

**SRA BOARD**

18 July 2023

**CLASSIFICATION – CONFIDENTIAL***This paper will be published***2023/24 Practising Fees and Compensation Fund contributions**

<b>Reason for paper</b>	This paper describes the proposed practising fees and Compensation Fund contributions for the 2023/24 practising year.
<b>Decisions(s)</b>	The Board is asked to: approve the fee determinations for 2023/24 in respect of individual practising certificate fees, entity turnover based fees and Compensation Fund contributions.
<b>Previous Board and committee consideration</b>	The Board considered feedback on the Business Plan and Budget consultation at its meeting on 27 June 2023. It approved the SRA practising fee requirement which forms part of the overall Law Society group requirement.
<b>Next steps</b>	Subject to Board approval, an application will be made to the Legal Services Board to approve the practising fees and Compensation Fund contributions.

**If you have any questions about this paper please contact Liz Rosser, Executive Director of Resources, [liz.rosser@sra.org.uk](mailto:liz.rosser@sra.org.uk)**

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### 2023/24 Practising Fees and Compensation Fund contributions

#### Background

- 1 The Board is asked to make its final decision on Practising Fees and Compensation Fund contributions apportionment for 2023/24.
- 2 The Board agreed the SRA funding requirement for 2023/24 at its meeting on 27 June 2023. The SRA requirement is £67.6m, an increase of £7.1m (11.7%) compared to 2022/23. The Law Society received this for inclusion in the overall Law Society group funding requirement. The Law Society Council considered this on 4 July 2023 and, with the addition of the requirement for TLS and external levies, approved an overall requirement of £127.9m.
- 3 This requirement represents an increase of £13.2m (11.5%) on the figure for 2022/23. The overall requirement is split between individuals and firms, 40% and 60% respectively. Individuals pay a flat fee and SRA authorised firms also pay an entity fee based on their UK turnover. The proportion of turnover charged declines as turnover decreases.
- 4 The increase in the overall requirement means that the individual practising certificate fee will increase in 2023/24, from £286 to £307 (7.3% increase). £162 of this fee is attributable to the SRA, an increase of £11 (7.3%) compared to 2022/23. The total amount to be collected from firms through the entity fees will increase from £68.9m to £76.7m.
- 5 £51.2m will be collected from individuals. At the time of writing there are almost 168,000 solicitors (and Registered foreign lawyers) on the roll and that figure will increase to over 170,000 by the end of the practising year due to the annual peak of admissions in August and September. During the last decade, the number of solicitors holding practising certificates has consistently increased by more than 3,000 per year. Our best estimate is that the increase in the number of practising solicitors will continue next year, however recognising that not everyone pays a full practising fee (discounts are available to some of those individuals, such as people on maternity leave, while others joining the profession part-way during the year pay a reduced rate), the equivalent of around 167,000 full practising fees can be expected in the year, equating to an individual fee of £307.
- 6 The Compensation Fund contribution for individuals will remain at £30 as it was last year and for firms holding client money will reduce from £690 to £660. These figures were previously approved by the Board on 25 April 2023.

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**Recommendations: the Board is asked to make the following determinations:**

- a) the Practising Certificate Fee Determination [2023] in annex 1
- b) the Recognised Body and Recognised Sole Practice Fee Determination [2023] in annex 2
- c) the Licensed Body Fee Determination [2023] in annex 3
- d) the Determination of Compensation Fund contributions for individuals and firms [2023] in annex 4
- e) the Determination of Compensation Fund contributions for Licensed Bodies [2023] in annex 5.

**Next steps**

- 7 The Practising Fees and Compensation Fund contributions are subject to final approval by the Legal Services Board and we will make the appropriate application following Board approval of the recommendations in this paper.

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**Supporting information**

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

- 8 Approval of the fees to allow collection of the overall group funding requirement is essential to the delivery of all strategic objectives.

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

- 9 The draft SRA Budget for 2023/24 which underpins the SRA proportion of this funding requirement has been set in order to allow us to deliver against our strategic objectives, supporting our regulatory objectives.

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

- 10 The proposed budget for the SRA was included in the recent consultation on the 2023/24 business plan. The responses to this consultation were considered by the Board on 27 June 2023.

**What equality and diversity considerations relate to this issue**

- 11 The approach to setting practising fees and Compensation Fund contributions follows the structure adopted in 2010 as a result of the three Fairer Fees consultations. An initial Equality Impact Assessment has been carried out this year and identified no impacts that required further consideration.

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**Annexes**

- Annex 1** Draft Practising Certificate Fee Determination [2023]
- Annex 2** Draft Recognised Body and Recognised Sole Practice Fee Determination [2023]
- Annex 3** Draft Licensed Body Fee Determination [2023]
- Annex 4** Draft Determination of Compensation Fund contributions [2023]
- Annex 5** Draft Determination of Compensation Fund contributions for Licensed Bodies [2023]