Application made by the Law Society and the Solicitors Regulation Authority to the Legal Services Board under section 51 of the Legal Services Act 2007 for the approval of practising fees 2026/27

Contents

Section I - Summary and overview

1. This application asks the Legal Services Board (LSB) to approve the Law Society and Solicitors Regulation Authority's (SRA) application for practising fees for 2026/27.

2. The proposal for this practising fee year is that the individual practising certificate fee increases to £382 (2025/26: £326). The total amount to be collected has increased from £148.4m in 2025/26 to £178.1m in 2026/27. This fee is based on a reasonable estimate of the equivalent of 186,500 individuals paying a full practising certificate fee. Not all fee payers will pay the full fee as some will be eligible for discounts and others will pay a prorated fee as they join the profession during the practising year. We expect the total number of individuals taking out a practising certificate during the year to be closer to 194,000.

3. Of the total amount to be collected £111.5m (63%) will be allocated to the regulatory body and £38.3m (21%) will be retained by the approved regulator, while the remaining £28.4m (16%) will be used to fund the work of the Legal Ombudsman, Legal Services Board, Solicitors Disciplinary Tribunal and the Office for Professional Body Anti-Money Laundering Supervision.

4. We follow the guiding principles for our fee policy, and we have had a fee structure in place since 2010 which splits fees between individuals and regulated entities.

5. The following fees require approval:

    - individual regulatory fee
    - firm regulatory fee for recognised sole practices, recognised bodies and licensed bodies (based on turnover bandings).

6. The proposed fee structure is consistent with previous years, with 40% of the overall requirement to be collected from individuals on a flat fee basis and 60% collected from firms based on their turnover, declared as part of the 2025/26 renewal exercise.

7. The table below summarises the fee and the amount to be collected from the profession in 2026/27 compared with 2025/26.

Practising fees	2026/27	2025/26
Individual practising certificate fee	£382	£326
Total to be collected from individuals	£71.3m	£59.4m
Total to be collected from firms	£106.9m	£89.0m

8. Were the application to be rejected, the independent regulatory body would initially look to address any issues in the application with a view to having it approved within the required timelines. In order to collect fees in the planned timeline (from 1 October 2026) we would need any revised application to be approved by mid-September. In the absence of this we would seek approval of an interim fee in line with rule 31 of the practising fee rules 2021[1].

[1] https://legalservicesboard.org.uk/wp-content/uploads/2022/11/PCF-Final-Rules-2021-Accessible.pdf

9. With regards to consultation on the proposed changes, the SRA consultation ran from 8 May to 22 June 2026 for comments on our business plan and budget 2026. The Law Society consultation ran from 27 April 2026 to 15 May 2026. Further information on the responses to those consultations is included in Section V.

Solicitors Regulation Authority

10. As highlighted in our 2025/26 application, we have in recent years seen rapid changes in the legal market, and with it risks to consumers. We have seen more large firm closures and rising concerns about issues in the high volume consumer claims market. We have also continued to see a significant and sustained increase in the number of reports the SRA is receiving about solicitor misconduct. This has resulted in a large increase in the work we need to do.

11. Fundamentally, the SRA's approach, capabilities and resources have not kept pace as the market it regulates has evolved. Business models, for example, have become ever more complex and advances in technology have rapidly accelerated the pace of change across the delivery of legal services.

12. Moving forward, the SRA must focus on fewer priorities, move from a largely reactive to a proactive approach to regulation, and improve operational and technological capabilities to be better prepared for the scale and complexity of the challenges we face. We must focus more on the biggest risks impacting consumers and the public and be more alert to issues on the horizon.

13. This will require bold and sometimes difficult choices to modernise how the SRA works, whilst choosing to reduce activity in areas that are not an immediate priority. This work will be ambitious and wide-ranging, covering everything from investment in technology and new skills through to delivering new capabilities such as a wider menu of regulatory tools around risk identification and early engagement.

14. To do this, the SRA must have the right funding in place to bring the organisation back to a stronger financial footing over time and give us the flexibility needed to invest in the people, systems and tools required to deliver regulation in line with our regulatory objectives that is timely, proportionate and effective. In practice, a programme of transformation will need to be 'dual run' alongside the delivery of our core regulatory activity. This is reflected in our proposal to increase our income from practising fees by £25m (29%) to tackle these challenges.

The Law Society

15. In terms of the impact of the fee on the profession, the Law Society has been engaging the profession on its Corporate Strategy covering the three years from November 2025. This will be the second year of that period and the Law Society has proposed an increase of 2%. Whilst we recognise that any increase in costs is unwelcome the Law Society does plan, during the three years, to utilise reserves in order to limit the impact on the profession whilst bringing our reserves back into line with our agreed policy.

16. The continuing increase in the solicitor population has allowed us to mitigate the impact on individuals of the increase in the total amount to be collected. The overall amount is increasing by 20% whereas the individual fee is increasing by 17%.

Section II - Allocation of practising fee to permitted purposes

Solicitors Regulation Authority

Permitted purpose 51(a) - The regulation, accreditation, education and training of applicable persons

17. The activities of the SRA link to our Business Plan for 2026/27. The plan bridges the gap to the introduction of a new corporate strategy covering 2027-30.

18. There are three areas of focus for 2026/27. Firstly, we will prioritise operational excellence to strengthen how we operate. This will include further developing and investing in IT infrastructure and developing new ways of working so that casework, decision-making and internal processes are proportionate, robust, consistent and sustainable. This body of work relates to improving core functions to enable us to undertake expected regulatory activity to a high standard.

19. Secondly, we will further develop the ability to proactively identify and address risk by shifting towards earlier engagement and intelligence-driven action that supports firms to compliance. This will build on work underway to improve capabilities in areas that spot risk earlier and, where possible, reduce harm and costs later.

20. Thirdly, we will be disciplined in where we direct attention and resources, focusing on the issues with the greatest risk of harm to consumers. This work is intended both to make sure that the areas of highest risk are being effectively managed and to remove resources and attention from non-core regulatory activity.

21. Our current specific plans for the deliverables which we consulted on for 2026-27 are set out in detail below. We will continue to refine our detailed plans in light of the feedback received and as new priorities emerge. Any decisions will be taken recognising that the practising fee funding is set in advance of the final business plan being published. We may decide to reassign resources to new priorities or, where appropriate, fund additional activity from reserves.

Operational Excellence

22. Fixing the foundations starts with operational excellence. The scale of the operational challenges we face has increased sharply. Between November 2022 and October 2025, the number of misconduct reports we assessed rose by 45%, from 11,378 to 16,499.

23. This increase has created significant and ultimately unsustainable pressure on the SRA's people and operations. This inevitably results in delays, extends the impact on the regulated community and, critically, increases the likelihood that something may be missed and that consumer harm could occur. While we have managed to respond in the short term by diverting resources, the scale and persistence of the growth mean we require more fundamental change.

24. That means strengthening the core of our operations at pace, including investing in technology and our reserves, as well as improving senior expertise and adding capacity, capability and skills in key areas. This will make us more resilient and establish firmer foundations to deliver to a higher standard.

25. Establishing these foundations is essential to being able to deliver effective regulation and protect the public. During 2026/27 we will:

Deliver clearer, faster and more proportionate outcomes by refocusing investigations and enforcement work on the areas that best protect the public

26. We will strengthen our investigations and enforcement approach so that regulatory action is targeted, proportionate and focused on the risks that matter most to the public.

27. We intend to improve how concerns are assessed, which cases are taken forward, and how they are progressed through to conclusion. Following the review of the Assessment Threshold Test (ATT) in 2026, we will continue to implement a new approach that reflects our risk appetite and ensures consistent application of our enforcement strategy. This will mean that investigative resources can be targeted where they are most needed and reduce the overall number of cases entering investigation, taking alternative actions where that is more appropriate.

28. The revised test will be applied both at the outset of a case and throughout its lifecycle, with thresholds reassessed as evidence develops to make sure investigations remain aligned with our strategic objectives.

29. We will also continue a comprehensive end to end review of our caseload to confirm that cases pursued are proportionate, well founded, and have strong prospects of success. We will continue to learn from adverse costs outcomes in the courts. This includes live investigations and matters referred to the Solicitors Disciplinary Tribunal (SDT). The review will be supported by improvements to the triage and handling of reports of misconduct, including greater automation, increased personnel and enhanced risk based prioritisation.

Expand capability and capacity to deliver the new skillsets required

30. Capacity constraints have been one of the major causes of poor outcomes. So too a lack of appropriate and dedicated expertise in core functions at a senior level has prevented effective and timely regulatory work.

31. The basics need to be done well to tackle the longer-term strategic questions facing the organisation and to drive sustainable change. This investment in people is designed to build expertise and develop skillsets to support the organisation in meeting those aims.

Upgrade IT systems to support new capabilities in risk, data and supervision

32. Technological excellence drives operational excellence. We will strengthen our IT and digital foundations to reduce complexity and duplication and streamline how change is delivered across the organisation. This will mean priority initiatives, such as establishing a supervision pilot, can progress at pace. We will also improve the reliability and responsiveness of technology support, minimising disruption to customers and colleagues and ensuring systems and services consistently enable effective delivery rather than constrain it.

33. This investment will also embed technology more effectively across the organisation in 2026/27 so that we can use data and digital tools such as artificial intelligence (AI) to prioritise work, identify risk earlier, and deliver regulatory outcomes more quickly and proportionately. This will require us to address historical challenges in our IT systems and modernise them to meet both current and future needs.

34. Alongside this, we will take a more coordinated and purposeful approach to how the organisation adopts technology and AI, making sure that use of these tools is driven by clear business need and delivers tangible improvements in productivity and quality. This includes improving how teams access information, use insight to support decision-making, and automate routine activity, freeing up capacity for higher value regulatory work.

Build a high-performance culture and drive operational excellence across the organisation

35. In 2026/27, we will strengthen organisational capability and the culture needed to support consistent delivery, clear accountability and better outcomes.

36. We will refresh our values to ensure they reflect the organisation we need to be. We will deliver a programme of cultural change focused on building a high-performance culture that is rooted in our values and strategic objectives, developing leadership capability to support our teams through a programme of transformation, and further strengthening critical professional skills such as analytical thinking and risk awareness. This builds on continuous improvement work that has already begun, with an enhanced focus following the appointment of a new Chief Executive and her work with leaders across the organisation to identify areas for improvement.

37. Focus will be on consistently meeting operational performance standards. We will measure success not only through timeliness, but through outcomes, service quality and ease of contact. Part of that will include making sure our quality assurance approaches are best-in-class.

38. We will also streamline and simplify internal processes where possible, strengthen the way we manage and deliver customer contact, and strive to strengthen overall operational performance. We will promote a curious and problem-solving mindset that encourages colleagues to look beyond organisational boundaries and join up issues in a more holistic way.

Developing our ability to proactively identify and address risk

39. The experiences from the last few years have shown that we have sometimes not identified risk early enough to prevent harm. At the same time, the nature of the sector and the risks that need to be addressed are changing rapidly.

40. 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.

41. This priority is about embedding an intelligence-driven, risk-based approach. It requires better use of data, stronger analytical capability and greater engagement with those who we regulate to secure action to address the risks identified.

42. It will also include building on our supervisory pilots to continue giving us better choices about the appropriate action to take in response to risks and events earlier, with formal investigations and enforcement action used where that is proportionate. This approach will also bring forward new regulatory tools such as supervisory dialogue and engagement that will help secure a reduction in risk or harm to the public. The aim is for this to happen earlier and at a lower cost for both the regulator and those we regulate.

43. During 2026/27, we will focus on strengthening risk identification processes, invest in new data and intelligence tools, and expand a proactive supervision approach. These foundations will allow us to act faster on emerging risks and better prioritise our regulatory response. During 2026/27 we will:

Establish a proactive supervision function to undertake engagement directly with firms to identify, understand, and manage risks

44. We will continue to develop supervision as a core proactive regulatory tool. Building on pilots launched in 2025/26, we will establish a supervision function focused on early engagement with firms working in areas that pose significant risks. This includes those undertaking high volume consumer claims work and firms with complex or higher risk business structures.

45. During 2026/27, we will continue and refine supervision pilots, testing new tools and approaches, strengthening collaboration across teams and establishing faster regulatory action where concerns escalate. Learning from this work will help us to understand risks better and inform longer term decisions about our supervisory approach and any potential changes required to the regulatory framework.

46. The size and shape of the supervision function will evolve as we work through the pilot in 2026. We will be using resource and expertise drawn from existing functions within the organisation together with bringing in new capability.

Strengthen risk-based prioritisation and early case escalation

47. We will embed a more consistent, risk led approach to how we prioritise and escalate casework, ensuring that our attention and resources are focused on matters that pose the greatest potential risk to the public and trust in the profession.

48. This will involve improving processes for receiving and assessing reports of misconduct, using more focused analysis and clearer escalation routes to support earlier identification of serious and emerging risks. This will enable us to act more quickly in appropriate cases and avoid investigative processes becoming too complex to enable swift action to address or prevent harm.

49. We will explore alternative regulatory tools to formal investigations and enforcement action. This may include supervisory dialogue and engagement, for example, to support firms to comply. We will better target risk and operate more efficiently by adopting a greater focus on risk-based assessment of what must be subject to investigation and enforcement action and what can be addressed through appropriate supervision.

50. We will continue to pursue high impact and high-profile cases through the appropriate regulatory and disciplinary routes, ensuring serious misconduct is addressed decisively and transparently.

Expand an intelligence-led approach to risk

51. We will expand and embed advanced intelligence capabilities to support a proactive supervisory function and deliver an intelligence led approach to investigations.

52. This involves enhancing our ability to identify connected cases, patterns of behaviour and emerging themes across firms and individuals. This will allow us to take a more strategic view of risk, engage in supervisory dialogue and to deploy specialist investigation capacity more effectively and act earlier where systemic issues are identified. In addition, we will use the insight gathered to develop a better understanding of current and emerging trends across the sector. Improved intelligence capability will support earlier, more targeted regulatory action, reducing reliance on reactive enforcement alone and strengthening overall consumer protection.

Enhance risk insight through stronger data and analytics

53. Effective proactive regulation depends on strong data foundations. In 2026/27, we will continue to strengthen our risk and data operating model by introducing new data sources, analytical tools and technology to improve insight and early identification of potential harm. We will improve data quality through clearer standards, governance and targeted remediation, increasing confidence in reporting and decision making.

54. We will embed and enhance our law firm profiler, the single view of a firm, bringing together internal and external intelligence (including data from sources such as Companies House and the Legal Ombudsman), and introduce new risk indicators to strengthen analysis. We will also use improved data and analytics to generate more timely intelligence on market trends and emerging risks, supporting earlier and more effective response.

Improve the experiences of consumers in vulnerable circumstances when they engage with the organisation

55. We will improve how we identify and respond to consumers who may be in vulnerable situations, making sure they are supported to engage effectively with us when reporting concerns. We will adapt our processes to improve how we support consumers in vulnerable circumstances and enable relevant concerns to be progressed appropriately.

56. During 2026/27, we will roll out the roles of vulnerability leads in our public-facing teams. We will also use feedback from consumers to improve how we identify vulnerability and respond proportionately, strengthening both our intelligence and the fairness of our approach.

Strengthen and build on partnerships with other regulators to mitigate shared risks

57. We will deepen our collaboration and partnership with other regulators and law enforcement bodies on core and emerging risks, driving shared understanding, aligned priorities, and more effective intelligence flows.

58. Our plans include establishing structured engagement on high impact risks, pursuing joint approaches where appropriate, and expanding intelligence sharing when our casework identifies serious misconduct or criminal indicators. This includes, but is not limited to, engagement with other agencies and authorities, such as the Financial Conduct Authority, Serious Fraud Office, National Crime Agency and Crown Prosecution Service.

Focusing on the biggest issues

59. Strengthening the SRA's foundations requires us to have sharper focus and establish robust prioritisation at pace .

60. As the regulatory environment becomes more complex and demands on us increase, we cannot be effective if resources are spread too thinly or diverted from the issues that pose the greatest risk of harm to the public.

61. This priority is about being disciplined and explicit about where we direct our attention and effort. It means prioritising the biggest issues and making sure they receive sustained focus, leadership oversight and appropriate regulatory action, while being mindful of each of our statutory objectives including encouraging an independent, strong, diverse and effective legal profession.

62. Focusing on the biggest issues includes protecting consumers involved with high volume consumer claims, safeguarding client money, a focus on professional ethics and acting on alleged misconduct relating to the Post Office Horizon Inquiry, supporting responsible innovation, and continuing to enhance the SQE. We will also continue to prioritise work on business models that pose higher risks, including those that are growing fast, and maintain oversight through our supervision work.

63. Over the next year, we must prioritise the most pressing issues, align resources more closely to where we can make the biggest impact and stop or pause work that is not an immediate priority. This includes reducing the number of lower impact cases that enter investigation to better direct resources towards serious and emerging risks. This is a critical step towards reducing unnecessary demand on our investigation and enforcement model and improving overall efficiency in the system.

64. Inevitably, some activity we had anticipated progressing next year will need to be paused or rescheduled. Although our consumer empowerment work is important and there is more to do, this year we will prioritise work to safeguard client money and pause further work building on the evaluation of our transparency rules, and on quality indicators and digital comparison tools. Additionally, given the need to focus on our current remit, we will not take forward any further work relating to any potential redelegation of the regulation of CILEX professionals.

65. By focusing on the biggest issues, we strengthen the foundations of confidence, consumer protection and trust that underpin legal services. During 2026/27 we will:

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

66. We will deliver targeted improvements in 2026/27 to strengthen protections for client money within the existing system.

67. This will include enhancing the effectiveness of external assurance and oversight, reinforcing the checks and balances provided by compliance roles within firms, and improving how we monitor firms undergoing significant changes to their structure, ownership or business model. This includes changes through mergers and acquisitions.

68. Alongside this, 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 developments.

69. Additionally, we will explore whether clearer senior accountability frameworks informed by approaches used in other regulated sectors could provide stronger safeguards and more effective protection for consumers.

Boost consumer protection in high-volume consumer claims

70. High-volume consumer claims can provide access to justice for the public when they are managed well. However, they can pose a significant risk to consumers and to confidence in legal services when they are not. Where poor practices occur, the scale of activity means the potential for harm is high, making this a priority area for focused regulatory action.

71. In 2026/27, we will build on our earlier thematic work, consumer research and engagement with the sector to deliver a strengthened and more targeted regulatory response. We will prioritise the areas where our evidence shows the most acute risk of harm and produce further guidance and resources to clarify expectations and support firm compliance. Where firms fail to meet required standards, we will take targeted and proportionate enforcement action.

72. As part of initiatives to build a supervisory regime, we will also be engaging with firms undertaking high volume consumer claims across the motor finance sector. We will engage through a joint regulatory taskforce which includes the Financial Conduct Authority (FCA), Information Commissioner's Office, and Advertising Standards Authority.

73. Alongside this, we will consult on potential new regulatory rules to enhance consumer protection in high volume consumer claims where existing arrangements are not sufficient. This may include proposals to strengthen oversight of third party litigation funding, mitigate risks to firms' financial stability, and improve protections for consumers in the event of firm failure.

74. We will also continue to enhance collaboration with other regulators, ombudsmen and stakeholders to provide coordinated action and improved protection for consumers.

Enhance confidence in the SQE

75. We will continue to enhance candidates' experience of the SQE, building on improvements already made whilst recognising that further progress is needed.

76. The focus will be on listening carefully to feedback, evaluating the effectiveness of the assessment, and delivering targeted improvements where evidence supports change. We will work with independent assessment experts to complete a technical evaluation of the SQE, providing assurance on its design and operation and helping to identify areas for refinement.

77. Alongside this evaluation, we will use feedback from ongoing engagement with candidates, employers and the wider profession to inform continuous improvement.

78. We will consult on, and implement where agreed, any changes arising from our review of the Statement of Solicitor Competence and the Functioning Legal Knowledge that underpins the SQE. We will also repeat market research to understand how the SQE is perceived across stakeholder groups and track changes in confidence over time, as well as continuing to explore how best we can support candidates to choose training options appropriate to them.

Enable and encourage responsible innovation and growth in legal services by enhancing the support provided to law firms

79. The use of new technologies, in particular generative artificial intelligence (genAI), continues to develop rapidly. We are seeing new capabilities emerging at pace and increased use of AI by law firms, individual solicitors and consumers. Safe and responsible innovation has the potential to both support economic growth in the legal services sector and support consumers to access justice through more competitive and responsive service provision.

80. In 2026/27, we will strengthen SRA Innovate to provide clear, practical, and policy led support for firms looking to innovate and adopt technology.

81. We will define more clearly what Innovate offers in practice and improve coordination across the organisation so that support is more accessible to firms. We will also expand our public-facing materials to encourage responsible innovation and use of technology across the sector.

82. This work will build on existing engagement with firms, including research we have undertaken, since launching 'SRA Innovate' in 2018. Improving 'SRA Innovate' will aim to make sure that we play our role in enabling innovation that protects consumers and maintains public trust and confidence in legal services.

Assessing benefit and impacts

83. Our regulatory activities flow from our annual business plan commitments where we set out the rationale for our choices and the benefits that we expect they will bring. We are currently developing a draft Corporate Strategy 2027-30 and will consult on that in due course. We will continue to consult on our annual business plans, supported by extensive, proactive engagement.

84. We consult on all proposed changes to our regulatory arrangements. We set out our rationale for the proposals, our assessment of the potential benefits and impact assessments. We amend proposals based on feedback and publish post consultation decision documents as well as the related Board papers and minutes. The LSB's rule change approval process includes assessment of stated purpose, rationale and effect of changes. And of the consultation process, impact assessments and evaluation plans.

85. We undertake and publish formal evaluations of all significant changes. This supports our engagement work with stakeholders where we receive feedback about the impact of our work. We administer strong project governance including identification of benefits prior to approval and monitoring of deliverables to ensure benefits are achieved with project closure reports approved by senior management. We undertake regular performance reporting against key performance indicators to the SRA Board which is subsequently published. We also publish a suite of annual reports providing an overview of our operational work.

86. When determining our programme of work for 2026/27 we take into account the LSB's regulatory performance assessment of the SRA for 2025/26, and any current LSB Directions. Inevitably new issues will arise throughout the year and we will need to be quick to respond to them through an ongoing process of prioritisation.

87. Given the significant increase in the work we need to do, our ongoing work to become more efficient and target risks proportionately is critical. This is why improvements to these areas are a key part of our business plan 2026/27. We will therefore continue our work to improve, become more efficient, and make sure we are providing value for money.

88. Inevitably, we are having to pause some areas of work in order to deliver higher priorities. Our consumer empowerment work is important and there is more to do, but this year we will prioritise work to safeguard client money and pause further work building on the evaluation of our transparency rules, and on quality indicators and digital comparison tools. Additionally, given the need to focus on our current remit, we will not take forward any further work relating to any potential redelegation of the regulation of CILEX professionals.

89. We will also continue to look at whether there are any further areas of work we can deprioritise, so we can ensure our focus is on the areas that will deliver the biggest benefit to the public.

The Law Society

90. The Law Society provides a wide range of services to members. The Practising Certificate fee supports these activities across several permitted purposes as follows:

Permitted purpose 51a - The regulation, accreditation, education and training of applicable persons

91. We are committed to providing high-quality education, training and guidance to our members, which sits at the core of our work. Our support covers different practice areas, career stages and backgrounds. This includes accreditation schemes for individuals and firms, as well as Law Society Learning, which focuses on legal expertise, business skills and interpersonal capability.

92. We invest significant resources in supporting members through publications, toolkits, best practice, events and tailored content. We offer training and guidance on key topics such as climate change, leadership, ethics, regulation and professional standards. Through new digital platforms, we enable peer learning and help members share solutions to common challenges. We also provide timely updates on emerging issues to support compliance with legislation and regulation and aim to engage members through a range of platforms to ensure we maximise our reach and impact.

Permitted Purpose 51c - Participation in law reform and the legislative process and Permitted purpose 51e - The promotion of the protection by law of human rights and fundamental freedoms

93. We play an active role in law reform, drawing on our members' expertise to provide informed views that help shape and improve legislation. We are expanding our engagement with members to ensure an even more diverse contribution to our policy and insight through our new volunteering strategy Get Involved. Our work covers a broad range of areas, reflecting the depth and diversity of the profession. Key areas include criminal and civil justice, family and children law, mental health and disability law, human rights, tax, company law reform, and property law.

94. Alongside these priorities, we respond quickly to emerging law reform issues, offering timely and practical input. We also engage with international developments, ensuring our contributions reflect a global perspective on the rule of law and access to justice.

Permitted purpose 51d - The provision of applicable persons of legal services or reserved legal services, immigration advice or immigration services to the public free of charge

95. We are committed to supporting our members to take part in pro bono work. Many of our members provide significant amounts of free legal advice to those in need. To support this, we provide clear guidance and practical tools to help members carry out pro bono activity effectively and we work closely with key stakeholders including Law Works. We support the Major Incidents Response Plan to enable fast mobilisation when significant accidents and incidents require pro bono interventions.

96. We also maintain a pro bono charter, which reflects our members' shared commitment to improving access to justice.

Permitted purpose 51f - Promotion of relations between the approved regulator and national or international bodies, governments or the legal professions of other jurisdictions

97. We deliver an international programme that engages with key jurisdictions and stakeholders, including governments, bar associations and regulators to promote the use of English Law. We focus on areas where we can have the greatest impact, and have strengthened our relationships with European Bars following Brexit.

98. We also work closely with regulators in England and Wales across a range of matters that impact our members. It is important that the profession's voice helps shape regulation so it maintains professional standards, protects consumers, and is proportionate in its impact on the profession.

LSB request relating to Rule 14.a of the Practising Fee Rules

99. Rule 14a requires transparency of how an approved regulator:

a) proposes to apply the practising fee to a programme of activity, and
b) how the benefits of those activities which are regulatory functions will be assessed.

100. Leading up to the submission of this application, the LSB encouraged the Law Society and the SRA to provide a narrative explanation of how the intended benefits from the proposed activities funded from the practising fee - as set out in Rule 14a - will promote the interests of consumers and the public in line with the regulatory objectives. While this appears to be a reference to the benefits referred to in B above (i.e. limited to the benefits of activities which are regulatory functions), the Law Society considers that its proposed permitted purpose activities as set out above demonstrably promote the interests of consumers and the public – in particular its support for and leadership of activities relating to law reform; the promotion of the protection of human rights and fundamental freedoms; pro bono work; and ensuring that it continues to represent the solicitor profession in shaping regulation that promotes and maintains professional standards and the protection of consumers.

Section III - Financial information

Solicitors Regulation Authority

101. Following the approval of the 2025/26 practising fees the SRA Board took a decision to fund additional activity during 2025/26 from reserves to ensure we were able to respond appropriately to increasing levels of reports of misconduct. This resulted in a budget for 2025/26 with a £5.5m deficit, with this to be funded from reserves

102. The changes included a number of factors not known at the time of submitting our application. Expected regulatory income reduced by around £1m due to a reduction in applications for exemption from SQE examinations, a reduction in registration of periods of recognised training, as candidates shift towards the SQE as a route to qualification, and a decision to reduce the cost of the annual keeping of the roll fee from £20 to £10. This reflected a commitment made at the time the exercise was reimplemented to review the cost once initial set up costs were recovered.

103. Higher levels of inflation than anticipated added a further £1.4m to the budget across both staff and non-staff costs, including a significant increase in rent. We also increased the budget by £2.1m to supplement internal capacity through panel firms undertaking assessment work on reports of misconduct under SRA direction and oversight. As outlined later in this application we subsequently spent less than anticipated as we were able to increase internal capacity providing a more cost effective solution.

104. The final factors in the increased budget were £0.5m for projects costs to allow us to progress key programmes of work at the required pace and £0.5m for additional resource to manage increasing workloads. This was primarily in relation to increased reports of misconduct.

105. The table below shows the final approved budget for 2025/26 compared to the proposed draft budget for 2026/27 application. All figures within the SRA budget include VAT where incurred as the SRA is unable to recover VAT on costs.

106. The draft budget for 2026/27 shows a surplus of £10.3m as we are specifically including that amount to increase reserves. This will ensure that reserves are within the range identified in our reserves policy and also allow flexibility as we develop our plans ahead of the 2027-30 Corporate Strategy.

	2026/27 Draft Budget (£000s)	**2025/26 Budget (£000s)**	**Variance (£000s)**
Income			
Practising fees	111,500	86,500	25,000
SQE Income	59,107	53,083	6,024
Compensation Fund	19,239	18,686	553
Regulatory fees	3,179	3,279	(100)
Interest and investment income	1,893	1,893	-
Total income	**194,918**	**163,441**	**31,477**
Expenditure			
Staff expenditure	(68,619)	(60,531)	(8,088)
SQE costs*	(58,222)	(52,375)	(5,847)
Intervention costs*	(13,269)	(12,577)	(692)
IT Costs	(9,530)	(8,250)	(1,280)
External disciplinary / enforcement costs	(7,771)	(7,574)	(197)
Property costs	(7,335)	(4,389)	(2,946)
Projects	(6,000)	(8,000)	2,000
Overheads	(2,730)	(2,661)	(69)
External / Specialist resource	(2,665)	(2,597)	(68)
Legal fees	(1,596)	(1,556)	(40)
Outsourcing	(562)	(2,662)	2,100
Other costs**	(6,319)	(5,764)	(555)
Total expenditure	**(184,618)**	**(168,936)**	**(15,682)**
Surplus / (Deficit)	*10,300*	*(5,495)*	*15,795*

*Excluding the staff costs related to these activities

** Other costs includes insurances, audit fees, temporary staff, Board related costs, external meeting and marketing costs, research and staff travel.

107. Preparing the 2026/27 SRA budget takes the following into consideration:

- the SRA's business plan for 2026/27
- the SRA's 2025/26 operational and financial position, including levels of activity, and the expected impact on SRA reserves
- the SRA's assessment of current regulatory challenges and priorities and operational performance.

108. The draft budget has been prepared to deliver against the objectives outlined in the draft 2026/27 business plan. This plan, which is supported by the budget, sets out proposed specific deliverables for the year as we plan for our 2027-30 Corporate Strategy.

109. In addition to our core work to set and maintain the high professional standards that we and the public expect, the key areas of work in 2026/27 include those discussed in paragraphs 17-82. We will finalise our business plan in the autumn and there may be further prioritisation decisions that need to be taken as we shape our plans further for the coming year and the longer term, including any changes in light of feedback on our draft business plan. We remain confident at this stage that the overall budget underpinning this application remains sufficient to allow us to deliver our commitments in the business plan and allow flexibility to respond to changing demands.

110. The SRA Board considered the SRA 2026/27 draft budget and approved it for consultation along with the business plan at its meeting on 21 April 2026. The Board then considered the responses to the consultation on 30 June 2026 and informed the Law Society Council of the funding requirement for the SRA. The Council approved the overall Law Society group funding requirement on 1 July 2026. The requirement for the SRA is approved solely by SRA Board and is then included within the overall requirement approved by Law Society Council.

111. The largest proportion of income in the SRA comes from Practising fees (57%), with 30% from the Solicitors Qualifying Examination, 10% from the Compensation Fund and 3% from other regulatory income and interest. While the income from the Compensation Fund will inevitably fluctuate, it simply represents a recharge of costs to the fund and consequently will only increase if costs increase and vice versa. Reliance on the income from the Fund therefore poses no risk to the SRA while at the same time providing no profit.

112. Income from the Solicitors Qualifying Examination will also vary as candidate numbers rise or fall. Any change in this figure is matched by an equivalent rise or fall in costs of providing the examination and therefore reliance on this income stream poses no risk to the SRA. Income is expected to increase considerably in 2026/27 as the number of candidates sitting the SQE increases.

113. Other regulatory income predominantly relates to applications from regulated, or prospective regulated individuals and firms. This is a relatively stable income stream and there is a reasonably low level of risk attached to it. Additionally, a reduction in applications of these types would in part lead to a reduction in costs as the fees received represent the administration costs associated with the application. We do not expect any material change in this income stream for 2026/27, with a small reduction as income from registration of periods of recognised training reduces year on year. Over time this activity will cease as the SQE becomes the primary route to qualification.

114. We are mindful of the pressures on the profession and the impact of increases in practising fees. We recognise that a significant increase in succession will not be universally welcomed. However, the scale of the additional work and resource needed means we are proposing this increase to our share of the fee. As highlighted earlier in this application, the SRA must focus on fewer priorities, move from a largely reactive to a proactive approach to regulation, and improve operational and technological capabilities to be better prepared for the scale and complexity of the challenges we face.

115. We have set out further details on our increasing costs below.

Resourcing key new and enhanced areas of work

116. The largest increase is in our staff cost budget, accounting for around a third of the overall increase in funding required. This reflects the need to properly resource the organisation for the scale of change outlined in our business plan. We are making changes to our Executive team which will create greater capacity, renewed focus and more clarity at senior levels, which will in turn drive the transformation needed.

117. We have already and will continue to increase resource in our Investigation functions. This is in response to the significant and sustained increased reports of misconduct that we receive. During 2025/26 we have instigated projects to streamline and improve how we manage the end to end investigation and enforcement process. As this streamlining takes effect, resource will be released to grow and enhance a proactive supervision function, informed by the current Supervision pilot.

118. We are establishing measures to enable the Executive, the Audit and Risk Committee and Board to monitor the effectiveness, efficiency and impact of our supervision work alongside our investigations and enforcement activity.

119. We are also recruiting into new risk and data roles to support the significant changes to how we proactively identify and respond to risks as outlined in our draft business plan. The outcome of this, in terms of improved risk identification and efficiency of response, will be measured through the Risk and Data programme, one of our key priorities. As that programme evolves and delivers we will work up the appropriate impact measures to evaluate the success of this work; those measures will continue when we transition ownership and management of risk and data processes from the programme to the business as a whole.

120. Additionally, we are increasing capacity in our Complaints, Information Governance, HR, Finance and IT teams to meet the needs of a growing organisation.

121. We have offices in Birmingham, London and Cardiff. During 2025/26, we have taken the decision to expand our footprint in Birmingham and London. This is crucial to support recent growth and the more collaborative working environment that we require to deliver the necessary changes in the coming years. The outcome of this will be to allow for more joined up collaborative working across functions.

122. Ensuring that we have the appropriate technology to support our transformation and new ways of working is only possible with further investment in IT. Additionally we need to ensure we have funding available to progress key change programmes during the year. This will provide the foundation for the successful delivery of our ongoing Risk and Data Programme.

Managing cost inflation

123. The Office for National Statistics report on inflation reported CPI at 3 per cent in May 2026. We included this as our planning assumption at the time we set the budget, for all costs, whether staff or external cost. The rate of inflation could increase or decrease throughout the year but we do not expect a material change from that level. When we consider our costs that may be subject to inflationary increases we estimate that this will increase our cost by £2.5m - £3m per annum. This is included within our staff and non-staff budgets shown above.

Reductions in budgeted expenditure

124. The SRA 2026/27 budget for projects is set at £6.0m, reduced by £2m from the previous year. Within the project portfolio for 2025/26 we expect significant expenditure to continue to be on our Risk and Data Programme and Consumer Protection Programmes, an end to end review of our Investigation and Enforcement processes and the established of our Supervision function. This is in addition to our continued focus on continuous improvement of our systems and processes, and delivering improved efficiencies.

125. We were also able to remove £2.1m from our outsourcing budget which was added as one off expected cost for 2025/26. The full amount of this budget was not required, allowing us to prioritise other activity ahead of an expected increase in practising fee income for 2026/27.

Reserves

126. The proposed budget for 2026/27 includes £10.3m to increase reserves following decisions in advance of and during 2025/26 to increase spending, resulting in a deficit that has reduced reserves during the year. This amount will return reserves to a level within the range include in the SRA reserves policy and future spend from reserves is governed by the Board. This is discussed further in section IV.

Maximising value for money including the efficiency of our delivery

127. Delivering value for money requires a focus on delivering economy, efficiency, and effectiveness. Examples of how we achieve this include:

- a strong control environment in our procurement processes
- KPIs at all levels of our operations including those published in our balanced scorecard
- a rigorous assessment of required resourcing levels.

128. The following table summarises the budgeted position for 2025/26 compared to the expected outturn for the year. The actual position for the year will not be known until after the end of the financial year. The budget uses here is the budget approved by the SRA Board in late 2025.

129. Due to decisions taken during the year, we now expect to overspend against the original budget and to end the year with a deficit of around £10m. This deficit was expected and considered when setting the proposed fees for 2026/27 and the reason for including £10.3m to increase reserves.

	2025/26 Forecast Outturn (£000s)	2025/26 Budget (£000s)	Variance (£000s)
Income			
Practising fees	86,603	86,500	103
SQE Income	50,310	53,083	(2,773)
Compensation Fund	25,155	18,686	6,469
Regulatory fees	3,416	3,279	137
Interest and investment income	2,714	1,893	821
Total income	**168,198**	**163,441**	**4,757**
Expenditure			
Staff expenditure	(63,343)	(60,741)	(2,602)
SQE costs*	(49,530)	(52,375)	2,845
Intervention costs*	(19,475)	(12,577)	(6,898)
External disciplinary and enforcement legal costs	(11,725)	(7,574)	(4,151)
Projects	(8,363)	(8,000)	(363)
IT Costs	(8,223)	(8,250)	27
Property costs	(5,063)	(4,389)	(674)
Overheads	(2,459)	(2,451)	(8)
External experts / Specialist resource	(2,113)	(2,597)	484
Outsourcing	(1,716)	(2,662)	946
Legal fees	(1,560)	(1,556)	(4)
Other costs	(4,536)	(5,764)	1,228
Total expenditure	**(178,106)**	**(168,936)**	**(9,170)**
Surplus / (Deficit)	*(9,908)*	*(5,495)*	*(4,413)*

130. The number of candidates taking the Solicitors Qualifying Examination (SQE) was lower than the initial estimates received from SQE training providers, meaning that the level of income was lower than in the budget. However, this is offset by lower costs of delivering the exam. The overall SRA net position is relatively unaffected by this reduction.

131. Interest income is broadly in line with budget and we have seen a c.£900k gain on investments in the year. The value of investments will inevitably fluctuate during the year and therefore we do not budget for any increase.

132. Income from the Compensation Fund has increased as a consequence of intervention related activity in the year. The full costs of interventions is recharged to the Fund and therefore increased costs result in increased income from the Fund.

133. As we start to make the changes we need to make as an organisation we have increased headcount during the year to tackle increasing reports of misconduct. This has increased staff costs ahead of an expected increase in practising fees as requested in this application.

134. As mentioned above, we have seen increased levels of interventions in the year (45 in the eight months to June 2026 compared with 42 in the whole of the previous financial year). This has increased costs in the year which are recharged to the Compensation Fund with no net impact on the SRA overall position.

135. External legal costs have increased significantly as a consequence of a number of high profile cases. Amongst these are our investigations related to the Post Office Horizon scandal and increased reports of solicitor misconduct. Additionally we have had a number of adverse costs orders that have required us to make significant payments during the year. These factors have increased costs in year. We have instigated an end to end review of our investigation and enforcement processes and other improvements, which will ensure that our enforcement work is targeted on the key issues and well executed going forward.

136. Property costs are increasing this year and will increase further in 2026/27 as we took a decision during the year to increase our property footprint in Birmingham and London. This will allow us to offer a collaborative working environment to all staff, allowing us the ability to make the changes that we need to make over the coming months and years.

137. Project expenditure is expected to be slightly higher than budget as we have reprioritised activity during the year. The project portfolio is an ever-evolving list of priorities and during this year we have seen continued focus on the ongoing Consumer Protection programme and Risk and Data. We expect the level of project expenditure to reduce in 2026/27 although remaining above historical normal levels. This is reflected in the reduced project budget of £6m proposed for 2026/27.

138. The outsourcing budget was originally expected to be used to provide external support to our Assessment and Early Resolution team to deal with increasing levels of reports of misconduct. Through a project to look at processes in the team, increased headcount and flexing resource across teams we were able to increase internal capacity to deal with these reports. This reduced the level of external expenditure resulting in savings that could be invested elsewhere.

139. Other costs include insurances, audit fees, temporary staff, Board related costs, external meeting and marketing costs, research and staff travel. Savings included lower expenditure on external meetings and external activities, temporary and contract staff and research activity.

140. Overall, we expect the final position for the year to be a significant planned deficit, with additional activity funded from reserves. As discussed in this application, we are taking action to bring our reserves within the levels outlined in our reserves policy.

141. Practising certificate fees have been paid in respect of over 185,000 individuals and we expect this number to increase throughout the remainder of this year and in 2026/27. The number has increased by around 6,000 a year for the last three years. Not every solicitor will pay a full fee as discounts are available for those on maternity leave or equivalent and those that join the profession part way through the practising year.

142. The increase in the overall practising certificate fee from £326 to £382 (17% increase). We recognise there is an increase in the total SRA requirement for the second year in succession for the reasons outlined in our business plan and throughout this application. A significant factor in the increase this year is the need to build reserves to within the range set by the SRA Board. Looking forward, we want to establish a more stable level of funding and we will set out our medium-term expectations, and the likely impact on the future practicing fee, as part of our 2027-30 Corporate Strategy.

The Law Society

143. This table shows budgeted figures for the expenditure of the Law Society on permitted purposes, split by directorate, and the sources of income that fund it.

144. 2026/27 marks the second year in our new 3-year corporate strategy. The figure shown for total practising fee income constitutes the funding requirement of the Law Society to carry out our permitted purpose activities. The Law Society has increased the practising fee by 2% compared to the prior year budget. We will be taking a draw on permitted reserves to enable alignment with our reserves policy. All figures within the Law Society budget include VAT as appropriate.

Total practising fee income and permitted expenditure

Budget Item	**2026/27 Budget (£000s)**	**2025/26 Budget (£000s)**	**Variance (£000s)**
Total practising fee income	38,310	37,559	751
Commercial Income & Other Income (Permitted)	13,218	12,600	618
Investment income	1,092	1,185	(93)
(Increase) / Draw on permitted reserves	6,266	4,325	1,941
Total	**58,886**	**55,669**	**3,217**
Directorate of the CEO	(5,221)	(5,062)	(159)
Member and External Affairs	(27,117)	(27,108)	(9)
Corporate Strategy & Performance	(23,075)	(22,218)	(856)
Projects	(4,384)	(2,496)	(1,889)
Other (Non-Operating Activity)	912	1,215	(304)
Total	**(58,886)**	**(55,669)**	**(3,217)**

145. This table shows the budgeted figures for the expenditure of the Law Society on non-permitted activities.

Total non-permitted income and expenditure

Budget Item	**2026/27 Budget (£000s)**	**2025/26 Budget (£000s)**	**Variance (£000s)**
Commercial Income & Other Income (Non-Permitted)	1,527	933	594
Investment income	1,512	1,789	(277)
(Increase) / Draw on non-permitted reserves	(2,171)	(1,850)	321
Total	**868**	**872**	(4)
Directorate of the CEO	(612)	(256)	(356)
Member and External Affairs	(25)	(57)	(32)
Corporate Strategy & Performance	(207)	(548)	341
Projects	(32)	(23)	(9)
Other (Non-Operating Activity)	8	11	(3)
Total	**(872)**	**(872)**	**(28)**

Expenditure allocation against permitted purposes

146. In calculating this year's funding requirement, the Law Society has continued with the methodology whereby expenditure is split into permitted and non-permitted categories using activity-based analysis codes.

147. The Law Society budget includes costs which will be spent on projects for 2026/27. The total project spend is set at £4.4m (2025/26 £2.5m). The permitted share of this fee is set at £4.3m (2025/26 £2.5m) and represents the amounts to be collected via the practising fee. Investment in projects contributes largely to permitted activities within the Law Society and as such the planned expenditure is allocated on a proportionate basis across permitted and non-permitted activity. The table on page 21 shows how the proposed fee for the Law Society, SRA and the levies is allocated to permitted purposes activities. The permitted purposes are[2] –

a. the regulation, accreditation, education and training of applicable persons and those wishing to become such persons, including –
   i. the maintaining and raising of their professional standards; and
   ii. the giving of practical support, and advice about practice management, in relation to practices carried on by such persons;

b. the payment of a levy imposed on the approved regulator under section 173 of the Act and/or the payment of a financial penalty imposed on the approved regulator under section 37 of the Act;

c. the participation by the approved regulator in law reform and the legislative process;

d. the provision by applicable persons, and those wishing to become such persons, of legal services including reserved legal services, immigration advice or immigration services to the public free of charge;

e. the promotion and protection by law of human rights and fundamental freedoms;

f. the promotion of relations between the approved regulator and relevant national or international bodies, governments or the legal professions of other jurisdictions;

g. increasing public understanding of the citizen's legal rights and duties; and

h. preventing any person, who is not a relevant authorised person and/or does not hold a current relevant practising certificate, purporting to be such a person or to hold such a certificate.

[2] PCF Finale Rules 2021 (legalservicesboard.org.uk)

Functional area	Gross Cost £m	(a)	(b)	(c)	(d)	(e)	(f)	(g)	Permitted Purposes Total (£m)	Not in scope of permitted purposes
Levies										
Legal Services Board	5.52	-	100%	-	-	-	-	-	5.52	-
Legal Ombudsman	19.12	-	100%	-	-	-	-	-	19.12	-
Solicitors Disciplinary Tribunal	2.93	100%	-	-	-	-	-	-	2.93	-
Office for Professional Body Anti-Money Laundering Supervision	0.81	-	100%	-	-	-	-	-	0.81	-
SRA										
All activities	178.05	100%	-	-	-	-	-	-	178.05	-
The Law Society										
Directorate of the CEO	5.43	3.87 71%	- -	0.50 9%	0.03 1%	0.38 7%	0.40 7%	0.05 1%	5.22 96%	0.21 4%
Member Experience	27.14	20.31 75%	- -	2.24 8%	0.20 1%	1.45 5%	2.62 10%	0.30 1%	27.12 100%	0.02 0%
Corporate Strategy & Performance	23.69	17.81 75%	- -	1.77 7%	0.15 1%	1.18 5%	1.95 8%	0.22 1%	23.08 97%	0.61 3%
Projects	4.42	3.33 75%	-	0.36 8%	0.03 1%	0.24 5%	0.39 9%	0.04 1%	4.39 99%	0.03 1%
Corporate Strategy & Performance	(0.92)	(0.64) 70%	- -	(0.09) 10%	(0.01) 1%	(0.06) 7%	(0.10) 11%	(0.01) 1%	(0.91) 99%	(0.01) 1%
Total gross expenditure	266.19	25.4		4.8	0.4	3.2	5.3	0.6	265.33	0.86

148. We continue to invest in our infrastructure and develop our Commerce, CRM and systems to ensure we are up to date, compliant and process efficient. In the next year we will continue with our data quality programme and our focus will face the future as we look to develop AI. The costs for development are included within projects. Permanent IT resources who assist in supporting the program of works are included in staff costs and additional resources required to support the program are included in projects.

149. In February 2020 a significant fire caused damage to the Chancery Lane headquarters (114 Chancery Lane). During 2022-23, a working property group (appointed by our Council) recommended reinstatement of 114, with up-to-date enhancements for accessibility and health and safety. This work has been completed in 2025-26 and the property is being marketed for commercial letting. In 2026-27 our non-permitted income increase relates to an assumption that we will let the premises in 2026-27. The capital investment for this reinstatement is being funded from the non-permitted reserves of the Society.

150. There are no group related services beyond the collection of the practising fees.

The Law Society delivery

151. The activities of the Law Society are allocated across permitted purposes, non-permitted and support the business using detailed analysis codes to cost the associated activities. Support the business relates to activities that are not directly attributable to permitted or non-permitted activities, such as those undertaken by our finance function. As support the business contributes to both permitted and nonpermitted activity within the Law Society the planned expenditure is allocated out on a proportionate basis across these.

152. Where an activity relates to both permitted and non-permitted purposes the activity is allocated to either permitted or non-permitted purposes based on the main activity being undertaken. For example, where an event which falls within a permitted purpose, can be attended by both solicitors and non-solicitors, if the event's main activity is for the benefit of solicitors then the analysis code used for that event will be allocated to permitted purposes.

153. The Law Society delivers its permitted purpose activity through the directorate structure as set out in this application. The table on page 18 splits out the directorates into further detail along with the percentage allocation of the permitted costs against the permitted purposes as set out in section 51 of the Legal Services Act 2007.

154. The Law Society generates commercial income from both non-permitted and some of its permitted purposes work. Examples of permitted activities which generate commercial income are the accreditation schemes which the Society runs, and training delivered to solicitors. The Law Society utilises the commercial income generated from permitted purposes activity to help fund this and other areas of the business rather than seek additional funding from the membership.

155. The Society is maintaining commercial income but rate of growth is reduced. External business uncertainty and increased costs will always put pressure on some of our business lines, particularly those based on more discretionary marketing spend, including partnerships. Alongside this the slowing of the employment market has an

impact on our successful Gazette Jobs Board. However, our commercial income is spread across 12 business units and continues to be relatively resilient.

156. We have reduced our commercial income forecast for 2026, which inevitably has an impact on 2027. Lower than expected returns to date in our Forms business, Law Society Learning and accreditations will slow the rate of overall commercial growth this year. We have already started a review on how we package our free and paid for content and products to drive income and we have created a new product group to improve our end-to-end approach for creating, delivering and evaluating our products and services.

157. The five missions launched as part of the new corporate strategy have helped to focus and shape our delivery in Year 1 and will continue to provide a strong framework as we enter Year 2. Members have responded very positively to the strategic goals within each mission and the practising certificate fee survey reflects strong alignment between the missions, strategic goals and priority areas of interest for our members. The missions are as follows:

- Technology
- Conditions for Growth
- Justice & the rule of law
- Responsible Business
- Member experience & value

158. Our two permanent commitments, that guide how we deliver for members, are focusing our efforts across key initiatives including technology development, organisational ways of working, commercial delivery and data. The permanent commitments are:

- Ways of working – making the Law Society a great place to work and volunteer
- Service capabilities – continually developing our capabilities to serve our members

159. The following table summarises the forecast outturn for 2025/26 compared to the budget for the 2025/26. The actual position for the year will not be known until after the end of the financial year.

	Forecast 2025/26 £000's	Budget 2025/26 £000's	Variance £000's
Practising Fees	**37,559**	**37,559**	0
Commercial Income	13,513	13,401	112
Other Income	295	165	131
Total Income	**51,365**	**51,125**	**243**
Cost of Sales	2,299	2,314	15
Gross Margin	**49,069**	**48,811**	**258**
Staff Costs	**34,212**	**34,400**	**188**
Staff Travel & Entertainment	582	634	52
Board, Committee & Council	1,359	1,070	(289)
Communications	14	13	(1)
Office Costs	170	151	(19)
Property Costs	3,387	4,085	698
IT Costs	4,681	4,398	(282)
Professional Fees	624	652	28
Research & Consultancy	2,322	1,531	(791)
Marketing	748	1,329	581
Admin Costs	235	305	70
Stakeholder Engagement	170	139	(32)
Grant Expenses	441	505	64
Insurance	673	604	(69)
Legal	694	430	(264)
Finance Charges & Fees	93	122	29
Depreciation	1,047	1,274	228
Total Non-Staff Costs	**17,239**	**17,241**	**2**
Total Operating Expenditure	**51,451**	**51,641**	**190**
Net Surplus/(Deficit) exc Projects	**(2,381)**	**(2,830)**	**448**
Projects	(3,534)	(2,519)	(1,016)
Operating Surplus/(Deficit)	**(5,916)**	**(5,348)**	**(567)**
Non-Operating Activity	342	2,874	(2,532)
Net Surplus/(Deficit) (Exc. levies)	**(5,573)**	**(2,474)**	**(3,099)**
Levies	(2,150)	(2,328)	178
Net Surplus/(Deficit) (Inc. levies)	**(7,724)**	**(4,803)**	**(2,921)**

Section IV – Reserves

160. The SRA and the Law Society are expected to operate within approved budgets, reprioritising if necessary should unexpected needs arise in the year.

Solicitors Regulation Authority Reserves

161. The reserves of Solicitors Regulation Authority Limited at the end of October 2025 were £23.3m, of which £21.5m was free reserves (excluding fixed assets and restricted reserves). These reserves are managed solely by the SRA, separate from the reserves of the wider Law Society Group. The expected uncommitted reserves at the end of financial year are £12.0m.

162. The target level of reserves for SRA was formalised in the reserves policy which was approved by the SRA Board in December 2021 and reiterated most recently in April 2025. The policy establishes a target level of free reserves of between £17.7m and £25.0m which at the time represented approximately between three and five months expenditure. When compared with the proposed 2026/27 budget, this represents 2-3 months of expenditure. As outlined above, free reserves are expected to be below this level at the end of the 2025/26 financial year. The SRA Board considered this when setting the funding requirement for 2026/27 and we have included £10.3m in our proposals to increase reserves to within the approved range. This will increase overall reserves to c.£24m with the level of free reserves determined by future decisions on our property usage.

163. We have offices in Birmingham, London and Cardiff. During 2025/26, we have taken the decision to expand our footprint in Birmingham and London. This is crucial to support recent growth and the more collaborative working environment that we require to deliver the necessary changes in the coming years. Associated with this will be capital expenditure which will reduce free reserves but the value of this is currently uncertain as we have not finalised our plans at the time of writing.

164. The reserves policy will be further considered by the SRA Board in 2027 ahead of consulting on proposed funding requirements for 2027/28. During early 2026/27 we will be consulting on our next three-year Corporate Strategy which will begin to inform the likely level of our funding requirement over that period.

165. When reviewing the reserves policy we consider the potential risks to income and expenditure and the impact were any of those risks to materialise. This includes considering each income stream and the likelihood of any unexpected reductions in this income, but also the impact that might have on expenditure. For example, income from the SQE and from the Compensation Fund are directly correlated to expenditure and therefore pose no risk to the overall position or reserves of SRA. We also consider unexpected increases in expenditure, driven either by increased activity or inflationary pressures on costs. We also consider the likelihood that these increases could be offset by increased income. Additionally, we considered the likelihood of additional resource requirements in the form of increased headcount and the situations in which this need might arise.

166. In line with rule 21 of the LSB Practising Fee rules, we are comfortable that both the target level for practising fee reserves and the accumulated practising fee reserves are sufficient to ensure that we are reasonably financially resilient even in adverse circumstances. We may increase our reserves over multiple years to ensure that the impact on the practising fees is mitigated.

167. If we were to face a call on reserves in the coming year, through unexpected activity or emerging priorities for example, we could, with the agreement of the Board, utilise reserves to avoid scaling back on other planned activity. The increased levels of resource that will be funded through the increase in practising fees should mitigate the need for additional calls on expenditure. Any exceptional requirements are unlikely to be immediate, allowing time to reprioritise and replan our use of resources in most cases.

The Law Society Reserves

168. The table below shows the anticipated actual value of the Law Society reserves at the end of October 2026.

Reserve Category	**Forecast Reserves 2025/26 £m**
Permitted Reserves	18.7
Non-Permitted Reserves	25.8
Total Free Reserves	44.5
Permitted Levy Reserve	0.2
Investment in SRA	13.3
Fixed Assets	19.4
Total Law Society Reserves	**77.4**

169. As part of the budgeting process for 2026/27 the Law Society has reviewed their reserve policy. After an adjustment for known future commitments and an adjustment for anticipated future risks, it is our intention to hold total free reserves of between three and six months of operating expenditure. At the end of 2026/27, we anticipate our reserves cover will be 6.3 months. To avoid fluctuations in the practising certificate fee, the Law Society will aim to smooth increases in the practising certificate fee over a period of 3-5 years, ensuring agreed reserve levels over that period of time.

Section V - Consultation and engagement on Practising Certificate Fee

Solicitors Regulation Authority

170. To give the profession and the public the best possible information on our forward work, our proposed budget and our element of the Practising Certificate Fee and the Compensation Fund contribution, we consulted on them – as part of our draft 2026/27 Business Plan and budget - between 8 May and 22 June 2026.

Our approach

171. We took a multi-channel approach to promote and engage on our proposals, using traditional media, digital channels, such as a webinar, social media polls and promotion, and updates in our e-newsletter.

172. Our aim was to raise awareness of the consultation, encourage formal written responses, while also gathering feedback through direct engagement with stakeholders.

Promotion and level of engagement with our consultation

173. We promoted the consultation through:

- featuring in two editions of SRA Update, our monthly e-newsletter, that went to 211,377 solicitors and subscribers in May and 211,930 in June. This generated 8,930 unique clicks on stories relating to the consultation
- a live webinar with the Chief Executive and members of the Executive, seen 300 times on YouTube
- posting 31 times across LinkedIn, Facebook, and X, with different posts targeting the profession, the public and key stakeholders. These posts appeared on social media feeds 1,689,123 times
- around 6,989 direct pieces of engagement with our social media posts, which includes likes, comments, clicks, poll responses and shares
- media release, gaining coverage for the consultation in a range of legal media, including the Law Society Gazette, Legal Futures, Legal Geek, Today's Conveyancer, and the Global Legal Post.

Engagement

174. We carried out a range of direct engagement with the profession, consumer groups and the public to better understand views on our proposals. This included:

- roundtable discussions with representatives from local law societies, consumer representative groups, representative bodies, small firms, in-house/local authority solicitors, and sole practitioners
- three focus groups with individual members of the public as consumers of legal services (two in English language and one in Welsh).
- discussing the proposals as part of regular meetings with representatives from larger firms (through our Regulatory Managers), representative groups (including the Sole Practitioners Group (SPG) and City of London Law Society (CLLS)) and other legal bodies (including the Legal Services Consumer Panel (LSCP)).

175. In addition to all the feedback we received on our consultation through events and online engagement, we received seventy-two written responses to our consultation. We received responses from:

- Six national representative bodies and membership organisations (including the Law Society and Sole Practitioners Group).
- The Legal Services Consumer Panel.
- The Legal Ombudsman.
- Twelve regional and local law societies (including 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.

Summary of consultation feedback - budget and practising certificate fee

176. In our consultation paper on our draft Business Plan for 2026-27, we described our budget proposals and asked our stakeholders about those proposals for 2026-27, including the SRA's proposed proportion of the practising certificate fee and proposed budget. We also asked for views about and feedback on the Equality Impact Assessments (EIA) related to these.

177. We heard a clear message from the public of the importance of the SRA protecting client money, maintaining standards, and building trust in the profession. There was general support for our proposals, with most we spoke to viewing them as core regulatory functions. There was emphasis on the importance of our work to protect client money, maintain standards, and build trust.

178. There were some mixed views from the public on fee increases. The expected cost increases appeared to be reasonable to most members of the public who took part in our focus groups, with many saying they were prepared to pay more to make sure there is the right level of consumer protection. There were however concerns from some that the fee increases were large and said it would not be justifiable for firms to pass this on to consumers. Others felt that it was inevitable that the fees would be passed on to them as consumers but would be prepared to pay more to get the right protections.

179. Feeback from representative consumer groups tended to focus on the downstream impact on consumers, access, and provider sustainability. In their response the LSCP said fee pressures could 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. Thay called on us to 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.

180. We heard concern from across the profession on the potential impact of any fee increases on firms, who in many cases said they will need to raise their own fees in response. This included the Law Society who highlighted this as a primary concern, saying their view was that the scale of the increases is significant and risks placing unsustainable financial pressure on the profession without sufficiently clear or robust justification.

181. We heard particular concern raised about a likely disproportionate impact on parts of the profession, and in particular sole practitioners and smaller firms, as well as the impact there might be for consumers in terms of access to justice, particularly for the most vulnerable. A number of sole practitioners spoke about the scale of the potential increase, warning that if we were to go ahead with the increase as planned this would mean they would end up closing as a practise, as they would no longer be financially viable. This was emphasised by the SPG in their response, who noted that these firms not only lack the economies of scale of larger organisations, but cannot easily pass costs on to clients, and operate in some of the most economically challenged parts of the country.

182. We also heard calls on further explanation of the drivers of fee increases, and where the money will be spent. The Law Society, in their response, asked that the SRA 'demonstrate that all reasonable cost control measures have been exhausted, and set out how such costs will be stabilised and managed over time.'

Feedback overview: our plans for 2026/27

183. In relation to our plans for 2026/27, overall feedback consistently highlighted a desire for the SRA to set out clearly how the funding collected from the profession will be spent and seek to measure the impact it has. There were also questions over whether we will be able to deliver the changes we say we are setting out to make, with some respondents requesting that we are more transparent on the changes we plan, progress on these, and their impacts, including for consumers.

184. Feedback we heard from the public demonstrated general support for our plans, particularly where they relate to consumer protection and risk management, agreeing that operational excellence is essential for maintaining standards and public confidence. There was general support across stakeholders, including the profession, for our proposals for a more proactive, risk-based, and proportionate approach to regulation

185. There was also general support for us being proactive in identifying and mitigating risks before harm occurs and focusing on big issues like high volume consumer claims. A number of those we spoke to said that doing so would increase trust and confidence in solicitors and the wider system. There was some concern expressed however about how the SRA would implement these plans in practice.

186. The overall view of consumer representative groups is supportive of our proposals to improve performance and effectiveness agreed with the focus on systemic risks and high-impact areas that have consumer impacts. At the same time, we heard a demand to see greater accountability and clearer delivery plans. Within this we heard an emphasis on us making sure improvements translate into better outcomes for consumers, not just internal efficiencies.

187. The overall sense from the profession was that we are reflecting the right priorities, with a greater focus on serious risks and consumer harm. Respondents from local law societies 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, there was a desire for more details and assurance that we will deliver these effectively, proportionately, and in a way that genuinely improves outcomes rather than increasing regulatory burden.

188. There were also calls for more ongoing, meaningful engagement and earlier involvement in policy development. We heard calls for clearer communication on proposed changes. Here larger firms were generally more positive and reported better engagement and information flows, but smaller firms and local law societies said they felt less engaged and wanted more practical interaction and information. A number of respondents from the profession also called on the SRA to provide a clearer demonstration of the difference the plans will make and how they will impact upon them, including plans for supervision.

Summary of how we have taken responses into account (SRA)

189. In the consultation paper we described our proposals to secure income of £111.5m from practising fees, representing an increase of £25.0m (23% increase) from our 2025/26 budget. Having considered the feedback from the consultation, we are not proposing any fundamental changes to our business plan that would suggest we need to adjust this figure.

190. We have acknowledged views on the impact of rising fees on the profession, and ultimately consumers of legal services. However, we note the general support from all stakeholders for our programme of improvements for the year ahead, focused on our key priorities of delivering operational excellence, the proactive identification of risk, and focussing on big issues. This feedback supports our need to invest in the organisation now, rather than accept the higher risks and costs that would ultimately arise from continuing as normal.

191. Nonetheless, we have responded to one of the main areas of concern we heard about – the potentially disproportionate impact that increases in fees and compensation fund contributions upon smaller firms, by making changes to how contribution levels to the SRA Compensation Fund are calculated. Details of this are set out in that separate application.

192. In developing our final business plan for publication before the start of 2026/27, we will reflect feedback from the consultation. We will be clearer about how some commitments will deliver against our regulatory objectives, for example to explain better how our work on priority three (focussing on the biggest issues) will contribute effectively to access to justice.

193. During the remainder of 2025/26 we are continuing work to develop more outcome measures to illustrate the impact of our work. This includes input from teams across the organisation and a Board Working Group to ensure that we respond to the feedback we received on our consultation.

194. We will also update our business plan for 2026/27 to draw out further how we will progress the specific proposals in each of our priority areas, as well as how we will measure the impact of our work. We will provide updates on our delivery during the year, as well as sharing evidence of how we deliver value for money from investments we make.

The Law Society

Our approach to engagement

195. Last year, as we prepared to develop our 2025-28 strategy, we engaged with our members both online and in person at regional and national bicentennial celebrations. This approach ensured that our members were at the heart of our strategy. As we plan for the second year of our strategy, we remain committed to being evidence-led and member-focused. We held our consultation early to guide the development of our 2026/27 business plan. The consultation was designed to establish a clear connection between our three-year strategic missions and goals, and our proposed focus for 2026/27: the proposed 2% increase in the practising certificate fee. Additionally, we asked for members' input on other ideas or issues they believe we should prioritise.

196. The consultation was organised around our strategic missions and goals, as well as the proposed focus for the upcoming year. It also allowed members to voice any additional concerns through qualitative open-text responses, enabling them to articulate their priorities in their own words.

197. The consultation was launched on 25 March 2026 and closed on 15 May 2026. The consultation was widely shared and promoted across the membership, including communications to Council members and briefings for member-facing staff to support engagement. The Professional Update emails (reached around 180,000 solicitors) with a call to action to complete the survey, alongside messaging on the Law Society website homepage. Additional promotion included newsletters, direct emails to members, LinkedIn campaign targeting solicitors in England and Wales, engagement through local law society events, adverts in the Law Society Gazette, and signposting by the telemarketing team.

198. Building on past years’ success, we actively promoted the consultation to members through a range of communication channels, achieving excellent reach across all member segments. To ensure that no groups faced barriers to participation, we used an accessible consultation platform and provided alternative participation routes (e.g., phone). To ensure this reach, we used the following communication approaches:

- Emails and briefings: sent to Council members and staff, enabling them to directly reach out to members
- Professional Update: reached 180,000 members, including solicitors in large firms, junior solicitors, in-house solicitors, and those in Wales
- Homepage spotlight: the practising certificate fee consultation survey was placed front and centre on the Law Society website
- Section newsletters: banner advertising drove members to the survey, alongside a full-page advert in the printed Section magazine and Legal Compliance
- Direct emails: two calls to action sent directly to members, generating 7,000 clicks to the survey page
- LinkedIn boost: paid and organic campaigns targeting solicitors in England and Wales
- Local Law Society outreach: bulletin updates and on-the-ground promotion at hybrid Local Law Society Town Hall events, supported by printed QR codes
- Gazette ads: print, banner, and website adverts
- Telemarketing: our telemarketing team made direct calls to engage members and signpost them to the survey

199. In total, 745 members responded to our consultation between 25 March 2026 and 15 May 2026. This sample size has a margin of error of approximately +/- 4%. The margin of error provides an indication that we can be 95% confident that the % reported in this sample would be +/- 4 % of the “true figures" if all our members had responded.

200. We asked our members to indicate the importance of key strategic areas for delivery in 2026/27. We consulted on the five missions that seek to directly benefit our members and society.

201. We also sought members' views on the proposed practising certificate fee increase for 2026-27. In line with best practice, all response options related to areas of 2026-27 delivery were randomised to avoid order bias of options being selected based on their order (first/last). A summary of the makeup of those responding to the consultation compared to the wider membership is shown below.

Summary of practising certificate fee consultation responses

202. The following sections of this paper will provide a summary of our 745 members' views from the 2026-27 consultation under the five missions, as well as members' support for the proposed practising fee increase in 2026-27. Please note that the percentages in the charts for the five missions may not sum to 100% due to rounding.

203. Overall, the five strategic goals members rated as most important for delivery in 2026/27 are:

1. Pushing for action to cut court delays and backlogs.
2. Ensuring that technology used in the justice system is ethical and effective.
3. Providing training and resources to support high standards of professional ethics.
4. Campaigning for improvements in access to justice and the rule of law.
5. Using our voice to protect the rule of law and human rights.

Members priorities overall

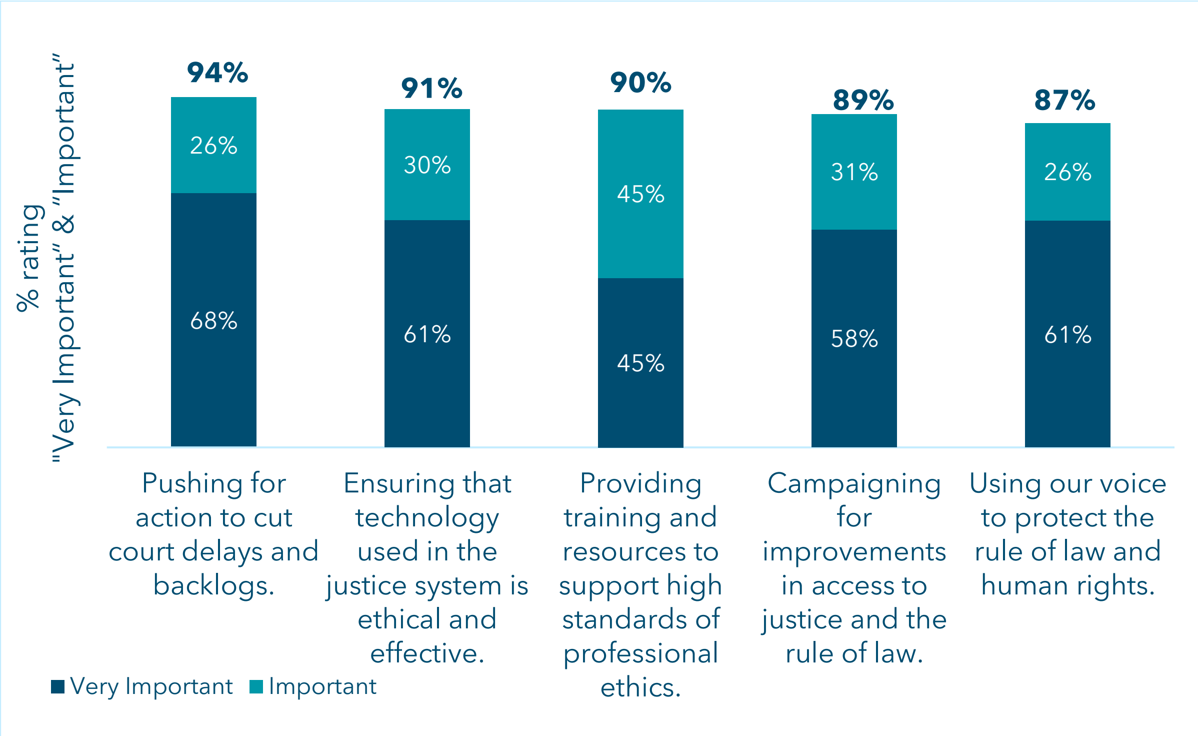


Chart Mission 1: Technology, the practice of law and the experience of consumers

Members rated ensuring the ethical and effective use of technology in the justice system as the most important priority under Mission 1, with 61% saying it was "very important". This was followed by advocating for AI regulation that encourages innovation while protecting legal and ethical standards (54% reported very important) and providing practical resources on cyber security (48% reported very important).

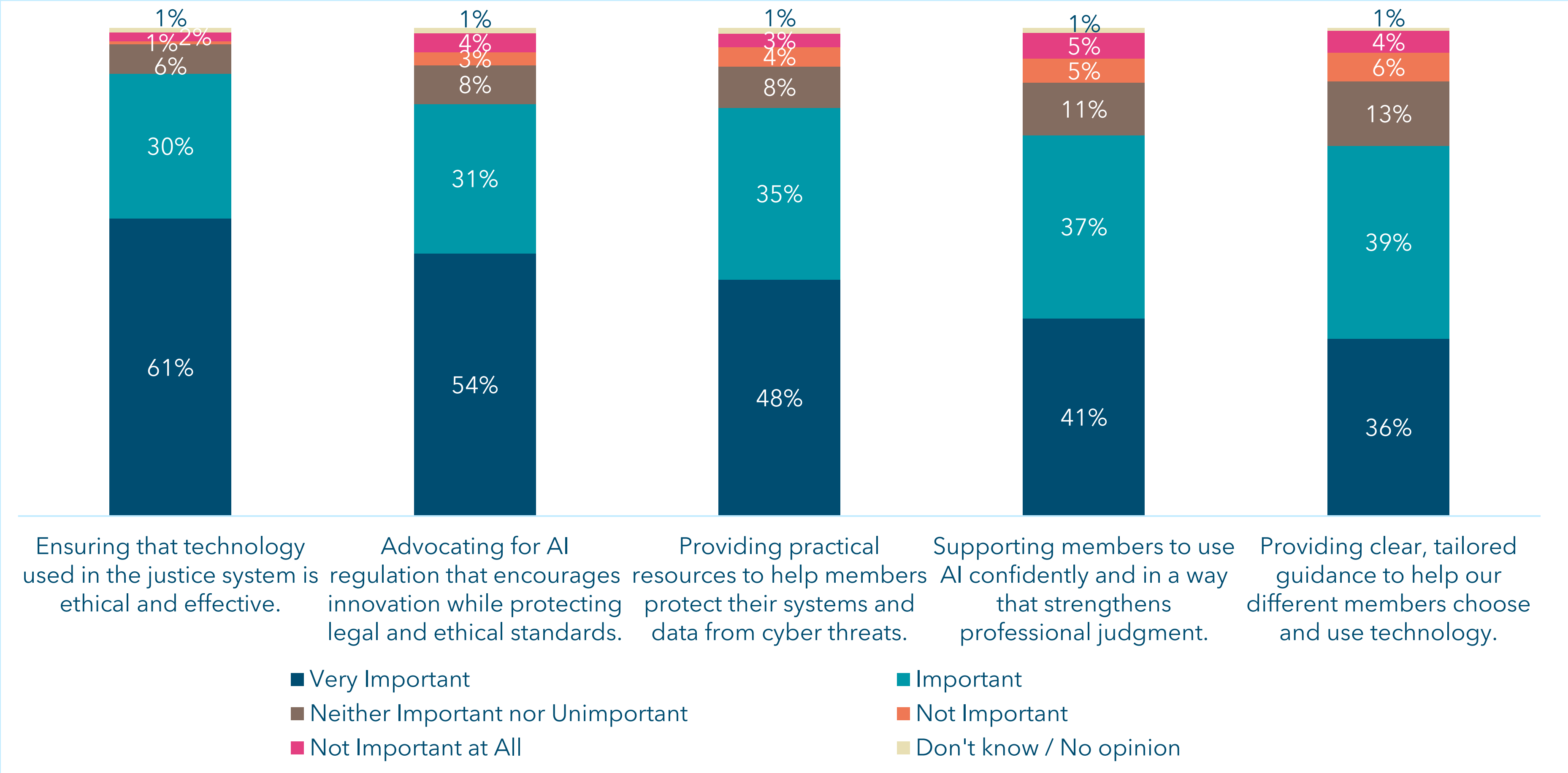
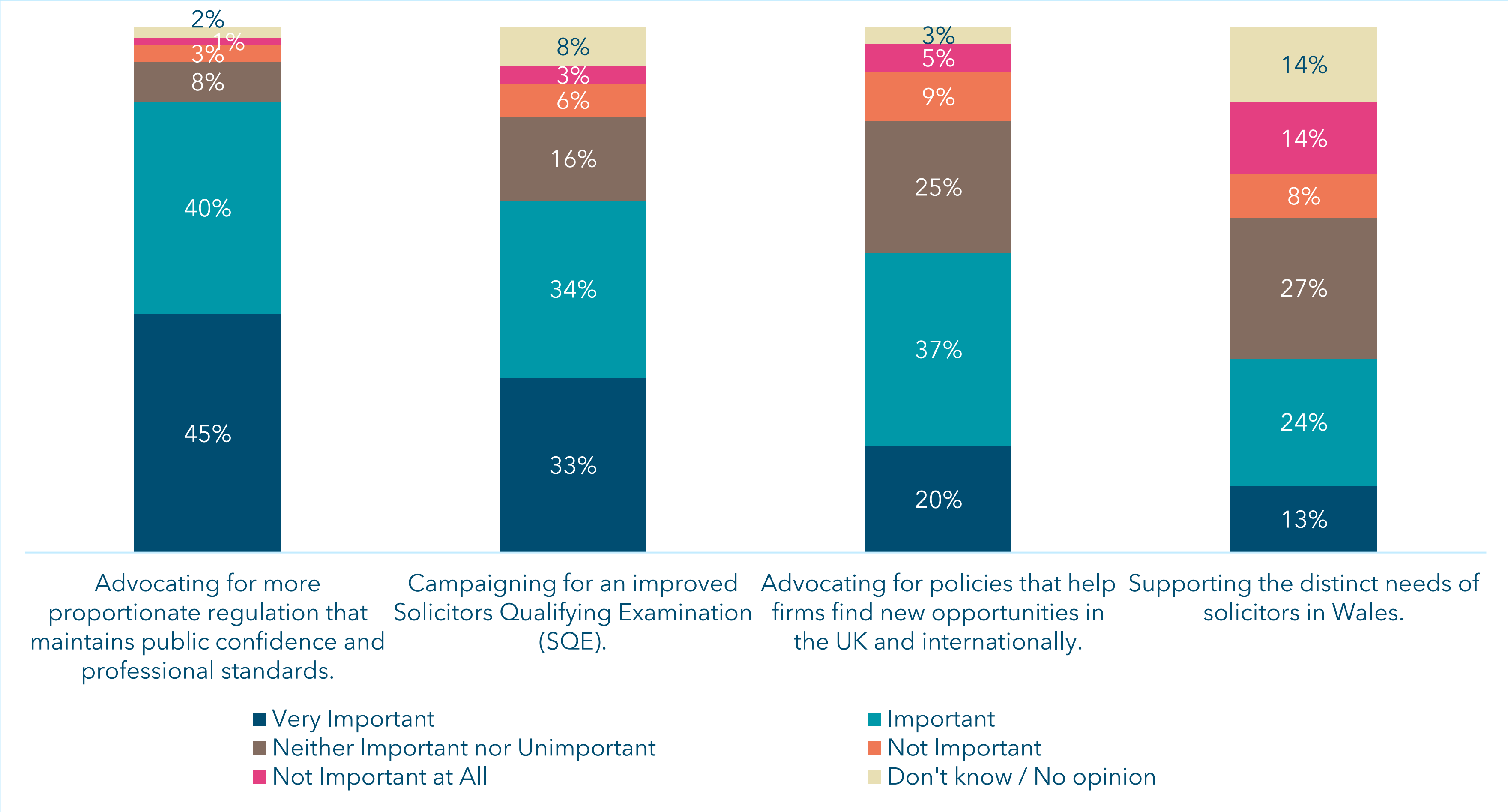


Chart Mission 2: Promoting growth of legal services with a focus on better regulation

Members identified advocating for proportionate regulation as the most important activity under Mission 2, with 45% saying it is "very important". Followed by improving the Solicitors Qualifying Examination (SQE) (33% very important).



Mission 3: Promoting access to Justice and the Rule of Law in the UK and around the world

Members consider all the activities listed under Mission 3 to be highly important. Pushing for action to cut court delays was considered most important (68% very important), followed by protecting the rule of law and human rights (61% very important). Third is improving access to justice and the rule of law (58% very important), and supporting legal aid and early legal advice (56% very important).

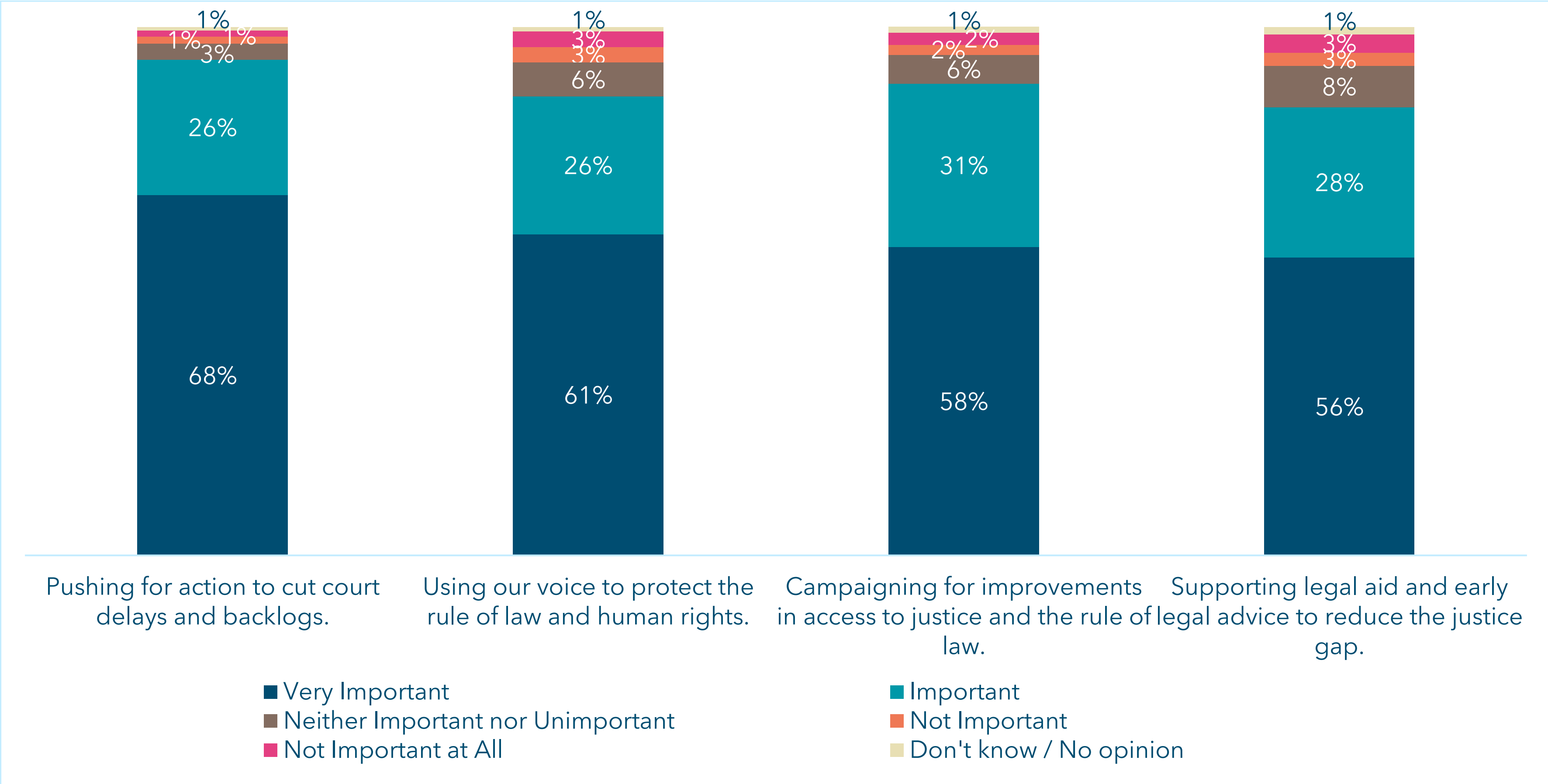


Chart Mission 4: Supporting the profession on all aspects of responsible business.

Members consider supporting professional ethics through training and resources as the most important activity in Mission 4 (45% very important) followed by promoting solicitor wellbeing and mental health (40% very important).

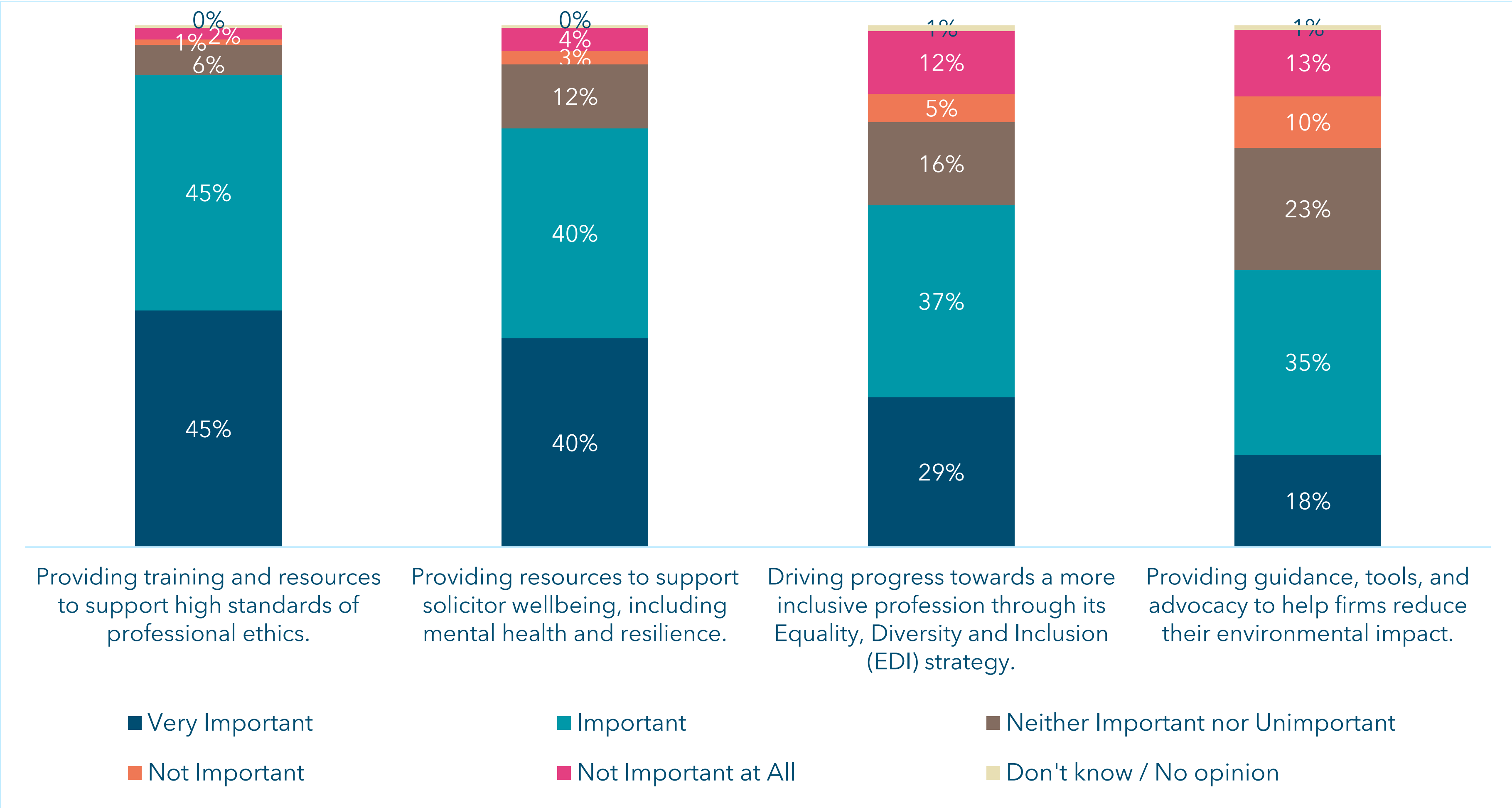
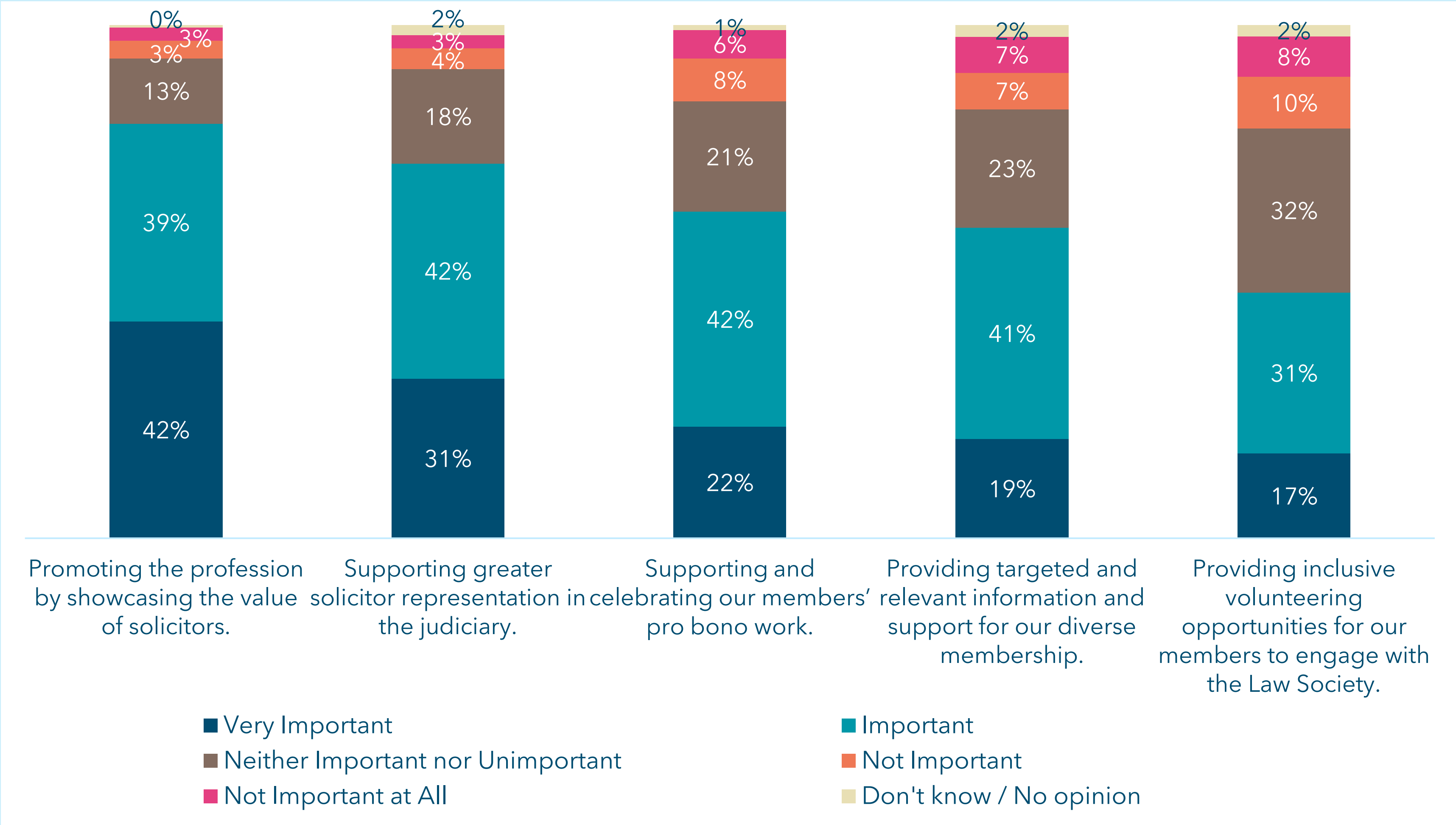


Chart Mission 5: Championing our profession and the member experience.

Members rated promoting the profession by showcasing the value of solicitors as most important under Mission 5 (42% very important), followed by supporting greater representation in the judiciary (31% very important).



Support for Practising Certificate Fee increase 2026/27 (The Law Society)

204. To help members clearly understand the impact of the proposed 2% practising fee increase for 2026/27, we posed the question using the text below. For transparency, the question highlighted that the increase was below inflation (3% at the time of writing) and explained that we intend to use some reserves to address remaining cost pressures, rather than passing the full increase on to members through the practising certificate fee.

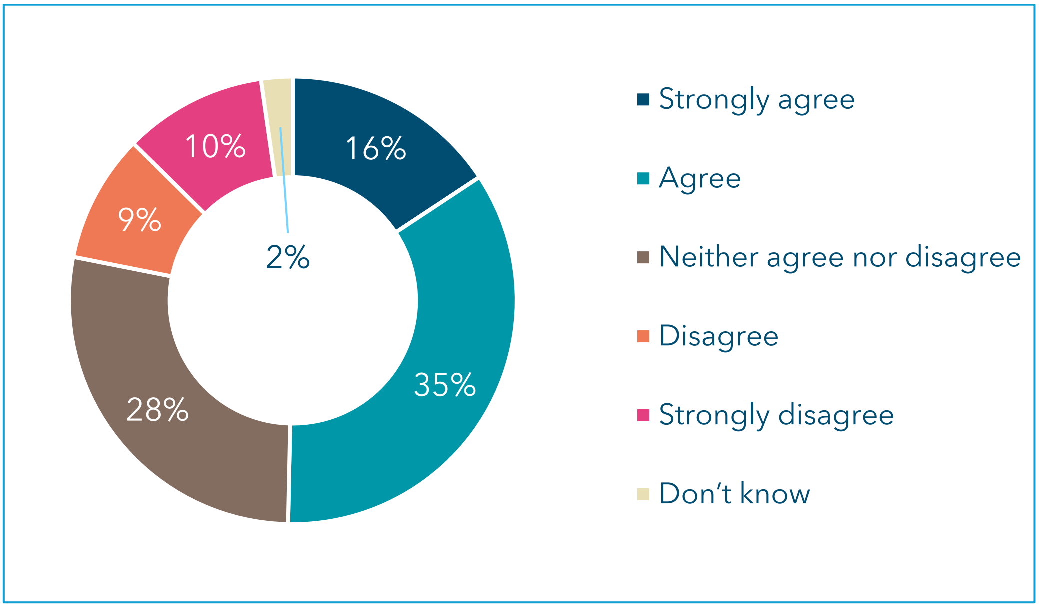
205. Additionally, to help members provide informed feedback, we detailed the estimated annual impact of the proposed 2% increase in the Law Society's share of the practising certificate fee in pounds. Alongside asking for members' level of support, we also requested their reasons. This approach has provided valuable insights into why most members support the increase and highlighted areas of concern for those who are neutral or unsupportive.

206. The chart below shows that 51% of members agreed, with 16% strongly agreeing and 35% agreeing with the proposed increase. 28% neither agreed nor disagreed. An additional 19% disagreed, including 9% who disagreed and 10% who strongly disagreed. 2% did not know.

207. Question asked: We are proposing a 2% increase in the income the Law Society receives from the practising certificate fee in 2026/27. This increase is deliberately set below inflation, which in January 2026 was at 3%, to help limit the financial impact on members. We will use reserves (money we have set aside) to cover the remaining cost pressures rather than passing the full increase on through the fee. We estimate that this 2% increase in the Law Society's proportion of the practising certificate fee will result in an increase of between £1 and £2 for the average individual fee for the year. This increase will allow us to develop and improve the Law Society's offer to its members and to deliver more of what is important for the profession and society.

On a scale of 1 to 5, to what extent do you agree with our proposed increase in income from the practising certificate fee of 2% in 2026/27 (equating to an estimated increase of between £1 and £2 per individual practising certificate fee)?

Proposed increase in practising fees 2026-27



208. Based on the analysis of open-ended responses, the reasons given by the 51% (16% strongly agreeing and 35% agreeing) with the proposed increase are;

- The increase is relatively small, therefore it's supported
- In the context of inflation and rising costs, the increase is justified
- The increase was supported as members felt it was important for The Law Society to have funds to be able to fulfil its role

209. The 28% that neither agreed nor disagreed with the proposed increase stated the following reasons;

- Some chose neutrality because the increase feels objectively reasonable, as it's less than inflation
- Perceived lack of value or visible benefit
- Cost burden and affordability concerns given wider demands
- Insufficient information to truly assess if an increase is justified

210. Of the 19% that disagreed with the proposed increase, the key reasons given were;

- Lack of value for money / unclear benefit.
- Affordability and cost pressures on firms and solicitors are a concern
- Criticism of Law Society's role priorities being seen as “activism”

211. Of the 2% that did not hold a view in relation to the proposed fee increase, the reasons given were related to not currently holding a practising certificate, as well as being unsure of the current value or benefit that the Law Society provides.

Comparison of demographics of Practising Certificate Fee consultation responses and membership

212. A total of 745 respondents completed the fee consultation between 25 March and 15 May 2026. The section below provides a comparison of responses from the consultation in relation to the wider membership. To gain insight into the wider membership, we utilised the 2025 Annual Statistics dataset for all member and firm profile points. However, for the points regarding age, LGBTQ+, disability, gender and ethnicity representation, we used the 2025 SRA Firm-Level data for comparison.

An under-representation of respondents who are compared to all members:

- Are in private practice (55% sample vs 62% membership)
- Entered the profession less than 10 years ago (27% sample vs 36% membership)
- Are Asian or Asian British (10% sample vs 13% membership)
- Are white (69% sample vs 76% membership)
- Are under 35 (18% sample vs 31% membership)
- Are based in the city of London (10% sample vs 15% membership)
- Work for an organisation with a turnover of:
  - £100k-£999.99k (7% sample vs 11% membership)
  - £1m-£9.99m (13% sample vs 24% membership)
  - £10m-£99.99m (14% sample vs 27% membership)
  - £100m+ (17% sample vs 36% membership)

An over-representation of respondents who are working for a firm:

- Are based in England, excluding London (53% sample vs 39% membership)
- Are a consultant (10% sample vs 5% membership)
- Are LGBTQ+ (9% sample vs 5% membership)
- Have a disability (14% sample vs 8% membership)
- Are from an ethnic group that is neither white, Asian, Black or from multiple ethnic groups (4% sample vs 1% membership)
- Are a sole practitioner or owner (4% sample vs 1% membership)

Section VI – Impact assessment

This is the Impact Assessment of:

- the activities outlined in the SRA's Business Plan 2026/27.
- the regulatory portion of the annual practising certificate fee for 2026/27
- the compensation fund apportionment and contributions for 2026/27

We are considering the impacts of these changes together, as individuals and firms consider the cost increases together, rather than splitting them into the component parts. Analysing the impacts jointly also allows us to better understand their cumulative impacts.

The focus of this impact assessment is on the regulatory and equality impacts of the regulatory proportion of the practising certificate and the Compensation Fund contributions given that we are proposing a significant increase. The apportionment of the Compensation Fund (the Fund) is explored in detail given this will redistribute costs across groups.

We appreciate that increasing the cost of regulation and consumer redress schemes affects all practitioners and this can in turn impact the way law firms and those employing solicitors operate. We have set out in our draft Business Plan the reasons why we consider these increases to be necessary and appropriate.

We will also further assess the impacts of specific work that we initiate under the priority headings outlined in our Business Plan.

Potential impact of the 2026/27 Business Plan

The regulatory portion of the practising certificate fee provides the core funding that enables us to carry out our functions. We have set out the work we are proposing to deliver in our Business Plan 2026/27.

Regulatory, as well as equality, diversity and inclusion (EDI) considerations inform all areas of our work. For our core workstreams and commitments in the Business Plan 2026/27, we will evaluate the regulatory and equality impacts of our proposals on a case-by-case basis.

The regulatory portion of the practising certificate fees and Compensation Fund contribution for 2026/27

***The regulatory portion of the practising certificate* fee**

Practising fees are determined annually and are paid by:

- individual practising solicitors and registered lawyers who each pay a flat fee

- law firms that pay a fee based on their turnover.

These fees cover the annual funding requirement, which includes the regulatory portion (our operating costs), certain Law Society activities and levies that fund the work of:

- the Solicitors Disciplinary Tribunal
- the Legal Services Board
- the Office for Professional Body Anti-Money Laundering Supervision
- the Legal Ombudsman.

Sixty per cent of the annual funding requirement is met by practising fees paid by law firms, called periodic fees, and determined firm-by-firm based on their turnover. The annual funding requirement due from firms has increased to £106.9m this year from £89m in 2025/26. The periodic fees have increased across all turnover bands.

The remaining 40 per cent is met by a flat fee payable by individual practising solicitors and registered lawyers.

Our draft Business Plan and funding requirement 2026/27 and associated application for approval to the Legal Services Board proposes that the regulatory portion of the individual practising certificate fee should be £239. This represents an increase of £49 compared to 2025/26, which was £190.

The Compensation Fund contribution

The compensation fund is financed entirely by annual contributions paid by:

- all practising solicitors (except those working for the Crown Prosecution Service) and registered lawyers
- all law firms that hold client money

The compensation fund contributions for 2026/27 as proposed are:

- £170 for individuals – an increase of £100 from the £70 that individuals paid in 2025/26
- £2,170 from law firms that hold client money – an increase of £220 from the £1,950 that law firms holding client money paid in 2025/26.

The contribution is a flat fee, rather than being dependent on the law firm or individual's income or turnover or other characteristics.

Previously, 50% of the required total amount for the compensation fund was met by individual contributions, and the remaining 50% was met by law firm contributions.

Following consultation, the SRA Board has decided to change the Compensation Fund's apportionment to 70% for regulated individuals and 30% for regulated firms holding client money in 2026/27. While we do not have definitive quantitative evidence around the impact of this change, we consider it is justified for the following reasons:

- **Mitigates impacts on smaller firms.** Given the scale of the increases to the firm contribution, small firms would have been significantly impacted (£3,600 under 50:50 apportionment) compared to what they will pay under 70:30 (£2,170). By moving to

70:30 we will mitigate the cost to small firms. Although larger firms will pay a greater share (as they typically pay the contributions on behalf of their employees), relative to turnover the increase is small compared with the reduction for small firms.

- **Change in structure of the profession.** Moving to a 70:30 apportionment means that we rebalance the split of fees to reflect the increase in individuals and reduction in firms since the current split was established. This means that the increased overall ask of individual solicitors is spread across a larger population.

We have discounted changing the wider Compensation Fund contribution model for the 2026/27 year. This is not possible within the timeframes and our previous consultation in 2024 showed that this would be a challenging, long-term endeavour. There was no agreement about a new methodology and there would be significant impacts.

We have prioritised making the changes to the current regime per the LSB Axiom Ince Directions over exploring further how the model of contributions could be changed (i.e. a risk- or turnover-based). Going forward, we will need to consider whether we can prioritise a review of the approach to contributions to the Compensation Fund given other key outstanding policy questions, including revisiting the model of firms holding client money and whether we should move to a senior accountability regime.

We know that moving to a 70:30 apportionment will shift the burden of costs for the compensation fund. This means some groups will pay less and others will pay more relative to a 50:50 apportionment. The impacts are considered further below.

Our assessment of potential impacts

Potential impacts of the individual regulatory portion of the practising certificate fee and compensation fund contribution

We apportion the practising certificate fee so that the greater burden of the total financial requirement is met by law firms (60 per cent), mitigating the effects of increases to individuals. Other mitigations include provision of a reduction in the individual fee for those who take time away from work because of parental leave; and reducing the level of any fee payable for those who start practising part-way through the practising year.

Although these mitigations will help, there will still be a negative impact caused by the increase in the Practising Certificate fee for those who pay their own fees. In addition, apportioning compensation fund contributions 70:30 will increase individuals' contributions compared with the previous 50:50 split, further increasing costs for this cohort.

These increases will not directly affect the majority of solicitors whose individual fees and contribution to the fund are met by their employers. However, there may be indirect impacts on individuals that accrue from increased firm costs where firms do pay these contributions. By reducing the cost of the firm compensation fund contribution, smaller practices, including those firms that pay individuals' costs that employ up to 29 solicitors, will be better off overall under a 70:30 apportionment, despite this higher increase in individual fees.

Sole practitioners will receive a net benefit from the lower firm compensation fund contributions as owners of their business. This will reduce equalities impacts for this cohort. Owners of small firms (2-5 partners) are likely to also benefit in this way if they are solicitors. However, individual solicitors employed by small firms will only be better off if firms pay for their individual costs, meaning the equalities impacts on employees of small firms is unclear.

Both the direct and the indirect impacts are likely to be felt more acutely by those who earn less (perhaps because of the type of firm or the sector they work in). As set out in the diversity insights section below, individuals from the following diversity groups are more likely to be affected because they are overrepresented in potentially lower paid areas:

- men
- Asian and Black solicitors
- those aged over 45
- disabled solicitors
- Muslim solicitors
- those from a lower or intermediate socio-economic background.

Potential impacts of the firm portions of the practising certificate fee and compensation fund contributions.

Under the 70:30 compensation fund apportionment for 2026/27, we are proposing to increase the required contribution levels for firms by £220 for firms that hold client money. We anticipate that 66% of firms – if they cover individuals' costs – will pay less than under a 50:50 split.

In addition, there will be an increase to the periodic fee firms pay, determined firm-by-firm based on their turnover. The percentages charged at each turnover band have increased slightly since 2025/26. Impact on firms is proportionate to firm turnover so firms which have a higher turnover, and have a greater ability to pay, will pay more than those with a lower turnover.

The table below provides some illustrative examples of the overall impact of the total increased costs on firms of different sizes (subject to LSB's approval of practicing fees). This table assumes that firms pay individuals' costs and that turnover is unchanged year on year. Increased turnover would of course lead to a larger fee increase. Firms that do not hold client money do not pay the firm related Compensation Fund contribution.

	Turnover	Practising solicitors	Client money?	Total fees 2026/27	Total fees 2025/26	Increase (£)	Increase (%)
A	£200k	1	No	£1,703	£1,512	£191	13%
B	£200k	1	Yes	£3,873	£3,462	£411	12%
C	£2m	9	No	£15,059	£12,510	£2,549	20%
D	£2m	9	Yes	£17,229	£14,460	£2,769	19%
E	£50m	150	No	£226,791	£185,546	£41,245	22%
F	£50m	150	Yes	£228,961	£187,496	£41,465	22%

This table shows that under a 70:30 apportionment, smaller firms will have a lower increase in costs than firms with higher turnover.

Our original proposal with the 50:50 apportionment highlighted impacts on individuals working in small firms, with potential attendant equality impact assessments. We also note the impact of any increases on individuals who pay their own contributions, and that firms that do not hold client money but pay individuals' costs cannot offset any increases in individual contributions against lower firm contribution. Options to mitigate impacts are limited, and the equality impacts overall are uncertain, not least because we do not have full data on which individuals pay their own fees. Nonetheless, we decided to change the apportionment to 70:30 in light of the reasons outlined above. Given other competing priorities, consideration of alternative contribution models is on hold. We believe that changing the apportionment a proportionate approach, and an appropriate way to deliver the objectives of the compensation fund.

Impacts on employers and firms that do not hold client money.

As part of our consultation, we heard that employers and firms that do not hold client money but pay individuals' costs may see costs increase in an absolute sense from 2025/26, as well as relatively under a 70:30 apportionment compared to a 50:50 apportionment. We were told that these employers are unable to offset the increase in individuals' costs against a lower firm fee, so no matter their size they will be paying more. We received this feedback from employers in the local government and not-for-profit legal services sectors. In addition, these sectors may not charge fees for their work (i.e., not-for-profits often run on donations) so there could be limited ability to pass on the increased costs to their clients.

We do not have definitive evidence regarding the extent to which employers and firms that do not hold client money will be impacted by the changes in 2026/27. We are unable to comment on the potential equality impacts of this change currently.

However, we will look at options for building information about the potential impact and how to mitigate any unintended consequences for particular cohorts if they arise ahead of determining next year's contributions. We will consider longer term options to mitigate impacts on particular cohorts should the need arise.

Impacts on firms that hold client money – medium to larger firms.

As highlighted above, most solicitors have their individual fees and contributions paid for by their employers. The increases to individual fees will therefore have a flow on impact to firms – firms' costs will increase with the number of solicitors employed.

Due to the change in Compensation Fund apportionment, firms holding client money and paying individuals' costs that employ more than 29 solicitors will pay more in compensation fund contributions under a 70:30 apportionment than under a 50:50 apportionment; the lower firm contribution will be outweighed by covering the greater individual contributions for firms that employ 29 (or more) practising solicitors.

Impacts on firms that hold client money – smaller firms.

Cost increases for smaller firms (1-5 partners) that have fewer than 29 solicitors will be lowered by the move to a 70:30 apportionment. However, despite the mitigation of changing the apportionment, small firms' costs are still increasing in 2026/27. As many of these firms operate on tight margins, we anticipate that smaller firms, and firms operating in less profitable areas of work, will still be affected by the increases. For example, those doing much of their work in criminal law.

As set out in the diversity insights section below, the diversity groups who are overrepresented in the firms more likely to be affected by the increase are:

- men
- Asian and Black solicitors
- those aged over 45

- disabled
- Muslim solicitors
- those from a lower or intermediate socio-economic background.

Impacts on Access to Justice

Changing the apportionment to reduce the increase for smaller firms will partially mitigate any impact the viability of these firms, and therefore any impact on the range and cost of services they provide to consumers. This may be important for access to justice for consumers who rely on these firms.

Overall impact

As most individuals have their costs met by their employers, we expect the direct impact on individuals of these changes to be low. However, individuals who pay their own costs will see an increase in what they pay in 2026/27. They may also be affected indirectly by the increases in costs their employer will face.

All firms face increasing costs. However we have mitigated the impact on smaller firms by changing to a 70:30 apportionment for the compensation fund. This will shift compensation fund costs to firms that hold client money and employ more than 29 solicitors, as well as employers of all sizes that pay individuals' costs but do not pay the firm fee as they do not hold client money.

We recognise there will be an impact on the profession due to the increases, and we have explained why we think it is justified in our Business Plan 2026/27.

Diversity data insights

This draft impact assessment is informed by data we collect from law firms, and which we publish in our law firm diversity data tool. We have used this data to understand the diversity breakdown of firms and individuals most likely to be impacted by the fees for 2026/27.
We do not collect data about individual solicitor income. However, for this assessment we make the following overarching assumptions about earning levels:

- solicitors working predominately or entirely in particular areas of law which are less profitable – such as criminal law – will be more likely to have lower personal income. This is compared to solicitors working predominantly or entirely in more profitable areas of law, such as commercial law
- solicitors working in smaller law firms might be more likely to earn less than solicitors working in larger law firms
- solicitors working part-time or intermittently might be more likely to earn less than solicitors who are working consistently or on a full-time basis.

We do not have data about which solicitors work part-time or intermittently. However, we do have data about the diversity of solicitors working in firms by size and by different areas of law.

For this assessment we are defining smaller firms as those operating with between one and five partners. Our law firm diversity data illustrates the diversity profile of solicitors working in these firms:

- there is a higher proportion of men in law firms with one to five partners (45 per cent) compared with their proportion in all firms (43 per cent)
- there is a higher proportion of Asian solicitors in law firms with one to five partners (20 per cent), compared with their proportion in all firms (12 per cent)
- there is a higher proportion of Black solicitors in law firms with one to five partners (5 per cent), compared with their proportion in all firms (3 per cent)
- there is a higher proportion of solicitors aged 45 and over in law firms with one to five partners (52 per cent), compared with their proportion in all firms (39 per cent). This is true for all three of the older age categories: 45 to 54, 55 to 64 and 65+
- there is a higher proportion of disabled solicitors in law firms with one to five partners (10 per cent), compared with their proportion in all firms (7 per cent)
- there is a higher proportion of Muslim solicitors in law firms with one to five partners (12 per cent), compared with their proportion in all firms (6 per cent)
- there is a higher proportion of solicitors from lower socio-economic backgrounds in law firms with one to five partners (18 per cent), compared with their proportion in all firms (15 per cent)
- there is a higher proportion of solicitors from intermediate socio-economic backgrounds in law firms with one to five partners (13 per cent), compared with their proportion in all firms (11 per cent).

We have also used data to consider different groups that are more or less likely to work in legal services that may be less profitable than others, such as criminal law.
In firms where the majority of work is in the criminal law sector, we can see that there are some differences:

- there is a higher proportion of men (55 per cent) compared with all firms (43 per cent)
- there is a higher proportion of solicitors from Asian (23 per cent) and Black (6 per cent) groups compared with all firms (12 per cent and 3 per cent respectively)
- there is a higher proportion of solicitors aged 45 and over (58 per cent) compared with all firms (39 per cent)
- there is a higher proportion of disabled solicitors (13 per cent) compared with all firms (7 per cent)
- there is a higher proportion of Muslim solicitors (15 per cent) compared with all firms (6 per cent)
- there is a higher proportion of solicitors from lower socio-economic backgrounds (18 per cent) compared with all firms (15 per cent).

All solicitors and firms in these cohorts are likely to feel the impact of increased fees. But overall, there is greater representation of the following diversity groups:

- men
- Asian and Black solicitors
- those aged over 45

- disabled
- Muslim solicitors
- those from a lower or intermediate socio-economic background.

Section VII - Transparency of Practising Certificate Fee information to relevant authorised persons

213. The table below summarises the total practising fee requirement for the Law Society Group compared to the requirement for 2025/26. The total requirement has increased by £29.7m (20%) with increases in the requirements for the SRA, the Law Society, the Legal Ombudsman and the Legal Service Board, offset in part by a reduction for the Solicitors Disciplinary Tribunal due to an overcollection in the prior year. In 2025/26, we had raised less income in relation to the Legal Services Board due to an over collection in the prior year. Please note that the Law Society and the SRA financial year runs from November to October. The levy bodies have different accounting periods and therefore when submitting this application we have to make some estimates regarding the expected charges. Any under or over collection is ring-fenced and adjusted in future years.

	2026/27 £m	2025/26 £m	Variance £m	Variance %
Solicitors Regulation Authority	111.5	£86.5	25.0	29%
The Law Society	38.3	37.6	0.7	2%
Legal Ombudsman	19.1	16.8	2.3	14%
Legal Services Board	5.5	3.6	1.9	53%
Solicitors Disciplinary Tribunal	2.9	3.2	(0.3)	(9%)
Office for Professional Body Anti-money Laundering Supervision	0.8	0.7	0.1	14%
Total	**178.1**	**148.4**	**29.7**	**20%**

214. The total practising fee requirement is £178.1m. As discussed in paragraph 6, the practising fee requirement is split between individuals and firms, 40% and 60% respectively. The individual fee is a flat fee and the firm fee is based on turnover.

215. The SRA website[3] has a dedicated page that provides a description of what the fee income pays for and allows fee payers to see how their contributions are spent. The website also details key SRA activities to show how fees fund its activities.

216. This section of the website is updated to include details of the exact fees shared between the various bodies once decisions have been taken on budgetary requirements. Fee payers are continually invited to feed back to the SRA with any comments on this information.

217. In addition, transparency is enhanced through the detail provided in the annual fee consultations referred to from paragraph 170 above.

218. This webpage is publicised by being linked to the 'fees calculator', which gives firms a rough estimation of the fees they might have to pay before budget requirements are

[3] https://www.sra.org.uk/mysra/fees/

agreed. The calculator is promoted through the direct to profession newsletters cited at paragraph 173.

Section VIII - Checklist – Enclosures

Income and expenditure forecasts, including practising fee income, for three years from and including the year for which the practising fee is to be levied.	☐ Enclosed

Not included. The SRA Corporate Strategy for 2027-2030 will be developed in advance of the 2027/28 application and will include the expected trajectory of the practising fee

Financial information for the previous year, including a comparison of actual and budgeted income and expenditure.	☒ Enclosed

Included on page 20 (SRA) and page 28 (The Law Society)

Copy of the information that will be provided to fee paying members (if description is not provided in section VII).	☐ Enclosed

Description included in section VII

219. Under the arrangements agreed between the Law Society and the SRA, the SRA Board confirm the amount to be raised from practising fees for SRA. The Law Society Council confirm the total amount to be raised from practising fees including the requirements of the Law Society and the external bodies to whom levies are paid. The SRA determine how that amount should be apportioned between the different categories of fee payer.

220. On 30 June 2026 the SRA Board made the fee determinations attached as annexes A-C, subject to the approval of the LSB.

Section IX – Compliance Statement

We certify that the information provided in this application is accurate and complete to the best of our knowledge and we have taken reasonable steps to ensure that the application complies with the Rules.

Signed:

Liz Rosser

Chief Operating Officer and Executive Director of Operations and Resources Solicitors Regulation Authority

Tom Fothergill

Tom Fothergill

Chief Operating Officer
The Law Society

Annex A: Practising Certificate Fee Determination 2026

This determination is made by the Solicitors Regulation Authority under section 11 of the Solicitors Act 1974, paragraph 2(1)(b) of Schedule 14 to the Courts and Legal Services Act 1990, rule 1.1 of the SRA Application, Notice Review and Appeal Rules and regulation 7.7 of the SRA Authorisation of Individuals Regulations, with the approval of the Legal Services Board under section 51 of the Legal Services Act 2007.

Practising certificate fee

1. The fee to be paid for each practising certificate issued will be £382 unless paragraphs 2, 3 or 4 below apply.

Newly admitted solicitors and returning to practice

2. Subject to paragraph 3, any solicitor who applies for their first practising certificate during the practising certificate year commencing 1 November 2026 or any solicitor admitted prior to 1 November 2026 who has previously held a practising certificate and who returns to practice shall pay a fee in accordance with the following scale:

   (a) Practising certificate issued 1 November 2026 to 31 December 2026 inclusive - £382
   (b) Practising certificate issued 1 January 2027 to 31 March 2027 inclusive - £299
   (c) Practising certificate issued 1 April 2027 to 30 June 2027 inclusive - £215
   (d) Practising certificate issued 1 July 2027 to 31 October 2027 inclusive - £132

   Paragraphs 2(b) to 2(d) do not apply if during the solicitor's last period without a certificate they undertook any duties which required a practising certificate.

Maternity or equivalent leave provisions

3. A solicitor who applies for a practising certificate during the practising certificate year 1 November 2026 to 31 October 2027 and who is on or has been on statutory maternity leave or a period of leave equivalent to statutory maternity leave within the previous practising year shall pay a fee in accordance with the following scale:

   (a) Practising certificate issued 1 November 2026 to 31 December 2026 inclusive - £215
   (b) Practising certificate issued 1 January 2027 to 31 March 2027 inclusive - £173
   (c) Practising certificate issued 1 April 2027 to 30 June 2027 inclusive - £131
   (d) Practising certificate issued 1 July 2027 to 31 October 2027 inclusive - £90

   This scale does not apply if the solicitor received a reduction for their practising certificate in the previous year for the same period of statutory maternity leave or period of leave equivalent to statutory maternity leave.

Application to registered European lawyers

5. The fee to be paid for initial registration or renewal of registration as a registered European lawyer shall be governed in all respects by the provisions of paragraphs 1 to 4 in the same way as the fee for a solicitor's practising certificate, and for this purpose:

   (a) references to a solicitor shall be interpreted as references to a registered European lawyer or to a European lawyer applying for registration, and references to practice as a solicitor shall be interpreted as references to the provision of legal services in the United Kingdom under, or in reliance upon, a European lawyer's professional title as such;

   (b) references to practising certificates and the issuing of practising certificates, shall be interpreted as references to initial registration or renewal of registration in the register of European lawyers, and references to a first practising certificate shall be interpreted as references to a lawyer's first registration in the register of European lawyers;

   (c) paragraph 3 shall apply to a European lawyer who has, at any time during the practising certificate year commencing 1 November 2026, registered or re-registered as a registered foreign lawyer and who applies for his or her first registration as a registered European lawyer.

Application to registered foreign lawyers

6. The fee to be paid for initial registration or renewal of registration as a registered foreign lawyer shall, subject to paragraph 7 below, be governed in all respects by the provisions of paragraphs 1 to 4 in the same way as the fee for a solicitor's practising certificate, and for this purpose:

   (a) references to a solicitor shall be interpreted as references to a registered foreign lawyer or to a lawyer applying for registration as a registered foreign lawyer, and references to practice as a solicitor shall be interpreted as references to the provision of legal services in England and Wales under, or in reliance upon, a foreign lawyer's professional title as such; and

   (b) references to practising certificates and the issuing of practising certificates, shall be interpreted as references to initial registration or renewal of registration in the register of foreign lawyers, and reference to a first practising certificate shall be interpreted as reference to a lawyer's first registration in the register of foreign lawyers.

   (c) paragraph 3 shall apply to a foreign lawyer who has, at any time during the practising certificate year commencing 1 November 2026, registered or re-registered as a registered European lawyer and who applies for his or her first registration as a registered foreign lawyer.

7. The fee for a registered foreign lawyer practising mainly from an office or offices outside England and Wales shall be £100.

Application to registered Swiss lawyers

8. The fee to be paid for initial registration or renewal of registration as a registered Swiss lawyer shall be governed in all respects by the provisions of paragraphs 1 to 4 in the same way as the fee for a solicitor's practising certificate, and for this purpose:

   (a) references to a solicitor shall be interpreted as references to a registered Swiss lawyer applying for registration, and references to practice as a solicitor shall be interpreted as references to the provision of legal services in the United Kingdom under, or in reliance upon, a Swiss lawyer's professional title as such.

   (b) references to practising certificates and the issuing of practising certificates shall be interpreted as references to initial registration or renewal of registration in the register of Swiss lawyers, and references to a first practising certificate shall be interpreted as references to a lawyer's first registration in the register of Swiss lawyers.

   (c) paragraph 3 shall apply to a Swiss lawyer who has, at any time during the practising certificate year commencing 1 November 2026, registered or re-registered as a registered foreign lawyer who applies for his or her first registration as a registered Swiss lawyer.

Interpretation

9. In this determination:

   Practising certificate means the certificate issued in accordance with sections 9 and 10 of the Solicitors Act 1974;

   Practising certificate year means the period from 1 November to 31 October inclusive each year during which a practising certificate is operative;

   Practising certificate fee means the sum to be paid by a solicitor for a practising certificate for the whole or part of a practising certificate year;

   Practice as a solicitor means the provision of legal services under, or in reliance upon, the title "solicitor" whether as a principal, under a contract of employment or under a contract for the provision of services;

   Registered European lawyer means a European lawyer registered with the SRA under regulation 17 of the European Communities (Lawyer's Practice) Regulations 2000;

   Registered foreign lawyer means a lawyer registered with the SRA under section 89 of the Courts and Legal Services Act 1990;

Registered Swiss lawyer means a lawyer registered with the SRA under regulation 5 (a) (iii) of The Recognition of Professional Qualifications and implementation of International Recognition Agreements (Amendment) (Extension to Switzerland etc) Regulations 2024;

All other terms are to be interpreted in accordance with the SRA Glossary.

10. The singular includes the plural and vice versa.

Commencement

11. This determination shall come into force on 1 November 2026.

Annex B: Recognised Body and Recognised Sole Practice Fee Determination 2026

This determination is made by the Solicitors Regulation Authority under rule 1.1 of the SRA Application, Notice, Review and Appeal Rules and rule 7.1 of the SRA Authorisation of Firms Rules, with the approval of the Legal Services Board under section 51 of the Legal Services Act 2007.

Initial Applications

1. The fee payable by a body or sole practitioner applying for initial recognition as a New Firm is:

   (a) £1,000 on applying for initial recognition to commence in the period 1 November 2026 to 31 December 2026;

   (b) £800 on applying for initial recognition to commence in the period 1 January 2027 to 31 March 2027;

   (c) £600 on applying for initial recognition to commence in the period 1 April 2027 to 30 June 2027;

   (d) £400 on applying for initial recognition to commence in the period 1 July 2027 to 31 October 2027.

2. Where an initial recognition for a New Firm commences in a different period from the period in which the application was made, the fee payable under paragraph 1 shall be adjusted accordingly.

3. (a) This paragraph applies when a body or sole practitioner is applying for initial recognition on or after 1 November 2026 in the following circumstances:

      (i) the application is being made by an existing recognised body or recognised sole practice which is changing its legal status; or

      (ii) the application is being made by a Successor Firm.

   (b) Where in paragraph 3(a) the predecessor authorised body has paid a fee for the practising year 1 November 2026 to 31 October 2027, the fee shall be £200.

   (c) Where in paragraph 3(a) the predecessor authorised body has not paid a fee for the practising year 1 November 2026 to 31 October 2027, the fee shall be determined in accordance with the following:

      (i) in the case of a predecessor recognised body or recognised sole practice, paragraphs 4, 5 or 6, as appropriate, plus an additional application fee of £200; or

   (ii) in the case of a predecessor licensed body, paragraph 5 of the Licensed Body Fee Determination 2025, plus an additional application fee of £200.

Annual Periodical fees

Recognised Bodies and recognised sole practices are required to pay annual periodical fees, calculated by reference to the firm's turnover, by the prescribed date which is 31 October in any year. The way that the annual periodical fee is determined will depend on whether the firm is a continuing firm, a new firm or a successor firm. Paragraphs 4 to 6 below deal with the way that the fee is determined in relation to each of those categories.

4. The annual periodical fee payable by a recognised body or recognised sole practice where it is a Continuing Firm shall be determined by taking the Turnover Figure and carrying out the calculations in respect of the relevant band in accordance with appendix 1.

5. The annual periodical fee payable by a New Firm which first obtained authorisation after 31 October 2025 shall be calculated by taking the estimate of the Turnover Figure for the first 12 months of practice and carrying out the calculations in respect of the relevant band in accordance with appendix 1.

6. The annual periodical fee payable by a Successor Firm shall be determined by calculating the Successor Turnover Figure and carrying out the calculations in respect of the relevant band in accordance with appendix 1.

Overseas Branch Offices

7. A recognised body or recognised sole practice which has one or more overseas branch offices shall pay an additional fee of £200 in respect of each overseas office.

Application for the SRA to determine Successor Turnover Figure

8. Where a Notice of Succession does not include the agreement of all relevant firms to the apportionment of turnover, the Notice shall be treated as an application for the SRA to determine the relevant Successor Turnover Figure and the fee for the application is £250.

Interpretation

9. In this determination:

Continuing Firm means a recognised body or recognised sole practice which is not a Successor Firm and in which:

(a) the number and identity of the managers has not changed since 31 October 2025;

(b) the only changes since 31 October 2024 in the number or identity of the managers are as a result of one or more managers leaving or joining the recognised body; or

(c) the identity of the sole practitioner has not changed since 31 October 2025.

New Firm means a recognised body or recognised sole practice which obtained recognition after 31 October 2025 and is not a Successor Firm;

Notice of Succession means a notice required under rule 16.1 of the SRA Authorisation of Firms Rules;

Successor Firm means for the purposes of calculating the annual periodical fees, a recognised body or recognised sole practice which after 31 October 2025 succeeds to the whole or any part of any authorised body, for value or otherwise, in any of the following cases:

case (I):
a recognised body or recognised sole practice which acquires the whole or a part of one or more authorised bodies;

case (II):
a recognised body or recognised sole practice resulting from the merger between the whole or part of two or more authorised bodies;

case (III):
a recognised body or recognised sole practice remaining after it has split or ceded part of its practice to another authorised body;

Successor Turnover Figure means as set out in appendix 3;

Turnover Figure means as set out in appendix 2.

All other terms are to be interpreted in accordance with the SRA Glossary.

10. The singular includes the plural and vice versa.

Commencement

11. This determination shall come into force on 1 November 2026.

Recognised Body and Recognised Sole Practice Fee Determination
Appendix 1

Turnover band	Turnover Range (A)	Pay %* of Turnover within band (B)	Minimum Turnover in band (C)	Minimum Fee in Band (D)
A	£0 - £19,999	0.92%	£0	£100
B	£20,000 - £149,999	0.54%	£20,000	£184
C	£150,000 - £499,999	0.53%	£150,000	£886
D	£500,000 - £999,999	0.51%	£500,000	£2,741
E	£1,000,000 - £2,999,999	0.48%	£1,000,000	£5,291
F	£3,000,000 - £9,999,999	0.33%	£3,000,000	£14,891
G	£10,000,000 - £29,999,999	0.28%	£10,000,000	£37,991
H	£30,000,000 - £69,999,999	0.25%	£30,000,000	£93,991
I	£70,000,000 – £149,999,999	0.23%	£70,000,000	£193,991
J	£150,000,000 +	0.08%	£150,000,000	£377,991

** % is equivalent to 'divided by 100' (e.g. 0.48% = 0.0048)*

Using the table above to calculate the firm fee based on the firm's turnover (T)

1. Identify the turnover value (T) and which corresponding band the turnover falls into from column A.
2. Subtract the figure in the corresponding column C from T for that turnover band.
3. Multiply this figure by the corresponding percentage in column B.
4. Finally add this figure to the corresponding figure in column D.
5. Firm fee then needs to be rounded to the nearest pound (i.e. if less than 50p then round down and if equal to or more than 50p then round up)

Formula: (T - C) x B + D

Example 1: For Turnover of £0:
(£0 - £0) x 0.92% + £100 = £100

Example 2: For Turnover of £200,000:
(£200,000 - £150,000) x 0.53% + £952 = £1,151

Example 3: For Turnover of £800,000:
(£800,400 - £500,000) x 0.51% + £2,702 = £4,271

Example 4: For Turnover of £200,000,000:
(£200,000,000 - £150,000,000) x 0.08% + £360,002 = £417,991

Recognised Body and Recognised Sole Practice Fee Determination
Appendix 2

Turnover Figure

The following paragraphs describe how the turnover figure that will be used for the purposes of determining the fee should be calculated:

1. Turnover figure means a firm’s total gross fees arising from work undertaken from offices in England and Wales.
   - *Gross fees includes*: all professional fees of the firm including remuneration, retained commission, and income of any sort whatsoever of the firm (including notarial fees). Work in Progress (WIP) should be included.
   - *Gross fees does not include*: interest, reimbursement of disbursements, VAT, remuneration from a non-private practice source, dividends, rents, and investment profit.

2. The turnover figures that will be used when billing firms in October 2026 will be based on **closed accounts**, audited where possible.
   - Closed accounts are defined, in order of preference, as:
     1. an audited set of financial statements
     2. an unaudited set of financial statements signed off by an accountant
     3. a submitted tax return for the year.

3. Bad debt should be handled under normal accounting procedures. Where it has been allowed for in the turnover figure for a firm’s last closed accounting period prior to 1 November 2025, that is acceptable. If a bad debt has been discovered after closing the firm’s accounts, then the turnover figure cannot be re-adjusted. Those adjustments could potentially be accounted for in the following year's closed accounts.

4. The turnover figure should, wherever possible, be for the last complete (12 months) accounting period prior to the 1 November 2025 (e.g. 31 March 2025). The latest acceptable annual accounting period end date is 31 October 2025.

5. The turnover figure should be an exact figure wherever possible. A figure rounded to the nearest £1,000 will be acceptable only if more detail is unavailable.

6. Those firms who do not have closed accounts which ended within the period from 1 November 2024 to 31 October 2025, should provide the SRA with an estimate of the turnover figure as well as the previous year’s turnover figure based on accounts which have been closed. The SRA will determine at its discretion whether to use the 2024 figure if an updated 2025 figure based on closed accounts has not been received by 31 August 2026.

7. The turnover figure must be for a 12 month period.

   (a) For a brand new firm (i.e. not a successor firm nor one resulting from change in status), an estimate for the first 12 months of practice (irrespective of whether this is after 31 October 2025) will be accepted; the basis upon which the firm has made the estimate should be provided to the SRA.

(b) If a firm has changed its annual accounting period, its latest closed accounting period prior to the 1 November 2025 will be shorter or longer than 12 months. The following approach should be used by the firm, providing an explanation of how they have derived their turnover figure:

- Preferably, provide the turnover for the 12 month period immediately preceding the new accounting period end date (as long as prior to 1 November 2025)

- Alternatively, if this is not possible then take the last closed accounts period prior to the 1 November 2025 and scale it appropriately (e.g. if the last closed accounting period was for six months then it should be doubled; if the last closed accounting period was for 15 months, then it should be divided by 15 and then multiplied by 12).

8. If a firm has a change in status (e.g. partnership to LLP, sole practitioner to partnership), then it should respond as if there were no change in status.

Recognised Body and Recognised Sole Practice Fee Determination
Appendix 3

Successor Turnover

Successor turnover is relevant where firms have changed through, for example, an acquisition, merger or split. Certain firms affected are required to submit a Notice of Succession to the SRA with an agreed apportionment of turnover among the affected firms.

As guidance successor turnover shall be calculated based on the Turnover Figures for each of the affected firms.

If a firm has succeeded to the whole or a part of one or more firms (e.g. through merger or acquisition), successor turnover will be calculated by combining the appropriate proportion of the Turnover Figure for each of the affected firms which has become part of the successor practice:

- In a simple merger between firms A and B, combine the Turnover Figures for each firm.

- In a merger of one firm (firm A) with part of another firm (e.g. one third of firm B) then firm A should add the corresponding proportion of firm B's Turnover Figure to its Turnover Figure (e.g. firm A's Turnover Figure + third of firm B's Turnover Figure)

For a firm which has split or ceded part of their practice to another firm and wishes this change to be reflected in a successor turnover figure, the successor turnover figure will be a proportion of the Turnover Figure, as long as it is clear how the Turnover Figure for such a firm is to be distributed between the successor firms. 100% of the Turnover Figure must be accounted for between the successor firms. For example:

- In a merger of firm A with one third of firm B then
  - firm B's successor turnover figure will be two thirds of its Turnover Figure, Firm A's will be its Turnover Figure plus one third of B's Turnover Figure

- Where firm A and one third of firm B become new firm C
  - firm A's turnover will be £0 (closed) and B's turnover will be two thirds of its Turnover Figure. Firm C's successor turnover figures will be the combination of A's Turnover Figure and one third of firm B's.

In a case where all successor firms agree on the apportionment of 100% of the Turnover Figures, then the SRA will accept the successor turnover figures.

In the case where all successor firms are unable to agree the apportionment of 100% of the Turnover Figures, then the SRA will treat the Notice of Succession as an application for it to determine the Turnover Figure for the purpose of calculating the fees. The SRA will determine this apportionment based on the information available and its decision will be final.

Annex C: Licensed Body Fee Determination 2026

This determination is made by the Solicitors Regulation Authority under rule 1.1 of the SRA Application, Notice, Review and Appeal Rules and rule 7.1 of the SRA Authorisation of Firms Rules, with the approval of the Legal Services Board under section 51 of the Legal Services Act 2007.

Initial Applications

1. The application fee payable by a body applying for initial authorisation as a licensed body will be calculated as follows:

   (a) an initial payment of £2,000, which is based on a day rate of £600;

   (b) £150 in relation to each candidate subject to approval by the SRA under Part 4 of the SRA Authorisation of Firms Rules, excluding those deemed to be approved under rules 13.3 and 13.5 of the SRA Authorisation of Firms Rules;

   (c) where the SRA's costs in considering the application exceed the amounts specified in (a) and (b) above then such additional costs will be charged at a day rate of £600;

   (d) where the nature of the application means that the SRA has to seek external assistance, the full cost of that assistance will be charged;

   (e) on initially considering an application, the SRA will notify those bodies whose applications it considers likely to exceed the amounts specified in (a) and (b) above and will indicate any additional sums payable in accordance with paragraphs (c) or (d) above;

   (f) notwithstanding any additional sums notified under paragraph (e), the SRA may charge further additional sums in accordance with paragraphs (c) or (d) if unforeseen circumstances arise during the application process, however the SRA shall notify the applicant as soon as reasonably practicable as to the further liability to be incurred.

2. Appendix 1 contains information on the circumstances that may give rise to additional costs that may be chargeable under paragraphs 1(c) and (d) and the SRA may publish additional information from time to time.

Periodical fees

Licensed bodies are required to pay an initial periodical fee on authorisation which is calculated by reference to the firm's estimated turnover. Licensed bodies are also required to pay annual periodical fees by the prescribed date which is 31 October in any year. Paragraphs 3 and 4 below deal with the way in which the initial periodical fee will be calculated for the period which runs from 1 November 2026 to 31 October 2027 and paragraph 5 deals with the annual periodical fee.

Initial Periodical Fee

3. Subject to paragraph 4, the initial periodical fee payable by a licensed body shall be determined by:

   (a) taking the estimate of the Turnover Figure for the first 12 months of business and carrying out the calculation in respect of the relevant band in accordance with appendix 2; and

   (b) paying one twelfth of that amount in relation to each month or part of a month between the date of authorisation and 31 October 2027.

4. (a) Where a licensed body has succeeded to the whole of the practice of an authorised body the fee calculated in accordance with paragraph 3 shall be reduced by one twelfth of the firm fee already paid by the predecessor authorised body in respect of each month between the date of authorisation of the licensed body and 31 October 2027.

   (b) Where a licensed body has succeeded to part of the practice of an authorised body the fee calculated in accordance with paragraph 3 shall be reduced as set out in paragraph 4(a) above but the reduction shall relate to such proportion of the firm fee as the SRA shall determine taking into account any Notice of Succession or other information.

Annual Periodical Fee

5. The annual periodical fee payable by a licensed body shall be determined by taking the estimate of the Turnover Figure for the first 12 months of business or, where the licensed body became a licensed body before 1 November 2024, the Turnover Figure, and carrying out the calculation in respect of the relevant band in accordance with appendix 2.

Overseas Branch Offices

6. A licensed body which has one or more overseas branch offices shall pay an additional fee of £200 in respect of each overseas office.

Interpretation

7. In this determination:

   Notice of succession means notice required under rule 16.1 of the SRA Authorisation of Firms Rules;

   Turnover Figure means as set out in appendix 3.

   All other terms are to be interpreted in accordance with the SRA Glossary.

Commencement

8. This determination shall come into force on 1 November 2026.

Licensed Body Fee Determination: Appendix 1

1. The initial payment of £2,000 includes the costs that the SRA will incur in reviewing the application and considering whether, and if so how much, additional time and external assistance will be required. At the end of the review the SRA will notify the applicant of additional sums payable under paragraph 1 (c) and (d). Such estimate may be exceeded if unforeseen circumstances require additional time or external assistance.

2. The following list contains indicators of circumstances relating to the applicant body that may lead to the SRA seeking further information and incurring additional costs:

(a) proposed outsourcing arrangements;

(b) proposed initial public offering;

(c) proposed franchise model;

(d) proposed multiple fee sharing and /or referral arrangements;

(e) proposed multi-disciplinary practice, involving other regulators;

(f) the applicant is part of a group including other organisations or permitted separate businesses which could cross sell services and /or give rise to potential conflicts.

This list is not exhaustive.

3. The SRA estimates that a combination of indicators that includes one or more of (a) to (d) above (moderate complexity) may require an additional 15 days of cost and an approximate additional charge of £9,000.

4. The SRA estimates that a combination of indicators that includes one or more of (e) and (f) together with any of the other indicators (high complexity) may require an additional 30 days of cost and an approximate additional charge of £30,000.

5. Additional costs may also be incurred where candidates, or sources of funding are located overseas. This could include the use of specialised external agencies to provide detailed reports on foreign individual and corporate owner applicants and may cost between £3,000 and £5,000 dependent on the jurisdiction.

6. Additional costs may also be incurred where there are complex ownership structures which require investigation in order to identify all persons who hold a material interest.

Licensed Body Fee Determination: Appendix 2

Turnover band	Turnover Range (A)	Pay %* of Turnover within band (B)	Minimum Turnover in band (C)	Minimum Fee in Band (D)
A	£0 - £19,999	0.92%	£0	£100
B	£20,000 - £149,999	0.54%	£20,000	£184
C	£150,000 - £499,999	0.53%	£150,000	£886
D	£500,000 - £999,999	0.51%	£500,000	£2,741
E	£1,000,000 - £2,999,999	0.48%	£1,000,000	£5,291
F	£3,000,000 - £9,999,999	0.33%	£3,000,000	£14,891
G	£10,000,000 - £29,999,999	0.28%	£10,000,000	£37,991
H	£30,000,000 - £69,999,999	0.25%	£30,000,000	£93,991
I	£70,000,000 – £149,999,999	0.23%	£70,000,000	£193,991
J	£150,000,000 +	0.08%	£150,000,000	£377,991

** % is equivalent to 'divided by 100' (e.g. 0.52% = 0.0052)*

Using the table above to calculate the firm fee based on the firm's turnover (T)

1. Identify the turnover value (T) and which corresponding band the turnover falls into from column A.
2. Subtract the figure in the corresponding column C from T for that turnover band.
3. Multiply this figure by the corresponding percentage in column B.
4. Finally add this figure to the corresponding figure in column D.
5. Firm fee then needs to be rounded to the nearest pound (i.e. if less than 50p then round down and if equal to or more than 50p then round up)

Formula: (T - C) x B + D

Example 1: For Turnover of £0:
(£0 - £0) x 0.92% + £100 = £100

Example 2: For Turnover of £200,000:
(£200,000 - £150,000) x 0.53% + £952 = £1,151

Example 3: For Turnover of £800,000:
(£800,400 - £500,000) x 0.51% + £2,702 = £4,271

Example 4: For Turnover of £200,000,000:
(£200,000,000 - £150,000,000) x 0.08% + £360,002 = £417,991

Licensed Body Fee Determination: Appendix 3

Turnover Figure

The following paragraphs describe how the turnover figure that will be used for the purposes of determining how the periodical fee should be calculated:

1. Turnover figure means a firm's total gross fees arising from regulated activities undertaken from offices in England and Wales.
   - *Gross fees includes*: all professional fees of the firm including remuneration, retained commission, and income of any sort whatsoever of the firm (including notarial fees). Work in Progress (WIP) should be included.
   - *Gross fees does not include*: interest, reimbursement of disbursements, VAT, remuneration from a non-private practice source, dividends, rents, and investment profit.

2. Applicant bodies are required to provide an estimated turnover figure in the application and the SRA will seek information to support the figure and explain the basis on which the body has made the estimate during the authorisation process. Where the applicant body is succeeding to any legal practice carried on by a recognised sole practitioner, an authorised body or to a previously unregulated legal services business then the historic turnover figures for such businesses will be relevant in validating the estimated turnover for the new body.

3. The SRA may substitute an alternative estimated turnover figure for the purpose of the fee calculation where it reasonably considers that the estimated turnover figure produced by the applicant body does not fully reflect the true value of the legal services to be provided. The examples below indicate the sort of circumstances in which such a substitution may be made:

   (a) The licensed body is part of a group of businesses which provide a range of services some of which may be bundled with legal services, where the legal services may be offered at a reduced rate or as a "free" service.

   (b) The licensed body is part of an insurance company where some of the legal services may be supported by premium funding, rather than fee income.

   (c) The licensed body provides a mix of regulated activities and other activities which are either unregulated or regulated by other regulators, and the services provided may include a mix of such activities which may be bundled as in (a) above.

   In these cases the SRA will seek further information to help it determine a fair estimate and will seek to agree the figure with the applicant body but in the absence of such agreement the SRA's decision shall be final.

4. A licensed body will have provided an estimated turnover figure for the first 12 months of trading during the application process. This estimated turnover figure will be used to determine the annual periodical fee payable by the licensed body. In some cases, the SRA may have chosen to substitute an alternative estimated turnover figure in the circumstances outlined in paragraph 3 above to ensure the estimated turnover reflects the true cost of legal services being provided. This figure will have been communicated to the applicant prior to the licence being granted. In such cases, the revised estimated turnover figure will be used to determine the annual periodical fee payable by the licensed body.

5 Where a licensed body became a licensed body before 1 November 2024, the turnover figure should no longer be estimated. In such cases, the turnover figures that will be used when billing firms in October 2026 will be based on **closed accounts**, audited where possible.

- Closed accounts are defined, in order of preference, as:
    1. an audited set of financial statements
    2. an unaudited set of financial statements signed off by an accountant
    3. a submitted tax return for the year.

6. Bad debt should be handled under normal accounting procedures. Where it has been allowed for in the turnover figure for a firm’s last closed accounting period prior to 1 November 2025, that is acceptable. If a bad debt has been discovered after closing the firm’s accounts, then the turnover figure cannot be re-adjusted. Those adjustments could potentially be accounted for in the following year's closed accounts.

7. The turnover figure should, wherever possible, be for the last complete (12 months) accounting period prior to the 1 November 2025 (e.g. 31 March 2025). The latest acceptable annual accounting period end date is 31 October 2025.

8. The turnover figure should be an exact figure wherever possible. A figure rounded to the nearest £1,000 will be acceptable only if more detail is unavailable.