

**Application made by the Law Society and the
Solicitors Regulation Authority to the Legal Services
Board under section 51 of the Legal Services Act
2007 for the approval of practising fees 2015/16**



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Law Society Practising Fees 2015/16

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Practising Certificate Fee application 2014/15 for the Law Society Group

Section 1 – Introduction

1. This document seeks the Legal Services Board's agreement to the Law Society (TLS) / Solicitors Regulation Authority (SRA) application for practising fees for 2015/16.
2. The following fees, outlined in Table 1, require LSB approval:
 - individual regulatory fee;
 - firm regulatory fee for both recognised bodies and licensed bodies (turnover bandings).

Table 1: Fee levels

Practising Certificate Fees	2015/16 Requirement	2014/15 (Current year)	Variance (£ and %)
Individual fee – Regulatory	£320	£320	No change
Firm fee (total £m to be collected)	£62.7m	£62.7m	No change

Background

3. Significant changes were made to the fees structure in 2010, moving from collecting virtually the whole of the cost of regulation from practising individuals to the cost being borne by individuals and firms. As part of the process the SRA adopted the following guiding principles for the fees policy:
 - be fair to fee payers;
 - be efficient and economical to administer;
 - ensure a predictable income to meet the cost of regulation;
 - be stable - charges should not vary considerably year on year;
 - be as simple as possible – to enable the regulated profession to predict their likely fees;
 - be based on data that can be verified;
 - ensure that, where possible, the costs of processes that are not of general application should be borne by those making such applications, as far as possible, on a cost recovery basis;
 - take some account of ability to pay, in particular in relation to small and new businesses, charitable and not for profit bodies – fees should not be a deterrent to new entrants.
4. In April 2011 the SRA Board agreed that the basic structure for the collection of fees for 2011/12 should remain the same as the previous year, meaning that the 40/60 split between individuals and firms for the apportionment of the regulatory requirements should be maintained and that the current discounts to the individual fee for maternity leave should be maintained.
5. The SRA Board agreed in 2012, 2013 and confirmed the position in 2014 to maintain the set apportionment and discounts of the regulatory requirements for 2014/15 and 2015/16. In making this decision the Board considered the review of the SRA approach to apportioning regulatory costs which is taking place. This approach remains for the current application year 2015/16.

6. Under the arrangements agreed between the Law Society and SRA, it is for the Law Society Council, having consulted the SRA Board, to determine the total amount to be raised from practising fees. It is for the SRA Board to determine how the amount required for regulation should be apportioned between the different categories of fee payer.
7. In 2010 the SRA changed the mechanism for collecting the regulatory net funding requirement and Compensation Fund requirement. The regulatory funding was split into an individual fee (40% of total) and a firm fee (60% of total) based on turnover bandings. The Law Society adopts the same approach to apportionment of the sums required for the Law Society's other 'permitted purposes' under the Legal Services Act. The Compensation Fund is apportioned at 50/50 flat ratio between individuals and firms holding client money.
8. Given the rapid changes within the legal services market, the SRA will be reviewing the current approach to apportionment of fees. We are finalising the scoping of this project, which will include options for changes to annual practicing fees, Compensation Fund contributions as well as the other fees paid to the SRA for specific regulatory activities. There are a number of dependencies for this project, in particular the delivery of a major programme of regulatory reform, which is expected to impact on the SRA costs and their distribution across individuals and different types of firms we regulate. Therefore we intend to phase the work, addressing the immediate priorities and changes we can implement more quickly, allowing for the second phase to be more aligned to the reformed approach and changes in the market place. We expect our supervisory, disciplinary and enforcement approaches to continue to evolve in line with these changes and this should be reflected in the fees policy.

Section 2: Setting the net funding requirement

The Law Society Group budget setting process

9. The foundations of the net funding requirement (NFR) for the Law Society Group are submissions from the business based on their expected activity in 2015/16. The process is worked through by the SRA, the Law Society and Corporate Solutions, starting with cost centres, business units and directorates and it is at the directorate level which the 2015/16 application is shown. The requirement is submitted by each of the Directorates and authorised by the relevant Board¹. The full Law Society Group requirement is then discussed and agreed by both the Law Society Management Board and finally the Law Society Council.
10. It should also be noted that this year's NFR was developed prior to the announcement of the review of shared services and changes in reporting arrangements for those functions. As a result, any financial consequences of this work will be accommodated within existing budgets across the Group.
11. The NFR also includes a provision for levy payments to the LSB, Legal Ombudsman and the Solicitors Disciplinary Tribunal. The funding requirement for these is based on funding requirement information from the relevant bodies.
12. In translating the net funding requirement into proposed fees, we also need to make assumptions about:
 - the number of practising certificates to be issued;

¹ The SRA Board for the SRA, the Business and Oversight Board for Corporate Solutions and the Law Society Management Board for The Law Society.

- the turnover from all firms within the profession, which is based on information supplied by each of the firms as part of the 2014/15 renewal exercise.
13. The Law Society Council approved a total of £105.8m to be collected from practising fees – which is a 1% increase from £104.9 million in 2014/15.
 14. The individual practising fee will remain the same as last year at £320. SRA Authorised Firms will pay a fee based on their UK turnover. The proportion of turnover charged declines as turnover increases.
 15. While the amount to be raised in practising fees has increased from 2015 by £0.9m the practising fee will remain at £320 due to an increased number of solicitors². The amount to be raised in entity fees also remains stable at £62.7m. While this is the case, the actual percentages of turnover to be charged are reducing slightly year on year. This is a result of the overall turnover declared by Law Practices increasing year on year. Consequently SRA Authorised Firms overall will pay a slightly lower percentage of a slightly larger amount in 2016 compared with 2015.
 16. The Law Society Group financial year ends on 31 October ensuring that the budget year is aligned to the Practising Certificate year. However, the budget for the Group is not finalised until later in the year after the funding level had been finalised but before the beginning of the financial year. In 2015/16³ the practising fee income is expected to be applied as follows:
 - Solicitors Regulation Authority - £54.1m⁴;
 - The Law Society (professional body) - £35.3m⁵;
 - Statutory levies (Legal Services Board (LSB), Legal Ombudsman (LeO), Solicitors Disciplinary Tribunal (SDT)) - £16.4m.

² The total number of practising solicitors, registered European lawyers and registered foreign lawyers was 135,188 at the end of May 2015 compared with 132,004 at the same time in 2014.

(http://www.sra.org.uk/sra/how-we-work/reports/data/population_solicitors.page)

³ The 2014/15 financial year will run from the 1 November 2014 to the 31 October 2015.

⁴ Including shared services and central costs allocation of £24.3m (2014 budget £24.2m)

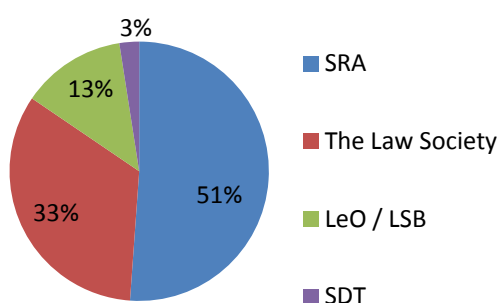
⁵ Including shared services and central costs allocation of £16.3m (2014 budget £16.7m) and £2.4m to be applied to permitted purpose reserves

17. Comparison of the overall practising fee allocation between 2015 and 2016:

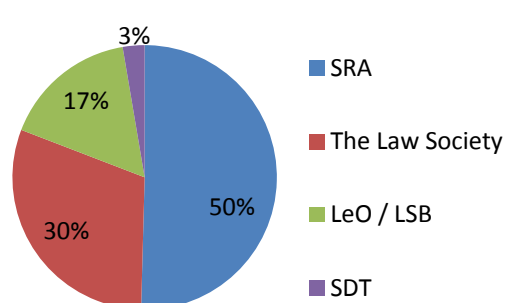
Table 2: Total PC fee income and expenditure (Permitted activities only)

Budget Item	2015/16 Practising fee year	2014/15 Current Year (budget)	Variance	Commentary
Total PC fee income				
Total PC fee income	£105.8m	£104.9m	+ £0.9m + 1%	
Total	£105.8m	£104.9m	+ £0.9m + 1%	
Split of PC fee expenditure				
Solicitors Regulation Authority	(£54.1m)	(£52.9m)	+£1.2m +2%	The SRA's budget decreases but there will be a lower level of funding from reserves than in 2015
The Law Society (permitted purposes)	(£35.3m)	(£31.9m)	+ £3.4m + 11%	Please see paragraphs 21 and 46
Legal Ombudsman (LeO), Legal Services Board (LSB)	(£13.8m)	(£17.3m)	- £3.5m - 20%	Lower budgeted expenditure by LeO / LSB
Solicitors Disciplinary Tribunal (SDT)	(£2.6m)	(£2.8m)	- £0.2m - 7%	Reduction in expected SDT costs
Total	(£105.8m)	(£104.9m)	+ £0.9m + 1%	

Total PCF income split by expenditure category - 2015/16



Total PCF income split by expenditure category - 2014/15



Contingency arrangements and reserves

18. All parts of the group are expected to operate within its approved budget, reprioritising if necessary should unexpected needs arise in the year.
19. At the end of October 2014 the Law Society Group had cash reserves totalling £130.6m and accounting reserves of £74.4m. It is intended to utilise £4.1m from reserves to fund activity during 2016. The 2015 NFR proposed that £7m from reserves would be utilised to fund activity in 2015.
20. It should also be noted that cash reserves of £30.1m were held by the Solicitors Indemnity Fund (SIF) on 31 October 2014.
21. This application includes a contingency of £2.4m, within the Law Society requirement of £35.3m, which will be held in the permitted reserves and applied to reduce the net funding requirement for 2016/17. Please see further paragraph 47.

Section 3: The SRA Budget

22. The SRA budget consists of three elements:
 - the directly controlled SRA budget;
 - the portion of Corporate Solutions budget that supports the SRA;
 - the element of the central Group capital investment budget (controlled by the Projects Review Committee on behalf of the Business Oversight Board (BOB)) that will be spent either wholly on SRA projects or on Corporate Solutions infrastructure projects for which the SRA carries a proportion of the cost.
23. The directly controlled SRA draft budget has been prepared by the SRA's executive. The Finance and Resources Committee (F&RC) considered the budget and recommended it to the SRA Board, which approved the budget at the meeting on 3 June 2015. At this stage the SRA Board has set a draft budget primarily for the purpose of informing the NFR. The final budget, including budget allocations to specific activities and departments will be set in September/October.

SRA budget 2015 – context and overall approach

24. The major context for the preparation of the 2015/16 SRA budget is provided by:
 - the SRA Corporate Strategy 2014/15 – 2016/17;
 - the SRA's 2015 operational and financial position; and
 - the SRA's assessment of current regulatory challenges and priorities and operational performance.
25. We published our three year Corporate Strategy and Equality, Diversity and Inclusion Strategy in November 2014. The draft budget, and therefore funding requirement, has been developed to deliver year two of the Strategy and we are currently drafting the Business Plan for 2016 in readiness for the budget to be finalised in the autumn. The Corporate Strategy was produced last year to respond to external changes and following a review of our priorities by the SRA Board.
26. Our programme of Regulatory Reform will continue in 2016 and will deliver our first two strategic objectives. Key priorities will include: the review of our practice framework rules and a fundamental revision of our regulatory arrangements and Handbook, the reviews of compensation and professional indemnity arrangements, review of regulatory fees and charges and the delivery of phase two of the Training for Tomorrow programme. We will

also be embarking on a wide engagement programme with stakeholders on professional standards to support our regulatory decision making.

27. Work on improving operational performance will continue with work taking place in 2015/16 on developing technical capabilities, our decision making framework and developing our quality assurance resource. Linked to this strategic objective, we also expect to see more effective and efficient operational activity, supported by improved IT and we have reflected this in our draft budget.
28. Our fourth strategic objective is to improve how we work with our stakeholders and our Communications and Engagement Strategy was approved by the Board in March 2015. There is significant activity already taking place to deliver this strategy, which has already been reflected in the changes to the 2015 budget allocations and which we have developed further for the draft 2016 budget.
29. In line with the commitment to improve efficiency and the target set by the Board to maintain downward pressure on costs and headcount, we have scrutinised and challenged our expenditure, whilst ensuring that we are able to continue our improvements in operational performance, and allowing some flexibility should resource be needed to support the outcomes of the uncertainties that we are currently aware of.
30. In addition, headcount has been reduced in areas where known activities are planned to be removed or reduced as a result of the implementation of current programmes. We have also challenged ourselves to further reduce the headcount and those posts will be identified as we finalise the budget. By the end of 2015/16, headcount will be some 4% lower than provided for in the 2014/15 budget.

Directly controlled SRA budget

31. The SRA's draft budget for 2016 is as follows:

SRA budget (£000, excluding shared service costs)	2016 draft budget	2015 budget	Variance
Total expenditure	£44,110	£47,461	- £3,351
Regulatory fee income	£2,955	£3,253	- £298
Compensation fund & legal recoveries	£10,284	£13,324	- £3,040
Net position (NFR)	£30,871	£30,884	- £13

32. Excluding interventions, expenditure will reduce by £600k. This equates to a 1.6% decrease. This is largely driven by reductions in staff expenditure (£470k) with a Full Time Equivalent (FTE) reduction of 26.56 (4.3%) from the 2015 budget and 13.2 (2.%) from the 2015 Q1RF. In addition our budgeted provision for interventions falls from £9.3m in 2014/15 to £6.5m in 2015/16.
33. In 2016 we anticipate a £298k (9%) reduction in income from regulatory fees as a result of policy changes. In addition, there will be a reduction of £2.8m in recoveries from the Compensation Fund to match reduced expenditure on interventions.

Uncertainties, Risks and Assumptions

34. The draft budget and NFR was developed during a period of rescheduling of core information systems developments. These are delivering later than was planned for the 2014/15 budget and will not now begin to be implemented until March 2016. As a result of this rescheduling, and in the context of the review of the Corporate Solutions functions, we are reviewing future priorities for our overall systems development.
35. At the time of preparing the draft budget and NFR, there were still uncertainties regarding Quality Assurance Scheme for Advocates (QASA). Therefore we made no assumptions in the NFR that we will be collecting income or incurring cost in relation to QASA. The costs arising from the implementation of QASA following the Supreme Court's decision will be accommodated within the funding envelope provided by this NFR.

Table 4: Total income & expenditure allocated to regulatory functions (SRA)

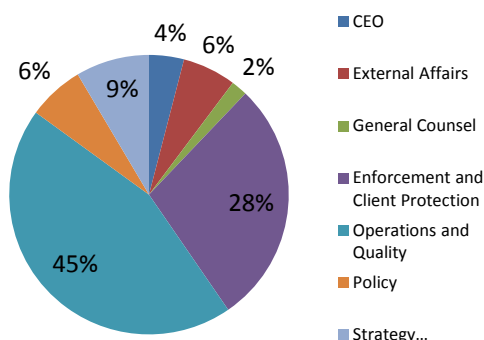
This table shows the expenditure of the Solicitors Regulation Authority, split by directorate, and the sources of income that fund that expenditure.

Budget Item	2015/16 Practising fee year	2014/15 Current Year (budget)	Variance (£ and %)	Commentary
Total income allocated to the permitted purposes for regulatory functions				
Total PC fee income	£54.1m	£53.1m	+ £1.0m + 2%	
Funding from reserves	£1.9m ⁶	£3.0m ⁷	- £1.1m - 37%	Underspend in 2014 used to fund spending in 2015 and 2016
Recoveries	£10.3m	£13.3m	- £3.0m - 22%	
Other Income	£3.0m	£3.3m	- £0.3m - 9%	
Total	£69.3m	£72.7m	- £3.4m - 5%	
Total expenditure on permitted purposes that are regulatory functions by directorate				
Chief Executive Office	(£2.8m)	(£3.0m)	- £0.2m - 7%	
External Affairs	(£4.3m)	(£3.0m)	+ £1.3m + 43%	
General Counsel	(£1.3m)	(£1.2m)	+ £0.1m + 8%	
Enforcement and Client Protection	(£19.6m)	(£21.6m)	- £2.0m - 9%	
Operations and Quality	(£30.9m)	(£31.6m)	- £0.7m - 22%	
Policy	(£4.5m)	(£4.9m)	- £0.4m - 8%	
Strategy, Risk, Inclusion and Change	(£5.9m)	(£7.4m)	- £1.5m - 20%	
Total SRA	(£69.3m)	(£72.7m)	- £3.4m - 5%	

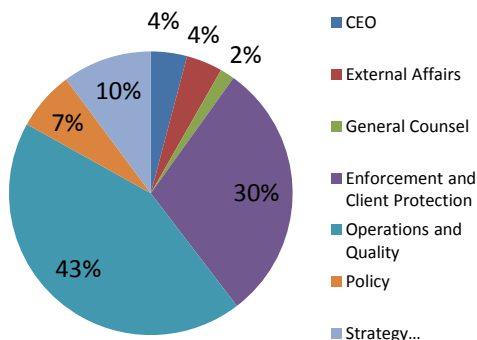
⁶ £1.9m under spend used to Fund 2016 activity includes £1m on directly controlled SRA budget referred to in paragraph 32 and a further £0.9m on project costs allocated to the SRA.

⁷ £3m under spend used to Fund 2015 activity includes £2m on directly controlled SRA budget referred to in paragraph 32 and a further £1m on project costs allocated to the SRA.

Total PC fee expenditure on Regulatory Functions by directorate - 2015/16



Total PC fee expenditure on Regulatory Functions by directorate - 2014/15



Section 4 - The Law Society Budget

2009 Review

36. In anticipation of the coming into force in 2010 of Section 51 and the Practising Fee Rules 2009, a review was undertaken in 2009 of the Law Society Group's activities. Since all the activities of the Solicitors Regulation Authority are regulatory, this review focused on the activities of the Law Society (professional body) and established a methodology, which was approved by the Management Board, for determining which of the Law Society's activities are a) permitted activities⁸ and b) non-permitted activities⁹ and what expenditure is referable to those activities. Practising fees are only applied for permitted activities and it is only the expenditure on these activities that is included within the net funding requirement and the practising fee.

Expenditure allocation

37. Each year, as part of the process to assess the net funding requirement for the forthcoming year, each cost centre owner within the Law Society is required to set out the activities to be undertaken by their department in the following year, to assess and demonstrate which activities will be for permitted purposes and which will be for non-permitted purposes and to allocate an expenditure percentage for each activity. Where a department conducts both permitted and non-permitted activities and individual expenditure cannot directly be associated with either, an appropriate allocation percentage is set. Where activities generate their own income streams ('commercial income'), costs centre owners are required also directly to refer the income stream to the activity which generates it. The cost centre returns are reviewed by senior managers and signed off by the Chief Executive Officer.

Shared services expenditure allocation

38. Shared services expenditure is budgeted for within Corporate Solutions. The total expenditure is first allocated between the Law Society and the Solicitors Regulation

⁸ Activities which may be funded by practising fees because they are for non-regulatory permitted purposes under Section 51.

⁹ Activities which may not be funded by practising fees because they fall outside the permitted purposes under Section 51.

Authority based on a number of drivers such as headcount and floor space. The budgeted shared services expenditure referable to the Law Society is then proportionately allocated to departments and thereafter between permitted and non-permitted activity according to each department's set expenditure and allocation percentage.

Commercial income

39. Commercial income arises from both non-permitted and permitted activities. Examples of permitted activities which generate commercial income are the accreditation schemes which the Society runs.

The established approach to commercial income

40. In 2014/15, commercial income arising from permitted activities has been used to offset the expenditure on those activities and our net funding requirement for 2014/15 was calculated on that basis. In cases where such activities produce a deficit of income over expenditure, they were treated as net permitted costs and directly included within the net funding requirement. In cases where such activities produce a surplus of income over expenditure, they were treated as generating a net non-permitted surplus and they were not directly included within the net funding requirement.

41. For the 2015/16 net funding requirement, the Law Society has now decided to take the same approach to commercial income as it took in 2014/15, that is to say the established approach to commercial income which is described in the preceding paragraph.

42. Table 5 shows the budgeted figures for the Law Society's expenditure, by directorate, on non-permitted activities, and the income funding it. Figures for the 2014/15 budget are included for comparison purposes. The table shows a net budgeted deficit of £2.4m on non-permitted activities which will be funded from non-permitted reserves.

43. Table 6 shows the budgeted figures for the Law Society's expenditure on permitted activities, split by directorate, and the sources of income funding it. Figures for the 2014/15 budget are included for comparison purposes. The table shows an amount of £2.4m in the net funding requirement which is to be applied to the permitted reserves. This amount equates to about £8 on each individual practising certificate fee.

2015 Review

New approach to commercial income

44. In 2015, the Law Society reviewed its approach to Section 51 and took advice from Leading Counsel and a leading accountancy firm. Leading Counsel has advised the Law Society that income which is generated from permitted activities is free from the use restrictions of Section 51 even if the activities are funded by practising fees. As a result of the review, the Law Society consulted the solicitors' profession on treating all commercial income as free from the use restrictions of Section 51 for the 2015/16 net funding requirement. On 8 July the Law Society's Council set the practising fee level on the basis of this new approach to commercial income.

45. The impact of the change in approach for 2015/16 would have been a net funding requirement for the Law Society that was £2.4m higher than under the established approach to commercial income.

46. Following preliminary discussions with the Legal Services Board, the Law Society has decided to revert for 2015/16 to the established approach to commercial income, the one that was taken for 2014/15, but to do so without changing the practising fee level set. This has been done in the interests of good administration and to avoid disruption to profession in terms of the process for renewing practising certificates. It will provide time for the Law Society and the Legal Services Board to discuss and resolve issues around the Law Society's wish going forward to adopt the new approach to commercial income with a view, depending on the outcome of those discussions, to the Law Society's adoption of the new approach to commercial income for the net funding requirement for 2016/17.
47. For the avoidance of doubt, it should be stressed again that this application, and the net funding requirement for 2015/16, has been calculated and set out on the basis of the established approach to commercial income, the one used for the net funding requirement for 2014/15. It will produce a budgeted deficit of £2.4m on non-permitted activities, which the Law Society intends to finance from its non-permitted reserves. It will also produce a budgeted surplus of £2.4m on the permitted activities. The Law Society confirms that this 'over-collection' of practising fees will be held in the permitted reserves and applied to reduce the net funding requirement for 2016/17.

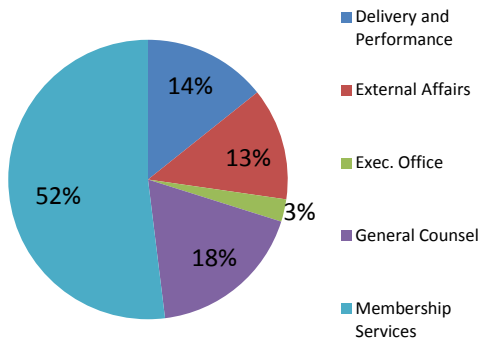
Table 5: Total commercial income and non-permitted expenditure

This table shows the budgeted figures for the expenditure of the Law Society on non-permitted activities, split by directorate, and for the commercial income which funds it. The expenditure figures include the Law Society's allocation of the shared services costs. They include expenditure on those permitted activities that are budgeted to produce a surplus of commercial income over expenditure. The figure for commercial income comprises income generated by non-permitted activities. It also includes income from those permitted activities that are budgeted to produce a surplus of commercial income over expenditure. Such activities are treated as generating a net non-permitted surplus and their referable expenditure is added to the non-permitted expenditure. The budgeted deficit on non-permitted activities is to be funded from non-permitted reserves.

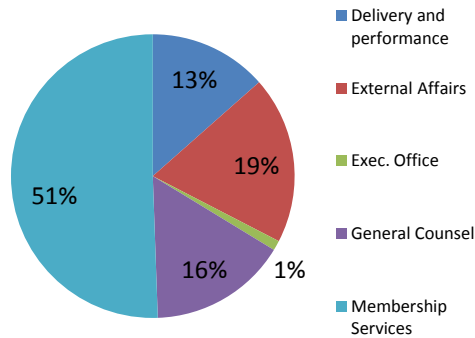
Budget Item	2015/16 Practising fee year	2014/15 Current Year (budget)	Variance (£ and %)
Commercial income (non-permitted) ¹⁰	£5.3m	£5.1m	+ £0.2m + 4%
Funding from non-permitted reserves	£2.4m	£3.8m	- £1.4m - 37%
Total	£7.7m	£8.9m	- £1.2m - 13%
Delivery and Performance	(£1.1m)	(£1.2m)	- £0.1m - 8%
External Affairs	(£1.0m)	(£1.7m)	- £0.7m - 41%
Executive Office	(£0.2m)	(£0.1m)	+ £0.1m + 100%
General Counsel	(£1.4m)	(£1.4m)	+ £0.0m + 0%
Membership Services	(£4.0m)	(£4.5m)	- £0.5m - 11%
Total	(£7.7m)	(£8.9m)	- £1.2m - 13%

¹⁰ Income generated by non-permitted activities, and by permitted activities where an activity is budgeted to generate a surplus of commercial income over the expenditure which generates it.

**Total non-permitted expenditure
by directorate - 2015/16**



**Total non-permitted expenditure
by directorate - 2014/15**



- **Delivery and Performance** – This includes Business Planning & Performance Management and Research, which support various activities across the Law Society.
- **External Affairs** – This includes City and International, Communications & Marketing, Gazette Publishing, Public Affairs, and Relationship Management.
 - City and International assist in promoting the legal protection of human rights globally, relations with governments and legal professions overseas, and the interests of the profession internationally. They also promote relations with City firms
 - Communications & Marketing provide communication support across Law Society's activities, including its law reform work
 - Gazette Publishing is principally responsible for the Law Society Gazette publication, which includes legal updates and news
 - Public Affairs manage relations with external stakeholders, and assist with lobbying in law reform work
 - Relationship Management support relations with the profession to assist across the Law Society' activities.
- **Executive Office** – This includes the Law Society's Chief Executive Officer and its office holders, and provides strategic support to the leadership of the Law Society.
- **General Counsel** – This includes Governance, Legal Services and Legal Policy.
 - Governance provides the support necessary for the Law Society Council, boards and committees to perform their functions
 - Legal Services is the Law Society's in-house legal team, and provides legal advice, assistance and representation necessary across the Law Society's activities
 - Legal Policy develops policy and provides information and guidance relevant to the Law Society's public interest and member support activity.
- **Membership Services** – This includes Accreditations, Business Development, Communities & Product Management, Consulting, Corporate Responsibility, Equality & Diversity, Events & Publications, Library, Practice Advice & Support Centre, and Product Development.
 - Accreditations deal with the accreditation of practitioners
 - Business Development includes endorsement, sponsorship and product marketing activity
 - Communities & Product Management support practitioners in various practice-based and demographic-type communities by providing advice, support and access to training

- Consulting provide practice support to practitioners
- Corporate Responsibility, Equality & Diversity
- Events & Publications provide events which include training, and publication titles which include practitioner texts
- Library is a repository of legal information and source material
- Practice Advice and Support Centre provide advice to practitioners on practice and procedure, and respond to enquiries.

Table 6: Total practising fee income and permitted expenditure

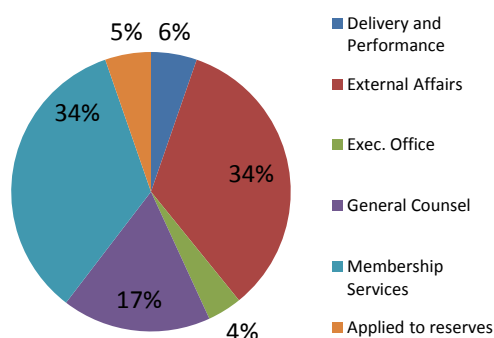
This table shows budgeted figures for the expenditure of the Law Society on permitted purposes, split by directorate, and for the sources of income that fund it. The expenditure figures include the Law Society's allocation of the shared services costs. They exclude expenditure on permitted activities that are budgeted to produce a surplus of commercial income over expenditure. The figure for commercial income comprises income generated by permitted activities, excluding those permitted activities which are budgeted to produce a surplus of commercial income over expenditure. The figure shown for total practising fee income constitutes the net funding requirement of the Law Society for permitted purposes.

Budget Item	2015/16 Practising fee year	2014/15 Current year (budget)	Variance
Commercial income (permitted) ¹¹	£9.9m	£9.7m	+ £0.2m + 2%
Total practising fee income	£35.3m	£31.9m	+ £3.4m + 11%
Total	£45.2m	£41.6m	+ £3.6m + 9%
Delivery and Performance	(£2.4m)	(£2.1m)	+ £0.3m + 14%
External Affairs	(£15.3m)	(£14.8m)	+ £0.5m + 3%
Executive Office	(£1.8m)	(£1.9m)	- £0.1m - 5%
General Counsel	(£7.8m)	(£7.8m)	+ £0.0m + 0%
Membership Services	(£15.5m)	(£15.0m)	+ £0.5m + 4%
Applied to permitted reserves	(£2.4m)	(0.0m)	+£2.4m
Total	(£45.2m)	(£41.6m)	+ £3.6m + 9%

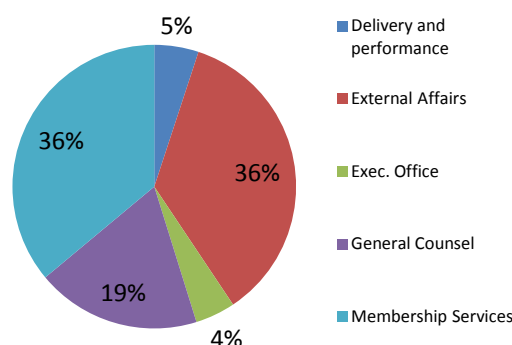
Detail of the contents of each directorate can be found under Table 5 above.

¹¹ Income generated by permitted activities in those cases where the budgeted commercial income generated by an activity does not exceed the expenditure on that activity.

Total budgeted expenditure on non-regulatory permitted activities by directorate - 2015/16



Total budgeted expenditure on non-regulatory permitted activities by directorate - 2014/15



Section 5 - The Corporate Solutions budget

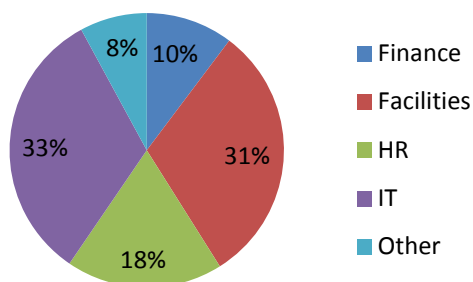
Table 7: Total PC fee income & expenditure on Corporate Solutions

This table shows the expenditure relating to shared services and central costs, split by area. These costs are allocated to the SRA and the Law Society and are included in the total expenditure in tables 4, 5 and 6. Corporate Solutions costs are allocated to directorates based on a number of drivers including headcount, floor space and usage. Once allocated to a directorate, the amount relating to non-permitted activities is calculated based on the proportion of other expenditure in that directorate related to non-permitted activities.

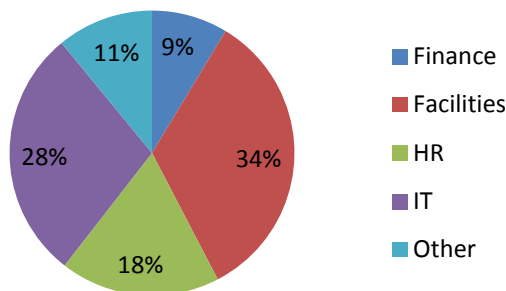
Budget Item	2015/16 Practising fee year	2014/15 Current Year (budget)	Variance
Total PC fee income	£41.5m	£40.9m	+ £0.6m + 1%
Funding from reserves	£1.1m	£4.5m	- £3.4m - 78%
Contribution from non-S51 income	£2.0m	£0.0m	+ £2.0m - 100%
Recharged to Compensation Fund	£1.9m	£1.9m	£0.0m 0%
Other income	£0.5m	£0.5m	£0.0m 0%
Total	£47.0m	£47.8m	- £0.8m - 2%
Chief Operating Officer	(£0.4m)	(£1.6m)	- £1.2m - 67%
Risk and Assurance	(£1.1m)	(£0.9m)	+ £0.2m +22%
Finance	(£3.5m)	(£3.0m)	+ £0.5m + 17%
Facilities	(£10.5m)	(£11.7m)	- £1.2m - 10%
Human Resources and Development (HRD)	(£6.3m)	(£6.3m)	£0.0m 0%
IT	(£11.1m)	(£9.9m)	+ £1.2m + 12%
Sourcing	(£0.6m)	(£0.6m)	£0.0m 0%

Portfolio Project Management Office	(£0.6m)	(£0.7m)	- £0.1m - 14%
Group Projects	(£12.9m)	(£13.1m)	- £0.2m - 2%
Total excluding Depreciation	(£47.0m)	(£47.8m)	- £0.8m - 2%

Total PC fee expenditure on Corporate Solutions by directorate - 2015/16



Total PC fee expenditure on shares services by directorate - 2014/15



- **Chief Operating Officer** – Office of the Chief Operating Officer, Business Strategy and Board / Committee costs;
- **Risk and Assurance** – The costs of internal audit, information security and business continuity planning;
- **Finance** – costs for the group including corporation tax and pension provisions;
- **Facilities** – costs relating to expenditure on facilities in London and the Midlands;
- **HRD** – costs for the group of recruiting, redundancy payments, training and pension management;
- **IT** – the group costs of running all IT systems;
- **Sourcing** – the cost of the sourcing team responsible for group wide procurement;
- **Portfolio Project Management Office** – management and support of group projects;
- **Group Projects** - this includes the costs of all projects across the group.

Section 6: Clarity and transparency

Consultation and engagement

48. A key component to the SRA's engagement work around fee determinations for the 2015-16 practising year was an open call for feedback from fee-payers when the SRA's Corporate Strategy was launched in November 2014. The strategy had the associated Business Plan for 2015-16 outlining the SRA's operational activity and the profession was invited to comment on what was included. This call for feedback began on 20 November 2014, with respondents encouraged to e-mail a dedicated inbox.

49. The SRA has also carried out an in-depth research project on the impact of regulation. While this is separate, and different, to the LSB's own cost of regulation research, the SRA's project will undoubtedly draw out opinions of the profession on the direct financial impact of regulation, including fees paid.

50. The SRA website provides a description of how fee income is allocated to the relevant bodies so that fee-payers can see how their contributions are spent. The website also details key SRA activity to drill down further.
51. This section of the website is updated to include details of the exact fees shared between the various bodies once decisions have been taken on budgetary requirements. Fee-payers have been invited to feed back to the SRA with any comments on this information.
52. A number of consultations has been launched as part of the SRA's regulatory reform programme and drive to reduce unnecessary administrative burdens, and these consultations have afforded respondents the opportunity to influence certain aspects of fee-setting arrangements or the amount that needs to be collected.
- Client protection - a "call for evidence" ran through August and September 2014 and asked respondents to comment on arrangements around professional indemnity insurance and the Compensation Fund. The SRA is exploring the potential to reduce the cost of insurance premiums by changing the compulsory terms and conditions, and to make the Compensation Fund more targeted towards those it was designed for. Achieving these aims should reduce both direct and indirect costs for the profession.
 - The third phase of the SRA's Red Tape Initiative ran from 22 September until 17 November 2014 and again featured a number of proposals around the removal of administrative tasks that offered little regulatory value, but which took time to complete.
 - Between 13 October and 15 December 2014, the SRA consulted on the best approach to regulating consumer credit activities. This was in light of the Financial Conduct Authority (FCA) taking control of the regulation of consumer credit work and taking a much more prescriptive approach. The SRA continues to work closely with the FCA to find a way forward that does not require law firms involved in consumer credit work to either seek dual regulation or adhere to a second set of detailed rules.
 - Further consultation has been carried out on accountants reports, between 18 November and 28 January 2014, aimed at reducing any unnecessary burden delivering the reports creates.
 - A third consultation ran from 16 April until 11 June 2015 supporting the SRA's Regulatory Reform Programme, with further proposals to simplify rules and reduce the burden of regulation.
 - On 19 June 2015 TLS published the consultation on the proposed budget for 2015/2016, this was announced through a news notice and featured in Professional Update as well as promoted through various social media channels. It was further promoted in SRA Update on 26 June 2015. A response to the consultation will be published on the Law Society's website.

Communications

53. A communications plan was drawn up to ensure that those we regulate and other stakeholders were kept informed of progress towards full approval of the fees structure and the implications for those the SRA regulates. Communications activity in this plan included:

- A reminder of the decision of the SRA Board to maintain the fee structure for practising fees for this year was announced in the SRA's newsletter to the profession, SRA Update, which is sent to 200,000 recipients, including all those with a mySRA account. This reminder was sent out on 23 April and again on 9 June 2015.
- In June a verification process was undertaken for the turnover figures submitted online by firms as part of the 2015/16 renewals process.
- In July 2015 the on-line calculator was made available with an indicative individual fee of £320, a revised turnover table and indicative Compensation Fund contributions of £32 (individual) and £548 (firm).
- The publication of the on-line calculator was announced through a news release on 25 June 2015, inclusion in the July edition of Compliance News, a dedicated e-newsletter for compliance officers, and will be followed up in SRA Update on 20 July 2015. All communications relating to the online calculator make reference to the requirement for LSB approval to take place.
- Online calculator communications also took visitors to the Fees 2015-16 page that outlined how fees were spent by the SRA and which offered the opportunity for feedback.
- Following a well-received addition to last year's fees-setting process, the Chair of the SRA Board, once approved will write to the senior partner(s) of all SRA-regulated firms to outline key points from the 2015-16 budget.
- Following the Law Society Council's approval of the indicative budget and the SRA Board approval of the fee determinations, press releases were issued by both the Law Society and the SRA.
- Assuming the LSB approves the budget requirement of the Law Society Group, that decision will be publicised in a one-off SRA Update in late August/early September 2015.
- As is the Communications Unit's practice, all news releases on the subject of fees were circulated to groups such as the Sole Practitioners' Group, the Association of Women Solicitors, and the Association of Black Lawyers, for publication in their in-house newsletters and website.
- Further standard practice for the Communications Unit is to publicise all news releases through social media channels, chiefly Twitter and LinkedIn, but also using Facebook and Pinterest.

Section 7: Practising fees 2015/16

54. As stated at the outset of this application, under the arrangements agreed between the Law Society and SRA, it is for the Law Society Council, having consulted the SRA Board, to determine the total amount to be raised from practising fees. It is for the SRA to determine how that amount should be apportioned between the different categories of fee payer.
55. On 15 July 2015 the SRA Board made the following fee determinations, subject to the approval of the LSB.

55.1. Annex A: Practising Certificate Fee determination [2015]

55.1.1. This:

- sets the practising certificate fee and equivalent fees for registered European lawyers and registered foreign lawyers;
- provides for a 50% reduction for those who are or who have been on maternity leave;
- sets the firm fee for existing recognised sole practitioners whose practices will be treated as recognised sole practices from 1 November 2015 (based on turnover);
- preserves a lower fee for RFLs who are based abroad and deals with other special cases;
- sets the fee at £250 for the SRA to determine relevant turnover following a Notice of Succession where the relevant firms cannot agree.

55.2. Annex B: Recognised Body and Recognised Sole Practice Fee determination [2015]

55.2.1. This

- sets the application fee for authorisation as a recognised body or a recognised sole practice;
- makes it clear that where the recognition commences in a different period from the one in which the application was made, the fee will be adjusted accordingly;
- sets the annual periodical fee for recognised bodies (based on turnover) with different provisions applying to brand new firms, continuing firms and firms who have been affected by an acquisition, merger or split in the last 12 months;
- deals with special cases such as overseas offices;
- sets the fee at £250 for the SRA to determine relevant turnover following a Notice of Succession where the relevant firms cannot agree.

55.3. Annex C: Licensed Body Fee determination [2015]

55.3.1. This

- sets the application fee payable by licensable bodies, which comprises a minimum set fee, plus an additional amount for each person requiring approval, with the possibility of fees being increased if the work in relation to the application is more than covered by the basic fee and for any costs of external agencies to be passed on to the applicant;
- sets the initial periodical fee payable by a licensed body on authorisation, based on estimated turnover for the first 12 months and calculated in accordance with the banded turnover table;
- sets the annual periodical fee for licensed bodies (based on turnover);
- includes an adapted definition of turnover to give the SRA a discretion to amend the figure where it appears that the turnover figure does not fully reflect the value of the legal services provided;
- adapts the definition of turnover to relate it to turnover from regulated legal activities.;
- makes it clear that licensed bodies that were licensed before 1 November 2013 will be charged fees based on actual turnover rather than estimated turnover.

ANNEXES

Annex A – Practising Certificate Fee Determination [2015]

This determination is made by the Solicitors Regulation Authority Board under section 11 of the Solicitors Act 1974, paragraph 2(1)(b) of Schedule 14 to the Courts and Legal Services Act 1990 and regulation 1.1 of the SRA Practising Regulations 2011, with the approval of the Legal Services Board under section 51 of the Legal Services Act 2007.

Practising certificate fee

1. The fee to be paid to the Law Society for each practising certificate issued will be £320 unless paragraphs 2, 3, or 4 below apply, or unless any of paragraphs 5 to 12 apply so as to impose an increased or additional fee.

Newly admitted solicitors and returning to practice

2. Subject to paragraph 3, any solicitor who applies for their first practising certificate during the practising certificate year commencing 1 November 2015 or any solicitor admitted prior to 1 November 2015 who has previously held a practising certificate and who returns to practice shall pay a fee in accordance with the following scale:
 - (a) Practising certificate issued 1 November 2015 to 31 December 2015 inclusive - £320
 - (b) Practising certificate issued 1 January 2016 to 31 March 2016 inclusive - £252
 - (c) Practising certificate issued 1 April 2016 to 30 June 2016 inclusive - £184
 - (d) Practising certificate issued 1 July 2016 to 31 October 2016 inclusive - £116Paragraphs 2(b) to 2(d) do not apply if during the solicitor's last period without a certificate they undertook any duties which required a practising certificate.

Former registered European lawyers and former registered foreign lawyers

3. A solicitor who has, at any time during the practising certificate year commencing 1 November 2015, registered or re-registered as a registered European lawyer or registered foreign lawyer and who applies for their first practising certificate shall be subject to a practising certificate fee of £0.

Maternity provisions

4. A solicitor who applies for a practising certificate during the practising certificate year 1 November 2015 to 31 October 2016 and who is on or has been on statutory maternity leave or a period of leave equivalent to statutory maternity leave within the previous practising year shall pay a fee in accordance with the following scale:
 - (a) Practising certificate issued 1 November 2015 to 31 December 2015 inclusive - £184
 - (b) Practising certificate issued 1 January 2016 to 31 March 2016 inclusive - £150
 - (c) Practising certificate issued 1 April 2016 to 30 June 2016 inclusive - £116
 - (d) Practising certificate issued 1 July 2016 to 31 October 2016 inclusive - £82This scale does not apply if the solicitor received a reduction for their practising certificate in the previous year for the same period of statutory maternity leave or period of leave equivalent to statutory maternity leave.

Recognised sole practitioners

From 1 November 2015 the practices of existing recognised sole practitioners will be treated as recognised sole practices and will be granted a lifetime authorisation. Any solicitor who wishes to continue to practise as a sole practitioner in the practising certificate year commencing 1 November 2015 is required to pay a practising certificate fee under paragraphs 1, 2, 3 or 4 above and an additional sum which is calculated by reference to the firm's turnover. The way that the turnover is determined will depend on whether the firm is a continuing recognised sole practitioner, a new recognised sole practitioner or a successor recognised sole practitioner. Paragraphs 7 to 9 below deal with the way that the fee is determined in relation to each of those categories.

7. (a) This paragraph applies where a Continuing Recognised Sole Practitioner makes an application for a practising certificate.
(b) The fee payable under paragraphs 1, 2, 3 or 4 shall be increased by the amount arrived at after taking the Turnover Figure and carrying out the calculations in respect of the relevant band in accordance with appendix 1.
8. (a) This paragraph applies where a New Recognised Sole Practitioner who first became authorised as a recognised sole practitioner after 31 October 2014 makes an application for a practising certificate.
(b) The fee payable under paragraphs 1, 2, 3 or 4 shall be increased by the amount arrived at after taking the estimate of the Turnover Figure for the first 12 months of practice and carrying out the calculations in respect of the relevant band in accordance with appendix 1.
9. (a) This paragraph applies where a Successor Recognised Sole Practitioner makes an application for a practising certificate. (b) The fee payable under paragraphs 1, 2, 3 or 4 shall be increased by the amount arrived at after taking the Successor Turnover Figure and carrying out the calculations in respect of the relevant band in accordance with appendix 1.

Overseas Branch Offices

10. Where a recognised sole practitioner has one or more overseas branch offices, the fee payable under any of the applicable paragraphs above shall be increased by £200 in respect of each overseas office.

Application for the SRA to determine Successor Turnover Figure

11. Where a Notice of Succession does not include the agreement of all relevant firms to the apportionment of turnover, the Notice shall be treated as an application for the SRA to determine the relevant Successor Turnover Figure and the fee for the application is £250.

Late delivery of an accountant's report

12. Where a solicitor applies for a practising certificate at a time when section 11(4) of the Solicitors Act 1974 has effect because the solicitor has failed to deliver an accountant's report by such time or in such circumstances as prescribed by rules made under section 34(1) of that Act, an additional fee of £200 must be paid when making an application for a practising certificate.

Application to registered European lawyers

13. The fee to be paid to the Law Society for initial registration or renewal of registration as a registered European lawyer shall be governed in all respects by the provisions of paragraphs 1 to 12 in the same way as the fee for a solicitor's practising certificate, and for this purpose:
- (a) references to a solicitor shall be interpreted as references to a registered European lawyer or to a European lawyer applying for registration, and references to practice as a solicitor shall be interpreted as references to the provision of legal services in the United Kingdom under, or in reliance upon, a European lawyer's professional title as such;
 - (b) references to practising certificates and the issuing of practising certificates, shall be interpreted as references to initial registration or renewal of registration in the register of European lawyers, and references to a first practising certificate shall be interpreted as references to a lawyer's first registration in the register of European lawyers;
 - (c) paragraph 3 shall apply to a European lawyer who has, at any time during the practising certificate year commencing 1 November 2015, registered or re-registered as a registered foreign lawyer and who applies for his or her first registration as a registered European lawyer.

Application to registered foreign lawyers

14. The fee to be paid to the Law Society for initial registration or renewal of registration as a registered foreign lawyer shall, subject to paragraph 15 below, be governed in all respects by the provisions of paragraphs 1, 2, 4 and 12 in the same way as the fee for a solicitor's practising certificate, and for this purpose:
- (a) references to a solicitor shall be interpreted as references to a registered foreign lawyer or to a lawyer applying for registration as a registered foreign lawyer, and references to practice as a solicitor shall be interpreted as references to the provision of legal services in England and Wales under, or in reliance upon, a foreign lawyer's professional title as such; and
 - (b) references to practising certificates and the issuing of practising certificates, shall be interpreted as references to initial registration or renewal of registration in the register of foreign lawyers, and reference to a first practising certificate shall be interpreted as reference to a lawyer's first registration in the register of foreign lawyers.
 - (c) paragraph 3 shall apply to a foreign lawyer who has, at any time during the practising certificate year commencing 1 November 2014, registered or re-registered as a registered European lawyer and who applies for his or her first registration as a registered foreign lawyer.
15. The fee for a registered foreign lawyer practising mainly from an office or offices outside England and Wales shall be £100.

Interpretation

16. In this determination:

Continuing Recognised Sole Practitioner means a recognised sole practitioner who became authorised as a recognised sole practitioner before 31 October 2014 and who is not a Successor Recognised Sole Practitioner;

New Recognised Sole Practitioner means a recognised sole practitioner who first became authorised as a recognised sole practitioner after 31 October 2014 and who is not a Successor Recognised Sole Practitioner;

Notice of Succession means notice required under regulation 5.3 of the SRA Practising Regulations 2011 or Rule 8.3(f) of the SRA Authorisation Rules for Legal Services Bodies and Licensable Bodies 2011;

Practising certificate means the certificate issued in accordance with sections 9 and 10 of the Solicitors Act 1974;

Practising certificate year means the period from 1 November to 31 October inclusive each year during which a practising certificate is operative;

Practising certificate fee means the sum to be paid by a solicitor for a practising certificate for the whole or part of a practising certificate year;

Practice as a solicitor means the provision of legal services under, or in reliance upon, the title "solicitor" whether as a principal, under a contract of employment or under a contract for the provision of services;

Period of leave equivalent to statutory maternity leave means a period of absence or leave which if a solicitor had been an employee would have been taken as statutory maternity leave;

Recognised sole practitioner means a solicitor or registered European Lawyer authorised by the SRA under section 1B of the Solicitors Act 1974 to practise as a sole practitioner;

Registered European lawyer means a European lawyer registered with the SRA under regulation 17 of the European Communities (Lawyer's Practice) Regulations 2000;

Registered foreign lawyer means a lawyer registered with the SRA under section 89 of the Courts and Legal Services Act 1990;

Successor Recognised Sole Practitioner means for the purposes of calculating the renewal fees, a recognised sole practitioner who after 31 October 2014 succeeds to the whole or any part of any authorised body or recognised sole practitioner, for value or otherwise, in any of the following cases:

case (I):

a recognised sole practitioner who acquires the whole or a part of one or more authorised bodies or recognised sole practitioners;

case (II):

a recognised sole practitioner resulting from the merger between the whole or part of two or more authorised bodies or recognised sole practitioners;

case (III):

a recognised sole practitioner remaining after it has split or ceded part of its practice to another authorised body or recognised sole practitioner;

Successor Turnover Figure means as set out in appendix 3;

Turnover Figure means as set out in appendix 2.

All other terms are to be interpreted in accordance with the SRA Handbook Glossary 2012.

17. The singular includes the plural and vice versa.

Commencement

18. This determination shall come into force on 1 November 2015 .

Annex A - Practising Certificate Fee Determination Appendix 1

Turnover band (T)	Turnover Range (A)	Pay %* of Turnover within band (B)	Minimum Turnover in band (C)	Minimum Fee in Band (D)
A	£0 - £19,999	0.80%	£0	£100
B	£20,000 - £149,999	0.47%	£20,000	£260
C	£150,000 - £499,999	0.46%	£150,000	£871
D	£500,000 - £999,999	0.44%	£500,000	£2,481
E	£1,000,000 - £2,999,999	0.42%	£1,000,000	£4,681
F	£3,000,000 - £9,999,999	0.29%	£3,000,000	£13,081
G	£10,000,000 - £29,999,999	0.24%	£10,000,000	£33,381
H	£30,000,000 - £69,999,999	0.22%	£30,000,000	£81,381
I	£70,000,000 – £149,999,999	0.20%	£70,000,000	£169,381
J	£150,000,000 +	0.07%	£150,000,000	£329,381

* % is equivalent to 'divided by 100' (e.g. 0.47% = 0.0047)

Using the table above to calculate the firm fee based on the firm's turnover (T)

1. Identify which band the turnover (T) falls in from column A.
2. Subtract the figure in the corresponding column C from (T).
3. Multiply this figure by the corresponding percentage in column B.
4. Finally add this figure to the corresponding figure in column D.
5. Firm fee then needs to be rounded to the nearest pound (i.e. if less than 50p then round down and if equal to or more than 50p then round up)

Formula: $(T - C) \times B + D$

Example 1: For Turnover of £0:
 $(£0 - £0) \times 0.80\% + £100 = £100$

Example 2: For Turnover of £200,000:
 $(£200,000 - £150,000) \times 0.46\% + £871 = £1,101$

Example 3: For Turnover of £813,421:
 $(£813,421 - £500,000) \times 0.44\% + £2,481 = £3,860$

Example 4: For Turnover of £279,123,528:

$$(\text{£}279,123,528 - \text{£}150,000,000) \times 0.07\% + \text{£}329,381 = \text{£}419,767$$

Annex A – Practising Certificate Fee Determination Appendix 2

Turnover Figure

The following paragraphs describe how the turnover figure that will be used for the purposes of determining the fee should be calculated:

1. Turnover figure means a firm's total gross fees arising from work undertaken from offices in England and Wales.
 - *Gross fees includes:* all professional fees of the firm including remuneration, retained commission, and income of any sort whatsoever of the firm (including notarial fees). Work in Progress (WIP) should be included.
 - *Gross fees does not include:* interest, reimbursement of disbursements, VAT, remuneration from a non-private practice source, dividends, rents, and investment profit.
2. The turnover figures that will be used when billing firms in 2015 will be based on **closed accounts**, audited where possible.
 - Closed accounts are defined, in order of preference, as:
 1. an audited set of financial statements
 2. an unaudited set of financial statements signed off by an accountant
 3. a submitted tax return for the year.
3. Bad debt should be handled under normal accounting procedures. Where it has been allowed for in the turnover figure for a firm's last closed accounting period prior to 1 November 2014, that is acceptable. If a bad debt has been discovered after closing the firm's accounts, then the turnover figure cannot be re-adjusted. Those adjustments could potentially be accounted for in the following year's closed accounts.
4. The turnover figure should, wherever possible, be for the last complete (12 months) accounting period prior to the 1 November 2014 (e.g. 31 March 2014). The latest acceptable annual accounting period end date is 31 October 2014.
5. The turnover figure should be an exact figure wherever possible. A figure rounded to the nearest £1,000 will be acceptable only if more detail is unavailable.
6. Those firms who do not have closed accounts which ended within the period from 1 November 2013 to 31 October 2014, should provide the SRA with an estimate of the turnover figure as well as the previous year's turnover figure based on accounts which have been closed. The SRA will determine at its discretion whether to use the 2013 figure if an updated 2014 figure based on closed accounts has not been received by 31 August 2015.
7. The turnover figure must be for a 12 month period.
 - (a) For a brand new firm (i.e. not a successor firm nor one resulting from change in status), an estimate for the first 12 months of practice (irrespective of whether this is after 31 October 2014) will be accepted; the basis upon which the firm has made the estimate should be provided to the SRA.
 - (b) If a firm has changed its annual accounting period, its latest closed accounting period prior to the 1 November 2014 will be shorter or longer than 12 months. The following approach should be used by the firm, providing an explanation of how they have derived their turnover figure:

- Preferably, provide the turnover for the 12 month period immediately preceding the new accounting period end date (as long as prior to 1 November 2014)
 - Alternatively, if this is not possible then take the last closed accounts period prior to the 1 November 2014 and scale it appropriately (e.g. if the last closed accounting period was for six months then it should be doubled; if the last closed accounting period was for 15 months, then it should be divided by 15 and then multiplied by 12).
8. If a firm has a change in status (e.g. partnership to LLP, sole practitioner to partnership), then at renewal it should respond as if there were no change in status.

Annex A - Practising Certificate Fee Determination Appendix 3

Successor Turnover

Successor turnover is relevant where firms have changed through, for example, an acquisition, merger or split. Certain firms affected are required to submit a Notice of Succession to the SRA with an agreed apportionment of turnover among the affected firms.

As guidance successor turnover shall be calculated based on the Turnover Figures for each of the affected firms.

If a firm has succeeded to the whole or a part of one or more firms (e.g. through merger or acquisition), successor turnover will be calculated by combining the appropriate proportion of the Turnover Figure for each of the affected firms which has become part of the successor practice:

- In a simple merger between firms A and B, combine the Turnover Figures for each firm.
- In a merger of one firm (firm A) with part of another firm (e.g. one third of firm B) then firm A should add the corresponding proportion of firm B's Turnover Figure to its Turnover Figure (e.g. firm A's Turnover Figure + third of firm B's Turnover Figure)

For a firm which has split or ceded part of their practice to another firm and wishes this change to be reflected in a successor turnover figure, the successor turnover figure will be a proportion of the Turnover Figure, as long as it is clear how the Turnover Figure for such a firm is to be distributed between the successor firms. 100% of the Turnover Figure must be accounted for between the successor firms. For example:

- In a merger of firm A with one third of firm B then
 - firm B's successor turnover figure will be two thirds of its Turnover Figure, Firm A's will be its Turnover Figure plus one third of B's Turnover Figure
- Where firm A and one third of firm B become new firm C
 - firm A's turnover will be £0 (closed) and B's turnover will be two thirds of its Turnover Figure. Firm C's successor turnover figures will be the combination of A's Turnover Figure and one third of firm B's.

In a case where all successor firms agree on the apportionment of 100% of the Turnover Figures, then the SRA will accept the successor turnover figures.

In the case where all successor firms are unable to agree the apportionment of 100% of the Turnover Figures, then the SRA will treat the Notice of Succession as an application for it to determine the Turnover Figure for the purpose of calculating the fees. The SRA will determine this apportionment based on the information available and its decision will be final.

Annex B - Recognised Body and Recognised Sole Practice Fee Determination [2015]

This determination is made by the Solicitors Regulation Authority Board under Rules 2.1 and 8.3 of the SRA Authorisation Rules for Legal Services Bodies and Licensable Bodies 2011, with the approval of the Legal Services Board under section 51 of the Legal Services Act 2007.

Initial Applications

1. The fee payable by a body or sole practitioner applying for initial recognition as a New Recognised Body or a New Recognised Sole Practice is:
 - (a) £1,000 on applying for initial recognition to commence in the period 1 November 2015 to 31 December 2015;
 - (b) £800 on applying for initial recognition to commence in the period 1 January 2016 to 31 March 2016;
 - (c) £600 on applying for initial recognition to commence in the period 1 April 2016 to 30 June 2016;
 - (d) £400 on applying for initial recognition to commence in the period 1 July 2016 to 31 October 2016.
2. Where an initial recognition for a New Recognised Body or a New Recognised Sole Practice commences in a different period from the period in which the application was made, the fee payable under paragraph 1 shall be adjusted accordingly.
3.
 - (a) This paragraph applies when a body or sole practitioner is applying for initial recognition on or after 1 November 2015 in the following circumstances:
 - (i) the body or person is succeeding to a practice of a recognised sole practitioner or recognised sole practice;
 - (ii) the application is being made by an existing recognised body or recognised sole practice which is changing its legal status; or
 - (iii) the application is being made by a Successor Recognised Body or Successor Recognised Sole Practice
 - (b) Where in paragraph 3(a) the predecessor sole practitioner or authorised body has paid a fee for the practising year 1 November 2015 to 31 October 2016, the fee shall be £200.
 - (c) Where in paragraph 3(a) the predecessor sole practitioner or authorised body has not paid a fee for the practising year 1 November 2015 to 31 October 2016, the fee shall be determined in accordance with the following:
 - (i) in the case of a predecessor recognised body paragraphs 4, 5 or 6, as appropriate, plus an additional application fee of £200;
 - (ii) in the case of a predecessor sole practitioner, paragraphs 8 to 10 of the Practising Certificate Fee Determination 2015, as appropriate, plus an additional application fee of £200; or

- (iii) in the case of a predecessor licensed body, paragraph 5 of the Licensed Body Fee Determination 2015, plus an additional application fee of £200.

Annual Periodical fees

Recognised Bodies are required to pay annual periodical fees, calculated by reference to the firm's turnover, by the prescribed date which is 31 October in any year. The way that the annual periodical fee is determined will depend on whether the firm is a continuing recognised body, a new recognised body or a successor recognised body. Paragraphs 4 to 6 below deal with the way that the fee is determined in relation to each of those categories.

- 4. The annual periodical fee payable by a recognised body where it is a Continuing Recognised Body shall be determined by taking the Turnover Figure and carrying out the calculations in respect of the relevant band in accordance with appendix 1.
- 5. The annual periodical fee payable by a New Recognised Body which first obtained authorisation after 31 October 2014 shall be calculated by taking the estimate of the Turnover Figure for the first 12 months of practice and carrying out the calculations in respect of the relevant band in accordance with appendix 1.
- 6. The annual periodical fee payable by a Successor Recognised Body shall be determined by calculating the Successor Turnover Figure and carrying out the calculations in respect of the relevant band in accordance with appendix 1.

Overseas Branch Offices

- 7. A recognised body which has one or more overseas branch offices shall pay an additional fee of £200 in respect of each overseas office.

Application for the SRA to determine Successor Turnover Figure

- 8. Where a Notice of Succession does not include the agreement of all relevant firms to the apportionment of turnover the Notice shall be treated as an application for the SRA to determine the relevant Successor Turnover Figure and the fee for the application is £250.

Interpretation

- 9. In this determination:

Continuing Recognised Body means a recognised body which is not a Successor Recognised Body and in which either:

- (a) the number and identity of the managers has not changed since 31 October 2014; or
- (b) the only changes since 31 October 2014 in the number or identity of the managers are as a result of one or more managers leaving or joining the recognised body;

New Recognised Body means a recognised body which obtained recognition after 31 October 2014 and is not a Successor Recognised Body;

New Recognised Sole Practice means the practice of a solicitor or REL which is recognised by the SRA under section 9 of the AJA and is not a Successor Recognised Sole Practice;

Notice of Succession means a notice required under Rule 8.3(f) of the SRA Authorisation Rules for Legal Services Bodies and Licensable Bodies 2011;

Successor Recognised Body means for the purposes of calculating the annual periodical fees, a recognised body which after 31 October 2014 succeeds to the whole or any part of any authorised body or recognised sole practitioner, for value or otherwise, in any of the following cases:

case (I):

a recognised body which acquires the whole or a part of one or more authorised bodies or recognised sole practitioners;

case (II):

a recognised body resulting from the merger between the whole or part of two or more authorised bodies or recognised sole practitioners;

case (III):

a recognised body remaining after it has split or ceded part of its practice to another authorised body or recognised sole practitioner;

Successor Recognised Sole Practice means a recognised sole practice which succeeds to the whole or any part of any authorised body or recognised sole practitioner, for value or otherwise, in any of the following cases:

case (I):

a sole practitioner who acquires the whole or a part of one or more authorised bodies or recognised sole practitioners;

case (II):

a recognised sole practice resulting from the merger between the whole or part of two or more authorised bodies or recognised sole practitioners;

case (III):

a recognised sole practice remaining after it has split or ceded part of its practice to another authorised body or recognised sole practitioner;

Successor Turnover Figure means as set out in appendix 3;

Turnover Figure means as set out in appendix 2.

All other terms are to be interpreted in accordance with the SRA Handbook Glossary 2012.

10. The singular includes the plural and vice versa.

Commencement

11. This determination shall come into force on 1 November 2015.

**Annex B - Recognised Body and Recognised Sole Practice Fee
Determination
Appendix 1**

Turnover band (T)	Turnover Range (A)	Pay %* of Turnover within band (B)	Minimum Turnover in band (C)	Minimum Fee in Band (D)
A	£0 - £19,999	0.80%	£0	£100
B	£20,000 - £149,999	0.47%	£20,000	£260
C	£150,000 - £499,999	0.46%	£150,000	£871
D	£500,000 - £999,999	0.44%	£500,000	£2,481
E	£1,000,000 - £2,999,999	0.42%	£1,000,000	£4,681
F	£3,000,000 - £9,999,999	0.29%	£3,000,000	£13,081
G	£10,000,000 - £29,999,999	0.24%	£10,000,000	£33,381
H	£30,000,000 - £69,999,999	0.22%	£30,000,000	£81,381
I	£70,000,000 – £149,999,999	0.20%	£70,000,000	£169,381
J	£150,000,000 +	0.07%	£150,000,000	£329,381

* % is equivalent to 'divided by 100' (e.g. 0.47% = 0.0047)

Using the table above to calculate the firm fee based on the firm's turnover (T)

1. Identify which band the turnover (T) falls in from column A.
2. Subtract the figure in the corresponding column C from (T).
3. Multiply this figure by the corresponding percentage in column B.
4. Finally add this figure to the corresponding figure in column D.
5. Firm fee then needs to be rounded to the nearest pound (i.e. if less than 50p then round down and if equal to or more than 50p then round up)

Formula: (T - C) x B + D

Example 1: For Turnover of £0:
 $(£0 - £0) \times 0.80\% + £100 = £100$

Example 2: For Turnover of £200,000:
 $(£200,000 - £150,000) \times 0.46\% + £871 = £1,101$

Example 3: For Turnover of £813,421:
 $(£813,421 - £500,000) \times 0.44\% + £2,481 = £3,860$

Example 4: For Turnover of £279,123,528:

$$(\text{£}279,123,528 - \text{£}150,000,000) \times 0.07\% + \text{£}329,381 = \text{£}419,767$$

Annex B - Recognised Body and Recognised Sole Practice Fee Determination

Appendix 2

Turnover Figure

The following paragraphs describe how the turnover figure that will be used for the purposes of determining the fee should be calculated:

1. Turnover figure means a firm's total gross fees arising from work undertaken from offices in England and Wales.
 - *Gross fees includes:* all professional fees of the firm including remuneration, retained commission, and income of any sort whatsoever of the firm (including notarial fees). Work in Progress (WIP) should be included.
 - *Gross fees does not include:* interest, reimbursement of disbursements, VAT, remuneration from a non-private practice source, dividends, rents, and investment profit.
2. The turnover figures that will be used when billing firms in October 2015 will be based on **closed accounts**, audited where possible.
 - Closed accounts are defined, in order of preference, as:
 1. an audited set of financial statements
 2. an unaudited set of financial statements signed off by an accountant
 3. a submitted tax return for the year.
3. Bad debt should be handled under normal accounting procedures. Where it has been allowed for in the turnover figure for a firm's last closed accounting period prior to 1 November 2014, that is acceptable. If a bad debt has been discovered after closing the firm's accounts, then the turnover figure cannot be re-adjusted. Those adjustments could potentially be accounted for in the following year's closed accounts.
4. The turnover figure should, wherever possible, be for the last complete (12 months) accounting period prior to the 1 November 2013 (e.g. 31 March 2014). The latest acceptable annual accounting period end date is 31 October 2014.
5. The turnover figure should be an exact figure wherever possible. A figure rounded to the nearest £1,000 will be acceptable only if more detail is unavailable.
6. Those firms who do not have closed accounts which ended within the period from 1 November 2013 to 31 October 2014, should provide the SRA with an estimate of the turnover figure as well as the previous year's turnover figure based on accounts which have been closed. The SRA will determine at its discretion whether to use the 2013 figure if an updated 2014 figure based on closed accounts has not been received by 31 August 2015.
7. The turnover figure must be for a 12 month period.
 - (a) For a brand new firm (i.e. not a successor firm nor one resulting from change in status), an estimate for the first 12 months of practice (irrespective of whether this is after 31 October 2014) will be accepted; the basis upon which the firm has made the estimate should be provided to the SRA.

- (b) If a firm has changed its annual accounting period, its latest closed accounting period prior to the 1 November 2014 will be shorter or longer than 12 months. The following approach should be used by the firm, providing an explanation of how they have derived their turnover figure:
- Preferably, provide the turnover for the 12 month period immediately preceding the new accounting period end date (as long as prior to 1 November 2014)
 - Alternatively, if this is not possible then take the last closed accounts period prior to the 1 November 2014 and scale it appropriately (e.g. if the last closed accounting period was for six months then it should be doubled; if the last closed accounting period was for 15 months, then it should be divided by 15 and then multiplied by 12).
8. If a firm has a change in status (e.g. partnership to LLP, sole practitioner to partnership), then it should respond as if there were no change in status.

Annex B - Recognised Body Fee Determination Appendix 3

Successor Turnover

Successor turnover is relevant where firms have changed through, for example, an acquisition, merger or split. Certain firms affected are required to submit a Notice of Succession to the SRA with an agreed apportionment of turnover among the affected firms.

As guidance successor turnover shall be calculated based on the Turnover Figures for each of the affected firms.

If a firm has succeeded to the whole or a part of one or more firms (e.g. through merger or acquisition), successor turnover will be calculated by combining the appropriate proportion of the Turnover Figure for each of the affected firms which has become part of the successor practice:

- In a simple merger between firms A and B, combine the Turnover Figures for each firm.
- In a merger of one firm (firm A) with part of another firm (e.g. one third of firm B) then firm A should add the corresponding proportion of firm B's Turnover Figure to its Turnover Figure (e.g. firm A's Turnover Figure + third of firm B's Turnover Figure)

For a firm which has split or ceded part of their practice to another firm and wishes this change to be reflected in a successor turnover figure, the successor turnover figure will be a proportion of the Turnover Figure, as long as it is clear how the Turnover Figure for such a firm is to be distributed between the successor firms. 100% of the Turnover Figure must be accounted for between the successor firms. For example:

- In a merger of firm A with one third of firm B then
 - firm B's successor turnover figure will be two thirds of its Turnover Figure, Firm A's will be its Turnover Figure plus one third of B's Turnover Figure
- Where firm A and one third of firm B become new firm C
 - firm A's turnover will be £0 (closed) and B's turnover will be two thirds of its Turnover Figure. Firm C's successor turnover figures will be the combination of A's Turnover Figure and one third of firm B's.

In a case where all successor firms agree on the apportionment of 100% of the Turnover Figures, then the SRA will accept the successor turnover figures.

In the case where all successor firms are unable to agree the apportionment of 100% of the Turnover Figures, then the SRA will treat the Notice of Succession as an application for it to determine the Turnover Figure for the purpose of calculating the fees. The SRA will determine this apportionment based on the information available and its decision will be final.

Annex C - Licensed Body Fee Determination [2015]

This determination is made by the Solicitors Regulation Authority Board under Rules 2.1 and 8.3 of the SRA Authorisation Rules for Legal Services Bodies and Licensable Bodies 2011 with the approval of the Legal Services Board under section 51 of the Legal Services Act 2007.

Initial Applications

1. The application fee payable by a body applying for initial authorisation as a licensed body will be calculated as follows:
 - (a) an initial payment of £2,000, which is based on a day rate of £600, and includes a contribution towards the setting up of the appellate body;
 - (b) £150 in relation to each candidate subject to approval by the SRA under Part 4 of the SRA Authorisation Rules, excluding those deemed to be approved under Rule 13.2 of the SRA Authorisation Rules;
 - (c) where the SRA's costs in considering the application exceed the amounts specified in (a) and (b) above then such additional costs will be charged at a day rate of £600;
 - (d) where the nature of the application means that the SRA has to seek external assistance, the full cost of that assistance will be charged;
 - (e) on initially considering an application, the SRA will notify those bodies whose applications it considers likely to exceed the amounts specified in (a) and (b) above and will indicate any additional sums payable in accordance with paragraphs (c) or (d) above;
 - (f) notwithstanding any additional sums notified under paragraph (e), the SRA may charge further additional sums in accordance with paragraphs (c) or (d) if unforeseen circumstances arise during the application process, however the SRA shall notify the applicant as soon as reasonably practicable as to the further liability to be incurred.
2. Appendix 1 contains information on the circumstances that may give rise to additional costs that may be chargeable under paragraphs 1(c) and (d) and the SRA may publish additional information from time to time.

Periodical fees

Licensed bodies are required to pay an initial periodical fee on authorisation which is calculated by reference to the firm's estimated turnover. Licensed bodies are also required to pay annual periodical fees by the prescribed date which is 31 October in any year. Paragraphs 3 and 4 below deal with the way in which the initial periodical fee will be calculated for the period which runs from 1 November 2015 to 31 October 2016 and paragraph 5 deals with the annual periodical fee.

Initial Periodical Fee

3. Subject to paragraph 4, the initial periodical fee payable by a licensed body shall be determined by:
 - (a) taking the estimate of the Turnover Figure for the first 12 months of business and carrying out the calculation in respect of the relevant band in accordance with appendix 2; and
 - (b) paying one twelfth of that amount in relation to each month or part of a month between the date of authorisation and 31 October 2016.
4. (a) Where a licensed body has succeeded to the whole of the practice of a recognised sole practitioner or authorised body the fee calculated in accordance with paragraph 3 shall be reduced by one twelfth of the firm fee already paid by the predecessor recognised sole practitioner or authorised body in respect of each month between the date of authorisation of the licensed body and 31 October 2016.
 - (b) Where a licensed body has succeeded to part of the practice of a recognised sole practitioner or authorised body the fee calculated in accordance with paragraph 3 shall be reduced as set out in paragraph 4(a) above but the reduction shall relate to such proportion of the firm fee as the SRA shall determine taking into account any Notice of Succession or other information.

Annual Periodical Fee

5. The annual periodical fee payable by a licensed body shall be determined by taking the estimate of the Turnover Figure for the first 12 months of business or, where the licensed body became a licensed body before 1 November 2013, the Turnover Figure, and carrying out the calculation in respect of the relevant band in accordance with appendix 2.

Overseas Branch Offices

6. A licensed body which has one or more overseas branch offices shall pay an additional fee of £200 in respect of each overseas office.

Interpretation

7. In this determination:

Notice of succession means notice required under Rule 8.3(f) of the SRA Authorisation Rules;

Turnover Figure means as set out in appendix 3.

All other terms are to be interpreted in accordance with the SRA Handbook Glossary 2012.

Commencement

8. This determination shall come into force on 1 November 2015.

Annex C - Licensed Body Fee Determination Appendix 1

1. The initial payment of £2,000 includes the costs that the SRA will incur in reviewing the application and considering whether, and if so how much, additional time and external assistance will be required. At the end of the review the SRA will notify the applicant of additional sums payable under paragraph 1 (c) and (d). Such estimate may be exceeded if unforeseen circumstances require additional time or external assistance.
2. The following list contains indicators of circumstances relating to the applicant body that may lead to the SRA seeking further information and incurring additional costs:
 - (a) proposed outsourcing arrangements;
 - (b) proposed initial public offering;
 - (c) proposed franchise model;
 - (d) proposed multiple fee sharing and /or referral arrangements;
 - (e) proposed multi disciplinary practice, involving other regulators;
 - (f) the applicant is part of a group including other organisations or permitted separate businesses which could cross sell services and /or give rise to potential conflicts.

This list is not exhaustive.

3. The SRA estimates that a combination of indicators that includes one or more of (a) to (d) above (moderate complexity) may require an additional 15 days of cost and an approximate additional charge of £9,000.
4. The SRA estimates that a combination of indicators that includes one or more of (e) and (f) together with any of the other indicators (high complexity) may require an additional 30 days of cost and an approximate additional charge of £30,000.
5. Additional costs may also be incurred where candidates, or sources of funding are located overseas. This could include the use of specialised external agencies to provide detailed reports on foreign individual and corporate owner applicants and may cost between £3,000 and £5,000 dependent on the jurisdiction.
6. Additional costs may also be incurred where there are complex ownership structures which require investigation in order to identify all persons who hold a material interest.

**Annex C - Licensed Body Fee Determination
Appendix 2**

Turnover band (T)	Turnover Range (A)	Pay %* of Turnover within band (B)	Minimum Turnover in band (C)	Minimum Fee in Band (D)
A	£0 - £19,999	0.80%	£0	£100
B	£20,000 - £149,999	0.47%	£20,000	£260
C	£150,000 - £499,999	0.46%	£150,000	£871
D	£500,000 - £999,999	0.44%	£500,000	£2,481
E	£1,000,000 - £2,999,999	0.42%	£1,000,000	£4,681
F	£3,000,000 - £9,999,999	0.29%	£3,000,000	£13,081
G	£10,000,000 - £29,999,999	0.24%	£10,000,000	£33,381
H	£30,000,000 - £69,999,999	0.22%	£30,000,000	£81,381
I	£70,000,000 – £149,999,999	0.20%	£70,000,000	£169,381
J	£150,000,000 +	0.07%	£150,000,000	£329,381

* % is equivalent to 'divided by 100' (e.g. 0.47% = 0.0047)

Using the table above to calculate the firm fee based on the firm's turnover (T)

1. Identify which band the turnover (T) falls in from column A.
2. Subtract the figure in the corresponding column C from (T).
3. Multiply this figure by the corresponding percentage in column B.
4. Finally add this figure to the corresponding figure in column D.
5. Firm fee then needs to be rounded to the nearest pound (i.e. if less than 50p then round down and if equal to or more than 50p then round up)

Formula: (T - C) x B + D

Example 1: For Turnover of £0:
 $(£0 - £0) \times 0.80\% + £100 = £100$

Example 2: For Turnover of £200,000:
 $(£200,000 - £150,000) \times 0.46\% + £871 = £1,101$

Example 3: For Turnover of £813,421:
 $(£813,421 - £500,000) \times 0.44\% + £2,481 = £3,860$

Example 4: For Turnover of £279,123,528:

$$(\pounds 279,123,528 - \pounds 150,000,000) \times 0.07\% + \pounds 329,381 = \pounds 419,767$$

Annex C - Licensed Body Fee Determination

Appendix 3

Turnover Figure

The following paragraphs describe how the estimated turnover figure that will be used for the purposes of determining how the periodical fee should be calculated:

1. Turnover figure means a firm's total gross fees arising from regulated activities undertaken from offices in England and Wales.
 - *Gross fees includes:* all professional fees of the firm including remuneration, retained commission, and income of any sort whatsoever of the firm (including notarial fees). Work in Progress (WIP) should be included.
 - *Gross fees does not include:* interest, reimbursement of disbursements, VAT, remuneration from a non-private practice source, dividends, rents, and investment profit.
2. Applicant bodies are required to provide an estimated turnover figure in the application and the SRA will seek information to support the figure and explain the basis on which the body has made the estimate during the authorisation process. Where the applicant body is succeeding to any legal practice carried on by a recognised sole practitioner, an authorised body or to a previously unregulated legal services business then the historic turnover figures for such businesses will be relevant in validating the estimated turnover for the new body.
3. The SRA may substitute an alternative estimated turnover figure for the purpose of the fee calculation where it reasonably considers that the estimated turnover figure produced by the applicant body does not fully reflect the true value of the legal services to be provided. The examples below indicate the sort of circumstances in which such a substitution may be made:
 - (a) The licensed body is part of a group of businesses which provide a range of services some of which may be bundled with legal services, where the legal services may be offered at a reduced rate or as a "free" service.
 - (b) The licensed body is part of an insurance company where some of the legal services may be supported by premium funding, rather than fee income.
 - (c) The licensed body provides a mix of regulated activities and other activities which are either unregulated or regulated by other regulators, and the services provided may include a mix of such activities which may be bundled as in (a) above.

In these cases the SRA will seek further information to help it determine a fair estimate and will seek to agree the figure with the applicant body but in the absence of such agreement the SRA's decision shall be final.

4. A Licensed Body will have provided an estimated turnover figure for the first 12 months of trading during the application process. This estimated turnover figure will be used to determine the annual periodical fee payable by the Licensed Body. In some cases, the SRA may have chosen to substitute an alternative estimated turnover figure in the circumstances outlined in paragraph 3 above to ensure the estimated turnover reflects the true cost of legal services being provided. This figure will have been communicated to the applicant prior to the licence being granted. In

such cases, the revised estimated turnover figure will be used to determine the annual periodical fee payable by the Licensed Body.

5. Where a licensed body became a licensed body before 1 November 2013, the turnover figure should no longer be estimated. In such cases, the turnover figures that will be used when billing firms in October 2015 will be based on **closed accounts**, audited where possible.
 - Closed accounts are defined, in order of preference, as:
 1. an audited set of financial statements
 2. an unaudited set of financial statements signed off by an accountant
 3. a submitted tax return for the year.
6. Bad debt should be handled under normal accounting procedures. Where it has been allowed for in the turnover figure for a firm's last closed accounting period prior to 1 November 2014, that is acceptable. If a bad debt has been discovered after closing the firm's accounts, then the turnover figure cannot be re-adjusted. Those adjustments could potentially be accounted for in the following year's closed accounts.
7. The turnover figure should, wherever possible, be for the last complete (12 months) accounting period prior to the 1 November 2014 (e.g. 31 March 2014). The latest acceptable annual accounting period end date is 31 October 2014.
8. The turnover figure should be an exact figure wherever possible. A figure rounded to the nearest £1,000 will be acceptable only if more detail is unavailable.