



**Council for Licensed Conveyancers
Application to the Legal Services Board
Under s.51 Legal Services Act 2007
For Approval of
Licence and Practice Fees Rates
and to issue an Exemption Direction in relation to
Compensation Fund contributions
for the period 2018-2019
August 2018**

Summary

- The LSB is asked to approve the CLC Fees Framework 2018 (at Annex 2) as amended and to issue an Exemption direction in relation to contributions to the Compensation Fund so that the regulatory fees for the year commencing 1 November 2018 are as follows:
 - Licence Fees payable by CLC Lawyers for providing conveyancing services or probate services at £400 (unchanged from 2017);
 - Licence Fees payable by CLC Lawyers for providing conveyancing and probate services at £475 (unchanged from 2017);
 - Base Rate Practice Fee (see paragraph 3 below) payable by each CLC Practice is reduced by 10% (see further paragraphs 10-14 and Annex 2 below) to 1.0% of turnover (applying the current tiers as follows):

Turnover Banding		Practice Fee payable				
From	To	Minimum Fee in Band				
0 and	100,000	770	or	1.1%	Of Turnover	Whichever is the greater
		Minimum Fee in Band			On Turnover in excess of	
100,001	500,000	1,100	plus	1.0%	100,000	
500,001	3,000,000	5,100	plus	0.9%	500,000	
3over	3,000,000	27,600	plus	0.8%	3,000,000	

- Compensation Fund contribution (see paragraph 3 below) payable by each CLC Practice is 0.4% of turnover (unchanged from 2017) applying the current tiers as follows:

Turnover Banding			Compensation Fund contribution			
			Minimum Fee in Band			
Between	0 and	£100,000	£500			
			Minimum Fee in Band			On Turnover in excess of
Between	£100,001 and	£500,000	£500	plus	0.4%	£100,000
Between	£500,001 and	£3,000,000	£2,100	plus	0.3%	£500,000
Over	£3,000,000		£9,600	plus	0.2%	£3,000,000

- the other fees levied by the CLC remain unchanged (as set out at paragraph 21).

Introduction

2. The CLC's current fee structure (first introduced in February 2010) following consultation with the profession can be summarised as follows:
 - 1) Licence fee (a fixed sum);
 - 2) Practice fee (as a percentage of turnover subject to a minimum fixed fee); and
 - 3) Contributions to the Compensation Fund (as a percentage of turnover subject to a minimum fixed fee) to be applied solely for purposes relating specifically to the CLC's Compensation Fund.
3. The Practice Fee and contributions to the Compensation Fund have been banded as follows:

Turnover £		Banding
From	To	
0	100,000	110% Base Rate
100,001	500,000	Base Rate
500,001	3,000,000	80% Base Rate
3,000,000	and over	70% Base Rate

4. The CLC published a consultation on the current fee structure which ended on 22 June 2018¹ which was promoted in the CLC newsletter and by social media. The CLC received no responses to the consultation.

Setting the CLC's Budget

5. The CLC has published its Strategy for 2018-2022² which set out its strategic objectives:
 - Empower consumers to make informed choices of conveyancing and probate lawyers
 - Adapt regulation to the changing market
 - Be the regulator of choice in our specialist areas

The 2018 Business Plan³ is aligned with those objectives.

6. The CLC's annual budget is determined as follows:
 - Consider resource needs to meet the strategic priorities and business plan objectives.
 - Engage with directors to discuss their budget requirements.

¹ <https://www.clc-uk.org/wp-content/uploads/2018/05/20180517-CLC-Consultation-Paper-Practice-Fees-2018.pdf>

² <https://www.clc-uk.org/wp-content/uploads/2018/01/CLC-A4-Strategy-Singles-AW-HiRes-1.pdf>

³ <https://www.clc-uk.org/wp-content/uploads/2017/12/CLC-Business-Plan-2018-for-publication.pdf>

- Calculate staff, member, contractor, service and supplier requirements in detail.
 - Include known commitments e.g. payments to LSB.
 - Include known exceptional and ad hoc items.
 - Calculate fees, charges and other income necessary to meet expenditure requirements.
 - Forward draft budgets prepared by Finance in consultation with the CLC's Executive to the Senior Management Team for approval.
 - Forward draft budgets to Council members for challenge and subsequent sign off at the CLC's Council meeting.
 - A review is undertaken after six months and on other occasions depending on circumstances to ensure that budgets remain realistic.
 - External Auditors review and sign off the Annual Report and Accounts.
 - It is a standing agenda item for Internal and External auditors to have confidential discussions with the CLC's Audit and Risk Committee with no staff present.
7. At this stage of the financial cycle the CLC has not determined a formal budget for 2019. Based on the Forecast of the Outturn for 2018 and for the purposes of this application, it has produced a projection of operational expenditure for 2019 at Annex 1. This seeks to balance the CLC's need to provide an effective system of regulation which protects and promotes the interests of consumers with the need for the CLC to move forward with those it regulates to take advantage of the current opportunities and challenges.

Reserves Arrangements

8. In January 2015 the Council agreed to maintain a minimum reserve on Operations of £1 million and a minimum reserve in the Compensation Fund of £2 million. Based on the Forecast for 2018 and the estimate for 2019 (detailed at paragraph 19), the actual and projected movement on reserves for CLC's Operations may be summarised as follows:

2016	2017	Dec 2018	Dec 2019
Actual	Actual	Forecast	Estimated
£ million	£ million	£ million	£ million
3.73	3.87	4.01	3.93

9. Reserves for the Compensation Fund stood at £6.68 million in December 2017 and are budgeted at the end of 2018 to be £7.16 million, including the

minimum level of reserves which is currently set at £2 million (see paragraph 8).

2016	2017	Dec 2018	Dec 2019
Actual	Actual	Forecast	Estimated
£ million	£ million	£ million	£ million
6.22	6.68	7.16	7.58

The increase in reserves results from a surplus on the operation of the Compensation Fund and the transfer of monies held separately in respect of aged balances received from CLC practices (as provided in the CLC Aged Balance Guidance⁴) and client funds received following intervention where the CLC has been unable to locate and return fund to the client, and as permitted in the CLC's Compensation Fund Operating Framework⁵. Aged balances and intervention funds (together totalling £1.5M as at June 2018) are treated by the CLC as restricted reserves.

Setting the rates

10. The CLC's Council reviews the fee rates for Practice fees and Compensation Fund contributions annually. The Practice fee rate was reduced by 20% in 2016 and left unchanged in 2017. The Compensation Fund Contribution rate has not been amended since 2011. The Council's decision on the appropriate Practice fee rate for 2018 has been complicated by the fact that turnover growth of CLC Practices has slowed, there is current uncertainty in the conveyancing market and potential for volatility and that the level of reserve levels in the Practice Fund needs to be managed.
11. The Council has concluded with effect from 1 November 2018 and subject to the approval of the Legal Services Board it should reduce the Practice rates by 10% (building on the 20% reduction made in 2016) which is seen as the first step in a longer-term plan to:
 - manage a reduction in the level of reserves in the practice fund
 - reduce the regulatory cost burden on regulated practices.
12. The impact of cutting fee rates by 10% would be that a managed deficit would be generated in 2019. The deficit would, assuming the assumptions are correct and that no other action is taken, reduce over the next three years and return to a surplus in year 5.
13. The Council considered whether it should reduce the Practice Fee rates by more than 10% and concluded that it was not prudent at this point taking account of the factors identified at paragraph 10 above. Further, it would increase unnecessarily the risk to the financial wellbeing of the organisation and the likelihood that it may need to reverse any reductions made in subsequent years, leading to uncertainty in the level of regulatory fees.

⁴ https://www.clc-uk.org/wp-content/uploads/2018/05/Accounts-Guidance1_3.pdf

⁵ Paragraphs 7 & 8 at https://www.clc-uk.org/wp-content/uploads/2017/12/1_Comp_Fund_Operating_Framework1.pdf

14. The Council will review the regulatory fee rates in 2019 to consider whether a further reduction is achievable taking account in particular of market conditions at that time.
15. Subject to the approval of the Legal Services board, other fees and charges for the licence year starting 1 November 2018 remain unchanged:
 - Licence Fees payable by CLC Lawyers remain at £400
 - Base Rate Compensation Fund contribution payable by each CLC Practice remains at 0.4% of turnover applying the current tiers (see paragraph 1 above)
 - the other fees levied by the CLC are set out at paragraph 21.
16. Examples of the Practice Fee and Compensation Fund contributions payable on CLC practices are set out at Annex 3.
17. In setting these rates the CLC has not consulted specifically with non-commercial bodies including local government on the basis that the changes in arrangements have a neutral effect on their regulatory costs. Further, the CLC does not regulate any non-commercial body which undertakes either conveyancing or probate services.
18. Annex 1 compares actual expenditure for 2016 and 2017, the expenditure forecast outturn for 2018 and the expenditure projection for 2019. The changes shown in percentage and monetary terms compare the 2018 expenditure forecast with the expenditure projection for 2019 with brief explanations of the greater variances.
19. The projected total funding requirement for 2019 is £2,757,139 (compared to £2,702,254 forecast outturn for 2018 and £2,442,815 for 2017). It is estimated that setting the Practice Fee at 1.0% (as determined by Council) will generate an income of £2,055,636 based on the turnover of those practices currently regulated by the CLC. Taken with the Licence Fee and Other Income there will be a Total Projected Income for 2019 of £2,659,607, leading to a projected shortfall of income against expenditure of £97,532.

Operations	
Practice Fee	2,055,636
Licence Fee	552,000
Other income	<u>51,971</u>
Total Income	2,659,607
Funding Req (see Annex 1)	(2,757,139)
Surplus/(Shortfall)	(97,532)

20. The Compensation Fund is projected to make a surplus of £418,114 in 2019.

Compensation Fund	
Contributions	678,114
less	
Compensation Fund Provision and Costs	<u>(260,000)</u>
Surplus/(Shortfall)	418,114

21. The other Fees chargeable are as follows (these are unchanged from 2017-2018):

		Fee	Paragraph	Regulatory Arrangements
1.	Probate Licence	£75	1(a)(ii)	CLC Lawyer – Licensing Framework
2.	First Manager Licence Application	£150		
3.	Duplicate licence	£50	16 & 18	CLC Lawyer – Licensing Framework
4.	Amendment to licence	£75	26	CLC Lawyer – Licensing Framework
5.	Failure to submit Accountant's Report in time	£100	16.2	Accounts Code and Guidance

Permitted Purposes

22. Since it has an exclusively regulatory function, none of the costs the CLC incurs fall outside permitted purposes as set out at rule 6 LSB Practising Fee Rules 2016⁶. The CLC does not incur expenditure related to the following sub-paragraphs of rule 6:

- the provision of services free of charge (sub-paragraph (d));
- the promotion of the protection by law of human rights and fundamental freedoms (sub-paragraph (e)); or
- the promotion of relations between the Approved Regulator and relevant national or international bodies, governments or the legal professions of other jurisdictions (sub-paragraph (f)).

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http://www.legalservicesboard.org.uk/Projects/statutory_decision_making/pdf/2016/20160601_Practising_Fee_Rules_2016.PDF

23. The CLC participates to a limited extent in law reform and legislative process (sub-paragraph (c)), but more as part and parcel of developing its regulatory framework and does not have a budget dedicated to that activity. The CLC understands the importance of increasing public understanding of the citizen's legal rights and duties (sub-paragraph (g)). With the other legal regulators, the CLC is working to implement the recommendations made in CMA Report⁷ on legal services.
24. The CLC is required to pay the levy towards the costs of the Legal Services Board and the Office for Legal Complaints (sub-paragraph (b)).
25. Aside from the contributions it makes to the levy (paragraph 24) the entirety of the costs incurred by the CLC relate directly to:
 - (a) the regulation, accreditation, education and training of applicable persons and those either holding themselves out as or wishing to become such persons, including:
 - (i) the maintaining and raising of their professional standards; and
 - (ii) the giving of practical support, and advice about practice management, in relation to practices carried on by such persons.

Contingency Arrangements

26. Paragraph 1 CLC Compensation Fund Operating Framework expressly reserves to the CLC the right to make a specific levy. It is envisaged that this will only be required when it is anticipated there is likely to be a substantial payment(s) out of the Compensation Fund. The last time the CLC directed the payment of such a levy in addition to the annual contribution was in the mid 1990s. For this purpose, the CLC reserves the right to transfer the balance (assuming sufficient funds were to be available) out of the Practice Fees or Licence Fees collected in the first instance before approaching the profession to recoup those monies at an appropriate stage. This approach reduces the costs associated with the collection of a special levy outside the normal cycle for collection of regulatory fees.

Applicability of the Regulatory Objectives

27. The CLC considers that the income generated by these proposals and the way in which contributions are determined are sufficient to ensure that it is able to continue to act in a way which is compatible with the regulatory objectives. There are tensions between the different objectives. For example, protecting and promoting the public interest, protecting and promoting the interests of consumers and promoting and maintaining adherence to the professional principles imply a greater need for resources. Improving access to justice and promoting competition in the provision of legal services suggest a requirement to reduce the cost of regulation (and therefore the financial overheads of individual practices) so that there are more practices offering legal services and the fees they charge can be

⁷ <https://www.gov.uk/cma-cases/legal-services-market-study#final-report>

reduced. The CLC has sought to take these factors into account in determining the fee structure which is the subject matter of this application.

Better Regulation Principles

28. In setting the charges payable by the profession the CLC has taken full account of the better regulation principles, namely that the CLC's regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed:
- They are transparent in that:
 - the way in which charges have been determined is consistent with the 2010, 2013, 2014, 2015, 2016, 2017 and 2018 Consultations to which all members of the profession had an opportunity to contribute; and
 - an explanation of the structure of charges and details of the budget which has determined the income required will be published to the profession. A draft of the information to be published to the profession is at Annex 4.
 - In setting out the charging structure in this way the CLC has shown itself fully accountable to the profession it regulates, to consumers and to its other stakeholders.
 - The way in which the charging structure has been determined is proportionate to (and targeted towards) the risks it perceives as being generated by different elements of the profession. The CLC continues to work to develop a charging structure linked to regulatory activity and risk.

Matters arising from LSB Decision Letter of 6 September 2017

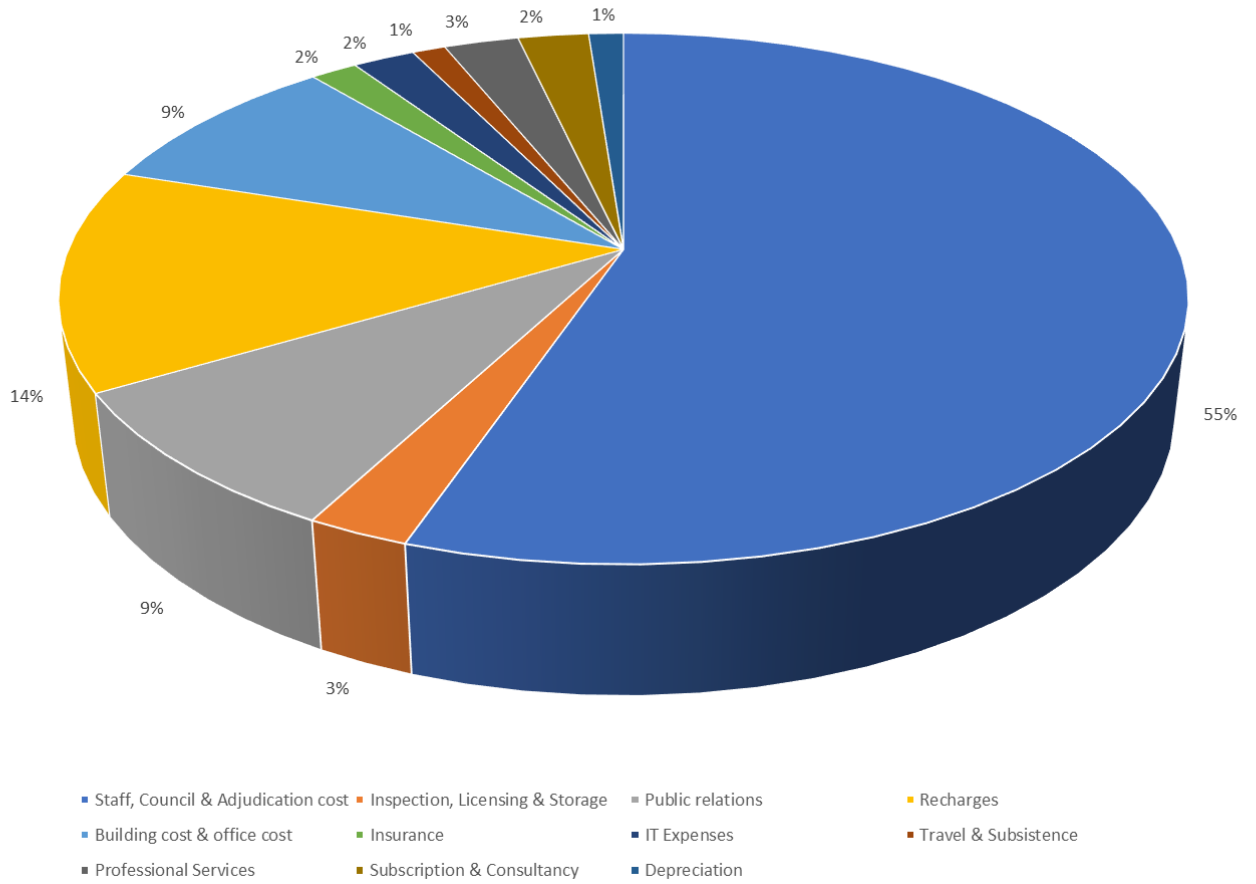
29. No issues arise from the LSB Decision Letter of 6 September 2017.

Annex 1

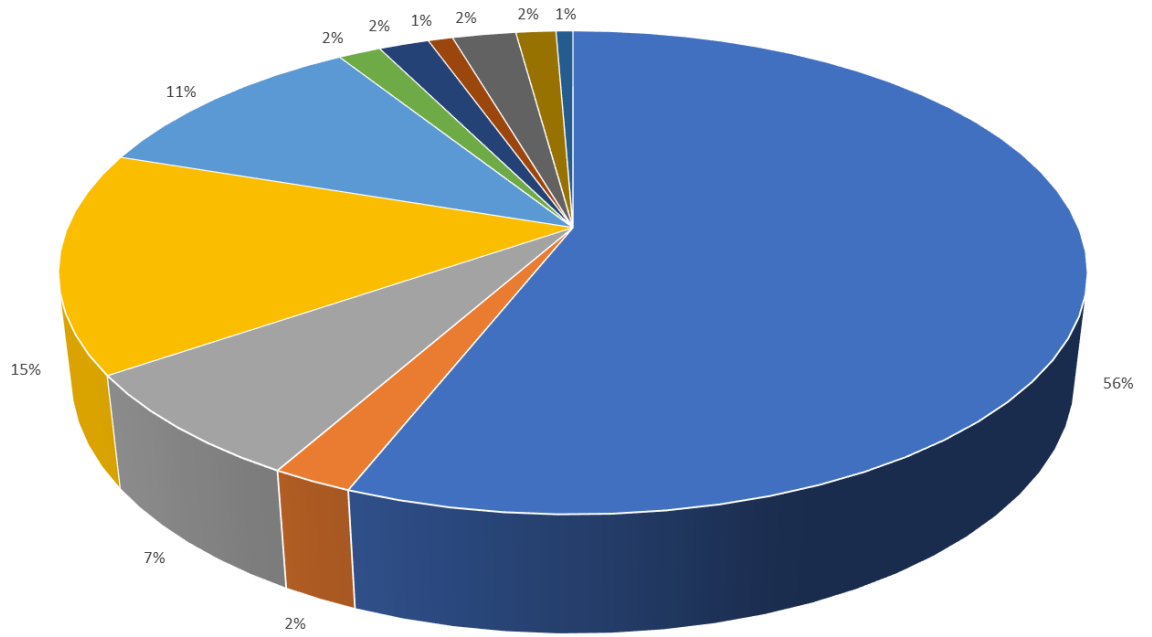
CLC OPERATIONAL EXPENDITURE							
	2016 Actual (Audited)	2017 Actual (Audited)	2018 FC - actual figures to June	2019 Projection	Var%	Var £	
Staff, Council & Adjudication cost	1,219,938	1,296,860	1,493,112	1,543,706	-3%	- 50,594	
	1,108,484	1,165,963	1,377,980	1,425,300	-3%	- 47,320	Inflationary increases and 1 additional head
	101,086	119,738	109,132	112,406	-3%	- 3,274	
	10,368	11,159	6,000	6,000	0%	-	
Operating Expenses	1,245,877	1,145,955	1,209,142	1,213,433	0%	- 4,291	
Inspection, Licensing & Storage	78,109	85,126	67,777	59,320	12%	8,457	Credit check cost removed
Public relations	192,503	244,043	236,022	200,000	15%	36,022	Making use of internal resources
Education cost	157,511	-	-	-		-	
Recharges	262,868	322,460	365,022	407,474	-12%	- 42,452	Based on current estimates provided
Building cost & office cost	196,715	188,784	242,147	299,500	-24%	- 57,353	Relocation to new serviced office
Insurance	55,292	47,037	43,419	44,376	-2%	- 957	
IT Expenses	87,637	64,566	57,601	52,344	9%	5,257	various cost saving initiatives
Travel & Subsistence	13,778	20,225	30,758	25,541	17%	5,217	Less travel anticipated
Professional Services	53,319	115,697	68,999	65,878	5%	3,121	
Subscription & Consultancy	61,970	4,921	65,279	41,500	36%	23,779	Reduced subscriptions
Finance Charges	4,881	302				-	
Depreciation	81,294	52,794	32,118	17,500	46%	14,618	Assets fully depreciated
Total cost	2,465,815	2,442,815	2,702,254	2,757,139	-2%	- 54,885	

NB The Levy payable to the LSB and the Legal Ombudsman (LeO) for year starting 1 April 2018 is £27,174 and £364,672 totalling £391,846, an increase of £62,855 (19%) from 2017 and together account for 14% of the CLC's projected expenditure for 2019. The LeO levy is calculated as a proportion of service complaints received by LeO in respect of CLC practices in relation to all service complaints received. Complaints about CLC practices have increased over the last 3 years as the total number of complaints has decreased, so proportionately increasing the CLC's contribution.

2018 Forecast



2019 Projection



- Staff, Council & Adjudication cost
- Inspection, Licensing & Storage
- Public relations
- Recharges
- Building cost & office cost
- Insurance
- IT Expenses
- Professional Services
- Subscription & Consultancy
- Depreciation
- Travel & Subsistence

Annex 2



The CLC Fees Framework ~~2016~~ 2018

Made ~~7-September-2016~~ [date] 2018 by the Council for Licensed Conveyancers with the approval of the Legal Services Board in accordance with s.14, 32 and 38 Administration of Justice Act 1985 and s.51 Legal Services Act 2007.

CITATION, COMMENCEMENT AND REVOCATION

1. This Framework may be cited as the CLC Fees Framework 2018 and shall come into force on 1 November ~~2016~~ 2018 on which date the Council for Licensed Conveyancers' Fees Rules 2016 shall cease to have effect.
2. "CLC Body" is a Recognised Body or a Licensed Body regulated by the CLC.

LICENSED CONVEYANCERS

3. The fees payable as provided by the CLC Lawyer – Licensing Framework shall be as follows: -
 - (1) under paragraph 1(a)(ii) for the issue of a licence:
for the first time, or where such a licence is not in force at the time of the application (and has not been in force for at least 12 months prior to that date): £150;
to provide Conveyancing Services or Probate Services: £400
to provide Conveyancing and Probate Services: £475;
 - (2) under paragraph 16 and 18 for an amendment to a licence: £75;
 - (3) under paragraph 26 for a duplicate licence, where chargeable: £50.
4. The additional fee of £100 is payable for failure to submit an Accountant's Report within the time limited (see paragraph 16.2 of the Accounts Code and Guidance).

CLC BODIES

Practice Fee

5. The fee payable by a CLC Body as provided by
 - (1) paragraph 5(a)(ii) of the CLC Recognised Bodies – Recognition Framework; and

(2) paragraph 7.10 of the CLC Licensed Body (ABS) Licensing Framework

shall be the turnover declared by the CLC Body for the purpose of determining the applicable annual premium payable in accordance with 10.1 of the CLC Professional Indemnity Insurance Code & Guidance as follows:

Turnover Banding		Practice Fee payable				
From	To	Minimum Fee in Band				
0 and	100,000	770 856	or	1.2% 1.1%	Of Turnover	Whichever is the greater
		Minimum Fee in Band			On Turnover in excess of	
100,001	500,000	1,100 1,200	plus	1.0% 1.1%	100,000	
500,001	3,000,000	5,100 5,600	plus	0.9% 1.0%	500,000	
3over	3,000,000	27,600 30,600	plus	0.8% 0.9%	3,000,000	

Compensation Fund Contribution

6. The Compensation Fund contribution payable by a CLC Body as provided by

- (1) paragraph 5(a)(iv) of the CLC Recognised Bodies – Recognition Framework; and
- (2) paragraph 7.11 of the CLC Licensed Body (ABS) Licensing Framework

shall be the turnover declared by the CLC Body for the purpose of determining the applicable annual premium payable in accordance with paragraph 10.1 of the CLC Professional Indemnity Insurance Code & Guidance as follows:

Turnover Banding			Compensation Fund contribution			
			Minimum Fee in Band			
Between	0 and	£100,000	£500			
			Minimum Fee in Band			On Turnover in excess of
Between	£100,001 and	£500,000	£500	plus	0.4%	£100,000
Between	£500,001 and	£3,000,000	£2,100	plus	0.3%	£500,000
Over	£3,000,000		£9,600	plus	0.2%	£3,000,000

WAIVER

7. The CLC may in writing waive or vary any of the provisions of this Framework and may revoke any waiver in any particular case.

Annex 3

Examples of the Practice Fee and Compensation Fund contributions payable

2018

Turnover	Practice Fee	Comp Fund Contribution	Total
30,000	856	500	1,356
50,000	856	500	1,356
150,000	1,750	700	2,450
550,000	6,100	2,250	8,350
1,500,000	15,600	5,100	20,700
3,500,000	35,100	10,600	45,700
15,000,000	138,600	33,600	172,200

2019

Turnover	Practice Fee	Comp Fund Contribution	Total	Variance with 2018	% variance with 2018
30,000	770	500	1,270	(86)	(6)
50,000	770	500	1,270	(86)	(6)
150,000	1,600	700	2,300	(150)	(6)
550,000	5,550	2,250	7,800	(550)	(7)
1,500,000	14,100	5,100	19,200	(1,500)	(7)
3,500,000	31,600	10,600	42,200	(3,500)	(8)
15,000,000	123,600	33,600	157,200	(15,000)	(9)

Annex 4
Information to the profession
CLC regulatory charges
2018-2019

1. This notification sets out the CLC’s determination about:
 - The licence and practice fee structure and the way in which Compensation Fund contributions payable by licence holders will be applied; and
 - the licence and practice fees and the contribution the CLC has determined are payable for the licence year starting on 1 November 2018.

The CLC’s licence and practice fee structure, and contributions to the CLC Compensation Fund

2. The CLC’s current fee structure (first introduced in February 2010) following consultation with the profession can be summarised as follows:
 - 1) Licence fee (a fixed sum);
 - 2) Practice fee (as a percentage of turnover subject to a minimum fixed fee); and
 - 3) Contributions to the Compensation Fund (as a percentage of turnover subject to a minimum fixed fee) to be applied solely for purposes relating specifically to the CLC’s Compensation Fund.
3. The Practice Fee and contributions to the Compensation Fund have been subject to tiered banding as follows:

Turnover £		Banding
From	To	
0	100,000	110% Base Rate
100,001	500,000	Base Rate
500,001	3,000,000	80% Base Rate
3,000,000	and over	70% Base Rate

4. The CLC published a consultation on the current fee structure which ended on 22 June 2018⁸. The consultation was promoted in newsletters to the profession, on the website and in direct emails. The CLC received no responses to the Consultation.

Licence and Practice Fee and Compensation Fund contributions payable for year starting 1 November 2018

5. Examples of the effect the Practice Fee rates and Compensation Fund contributions will have on practices are set out at Annex [numbered].
6. The CLC has published its Strategy for 2018-2022⁹ which set out its strategic objectives:

⁸ <https://www.clc-uk.org/wp-content/uploads/2018/05/20180517-CLC-Consultation-Paper-Practice-Fees-2018.pdf>

⁹ <https://www.clc-uk.org/wp-content/uploads/2018/01/CLC-A4-Strategy-Singles-AW-HiRes-1.pdf>

- Empower consumers to make informed choices of conveyancing and probate lawyers
- Adapt regulation to the changing market
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The 2018 Business Plan¹⁰ is aligned with those objectives.

7. The CLC's Council reviews the fee rates for Practice fees and Compensation Fund contributions annually. The Practice fee rate was reduced by 20% in 2016 and left unchanged in 2017. The Compensation Fund Contribution rate has not been amended since 2011. The Council's decision on the appropriate Practice fee rate for 2018 has been complicated by the fact that turnover growth of CLC Practices has slowed, there is current uncertainty in the conveyancing market and potential for volatility and that the level of reserve levels in the Practice Fund needs to be managed.
8. The Council has concluded with effect from 1 November 2018 and subject to the approval of the Legal Services Board it should reduce the Practice rates by 10% (building on the 20% reduction made in 2016) which is seen as the first step in a longer-term plan to:
 - a. manage a reduction in the level of reserves in the practice fund
 - b. reduce the regulatory cost burden on regulated practices.
 Compensation Fund contributions, Licence Fees (£400 and £475) and other charges (see paragraph 15 below) remain unchanged.
9. The impact of cutting fee rates by 10% would be that a managed deficit would be generated in 2019. The deficit would, assuming the assumptions are correct and that no other action is taken, reduce over the next three years and return to a surplus in year 5.
10. The Council considered whether it should reduce the Practice Fee rates by more than 10% and concluded that it was not prudent at this point taking account of the factors identified at paragraph 8 above. Further, it would increase unnecessarily the risk to the financial wellbeing of the organisation and the likelihood that it may need to reverse any reductions made in subsequent years, leading to uncertainty in the level of regulatory fees.
11. The Council will review the regulatory fee rates in 2019 to consider whether a further reduction is achievable taking account in particular of market conditions at that time.
12. Annex **[numbered]** compares actual expenditure for 2016 and 2017, the expenditure forecast outturn for 2018 and the expenditure projection for 2019. The changes shown in percentage and monetary terms compare the 2018 expenditure forecast with the expenditure projection for 2019 with brief explanations of the greater variances.
13. The projected total funding requirement for 2019 is £2,757,139 (compared to £2,702,254 forecast outturn for 2018 and £2,442,815 for 2017). It is estimated that setting the Practice Fee at 1.0% (as determined by Council) will generate an income of £2,055,636 based on the turnover of those practices currently regulated

¹⁰<https://www.clc-uk.org/wp-content/uploads/2017/12/CLC-Business-Plan-2018-for-publication.pdf>

by the CLC. Taken with the Licence Fee and Other Income there will be a Total Projected Income for 2019 of £2,659,607, leading to a projected shortfall of income against expenditure of £97,532.

Operations	
Practice Fee	2,055,636
Licence Fee	552,000
Other income	<u>51,971</u>
Total Income	2,659,607
Funding Req (see Annex 1)	(2,757,139)
Surplus/(Shortfall)	(97,532)

14. The Compensation Fund is projected to make a surplus of £418,114 in 2019.

Compensation Fund	
Contributions	678,114
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Compensation Fund Provision and Costs	(260,000)
Surplus/(Shortfall)	418,114

15. The other Fees chargeable are as follows (these are unchanged from 2017-2018):

		Fee	Paragraph	Regulatory Arrangements
1.	Probate Licence	£75	1(a)(ii)	CLC Lawyer – Licensing Framework
2.	First Manager Licence Application	£150		
3.	Duplicate licence	£50	16 & 18	CLC Lawyer – Licensing Framework
4.	Amendment to licence	£75	26	CLC Lawyer – Licensing Framework
5.	Failure to submit Accountant's Report in time	£100	16.2	Accounts Code and Guidance