



Criminal Law Solicitors' Association

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CLSA response to:

**Consultation on Draft Business Plan and funding
requirements 2026/27**

1. Introduction

The Criminal Law Solicitors Association (CLSA) represents solicitors and firms providing criminal defence services across England and Wales. These firms are predominantly small and medium-sized practices, heavily reliant on publicly funded legal aid work and operating within tight financial margins. CLSA members play a vital role in ensuring access to justice, the proper functioning of the criminal courts, and the protection of fundamental rights.

The Practising Certificate Fee is obligatory for all Criminal Law Solicitors. The most significant element of the fee is that paid to the SRA. Another significant funds bodies such as the Legal Ombudsman and the Solicitors' Disciplinary Tribunal. The third, and smallest proportion, funds the Law Society. In addition there is a levy to pay for the Compensation fund.

For the 2026/27 fee the Law Society proposes a 2% increase to its element of the fee.

The SRA seeks a significantly higher increase for its fee and for the Compensation fund.

For 2026/27 the SRA proposes an increase in fees as follows:

- Individual contributions to SRA - a proposed increase from £190 to £240
- Individual contributions to the Compensation fund - a proposed increase from £70 to £120
- Firm contributions to the Compensation fund - a proposed increase from £1,950 to £3,600

2. Overarching Position

The CLSA recognises the importance of effective and well-resourced regulation and the need to maintain confidence in legal services. However, we have significant concerns regarding the fairness, proportionality, and structural basis of the proposed increases in practising fees and compensation fund contributions. The current funding model does not adequately distinguish between firms with materially different risk profiles.

The levy of the SRA and SIF elements of the Practising Certificate fee should align with the principle of Professional Indemnity contributions, which typically heavily discount criminal defence firms as a recognition that they are low risk both in terms of liability and quantum.

3. Response to Consultation Questions

Question 1: Operational Excellence

The CLSA supports the objective of improving operational effectiveness. However, the scale of the proposed fee increases requires clear evidence of measurable improvements in regulatory outcomes, including timeliness, consistency and proportionality. Criminal defence firms should not be required to disproportionately fund systemic reform driven by complexities elsewhere in the market.

Question 2: Proactive Risk Identification

We support a more intelligence-led, preventative approach. However, a genuinely risk-based framework must extend to how fees and contributions are set. The current flat funding structure is inconsistent with a risk-based regulatory philosophy and risks imposing disproportionate burdens on low-risk firms.

Question 3: Focus on the Biggest Issues

The SRA's prioritisation of high-risk areas reinforces the need for risk-aligned funding. Criminal defence firms do not fall within the highest-risk categories identified and it is therefore inappropriate that they contribute equally to the costs associated with those risks.

Questions 4 and 5: Practising Certificate Fees

The proposed increase is substantial and will have a disproportionate impact on criminal defence firms operating in low-margin environments. Most fee income comes from legal aid work and firms cannot increase fees to reflect the increased cost of regulation. The market is fragile and there is a real risk that these increases could tip some firms over the edge.

Criminal Defence solicitors are effectively being asked to bear the financial consequences of regulatory failures associated with higher-risk business models. Greater transparency is required regarding the distinction between one-off transformation costs and ongoing expenditure.

Question 6: Compensation Fund Contributions

While the CLSA recognises the need to ensure the continued viability of the compensation fund, the flat contribution model fails to reflect differing levels of risk. Criminal defence firms and solicitors do not create the types of losses that have driven recent increases.

The professional indemnity insurance market already recognises criminal defence firms as presenting minimal financial and regulatory risk and prices premiums accordingly. Firms doing mostly criminal defence work are offered significant discounts on premiums compared to firms with a similar turnover carrying out different types of work. It is therefore difficult to justify a regulatory funding model that fails to make equivalent distinctions and instead requires low-risk firms to subsidise risks generated elsewhere in the legal services market.

It might be argued that it is too complex to adjust individual PC fees as between different practise areas. However, it is perfectly feasible to adjust Firm Compensation fund payments according to work type, as is already done in the private PII market and reduce the contribution for firms where, say, at least 90% of the fee income is from Criminal Defence work.

Question 7: Apportionment

Maintaining the current apportionment is preferable in the short term. However, the fundamental issue lies in the absence of risk differentiation across firms. Future reform should focus on risk-weighted contributions.

Question 8: Impact Assessment

The impact assessment correctly identifies disproportionate effects on small firms and legal aid practices but does not fully account for long-term system impacts, including market exit and reduced access to justice.

Question 9: Further Information

The CLSA anticipates that sustained cost pressures will lead to firm closures, consolidation, and reduced availability of criminal defence services, with consequential impacts on the justice system.

4. Conclusion

The CLSA submits that the proposed increases are disproportionate and fail to reflect differences in risk across the legal sector. A sustainable regulatory model must align risk, responsibility, and cost. Criminal defence firms do not create systemic financial risk and should not be required to underwrite it.