

Solicitors Regulation Authority
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Building a Brighter Future
for Injured People

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24 June 2024

By email only: businessplan@sra.org.uk

Dear Sir/Madam,

Business plan and budget 2024-25 consultation

APIL welcomes the opportunity to comment on the Solicitors Regulation Authority's (SRA) draft business plan and budget consultation. Our response focuses on the proposed Compensation Fund contribution from SRA-regulated law firms that hold client money. From APIL's perspective, the Compensation Fund is fundamental for consumer protection. The fund must remain viable as a fallback option should a client suffer losses due to solicitors failing to account for damages, behaving dishonestly, or not being properly insured.

We have concerns regarding the substantial increase proposed in the required firm contribution from £660 to £2,220. The contribution for 2024-25 is proposed without proper justification to the profession and transparency regarding how the contribution amount was calculated.

APIL understands that the SRA has carried out more interventions in the last two years, some of which significantly impacted the Compensation Fund reserves. However, solicitors are not responsible for the erosion of the fund and should not have to pay exceptionally high contributions as a consequence of bad management or a failure to identify a rise in smaller interventions over the years while accounting for the possibility of more major interventions. There should be greater transparency and further information about the fund's management. We suggest that the Compensation Fund annual report includes a breakdown of calls to the fund by sector (e.g., personal injury, conveyancing, probate, etc.).

We note that the future of the fund is part of the consumer protection review being carried out by the SRA. The fund and the security it provides grant consumers an additional sense of security and set solicitors apart from other legal services. We believe that consideration should be given to revisiting the way the contributions are calculated, to ensure the viability of the Compensation Fund while maintaining transparency with the profession.

APIL has concerns that applying a flat rate increase to contributions regardless of firm size and/or the amount of client monies held may have unintended consequences for smaller firms or solo practitioners. This might lead to broader equality issues, given that the SRA's diversity data shows that smaller firms are far more likely to have partners from Black, Asian, or minority ethnic backgrounds.¹

¹ Solicitors Regulation Authority (SRA) 'Diversity in law firms' workforce' accessed online at <https://www.sra.org.uk/sra/equality-diversity/diversity-profession/diverse-legal-profession/>

APIL believes that the SRA should consider a further consultation about the fairest way to set the rate in the future. Feedback from solicitors is key, given that the whole profession is required to contribute to the fund.

We hope our comments prove useful to you.

Sincerely,



Ana Ramos

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