



Solicitors
Regulation
Authority

Initial Equality Impact Assessment Compensation Fund 2021/2022

6 May 2021

Initial Equality Impact Assessment - 2021/2022 Compensation Fund contribution

1. The Compensation Fund provides financial redress to eligible claimants in certain circumstances where the loss is not covered by Professional Indemnity Insurance. The Fund is financed by annual contributions from solicitors and law firms that we regulate.
2. The annual contribution is set using careful analysis of the claims made against the Fund and its likely future exposure. In 2020, we [consulted](#) on the principles that the Board uses in deciding what the contributions should be. In that we made it clear that we would provide information on the level of the Compensation Fund contribution. in our annual consultation on our forward business plan and budget.
3. Our business plan and budget consultation includes events, meetings with interest groups and those with protected characteristics, and social media outreach, as well as the opportunity to provide written responses. We are inviting comments on this equality impact assessment, which supports our work to set the annual Compensation Fund contribution.
4. The Compensation Fund contribution application is made to the oversight regulator, the Legal Services Board (LSB) and they have provided the template we have populated below on pages 3 and 4.
5. The contributions from firms are based on splitting the total monetary value required by the Compensation Fund into two. Half of the total to be paid is divided between firms who hold client money, and the other half is split between the individuals who hold a practising certificate. Since the fee charged to both firm fee and the individual are flat fees, the total fee charged to a firm depends on the size of the firm. This means that fees will vary from £50 for a sole practitioner who does not handle client money to over £65,000 for the largest firms, employing over a thousand solicitors.
6. To develop this Equality Impact Assessment, we have analysed historic data for firms and the fees they pay. The outcomes are captured in the LSB summary table below, which includes the full range of protected characteristics.
7. Our data relies on solicitors completing the relevant sections in their mySRA account and in our biennial Firm Diversity Data collection. Diversity data declaration is not mandatory, and this means our data is limited for some characteristics. We plan to improve the data collection so that we report more effectively and undertake intersectional analysis, for example on the diversity profile of those in our operational processes.

| Protected characteristic group | Is there a potential for positive or negative impact? | Please explain and give examples of any evidence/consultation/data used | Action to address negative impact (eg adjustment to the policy) |
|---------------------------------------|--|---|---|
| Disability | No | <p>Our analysis indicates that there are very few firms where significant numbers of PC holders declare that they have a disability.</p> <p>We have analysed our data from 2014 to 2019 and we have not identified any adverse impacts on this group.</p> | <p>Not applicable</p> <p>More broadly, there may be under-recording of disability in the sector and we will work to encourage people to declare a disability if appropriate</p> |
| Gender reassignment | Unknown | Data for this group is very limited so we cannot draw any meaningful conclusions. | Not applicable |
| Marriage or civil partnership | Unknown | Data for this group is very limited so we cannot draw any meaningful conclusions. | Not applicable |
| Pregnancy and maternity | Unknown | Data for this group is limited so we cannot draw any meaningful conclusions. | Not applicable |
| Race | No | Our data shows that both Black and Asian lawyers are underrepresented in larger firms and overrepresented in small firms. For example, the largest firms (50 plus partners) have the lowest proportion of Black, Asian and minority ethnic partners at 8%. This contrasts with one partner firms, where | Not applicable. However, we will continue to raise awareness of the race profile across firm size as part of wider work towards a diverse profession. |

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| | | <p>36% of partners are from a Black, Asian and minority ethnic background.</p> <p>Large firms, as set out above at paragraph 5, pay much more than small firms, so there is no indication of a disproportionate impact on this group.</p> | |
| Religion or belief | No | <p>There is limited information about the religion of people employed in law firms, albeit there are some indications that Muslim solicitors are overrepresented in small firms. As set out above, the fund contribution by firm size indicates that there is no disproportionate impact on this group.</p> | <p>Not applicable, however we continue to work to increase declaration rates.</p> |
| Sexual orientation | Unknown | <p>Data for this group is very limited so we cannot draw any meaningful conclusions.</p> | <p>Not applicable</p> |
| Sex (gender) | No | <p>The profession is evenly split across men and women, albeit with proportionately fewer senior women in larger firms. Our data does not show any indication that gender in a firm affects the firm's Compensation Fund contribution.</p> | <p>Not applicable</p> |
| Age | No | <p>Solicitors' age is broadly evenly spread across all firms, but there is some evidence that smaller firms have older solicitor age profiles and pay lower Compensation Fund fees.</p> | <p>Not applicable</p> |