

By e-mail only

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1 September 2017

Dear Howard

Application under Section 51 of the Legal Services Act 2007

On 17 August 2017 we received the Master of the Faculties application under Section 51 of the Legal Services Act 2007 seeking approval of the practising certificate fee (PCF) for notaries for the year commencing 1 November 2017.

I can inform you that the 2017/18 PCF, including the contribution to the Contingency Fund, has been approved. This decision has been made under the authority delegated to me as the Chief Executive.

We note that this is the second consecutive increase in the PCF element of the overall authorisation costs. We will continue to maintain a focus on regulatory costs, and as expressed in our decision letter for the 2016/17 PCF application, our view is that these should be going down not up. Where opportunities for savings and efficiencies are identified and realised we expect to see these reflected in future applications. However, we welcome, and appreciate the inclusion of the three year budget forecast, as required under the revised LSB PCF Rules published in 2016. We appreciate that this was not an easy task due to the way in which Faculty Office budgeting is organised.

With regards to the Contingency Fund, we are concerned that the changes to the disciplinary procedures did not seem to have the desired effect this year of stabilising or reducing contributions that was anticipated by the Master of the Faculties two years ago. While we acknowledge there was an exceptional circumstance with regards the need to recoup costs for a particular case, as we said in our decision letter last year, we anticipate that now the changes to your discipline procedures are in place, contributions will remain stable or be reduced further.

We note that annual income to cover the Faculty Office regulatory matters going forward is changing to a model where the income is collected to meet anticipated expenditure for the year as opposed to in arrears. In doing so, you identified that there is a debt owed to the non-regulatory Faculty Office operations. You have outlined that your forward budgeting indicates this debt will be reduced year-on-year in order that the Faculty Office can reach the point where the regulatory arm operates without any borrowing requirement in approximately ten years. We look forward to receiving an update on progress to this objective in next year's application.

Finally, we welcome that you have consulted directly with the notaries and representative societies on the proposed increase in PCF but ask again that you consider consulting in a more public way in the future (for example, by publishing proposals on your website). In addition, as we expressed in our decision letter on the 2016/17 PCF application, it would be helpful in future if more detail could be provided on the issues that emerge in the consultation and particularly how you have responded with any critical feedback.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'N. Buckley', with a long, sweeping underline that extends to the right.

Neil Buckley
Chief Executive

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Cc Neil Turpin, Clerk, The Faculty Office