

BY EMAIL ONLY

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13 August 2014

Dear Diane,

Application by ILEX Professional Standards (IPS) and the Chartered Institute of Legal Executives (CILEx) under section 51 of the Legal Services Act 2007 for the approval of the level of the practising fee 2014

On 30 July 2014, we received your application under Section 51 of the legal Services Act 2007 seeking approval of the 2015 practising certificate fees (PCF) for Fellows and Associate Prosecutors.

I am pleased to inform you that the 2015 practising fee has been approved. This decision has been made under the authority delegated to me as Chief Executive by the LSB.

In reaching our decision, we asked for additional information to the application on the setting of the 2015 budget, reserves and the consultation commencement date. Thank Ian Watson for the additional information sent to us on 05 August. We have a few observations which I set out below.

Budget

For the 2014 application we noted that the PCF income falls short of the expected level of regulatory permitted purposes and other permitted purposes expenditure. We considered that this is not a major issue but flagged some concern if this became a part of normal practice.

We are assured from the additional information provided that although this practice may continue for the short to medium term, it is necessary to accommodate the increase of IPS regulatory costs to ready itself for a broader regulatory role, particularly entity regulation. We expect that once implementation work has commenced in 2015 a change in the direct regulatory and permitted purposes costs will become more balanced over time.

Reserves

In the application it was stated that the reserves policy is to hold a minimum of 12 months budgeted membership income (budgeted at £1.08m) which would have meant that current reserves (£7.2m) were almost seven times the minimum stated in the policy. We queried whether it was intended to maintain the reserves at this level.

From the additional information we now understand that the reserves policy is a minimum of 12 months budgeted membership income and practising certificate fee income (so the current reserves is twice the minimum).

We note your assurance the reserves policy is set at a reasonable level to deal with the wide ranging nature and purposes of the reserves. We also assured that PCF income is spent solely on the permitted purposes and is not diverted to maintain or increase reserves.

Consultation

Last year we noted a low response rate received in relation to this year's consultation on practising fee levels.

We commend CILEx and IPS for a significant increase in the response rate for this year's PCF consultation with Fellows compared to the previous as a result of an online survey and reminder emails and correspondence to those who did not reply.

We will be publishing a copy of this letter on our website in the next few working days. Please contact Sonya Gedson, Regulatory Associate, (Sonya.Gedson@legalservicesboard.org.uk or 020 7271 0073) if you have any questions.

I have written in identical terms to Ian Watson, Chief Executive, IPS.

Yours sincerely,



Chris Kenny
Chief Executive

