

SRA BOARD

27 January 2026

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*This paper will be published***SRA July to October 2025 Performance Report**

Reason for papers	These papers (items 8 and 9) provide the Board with an overview of the performance report for the four month period ended 31 October 2025 (our year-end) and a report covering the management of the SRA's key risks set out in the Strategic Risk Register (SRR).
Decisions(s)	<p>The Board is asked to:</p> <ul style="list-style-type: none"> a) note the content of the performance report and the overall assessment of performance b) approve the updated investment policies for the SRA Limited, Compensation Fund and Solicitors Indemnity Fund (annex 1) c) delegate to a working group of the Board a decision over future provision of investment manager services d) approve a planned deficit against funding for the year of £5.5m e) note the update on the LSB performance assessment.
Previous Board and committee consideration	The Board receives performance reports and Strategic Risk updates on a regular basis, three times per annum.
Next steps	The first performance pack for 2025/26, covering the first four months of the year, including the Strategic Risk Register, will come to the Board at its meeting in April 2026.

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

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CLASSIFICATION – PUBLIC**SRA July to October 2025 Performance Report****Purpose**

- 1 This paper provides the Board with an overview of the performance report for the final four month period ended October 2025.

Introduction

- 2 The Board is asked to consider five separate documents which, together with this summary, provide the Board with an update on performance for the period ended October 2025. These are:

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

2024/25 business plan performance update

- 26 activities to report against in our business plan.
- 22 'green', delivered commitments and four 'amber' where we were only able to partially deliver the commitments.

Key achievements

High volume consumer claims	<ul style="list-style-type: none"> • We published a discussion paper in September on the high volume consumer claims market with a large programme of engagement. • This included roundtables and webinars with the profession and others, as well as small group discussions with practitioners, academics, consumer representatives, insurers and funders. • As of 31 October 2025, we had 76 live investigations across 61 firms which we estimate covered at least several million claims. In the reporting period we intervened into two firms where there have been serious concerns in relation to HVCC. In addition we imposed two s99 orders to prohibit two individuals in this area who are not solicitors, from working in any firm we regulate.
Risk and data programme	<ul style="list-style-type: none"> • Our Risk and Data Strategy has been finalised and will now be communicated to staff internally. • We entered the design phase of our migration to SharePoint. • We developed an AI Policy which has been communicated to staff. • We established an AI governance group to manage our adoption of new AI products and services.

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Organisation capacity	<ul style="list-style-type: none">• We scaled up to meet the demands of a portfolio of projects that has doubled in size over the past year, with two major transformational programmes underway.• We increased our full time equivalent headcount by 14% over the 2024/25 financial year.
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CLASSIFICATION – PUBLIC**Exceptions**AERT performance

- 3 Our assessment and early resolution team (AERT) case working is the one material exception on performance delivery during the reporting period, with 38-54% of cases resolved within two months of receipt, compared to the target of 80%. This is as a result of the continuing increase in the number of reports received, which we are responding to via a number of measures.
- 4 We have streamlined decision making, updated templates, guidance and work instructions, introduced a law firm dashboard and improved our approach to manager reviews through changes to our case management system. We have also increased both temporary and permanent headcount in a targeted way to deliver the most impact.
- 5 We started a strategic AERT improvement project that aims to transform the complainant journey. We delivered short term improvements including improving our approach to case triage and developing how we investigate matters in our criminal offence cohort. We have also increased our capacity to deliver change through recruiting an additional triage lawyer, extra senior staff, and additional knowledge and development managers.
- 6 These improvements have had a positive impact with AERT increasing the number of report resolutions in 2024/25 by 28%. If the number of reports received during the year had remained at a similar level to the prior year, we would have exceeded the target performance level.
- 7 However, the rate of the increase in reports means that the number of cases in progress continues to grow. In 2024/25 the average number of monthly reports received into the AERT increased by 34%, from 1,024 to 1,375, compared to 2023/24.
- 8 Looking forwards, given the report volumes trend continues to be upwards, with October 2025 seeing a record month with 2,197 reports received, we know that our increased closure level will not be able to keep pace with the increase in volumes, leading to a continuing increase in our number of cases in progress. We are in this context strategically reviewing our approach to how we respond to the reports we receive, and we are focusing carefully on our triage decision making on which reports need the most urgent attention.
- 9 The increased number of reports did not lead to a failure to meet performance targets for investigation case closures within twelve, eighteen and twenty four months, however we know it will negatively impact performance during 2025/26. There was a significant 45% increase in investigation cases, from 165 per month in the prior year to 239 per month in 2024/25.
- 10 It is therefore positive to note that for the first time in October we achieved a stretch target of resolving 70% of investigation cases within 10 months from their assessment, and that the average monthly number of investigation cases resolved

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increased over the year by 31%. The average days for closing investigation cases remained stable at approximately 102 days during the reporting period.

Firm authorisation performance

- 11 Our target is for 90% of high and medium-risk firm applications to be completed within the target time, and during the period performance was approximately 70%. This is firstly due to the increased complexity of cases, of which about half can only be dealt with by the most experienced Authorisation Officers (AOs). Secondly, the number of such AOs has halved following a significant number leaving their roles for others in the organisation and beyond.
- 12 We have strong quality assurance arrangements in place to manage the risk of a reduction in decision making quality arising due to the timeliness challenge. We have a performance recovery plan comprising resourcing initiatives, a heightened focus on case allocation and management, enhanced fast-track approvals where appropriate and improved triage and proactive customer expectation management.
- 13 The prudent targeted timeline to normalise service delivery is by the end of October 2026 at the latest, subject to developments as we move forward in our consumer protection and risk and data programmes.

Financial performance

- 14 The draft 2024/25 SRA results report a deficit of £3.4m, significantly lower than forecast earlier in the year, primarily due to increased returns on investments, lower than expected staff costs and reduced project expenditure. The main driver for the deficit was the 14% planned increase to our headcount during the year.
- 15 At the year-end our unrestricted reserves were £18.8m, which is within our reserves policy range. We expect to have a deficit in 2025/26 which will reduce reserves below the bottom of this range. We will therefore need to consider enabling an increase in reserves in our practising fee proposals for 2026/27.
- 16 The Compensation Fund had an expected deficit of £3.3m for the 2024/25 year, leaving it with net assets of £41m. We have extended a £10m banking facility to provide risk mitigation to protect the Fund's viability during 2025/26. The Solicitor Indemnity Fund (SIF) balance sheet increased by £2m to £33m during 2024/25.
- 17 Following detailed budgeting for 2025/26, we expect the deficit for the SRA this year to be around £5.5m and request that the Board formally agrees this position.
- 18 The investment policies for the Solicitors Regulation Authority Limited, SRA Compensation Fund and Solicitors Indemnity Fund are reviewed annually. The updated policies are included in appendices to annex 1.
- 19 The policies are substantively unchanged from previous versions with updates as required for references to dates and financial years.

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- 20 Due to the volatility and uncertainty over the balance of the Compensation Fund in recent years we took the decision in January 2025 to hold the reserves of the Fund in cash to ensure grants could be paid as they fell due.
- 21 The Board is asked to approve the amended policies.
- 22 Under our investment policy we review the investment manager after five years. We will therefore be tendering for this service during 2026. We recommend that the decision on future investment management services be delegated to a working group including members of the Board. The Board is asked to approve this approach.

LSB performance assessment

- 23 The Board has been receiving assurance against the LSB's performance assessment since June 2023 following a letter from the LSB which set out a suggested approach for how the Boards of regulatory bodies might seek their own assurance for how regulators were performing against the LSB's regulatory performance framework.
- 24 The Board has agreed that the updates it receives on the LSB's performance assessment should be focused on the areas of focus set out in the most recent LSB performance report for the SRA, as well as the areas set out for all regulators to focus on. The Board also asked for a summary of LSB consultations / position papers and our response to them. The latest update is provided in annex 4.

Strategic Risk Register

- There continue to be five strategic risks and two continue to be outside our risk appetite. These are risk based regulation and investigation and enforcement. This is considered in a separate paper under agenda item 8.

Items for discussion

- The accelerating increase in the number of reports we receive is affecting our ability to resolve reports in as timely a manner as we were able to in previous years. Our assessment of the level of risk within new reports is very important. We are taking positive steps to address this issue and must carefully consider our long term approach to it.
- Our lower than target performance on firm authorisation is expected to continue throughout the majority of the 2025/26 year.
- The planned deficit for 2025/26, our investment policies and our approach to reviewing our investment manager service provision.

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Recommendations: the Board is asked to:

- a) **note the content of the performance report annexes and the overall assessment of performance**
- b) **approve the updated investment policies for the SRA Limited, Compensation Fund and Solicitors Indemnity Fund**
- c) **delegate to a working group of the Board a decision over future provision of investment manager services**
- d) **approve a planned deficit against funding for the year of £5.5m**
- e) **note the update on the LSB performance assessment.**

Next steps

- 25 We will continue to report regularly to the Board on our performance. The first report on 2025/26 performance will be in January 2026 and will cover the first four months of the reporting year.

Annexes

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

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