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## Report on the third full year of the Solicitors Qualifying Examination (SQE)

Reason for paper	This paper updates the Board on the third year of the delivery of the Solicitors Qualifying Examination (SQE).
Decisions(s)	The Board is asked to:
	a) consider the third year of the SQE, including as set out in the following reports:
	<ul> <li>the SQE annual report prepared by Kaplan (annex 1)</li> <li>the annual report of the Independent Reviewer (annex 2)</li> <li>our quality assurance report (annex 3)</li> </ul>
	b) note the actions we will take, in collaboration with others, to address some of the causes of differential outcomes
	c) confirm the SQE fees for the academic year 2025/2026 of:  • SQE1: £1,934 (£1,888 for 2024/25)  • SQE2: £2,974 (£2,902 for 2024/25)
	d) note the opportunity for established organisations to seek funding from the Access and Reinvestment Fund to support candidates to overcome significant barriers to qualify.
Previous Board and committee consideration	The Board frequently considers the SQE. Representatives from Kaplan last attended a Board meeting in March 2024.
Next steps	We will publish the annual reports in early March and hold our annual virtual SQE conference on 2 April 2025.

If you have any questions about this paper please contact: Aileen Armstrong, Executive Director, Strategy, Innovation and External Affairs, 07999 165496, aileen.armstrong@sra.org.uk

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## Report on the third full year of the Solicitors Qualifying Examination (SQE)

#### **Summary**

- This paper invites the Board to consider the third year of the Solicitors Qualifying Examination (SQE).
- The Board is also invited to confirm the SQE fees for 2025/2026, which, in accordance with our contract with Kaplan, will be increased in line with inflation, with a small supplementary increase towards Welsh translation costs.
- 3 The paper also summarises some developments since the reporting period concluded.
- 4 Soren Kroon, Managing Director at Kaplan Professional, and Zoe Robinson, Director of Qualifications at Kaplan Professional, will present key aspects from Kaplan's report to the Board and take questions.

#### **Background**

- The SQE has been available since November 2021. The SQE is delivered in two parts. SQE1 was delivered on two occasions (January and July 2024) in the period covered by the reports. SQE2 was delivered on five occasions during the reporting period (July and October 2023 and January, April and July 2024). The reports cover assessments for which results were issued during the reporting period. This paper focuses on the assessments covered by the reports. However, there is also information on wider and future developments.
- During 2023/24 more than 14,600 individual candidates took part in the SQE. This compares with 8,000 in the previous year. To illustrate the scale at which take-up of the SQE is growing, over 7,500 candidates took SQE1 in January 2025 alone.
- A number of solicitors have been admitted to the roll having taken one or both parts of the SQE including, to the end of December 2024:
  - a. c.1,400 who qualified using the standard SQE route to qualification (passing SQE1, SQE2 and undertaking QWE)
  - b. an additional c.350 who passed SQE1 and SQE2 as solicitor apprentices
  - c. c.3,250 who were already qualified as a lawyer in England and Wales or another jurisdiction
  - d. c.670 who had completed an LPC, but passed SQE2 and undertook Qualifying Work Experience before admission, under the transitional arrangements

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#### **Discussion**

#### How the assessments and candidates have performed

- 8 Kaplan's annual report draws together materials previously presented in statistical reports published after each exam sitting. It includes analyses of how the assessments performed, on how candidates overall have performed, including with reference to their prior attainments and experience and their demographic and protected characteristics.
- The analyses show the assessments have performed well. The assessments are valid and reliable, successfully differentiating between candidates who are competent and those who are not. The Independent Reviewer's report supports this conclusion. Our quality assurance report summarises the steps we take to assure ourselves the assessments are fit for purpose.
- The pass rates for candidates taking SQE1 for the first time were 59% for January 2024 and 48% for July 2024. The overall pass rates, including resitting candidates, were 56% and 44% respectively. The pass rate for the July 2024's SQE1 was lower than previously seen. There is no pre-determined pass rate for the assessments. The rate simply reflects the percentage of candidates in any sitting who meet the standard for a competent day one solicitor.
- 11 We make sure the standard required to pass is maintained between sittings. This is why there is no pre-determined pass mark (the mark required to pass the assessment). This is set independently for each paper to allow for any papers that are slightly harder or easier than others. All papers are intended to be equally challenging. However, if, when taken, there is evidence that one paper was slightly harder than others, the Marking and Standard Setting policy allows for the pass mark of that paper to be set slightly lower to account for the difference in difficulty.
- One way we make sure that the standard required to pass is maintained between papers and sittings is by using common or repeat questions. In other words, the exam papers include some questions that have been used before. This enables us to compare how well candidates in different sittings perform on those questions.
- When we looked at how well the July 2024 candidates performed on questions that had been included in previous exams, we saw that, overall, this candidate cohort was weaker than previous ones. We saw that fewer candidates answered those questions correctly than when the questions were previously used.
- The overall pass rates for the five SQE2 sittings for which results were released during the reporting period was 76%. However, this masks significant differences in pass rates between candidates who had passed SQE1 (83%) and candidates qualifying under the transitional arrangements and, therefore, not required to pass SQE1 (43%). The majority of candidates now qualifying

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under the transitional provisions had completed an LPC. The SQE assesses a candidate's competence to practise as a solicitor, whereas the LPC assessed a candidate's readiness to undertake a period of recognised training, ie to work as a trainee. SQE2 assesses both skills and knowledge. The knowledge aspects of the assessment are drawn from SQE1 – the Functioning Legal Knowledge.

- 15 We have reminded candidates considering qualifying under the transitional provisions of the differences between the LPC and SQE and encouraged them to prepare fully before entering SQE2. Despite the relatively low pass rate for candidates following the transitional route to qualification, as shown in 7 above, by the end of 2024, 676 individuals had been admitted in this way. These are likely to be candidates whose ambition to qualify had previously been hampered by the requirement to complete a training contract or a period of recognised training.
- Approaching 5% of assessments taken in the reporting period were by solicitor apprentice candidates. As previously seen, solicitor apprentices have typically performed better than other candidates in SQE2. Their performance in SQE1 was similar to, or better than, other candidates.
- 17 Additional analysis of the data also shows that, when compared with the whole cohort taking the SQE:
  - · a higher proportion of apprentices than the full cohort come from working class backgrounds
  - · a much higher proportion of apprentices attended state schools
  - · a higher proportion of apprentices said that neither of their parents attended university.
- The Solicitor Apprenticeship is, therefore, providing a route to qualification for young people who might otherwise consider access to the profession beyond their reach. This is clear evidence that it is facilitating social mobility.
- 19 Trends seen in previous years have continued. The data shows that, generally:
  - Candidates who are not qualified lawyers perform better than those who are.
  - Candidates with higher university degree classifications perform better than those with lower degree classifications.
  - Younger candidates perform better than older ones.
  - Men perform better than women in SQE1, with the position reversed for SQE2.
  - Candidates who have declared a disability and candidates who have a reasonable adjustment perform at least as well as those without a disability and/or a reasonable adjustment.
  - The differential outcomes by ethnicity seen on the LPC, which are also evident in other sectors, stages of education and countries, are continuing in the SQE.

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#### **Differential outcomes**

- During the reporting period, the final report of the research we commissioned from the University of Exeter into the potential causes of differential outcomes was published. This built on the systematic literature review that formed the first part of the research project, published in summer 2023. The second part of the research considered the extent to which the lived experience of candidates has an impact on their performance. The Board has previously considered the findings of the research, which show the causes are complex and interrelated and link to social and economic backgrounds, school and university outcomes, fitting in while studying law, perceptions of the profession and access to legal work experience.
- 21 With input and support from the profession, law schools, training providers, networks and specialist organisations, we have agreed some actions to address the causes found. These are summarised in annex 4. We will work collaboratively to implement these actions and evaluate their impact. We recognise that some of the identified causes can be traced back to early educational and family experiences. Our actions will focus on the causes on which we are most likely to be able to make a difference, including1:
  - a. Facilitating the sharing of good practice and research.
  - b. Providing further information for candidates about the assessment arrangements so they can focus on their performance.
  - c. Providing further information about how single best answer multiple choice questions are written.
  - d. Understanding more about firms' recruitment practices and how they monitor retention.
  - e. Mapping the extent of engagement between law firms and law schools.
- 22 We also recognise it is likely to take some time for the impact of the actions to be seen. We will keep the actions under review, refining, expanding and/or replacing them as we go, informed by evidence of their effectiveness.

#### A redesigned booking process

23 During the reporting period Kaplan redesigned the booking arrangements. This was in response to criticism that the original approach was stressful for candidates, with some experiencing long waits in a virtual queue to book their seat. The transformed process has been a success, as confirmed by a marked shift in candidate feedback.

#### **Delivery of the assessments**

24 During the reporting period the written assessments were taken in 37 countries. The SQE2 oral assessments can only be taken in England and Wales: in

<sup>&</sup>lt;sup>1</sup> The full list can be found in annex 4

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Birmingham, Cardiff, London and Manchester. The introduction of a Birmingham centre in October 2023 and a third centre in London in 2024 has increased capacity and provided additional choice for candidates.

In the main, the delivery of the assessments went to plan. Learning from isolated incidents in previous sittings, Kaplan changed the Mitigating Circumstances Policy for use in the July 2024 sittings onwards. The policy introduced the concept of an Assessment Delivery Failure. This enables Kaplan quickly to explain to candidates their options if they are unable, because of a delivery issue, to take their assessments as scheduled and without candidates having to submit a mitigating circumstances claim.

#### Results error - SQE1 January 2024

- Forms-based assessment was introduced for SQE1 in January 2024. At the same time, scaled scores were used for the first time, to make it easier for candidates' results to be compared, regardless of the paper they took or the window during which they were assessed.
- 27 The delivery of this new approach to assessments went well. It has reduced both the risk of delivery failures and capacity challenges. However, an error occurred because Kaplan did not round scores at the point in the results process that was set out in the published marking and standards setting policy. It had to reissue all results and advise 175 candidates who had been told they had failed one or both Functioning Legal Knowledge (FLK)s that they had, in fact, passed.
- 28 Kaplan commissioned an independent review into the causes of the error and has taken a number of actions to address the issues identified. Kaplan reports to us regularly on the changes made to safeguard against errors in the future.
- 29 This results error is considered in the SQE Independent Reviewer's report. The Independent Reviewer concluded the error was rectified in as efficient a manner as possible and that lessons have been learned.

#### SQE developments since the reporting period

- We have agreed with Kaplan that scaled scores should be used to present SQE2 results from the January 2025 sitting. This will secure consistency with the way SQE1 results are presented. It will also make results easier to compare including when multiple forms of the written assessments are used within the same assessment window, which will help to accommodate increased candidate numbers. Multiple forms of the oral assessments are already used in each window. The move to scaled scores will simplify the way results are presented.
- The move to scaled scores for SQE2 has already been communicated on the SQE website and via the SQE Update Bulletin. We will ensure further information is available to candidates before the results from the January 2024 SQE2 assessment are issued.

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32 Kaplan published 40 additional SQE1 sample questions in December 2024. These were 'retired' questions, ie questions that had previously been used in assessments. Kaplan also published additional materials to help candidates understand the standard of performance expected for SQE2, notably further videos of example oral assessments, to help candidates know what to expect when they take an oral assessment and the standard of performance required to pass.

#### SQE fees for 2025/2026

- The contract with Kaplan provides for an annual increase in the fees for the SQE to reflect inflation.
- In line with our contractual agreement with Kaplan, there will also be a small additional uplift towards the costs of translating the assessments into Welsh.
- 35 The fees for 2025/2026 will be:

a. SQE1: £1,934 (£1,888 for 2024/25)b. SQE2: £2,974 (£2,902 for 2024/25)

#### Wider developments

- 36 Kaplan continues to explore with Pearson Vue the options for providing spell-check functionality on the test platform for the written assessments that form part of SQE2. Potential solutions have been identified. Kaplan and Pearson Vue are assessing the relative risks and benefits of the options, and timelines for implementation.
- We have not yet been able to fulfil our commitment to publish data linking candidate outcomes with how they had prepared for the assessments. We remain committed to doing so and are engaging external expert advice on data quality.
- We have refreshed the information on the SRA website on the wide range of SQE courses and materials available, using information supplied by the training providers. This continues to show a good range of options and a wide range of prices.
- 39 As part of our ongoing evaluation programme, we have commissioned IFF, a social and market research agency, to conduct the first independent evaluation of aspects of the SQE. This will assess whether the SQE is on track to achieve its objectives of:
  - providing greater assurance of consistent standards at the point of admission
  - encouraging the development of new and diverse pathways to qualification.

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IFF is surveying candidates, employers and training providers to find out their thoughts and experiences of the SQE and of qualifying work experience.

#### The Access and Reinvestment Fund

- We will be inviting established organisations that run schemes to help aspiring solicitors who face significant personal barriers to qualify to apply for a share of the Access and Reinvestment Fund. The funding is available because of our contractual arrangements with Kaplan.
- There is c.£360k in the fund that has accumulated since the SQE was first introduced. The payments have come from penalties mainly incurred because of isolated delays to assessment start times in specific assessment centres.
- 42 Successful organisations will be able to draw down from the fund the SQE fees for candidates they have selected for support. We cannot guarantee how much, if any, such funding will be available in future years and so we are running this as a stand-alone exercise. We might repeat it, if it is successful and if future funds allow.

#### Conclusion

- 43 Candidate numbers have grown markedly. Kaplan has anticipated this growth and made appropriate provision. It has also enhanced the candidate booking experience and provided further information to support candidate preparation.
- The Independent Reviewer has confirmed that we can have confidence in the assessments.
- 45 The training market is evolving, providing a range of choices for candidates.
- The trends on candidate performance previously seen have continued, including differential outcomes by ethnicity that were seen on the LPC too. We will take actions to address the causes identified by the research we commissioned.

#### Recommendations: the Board is asked to:

- a) consider the third year of the SQE, including as set out in the following reports:
  - Kaplan's annual report
  - the annual report of the Independent Reviewer
  - our quality assurance report
- b) note the actions we will take, in collaboration with others, to address some of the causes of differential outcomes
- c) confirm the SQE fees for the academic year 2025/2026 of:

• SQE1: £1,934 (£1,888 for 2024/25)

• SQE2: £2,974 (£2,902 for 2024/25)

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d) note the opportunity for established organisations to seek funding from the Access and Reinvestment Fund to support candidates to overcome significant barriers to qualify.

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#### **Supporting information**

### Links to the Corporate Strategy and/or Business Plan and impact on strategic and mid-tier risks

The SQE was introduced to make sure all solicitors were assessed against the same high standard before being admitted to the profession, in line with our strategic priority to set and maintain high standards for the profession.

#### How the issues support the regulatory objectives and best regulatory practice

When we introduced the SQE we removed unnecessary regulatory barriers to qualification and placed our regulatory focus on making sure solicitors had demonstrated their competence before they qualified, rather than on prescribing the education and training route they had to follow.

#### **Public/Consumer impact**

The SQE provides an assurance to the public that all newly qualified solicitors have demonstrated their competence to practise.

## What engagement approach has been used to inform the work and what further communication and engagement is needed?

We regularly engage with stakeholders and consider their feedback. For example, candidates are invited to complete a survey when they have taken their assessments. There are also opportunities for them to participate in regular focus groups. We meet with training providers. Our actions to address differential outcomes have been informed by, and will be undertaken with, a range of stakeholders.

#### What equality and diversity considerations relate to this issue?

The troubling gap in outcomes between candidates of different ethnicities that was seen in the legacy qualification arrangements, as well as in other sectors and different stages of education, in the UK and internationally, has continued on the SQE. We will take action to address some of the causes of differential outcomes by ethnicity, informed by the research we commissioned from the University of Exeter. The results do not flag concerns with regard to the relative performance of males and females or the relative performance of candidates with or without a disability.

#### How the work will be evaluated

We have a ten-year evaluation framework. The first independent evaluation that forms part of that framework is underway.

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#### **SRA BOARD** 24 February 2025

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#### Annexes

Annex 1 Kaplan's annual report
Annex 2 The annual report of the Independent Reviewer
Annex 3 Our quality assurance report
Annex 4 Actions to address the causes of differential outcomes