the SRA should “...*coordinate its research efforts with the Law Society where possible to maximise our joint investment, learning and ability to conduct primary research with members to maximise participation.*” ACSO similarly welcomed our data strategy proposals, stating that: “*High-quality, real-time data and advanced analytics help identify risks early and enable measures to protect consumers.*”

Both ACSO and TLS also welcomed other areas of our proposals under our second strategic priority. This included proposing to continue delivering a proactive AML focus. On this point, TLS confirmed it would “...*look forward to working with the SRA on its commitment to delivering a range of proactive thematic reviews in key areas.*” The LSCP expressed similar support for our proposed use of thematic reviews, and confirmed it would welcome future thematic reviews in consumer-focused areas.

Our response

In light of the feedback we received during our consultation we have reviewed our work commitments, and finalised them to confirm that we will:

- continue our ongoing areas of work, including our use of machine-learning and eDiscovery, our horizon scanning activities and market insights work
- start to deliver our data strategy
- undertake short term improvements to expand our use of data analysis
- deliver our proactive thematic review programme, including reviews focused an AML review focused on source of funds, and a review of the roles of compliance officers
- progress our proactive response to AML developments and our programme of proactive sanctions supervision.

Comments and feedback for question three

Our third question was:

‘Do you have any comments on our proposed work commitments for 2024-25 under our third strategic priority?’

This section of our draft Business Plan described work plans under our third strategic priority for 2023-26 – “*We will support innovation and technology*”.

Our proposals included development of our regulatory approach to artificial intelligence (AI). One solicitor called for careful thought and strong input from legal sector professionals. TLS suggested we focus-in on mitigating strategies for AI usage, and felt there was good scope here to join forces, confirming it “...*would welcome the opportunity to collaborate with the SRA (and LSB) to ensure the best possible outcomes for the legal sector and consumers.*”

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The LSCP flagged risks that consumers might be unaware of risks associated with AI in legal services. It called for us to “*commit to consumer research and gather insight on consumers understanding of risk, their risk appetite, and how to best inform and protect them from risk.*”

Our proposed focus on support for smaller law firms was broadly welcomed by most respondents, including TLS, the LSCP and ACSO. The LSCP in particular commented that small firms “*offer an opportunity to address the justice gap at a local level more effectively and equipping them with new tools to maximise their capacity can offer early gains*”. One solicitor however argued it was a misconception that small law firms did not already invest and adapt to new technology – particularly in the conveyancing sector.

The LSCP felt that the SRA’s proposed technology and innovation work commitments “*...lack the energy of its previous focus.*” It highlighted access to justice considerations, and confirmed “*...the importance of incentivising and encouraging providers and tech companies to innovate in this area.*” It felt that the scale of access to justice challenges justified us prioritising work around lawtech solutions in that area. ACSO also felt this was important, commenting that “*Tailoring technological solutions to meet the specific needs of these groups will ensure that legal services are more inclusive and accessible, particularly at critical life stages*”.

A key part of our focus under this third strategic priority area is on strengthening relationships with stakeholders on technology issues, and TLS welcomed opportunities for collaboration. It also highlighted the importance of avoiding duplication of effort, where possible, to ensure maximum value from this workstream.

Our response

In light of feedback received during our consultation we have reviewed our consultation position. We have made the outcomes of particular workstreams clearer, including making more explicit the aim of some of our work under this priority in improving access to justice.

Following this we then finalised our work commitments to confirm that we will:

- continue to progress our ongoing areas of work, including our SRA Innovate programme and our exploration of technology and innovation solutions that can better support vulnerable consumers
- develop our regulatory approach to AI so that our regulated community, and consumers of legal services, can keep pace with risks driven by this rapidly evolving area.
- develop our support for small firms based on findings from our research
- progress recommendations and outcomes from our Regulators Pioneer Fund project, focused on exploring how online dispute resolution (ODR) can help

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tackle the unmet legal needs of individuals, consumers and micro/small enterprises.

Comments and feedback for question four

Our fourth question was:

‘Do you have any comments on our proposed work commitments for 2024-25 under our fourth strategic priority?’

We asked for feedback on our proposed workplans under our fourth strategic priority for 2023-26 – “*We will be an authoritative and inclusive organisation, meeting the needs of the public, consumers, those we regulate and our staff*”.

Some stakeholders welcomed our proposals around customer service, including ACSO, that commented “...*expanding customer service into more operational areas, including the Client Protection team, is a welcome move*”. Other respondents called for additional clarity about who we see as our customers, while one solicitor suggested our focus on supporting consumers ought to focus on securing competent solicitors rather than regulation itself. Other solicitors called for a stronger focus on high-street law firms, including through our communications work – with one solicitor referencing our webinar alongside the Legal Ombudsman as a good example of this.

The LSCP expressed dissatisfaction with our work proposals in this section of our draft Business Plan. It commented that “*Where consumer focused regulation is concerned, the SRA has a considerable way to go in ensuring that its work truly delivers good outcomes for consumers and the public at large– including around information about prices and quality for consumers.*” It went on to argue that we had not “...*made progress or shown leadership in key consumer-focused areas.* The LSCP also questioned the extent to which we had evidenced the impact of work to date under our fourth strategic priority area, including public access and use of our digital services – stating its view that “*To ascertain impact, the SRA would need to monitor and evaluate its effectiveness in these areas.*” It felt that our approach needed to use “*quality measurement focused on consumer outcomes and feedback to inform implementation.*”

The LSCP also set out areas of focus that it felt needed to form part of our Business Plan commitments, including on consumer information and also around first-tier complaints. It called for greater clarity on “...*issues or problems the SRA are trying to address under this heading.*”

We heard good levels of support from TLS for our proposals around our internal work on Environmental, Social and Governance (ESG) considerations, and other areas including our work proposals around increased diversity within SRA leadership.

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ACSO provided similar endorsement and argued that *“Consumers increasingly value organisations that prioritise sustainability and social responsibility. This commitment can enhance the regulatory body's reputation and trust among the public.”*

TLS also offered to share insights from its work to understand and incorporate the public's voice.

Our response

We have considered the consultation feedback, reviewed and finalised our work commitments. They confirm that we will:

- continue to progress our ongoing areas of work, including delivering our events and engagement programme
- extend our customer service plans into more operational areas
- progress our communications review to build on our stakeholder perceptions profiling work
- progress and evaluate actions to increase diversity in SRA leadership roles and to close ethnicity and gender pay-gaps
- develop knowledge and understanding to grow and embed a culture of continuous improvement
- continue to deliver our internal ESG commitments and working with key stakeholders to reduce our environmental impact.

In relation to the feedback that we need to do more on consumer information, we have made changes – and added new deliverables – under strategic priority 1, as set out above.

Comments and feedback for question five

Our fifth question was:

‘Do you have any comments about our budget for 2024-25?’

In this section of the draft Business Plan we asked stakeholders for their views about our budget proposals for 2024-25.

One of our LinkedIn polls asked participants to rank the importance of various areas of focus for the SRA, and the most selected area was ‘Becoming more efficient’. Some solicitors responding to the consultation offered similar feedback, including a comment that our budget was too high, and a call from another solicitor to “evaluate whether you are truly adding anything of value.” However, we did not receive any specific comments about the level or detail of our proposed budget and approach to expenditure for 2024-25.

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Our response

As part of our consultation we explained our approach to setting our budget proposals for 2024-25, and referred to initiatives that we use to drive operational efficiencies – including our overarching commitment and focus on continuous improvement.

While the consultation feedback that we received did not comment specifically on our proposed budget, we considered the full range of views on all of our consultation proposals and determined that we could finalise our budget in-line with our consultation position.

Comments and feedback for question six

Our sixth question was:

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

Under this question we explained our proposals for the share of the PC fee required to fund SRA regulation in 2024-25.

TLS expressed its support, stating "We note the SRA's decision not to increase its share of the practising certificate fee, relative to last year. This restraint is welcomed, given the challenging economic conditions the profession continue to face, particularly in smaller firms."

Some of the solicitors responding also agreed that the required portion was reasonable and proportionate, although a smaller number disagreed, while others felt they were unable to comment.

Our response

We have reviewed the consultation feedback we received on our proposed share of the PC fee. Following this we determined we could finalise our PC fee requirement in-line with our consultation position.

Comments and feedback for question seven

Our seventh question was:

'Do you agree with the Compensation Fund contributions for 2024-25?'

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Under this question we described our proposal to increase the required Compensation Fund contributions from individuals and law firms that hold client money for 2024-25, and the factors driving the proposal.

We heard a range of views about the proposed contributions, including from TLS. It commented “*We are not suggesting that the SRA should make any change to rebalance how the cost of the Compensation Fund is apportioned this year, because it should take time to consider the evidence and determine the best practical option.*” Alongside this it acknowledged, and welcomed, our Consumer Protection Review and the opportunities it creates to collectively explore proposals – commenting that: “*...the apportionment of the levy is an issue that the SRA should explore further, with detailed evidence and cost benefit analysis of any proposed changes when it consults on the review formally in the autumn.*”

However, TLS also felt that:

- increased financial burdens may particularly impact legal aid firms and smaller firms, and some groups of solicitors that may be more likely to be working in those smaller firms – presenting associated risks to consumers if those firms fail
- data had been absent from the consultation, including around consideration of alternative options for setting contributions
- other options such as deferring payments, or making payment by instalments, might be considered.

APIL raised similar concerns in its response, calling for greater transparency around the operation of the Fund, and consideration of other approaches for setting contribution requirements. It also noted our Consumer Protection Review and suggested that it includes a revisit of “*...the way the contributions are calculated, to ensure the viability of the Compensation Fund while maintaining transparency with the profession.*”

The LSCP referenced feedback it had previously provided to our Business Plan and Budget consultation from June 2023 about the transparency of the Compensation Fund’s operation. It commented: “*We are concerned about the lack of transparency around claims, how it is dispensed and administered*”.

We also heard a range of comments from solicitors and law firms, including:

- references to Axiom Ince and SRA decisions
- inequalities or lack of fairness in the way the contribution requirement is currently split between firm and individual contributions
- calls for change to the way the Fund operates - in terms of what / how much it covers - or how it is funded.

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Our response

We considered all of this feedback as part of our post-consultation steps and our work to finalise our approach for the 2024-25 Compensation Fund contributions with the SRA Board and as part of our [application to the LSB](#). Since June 2023 we have published the 2023/24 Compensation Fund annual report, and its accounts, providing substantially more information on the Fund's operation. However, we will need to consider whether we can further improve the transparency of the Compensation Fund's data, and around the way it operates.

In our consultation we set out the four principles that we refer to currently to operate the Fund and determine the required contributions, and they confirm that the transparency of the Fund's monies and management are paramount. We will ensure that the profession has the opportunity to comment on future contribution levels by including the proposed level in our consultations on, for example, our business plan or practising fee setting. We will also provide accessible information for the public about the Compensation Fund, how it operates and how to access the fund without using potentially costly professional support.

We agree with TLS's conclusion that we should not seek to rebalance how the cost of the Compensation Fund contribution is apportioned for the 2024-25 year.

However, we have listened to calls made through our consultation for us to review the fairness of the Fund's contributions and how they are determined. As part of our Consumer Protection Review we will undertake engagement and consultation to carefully consider options for the future, guarding against risks of unintended consequences but also to secure the ongoing operational viability of the Fund while those options are under review. The feedback from our stakeholders is directly informing this process.

We will be considering alternative approaches to the current 50/50 split approach for determining the Fund contribution as part of our [Consumer Protection Review](#). This process will include a longer-term review of the Compensation Fund. We will be publishing more information about our proposals for the Compensation Fund.

Comments and feedback for question eight

Our eighth question was:

'Do you have any comments on proposed equality impact assessments of our proposed fees for 2024-25, or EDI-related work commitments in our proposed draft Business Plan for 2024-25? Do you have information that will help us to further build our understanding in relation to impacts on different groups of solicitors?'

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In the final section of our consultation we requested views on EDI impacts and considerations relating to our workstream proposals, or for the proposed PC fee and Compensation Fund contributions for 2024-25. We had published two draft equality impact assessments as part of the consultation process.

We didn't receive comments specifically focused on the detail of our draft assessments. However, TLS welcomed the publication of research into differential outcomes, calling "*...for the SRA to work collaboratively with stakeholders to identify and agree actions that can be taken to address this....., including any "quick wins" that could be developed and implemented within this business plan year.*"

One respondent felt that our work might increasingly build-in perspectives on different cultural backgrounds alongside consideration of the protected characteristics. ACSO meanwhile supported our proposed focus on reducing ethnicity and gender pay gaps within the SRA.

Our response

Following the consultation process we have reviewed the draft EIAs, and we have published final versions of both, alongside the final version of our Business Plan and budget 2024-25.