Alison Kellet
President and Chair
Solicitors Disciplinary Tribunal

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29 October 2026

Dear Alison

Following the Board meeting on 22 October 2026, I am writing to confirm the LSB's approval of the SDT's 2027 operating income budget of £3,156,499, set out in the budget application submission dated 7 September 2026, and the addendum dated 12 October 2026.

The Board considered that, overall, the SDT has improved its application in response to the October 2025 decision letter dated 30 October 2025, the Memorandum of Understanding, and through the addendum submitted after the challenge panel, which convened on 7 October 2026.

The Board noted the budgeted increase in strategic and one-off costs for 2027 including AI integration, tribunal member recruitment as well as contractual changes with its provider of electronic hearing bundles, and the SDT's commitment to further operational efficiencies and reporting on Key Performance Metrics. The Board noted that the SDT's forecast of cases was dependent on referrals from the SRA, but also that the number of lay referrals was increasing. The Board also noted that following the High Court decision in the Carter-Ruck Solicitors & another v SRA, the SDT does not expect a significant or lasting effect on caseloads impacting on its financial position and operations, although this may temporarily delay referrals made by the SRA. The judgment means the SRA cannot rely in proceedings on material subject to legal professional privilege produced under compulsion. It is important that the SDT and SRA remain in close contact on the timing of referrals in these cases to ensure a collective understanding which will allow the timely handling of cases. The LSB should also be informed of how these cases are proceeding and the impact on the SDT.

The Board welcomed the SDT's intention to use reserves, where appropriate, to meet one-off costs, including any additional hearing space needed for high-profile cases in 2027. It also noted the improvements following our October 2025 decision letter recommendation on the cost-per-court metric, to give a more representative year-on-year comparison for 2026 and 2027, combining actual costs and sitting days for the first six months of 2026 with forecast sitting days for the remainder of 2026. Although cost per court is not falling as anticipated since the last budget application partly because of fixed costs, the Board noted that the SDT has focused on efficiencies and its revised listings approach has delivered tangible results, including lower attrition and adjournment rates.

This year's budget application process highlighted some concerns for the Board. Specifically, we want to better understand how decisions are taken by the SDT Board when approving the budget application; the handling of the reserves and the revised reserves policy; the SDT

approach for handling lay referrals; and the changes to the Tenure of Office policy. The Board has asked the executive to engage with you on the detail of these matters and we will be in touch to set up a meeting to take place early in 2027.

In approving the budget application, the Board has asked that the following information is considered for the 2028 Budget application:

- a full options analysis, including risks and mitigations, with a zero-growth option built from first principles, rather than from the previous year's budget.
- alignment with an updated reserves policy approved by the full SDT Board before it is submitted.
- a chart showing historical costs and movements in reporting categories.
- the level of general reserve cover including a schedule of movements in reserves.
- changing trends in lay applications to the SDT and the need to review the SDT's approach to these.
- a review of Board effectiveness and governance arrangements, including roles responsibilities, risk management and financial controls, to ensure that governance and financial control practices are fit for purpose and support effective decision making that is clear, accountable, and transparent.

Thank you for taking on board our feedback and for continuing to explore innovative ways to demonstrate value for money and for measuring efficiency as well as costs per court. The LSB executive remains available to discuss this letter and any related matters, and we look forward to working with you over the coming year.

Yours sincerely

Monisha Shah

Monisha Shah
Chair, LSB

cc. Emma Tully, Chief Operating Officer