

Practising Certificate Fee (s51) application assessment

Approved regulator: Costs Lawyer Standards Board
PCF year: 1 January 2018 to 31 December 2018

Part One – Summary and recommendation

Summary

The proposed Practising Certificate Fee (PCF) for 2017 is £250, the same amount payable since 2012. CLSB anticipate that PCF income for 2017 will be £155,000 (on the assumption that there will be 620 costs lawyers, the number that CLSB regulated on 1 April 2017).

All PCF income is paid to and used by CLSB. There is a separate membership fee for the representative body, the Association of Costs Lawyers (ACL).

The Costs Lawyers Standards Board's (CLSB) budget for 2018 is set at £154,600, a decrease of £3, 000 (1.9%) on the 2017 budget.

Recommendation

We recommend that the PCF is approved under section 51 of the Legal Services Act.

Reserves remain at 80% of operating income; in 2015 CLSB had indicated that it expected to reach its full reserves target (100% of operating income) by the end of 2019. The decision letter should specifically ask for an update on this in the next application.

Part Two – Assessment of the application against LSB acceptance criteria

1. Pre-submission	
Were there any pre-submission discussions or a draft application; were any issues identified	There were no pre-submission discussions.
Were there any areas for improvement or specific issues in the last approval letter	While there were no areas for improvement in terms of the application, we did ask that in the event that CLSB needed to increase the practising certificate fee to replace reserves, then this should be fully explained in the application. No increase in the practising certificate fee is propose.
2. Developing the application and budget	
Is it clear that the regulatory arm has led the development of the application?	Yes; CLSB has solely regulatory functions.
<i>Budget</i> <ul style="list-style-type: none">• Is it clear how the budget has been arrived at• Is there evidence that the immediate and medium terms needs have been taken into account	<p>Yes. The 2018 budget sets out the expected spend in each area. We consider that the level of detail provided is sufficient bearing in mind that CLSB is a small organisation.</p> <p>Yes. In its PCF application, states that the income to be raised by the proposed PCF will provide CLSB adequate funding to provide for regulatory arrangements that are proportionate, accountable, consistent, transparent and targeted.</p>

<ul style="list-style-type: none"> • Are the contingency fund arrangements clear • If the proposal is to increase the PCF, does the application include a forecast budget for the current application and, where available, the next three years and estimate of PCF for the next three years. 	<p>Should CLSB need to draw on its reserves to cover its regulatory responsibilities it has said it may seek to recover this through an increase in the PCF for 2018.</p> <p>Yes. There is no specific contingency allocation in the 2018 budget.</p> <p>While CLSB could seek additional funding from ACL should the need arise, it retains the objective of being financially independent.</p> <p>Since its formation, CLSB has been building a contingency fund from annual surplus income, with reserves currently 80% of annual operating income.</p> <p>Not applicable. CLSB has not proposed to increase the fee for 2018.</p>
<p><i>Consultation</i></p> <ul style="list-style-type: none"> • Has the proposed fee been consulted on – if so summarise • Was the consultation clear about the level of fee and how it will be collected • Has feedback been fully considered 	<p>Yes; a consultation paper was published on 26 July 2017 and closed 15 September 2017.</p> <p>Yes.</p> <p>Yes; there were 27 responses to the consultation questions, all supporting the proposed PCF</p>
<p><i>Clear and transparent</i></p> <ul style="list-style-type: none"> • Is the information provided to fee payers on the level of fee clear and transparent • When was/is this issued to fee payers 	<p>Yes. Contained in the consultation document and included information on the permitted purposes and planned work for 2017.</p> <p>November 2017 (fees due December 2017).</p>
3. Permitted purposes	
<p>Is there evidence that the PCF income is used solely for permitted purposes</p>	<p>Yes; CLSB has solely regulatory functions.</p>
<p>Is any other income to be applied to permitted purposes</p>	<p>No.</p>
4. Regulatory functions	
<p>Is there evidence of how much of the PCF income is applied to permitted purposes that are regulatory functions</p>	<p>100%; CLSB has solely regulatory functions.</p>
<p>Are any shared services clearly explained</p>	<p>Not applicable.</p>
5. Regulatory and equality impact assessment (optional requirement)	
<ul style="list-style-type: none"> • Completed and included? • If not included, is there an explanation of the potential impact 	<p>The application notes that as the PCF is to remain at the same level, CLSB do not consider that it will have an adverse impact on the diversity of the profession.</p>

<ul style="list-style-type: none"> Does the application contain commentary on the regulatory objective and the Better Regulation Principles 	
6. Consultation with non-commercial bodies (optional requirement)	
<ul style="list-style-type: none"> Does the application include a description of the steps taken Have the proposed fees been shared with such bodies What was the response 	Not relevant to CLSB.
7. LSB Review	
Have we consulted with any other body on the application	Not considered necessary.
Were any issues raised by LSB colleagues from the first review?	No specific issues were raised with CLSB.

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17 October 2017