

Name of Body	CLC
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	Date	Type of format received	Confirmation of receipt sent?	Document link
Receipt of full application	29/07/2010	Email	Yes	http://www.legalservicesboard.org.uk/Projects/independant_regulation/index.htm

Initial pre-application process including draft documents or correspondence received for assessment against the final application

	Yes or No	Description	Date received
Was there any correspondence received from the AR prior to the submission of the final application?	Yes	The LSB met with CLC representatives in the first quarter of the calendar year 2010 to discuss IGR and key dates for the submission of PF applications and LSB approval	Meeting held on 22 February 2010.
Were any documents received from the AR prior to the submission of the final application?	Yes	A consultation document on a review of licence fee and practice fee arrangements was received.	Document received on 22 January 2010.
To what section of the final criteria do these documents relate?		Criteria around consultation with members.	
Do we have any concerns arising from the documentation?		n/a	n/a
How and what have we communicated back to the AR?		In the meeting held on 22 February 2010, we requested that the CLC provide key dates on when they intend to submit their PF application to the LSB and the date they will require approval of their fee levels.	Key dates requested on 22 February 2010.
What was the outcome of the exchange for correspondence?		Key dates were received from the CLC.	Key dates received on 13 May 2010.
Do we have any concerns arising from this exchange?		n/a	n/a
Have these concerns been resolved?		n/a	n/a

Overall comments

The LSB received a PCF application from CLC on 29 July. Upon initial review of the application there were some important areas where the LSB required clarification. The key point was that the application was for the approval of the level of the CLC's practising fees (and licensing fees) under s.51 of the Legal Services Act 2007 (the Act). However, the application also covered the fundamental changes to the charging structure for the profession which is subject to a different approval framework and criteria set out in Schedule 4 of the Act and our supporting rules. CLC submitted a separate Schedule 4 application to the LSB on 30 August and advised that a revised s.51 application would follow when they were in a position to finalise the fee level. The revised s.51 application was then submitted to the LSB on 21 September. Please also note that the CLC's application submitted under Schedule 4 of the Act for the changes to the fee rules and level of contribution to the Compensation Fund was approved by the LSB on 27 September.

Summary

The CLC has provided the necessary information on PF application where appropriate.

Overall level of concern	No concern
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Section 1: Developing the application and setting the budget

This section of the criteria refers to D10a & D11a /D11d of the Practising fee Rules 2009.

Is there a description of contingency arrangements?	Yes	The application submitted under Schedule 4 of the Act indicates that rule 4 of the Compensation Fund Rules 2009 reserves to the CLC the right to make a specific levy. This will only be required when a substantial payment(s) is made out of the Compensation Fund. The mid-1990s was the last time the CLC directed the payment of such a levy in addition to the annual contribution. The CLC reserves the right to transfer the balance (assuming sufficient funds were available) out of the Practice Fees or Licence Fees collected before approaching the profession to recoup levy - this approach reduces the costs associated with the collection of a special levy outside the normal cycle for collection of regulatory fees.
Does this include a section on the consultation undertaken with practitioners?	Yes	The CLC published a Consultation Paper in February 2010 explaining the new scheme, it was sent to all licensed conveyancers and published on the website, the CLC received 20 responses. It is noted that in Annex 2 of the application received in August and the section 'Developing a new funding structure'; feedback from the consultation was incorporated into the policy development and decision-making processes.
Is there a description of the revenue raised broken down between functional department and expenditure head for:		
Previous year?	Yes	This information is set out in the application and will also be circulated to the profession.

Forecast year?	Yes	This information is set out in the application and will also be circulated to the profession.
Is there a description of a significant variance from the previous year in terms of:		
Total revenue?	Yes	The application sets out the projected income of £1,933,792 (which includes practice fee income and licence fee income) and compares this to previous years. There has been a reduction in the licence fee income as individuals will be charged at a fixed sum of £400 (previously managers £880 & employees £480). This reduction will be offset by the introduction of a Practice Fee payable by each Practice regulated by the CLC.
Split between functional departments and expenditure heads?	Yes	The application sets out a net increase of 9.7% in budgeted expenditure for 2011 in comparison with the budgeted expenditure for 2010. To a large extent this is accounted for by the contribution the CLC is now required to make to the costs of LeO.

Overall comments

n/a

Evaluation

The application meets Section 1 in the criteria for practising fee applications issued by the LSB.

Overall comments

The new practice fee is determined on a similar basis as contributions to the compensation fund - as a percentage of turnover (sliding scale as turnover increases) at a base rate of 2.0%. Previously, there was no practice fee charged, but each practice regulated by the CLC were required to make a contribution to the Compensation Fund calculated as a percentage of turnover at a base rate of 1.5% in 2009/2010.

Evaluation

The application meets Section 1 in the criteria for practising fee applications issued by the LSB.

Level of concern	No concern
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Level of concern	No concern
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Section 2: Permitted purposes

This section of the criteria refers to D10b & D11e/D11b of the Practising fee Rules 2009.

Criteria	Yes or No	LSB Assessment
Is there evidence that the revenue raised through practising fee charge are applied solely to the permitted purposes?	Yes	The application submitted under Schedule 4 of the Act indicates that the CLC has an exclusively regulatory function and none of the costs the CLC incurs fall outside permitted purposes. The CLC is also required to pay the levy towards the costs of the LSB and LeO. The Schedule 4 application also sets out that the Licence Fee, and the Practice Fee levied on each practice (subject to a minimum contribution, calculated as a percentage of turnover) will meet the regulatory costs incurred by the CLC, apart from those associated with the maintenance, management and administration of the Compensation Fund.
Previous year?	Yes	See above
Forecast year?	Yes	See above
Does it include a budget that shows:		
Anticipated income from practising fees	Yes	The application sets out the projected income of £1,933,792 per the 2011 budget (which includes practice fee income and licence fee income) and compares this to previous years.
All other expected income to be applied to permitted purposes	Yes	The application sets out a total income of £2,086,292 per the 2011 budget and includes a sum of £82,500 of other income from interest, application fees and advertising income, plus Student Registration Fees of £82,500
Planned expenditure of income against permitted purposes		

Does it include an analysis of spend against the permitted purposes?	Yes	The CLC sets out in the beginning of their application that it has an exclusively regulatory function and none of the costs of the CLC incurs fall outside permitted purposes. They also indicate that aside from contributions it makes to the levy the entirety of the costs incurred by the CLC relate directly to the permitted purposes set out in s.51 (4) a of the Act.
Is this broken down by functional department / expenditure head?	Yes	The application includes a table and pie chart of expenditure broken down by functional department / expenditure head and this information will also be supplied to members.

Overall comments

n/a

Evaluation

The application meets Section 2 in the criteria for practising fee applications issued by the LSB.

Level of concern No concern

Section 3: Regulatory functions

This section of the criteria refers to D10c D10d & D11c of the Practising fee Rules 2009.

Criteria	Yes or No	LSB Assessment
Is there an explanation of how the revenue raised by practising fees is applied to - i.e. Permitted purposes which are regulatory functions (not representative)	Yes	The CLC sets out in the beginning of their application that it has an exclusively regulatory function and none of the costs of the CLC incurs fall outside permitted purposes.
Permitted purposes which are not regulatory functions	Yes	See above

Is there clarity and transparency of how the revenue raised is to be applied to - i.e.		
Permitted purposes which are regulatory functions (not representative)	Yes	See above
Permitted purposes which are not regulatory functions	Yes	See above

Overall comments

n/a

Evaluation

The application meets Section 2 in the criteria for practising fee applications issued by the LSB.

Level of concern: No concern

Section 4: Clarity and transparency

This section of the criteria refers to D10e of the Practising fee Rules 2009 & section 51(b) of the Act

Criteria	Yes or No	LSB Assessment
Consultation with members		
Does the application include a description of their consultation undertaken with their members mandated to pay practising fees?	Yes	The CLC published a Consultation Paper in February 2010 explaining the new scheme, it was sent to all licensed conveyancers and published on the CLC website; the CLC received 20 responses. It is also noted that in the section 'Developing a new funding structure' and Annex 2 of application submitted in July indicated that feedback was incorporated into the policy development and decision-making processes.
If yes, does the description of the consultation process include transparency and clarity of how the fee level has been set and how the money collected will be used?	Yes	The application received in July included a copy of the consultation paper and a summary of the responses to each question asked in the consultation paper.
If yes, does the application also include a description of how that feedback influenced the decision-making and policy development processes?	Yes	The application received in July indicated that the CLC incorporated the feedback from their consultation into their final decision making processes in terms determining their Licence and Practice Fees.
Is the level of information provided to members similar to what has been provided in the criteria?	Yes	The application sets out in Annex 2 the information to be sent out to the profession regarding the CLC regulatory charges 2010-2011.

In terms of the level of information provided to members, does the application include the recommended use of the 'Council Tax bill' analogy and/or another form of web-based linked information?	Yes	See above
If yes, when was this information issued to the mandated members paying the practice fees i.e. as the fee note issued or shortly afterward?	Yes	The information will be circulated to all licence holders and practices together with a request for comments on the arrangements when they are asked to renew their licences and recognised body certificates with effect from 1 November 2010.
Consultation with representative governing councils or the equivalent		
Alternative to the above, does the application set out that changes to the practising fee arrangements are minimal, and consultation was therefore only involved representative governing councils or the equivalent?		n/a
If yes, is there a description of what consultation that was taken place?		n/a
If yes, does the application also include a description of how that feedback influenced the decision-making and policy development processes?		n/a

Overall comments

n/a

Evaluation

The application meets Section 4 in the criteria for practising fee applications issued by the LSB.

Level of concern: **No concern**

Section 5: Regulatory and diversity impact assessment

This section of the criteria refers to D11f of the Practising fee Rules 2009

Criteria	Yes or No	LSB Assessment
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Does the application include a regulatory or diversity impact assessment?		Please note the LSB set out in Section 5 of the criteria for practising fee applications that we do not require a regulatory or diversity impact assessment to be completed for this year's practising fee applications
If no, does the application include a description of how their proposals were tested against the regulatory principles?	Yes	The application sets out that in setting the charges payable by the profession the CLC has taken full account of the better regulation principles, namely that the CLC's regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which actions is needed. The application also sets out that the CLC is mindful of its obligation to ensure that the overall regulatory costs for regulated practices are not burdensome. The CLC considers that the total regulatory costs inclusive of the licence fees with the Practice fees and professional indemnity insurance costs are proportionate taking into account the risks associated with their area of work and the regulatory approach adopted.
Does the application include a description of how the proposals have been developed with consideration of any potential impact on diversity issues?	Yes	The application sets out that the CLC has taken account of the different challenges of the various parts of its regulated population and of those they service and whilst no formal assessment has been undertaken has sought to take a balanced view.

Overall comments

The application sets out that the CLC has not identified any specific impact of the changes in its fee structure, nor in the level of fees charged, on other Approved Regulators, all of which were invited to respond to the Consultation Paper. The SRA responded to specific questions posed in the Consultation Paper, but made no broader comment on the impact these changes might have on areas regulated by other Approved Regulators.

Evaluation

The application meets Section 5 of the criteria for practising fee applications issues by the LSB.

Level of concern: No concern

Section 6: Consultation with non-commercial bodies and the Consumer Panel

This section of the criteria refers to D12 of the Practising fee Rules 2009 & Section 51 (7) (a) of the

Criteria - non-commercial bodies	Yes or No	LSB Assessment
Does the application include a description of steps the AR has taken to ensure the impacts of the persons providing non-commercial legal services have been considered when setting the fees?		The application sets out that the CLC has not consulted specifically with non-commercial bodies including local government on the basis that the changes in arrangements has the effect of reducing their regulatory costs (since the licence fees for employed licensed conveyancers will be reduced from £480 to £400). Further the CLC does not regulate any non-commercial body which undertakes either conveyancing or probates services.
Has the AR shared details of the practising fee level with appropriate bodies such as the Law Centres Federation, Citizens Advice and Advice Service Alliance in advance of the submission of the application?		n/a
Have the non-commercial bodies provided any response to the details shared to them by the AR?		n/a

Overall comments

n/a

Evaluation

Criteria - Consumer Panel/others	Yes or No	LSB Assessment
Have we provided a copy of the application to the Consumer Panel?	Yes	Application sent to Consumer Panel Manager on 13 August 2010
What are their immediate concerns or issues raised (if applicable)?		n/a
Have we considered if we need to consult with anyone else on this application?	Yes	n/a
If yes, what consultation has taken place and with whom?		n/a
What was the outcome of this exchange i.e. Do we have any immediate concerns that has the potential to delay the approval of the application?		n/a

Overall comments

n/a

Evaluation

The application meets Section 6 of the criteria for practising fee applications as issued by the LSB.

Level of concern: No concern

General Evaluation

Summary of LSB assessment - i.e. Approval and/or approval with conditions or rejection

The Practising Fee Team recommends the approval of the CLC application.

The application in terms of the criteria relating to the Consumer Panel and Others meets Section 6 of the criteria for practising fee applications as issued by the LSB.

Level of concern: No concern