

Tim Pearce
Solicitors Regulation Authority
Ipsley Court
Berrington Close
Redditch
B98 0TD

11 May 2012

Dear Tim,

Re: Review of the Trainee Minimum Salary: Economic and Equality Impact Assessment

We have now reviewed the Economic and Equality Impact Assessment (EEIA) that the SRA has published on the proposed removal of the minimum salary for trainee solicitors and, in addition to our full response to the consultation, we had the following comments on the conclusions drawn from the EEIA.

The EEIA largely supports our own analysis of the likely negative equality impact arising from the SRA's proposal as part of our response to the SRA's consultation. In particular, individuals from Black, Asian and Minority Ethnic (BAME) backgrounds and women are likely to be disproportionately affected should the SRA Board decide on this course of action. The proposal has resulted in widespread concern being expressed, during the SRA's consultation process, by BAME groups, women and those from lower socio-economic groups, with nearly half of those surveyed, as reported in the EEIA, stating that they felt they would not be able to train as a solicitor if the current minimum salary were not in place. The EEIA highlights that those from less affluent backgrounds, and those from state schools, were more likely to fear that they would be unable to qualify as a solicitor should this proposal be implemented.

Currently, 64% of all trainee solicitors paid at the lowest level of the current minimum salary arrangements are female and 27% are from BAME backgrounds. Whilst the EEIA acknowledges the potential for negative impact for these equality groups, it attempts to offset this against the possibility of an increase in the number of training contracts available for women and individuals from BAME backgrounds.

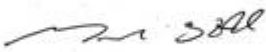
The Law Society is concerned that the potential benefit resulting from more training contracts would not override the negative impacts outlined elsewhere in the EEIA but might actually lead to fewer training contracts being taken up by people from disadvantaged backgrounds. Firstly, as concluded by the EEIA, the removal of the minimum salary would result in an "at best modest" effect on those firms the SRA identifies as those who may potentially offer training contracts, as firms making the decision to take on a trainee have to consider a number of important factors of which salary is only one: the costs of training courses, resources and time spent supervising the trainee are also a factor. Secondly, whilst some barriers may remain around entry to the profession, the Society's research concludes that these are not significant for BAME and female groups. This is reflected in recent entry statistics which evidence that the intake of women to the profession is at nearly 60% and at 19% for BAMEs – higher than the general population statistics. We know that barriers exist in relation to remuneration and progression for BAME and women solicitors. If the result of this proposal is that more women and BAME trainees take lower paid training contracts then this is likely to entrench that problem still further.

Moreover, it does not appear to us that it follows that a greater number of less well-paid training contracts will necessarily result in a greater number of traineeships for women and people from BAME backgrounds. Indeed, the suggestion that it will do so suggests a worrying acquiescence to the assumption that it is inevitable that such people be at the low end of the salary spectrum. What is equally likely is that people from disadvantaged backgrounds and those with significant debt may feel that they simply cannot afford to accept a training contract at a lower level of salary. This may have two possible results: they take on further part-time work to supplement the salary which must have a deleterious effect on their progress during their traineeship and the possibly their career progression; or they do not take up the traineeship which then goes to someone who can afford to take it up. That person is likely to have private means of support and so the outcome will again be detrimental to the diversity of the profession and present a further barrier to social mobility.

We acknowledge that there are legitimate arguments that regulators should not seek to influence markets. However, they also have duties to encourage diversity and the results of the impact assessment should give the SRA Board serious cause to reconsider its initial views on this subject.

We hope, therefore, that the SRA Board will, in the light of this assessment, decide to retain the requirement for a minimum salary to be paid to trainees.

Yours sincerely,



Mark Stobbs
Director of Legal Policy

cc. Anthony Townsend