

Costs Lawyer Standards Board

Application to the Legal Services Board for approval of Costs Lawyer Practising Certificate Fee 2015

1. Application

This application is made by the Costs Lawyer Standards Board (“CLSB”) under section 51 of the Legal Services Act 2007 (“LSA”) and Practising Fee Rules 2009 for approval by the Legal Services Board (“LSB”) of the Costs Lawyer practising certificate fee 2015 (“PCF 2015”).

2. Enclosures with this application

- (i) Consultation paper
- (ii) Consultation response report
- (iii) CLSB budget for 2015 (issued with consultation)
- (iv) CLSB budget for 2015 (revised for monitoring)
- (v) CLSB budget for 2013
- (vi) CLSB abbreviated accounts 2013

3. Independence

The CLSB has undertaken the role of Approved Regulator under the delegated authority of the Association of Costs Lawyers (“ACL”) since 31 October 2011. The fee for a Costs Lawyer practising certificate and the fee for membership of the ACL, the professions representative body, were separated in 2013 and will continue to be separated going forward. The CLSB has its own strategy, business plan and governance structure and has set its own budget without influence from the ACL.

The Costs Lawyer practising certificate fee history since 2012 has been as follows:

Year	PCF	Notes
2012	£450.00	One fee, apportioned £250 to CLSB and £200 to ACL
2013	£250.00	Fee for practising certificate and ACL membership separated
2014	£250.00	Fee for practising certificate and ACL membership separated
2015	£250.00	<i>Proposed herein</i>

4. Proposed PCF 2015

The proposed PCF 2015 was determined by the CLSB board in July 2014, following consideration of the cost of regulatory and permitted purposes activity during previous years and anticipated spend for 2015. Through continued sound financial management the CLSB has been able to keep the PCF at the same level for 2015 as it was for 2014, 2013 &

2012. The CLSB considers the fee to be proportionate, fair and complies with the Regulators Code in that by remaining reasonable, it supports business growth.

5. Income for 2015

For the purposes of this application the CLSB has worked on the same number of Costs Lawyers for 2015 as it had registered at 1 April 2014.

The PCF 2015 will allow CLSB to achieve the following regulatory objectives:

- (a) Protect and promote the public interest.
- (b) Support the constitutional principle of the rule of law.
- (c) Improve access to justice.
- (d) Protect and promote the interests of consumers.
- (e) Promote competition in the provision of services.
- (f) Encourage an independent, strong, diverse and effective legal profession.
- (g) Increase public understanding of the citizen's legal rights and duties.
- (h) Promote and maintain adherence to the following professional principles in that:
 - (i) authorised persons should act with independence and integrity; and
 - (ii) authorised persons should maintain proper standards of work; and
 - (iii) authorised persons should act in the best interests of their clients; and
 - (iv) persons who exercise before any court a right of audience, or conduct litigation in relation to proceedings in any court, by virtue of being authorised persons should comply with their duty to the court to act with independence in the interests of justice; and
 - (v) the affairs of clients should be kept confidential.

The PCF 2015 will enable CLSB to meet its objectives which include, inter alia:

- Setting and maintaining professional standards within the profession through defined rules and regulations.
- Complaint management through defined disciplinary processes and procedures.
- Managing risks (consumer, profession & business).
- Gathering, analysing and publishing statistical information about the profession.
- Continuing with its entity regulation project.
- Managing the Mark of Regulation under licence.
- Managing the Accreditation of Costs Lawyers for the purposes of providing CPD.
- Random auditing of CPD records.
- Increasing awareness on the difference between Costs Lawyers with a current practising certificate and Law Costs Draftsmen.
- Auditing provision of the Costs Lawyer qualification.
- Communicating via the CLSB website, Costs Lawyer Journal, National Conferences etc.

6. The Costs Lawyer practising certificate

The PCF 2015 will cover the period 1 January 2015 inclusive to 31 December 2015 inclusive. A Costs Lawyer with a 2015 practising certificate issued by CLSB will be authorised to undertake the following reserved legal activities during that period:

- The exercise of a right of audience
- The conduct of litigation
- The administration of oaths

7. Practising Fee Rules 2009

C.5: Permitted purposes

All monies raised by the CLSB through the PCF 2015 will be used for permitted purposes only. The CLSB has never had and will not have during 2015 any representative function. Separation of the fees payable to the CLSB/ACL in 2013 provided clarity on the intended purpose of fees paid. Further, it afforded Costs Lawyers with a practising certificate the choice as to whether they wished to be a member of their professions representative body.

D.10 (a)-(d) inc: Transparency

CLSB initiated a 7 week consultation with Costs Lawyers and the ACL on the proposed PCF 2015 on 24 July 2014 with a closing date of 12 September 2014 (midnight). The consultation paper was also posted on the CLSB website. A consultation response report is attached to this application with CLSB comments as considered appropriate. The CLSB believes the lack of response from Costs Lawyers was due to the fact it proposes to keep the practising certificate fee the same for the fourth consecutive year.

D.10(e): Explanatory notes

As with 2012, 2013 & 2014 explanatory notes will be printed on the reverse of the Costs Lawyer Practising Certificate Fee Note.

D.11(b): Budgets

CLSB believes that the proposed PCF 2015 is fair and reasonable and will provide CLSB with adequate funding to provide for regulatory arrangements that are proportionate, accountable, consistent, transparent and targeted. The CLSB operates on a low cost basis as it draws in specialist resource on a needs be rather than permanent basis. The budget the CLSB issued with the consultation paper was in the same format as previous years. Going forward, the budget will be in the form of V2, less detailed but under sections that accord with the book keeping records of the CLSB to enable a monitoring column on spend to be maintained. Under the 2015 budget, the CLSB has provided for an income from entity regulation of £5k. If entity regulation is not implemented during 2015, then this low level of

income loss should have little or no impact on the CLSB due to reserves held. The CLSB has also attached its 2013 budget in V2 format with the monitoring section completed to Q4 end.

D.11(c): Breakdown of fee

Under the consultation process, the CLSB attached its budget for 2015 which set out how the fee had been arrived at. Costs Lawyers were advised that the fee of £250.00 included the per head levy for the LSB & LeO, and that CLSB had sought to absorb rather than pass on the 4x increase in the LeO levy. This may have some impact on the CLSB contingency fund strategy (see D11(b) below).

D.11(d): Contingency funds

As at the date of this application the CLSB has built up a reserve fund of £85,000. This fund will continue to be built upon steadily, year on year, until it is the equivalent of one year's operating cost. Any monies not utilised as per the 2015 budget will be transferred to the reserve account to support this aim. The CLSB has always been and will continue to be as cost effective as possible, making savings where possible during 2015 thus enabling reserve funds to be added to.

D.11(e): 2013 spend on permitted purposes

All income received under PCF 2013 was spent on permitted purposes, actual sums spent appear in the 2013 budget attached.

D.11(f): Regulatory & diversity impact assessment

As it is intended the PCF will remain the same for the fourth consecutive year, the CLSB does not consider there would be any adverse impact on the diversity of the profession.

The CLSB undertook a diversity survey in 2012, 2013 & 2014. As this did not evidence any significant change or need for CLSB action, the board agreed in July 2014 that going forward, a diversity survey would be conducted every other year. The next scheduled diversity survey is therefore due in 2016.

8. Request for approval of Costs Lawyer PCF 2015

The CLSB respectfully requests the LSB approves the PCF 2015 in the sum of £250.00.

9. Contact

Any request for clarification on this application should be addressed to:

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