

PCF application to LSB

23 August 2018

Introduction

1. CILEx is an Approved Regulator under the Legal Services Act 2007 for Chartered Legal Executives, Associate Prosecutors, CILEx Practitioners and entities. CILEx delegates its regulatory functions to CILEx Regulation.
2. This submission sets out fees proposed to be charged for subscription year January to December 2019 to the following:
 - Chartered Legal Executives (CILEx Fellows);
 - Associate Prosecutor members of CILEx;
 - CILEx Practitioners; and
 - Entities.
3. CILEx Fellows are regulated for the reserved activity of administration of oaths. Associate Prosecutor members are employed by the CPS and authorised to conduct litigation and exercise rights of audience.
4. CILEx Practitioners are authorised to provide one or more of the following reserved or regulated legal activities:
 - conduct of litigation
 - rights of audience
 - probate
 - reserved instrument activities
 - immigration advice and services
5. Entities may apply for authorisation to deliver one or more of the reserved or regulated legal activities. Entities pay an annual regulatory fee and make a contribution to the Compensation Fund.
6. The CILEx Regulation Board determined the regulatory costs for the 2019 budget at its February 2018 meeting. CILEx's Finance Committee considered proposals for 2018 fees at its May 2018 meeting. All fees were consulted upon with the relevant regulated community between 21 May 2018 to 20 June 2018 and following analysis of the consultation responses, final proposals for the 2019 PCF were agreed by the CILEx Regulation Board at its July 2018 meeting and considered by the CILEx Finance Committee at its August 2018 meeting.
7. CILEx Regulation continues to set its budget independently against its strategy and annual business plan. The strategic aims and key activities for CILEx Regulation was set for 2016-19 and this was re-visited in the first quarter of 2017 to produce the 2018-2020 strategy. This strategy was considered in order to identify the resource needs of CILEx Regulation for 2019. Provision for OPBAS and CMA expenditure have been incorporated in to the CILEx budget for 2019, as the figures have not yet

been finalised through OPBAS and this enables more certainty through the CILEx Regulation budget for 2019.

8. CILEx confirms that requests for reasonable additional resources will continue to be met. CILEx Regulation confirms it has no concerns about securing such resources.

Overview of fee proposals

The fee proposals for 2018 are as follows:

Fee type	Paid by	2018	Proposed 2019
PCF	CILEx Fellow	£364	£364 (no change)
PCF	Associate Prosecutor	£253	£271 (7% increase)
Practice Rights top up	CILEx Fellow with additional practice rights (per right)	£60	£60 (no change)
Practice Rights top up	Other CILEx members with additional practice rights (per right)	£60	£60 (no change)
Advocacy rights	CILEx Fellows with additional rights of audience	£150 (at first renewal and then once every 3 years)	£150 (every 3 years) – no change
PCF	Non-member with practice rights	£450	£450 (no change)
Entity application/renewal	Entity	Variable as fee scale	See changes in revised fee scale at Appendix 8

9. The CILEx Group draft budget identifies that the regulatory activities, which includes both the direct regulatory costs and a contribution towards the permitted purposes will be covered by a PCF as set out in the table above. The PCF for all groups of individuals required to pay a practising fee has been held at the 2018 rate, with the exception of:
 - Associate Prosecutors, for which the PCF has been increased by 7% to £271, following a consultation with the Crown Prosecution Service. And,
 - Entities, for which the fees have been reviewed to take into account the possibility of entities switching regulators having larger turnover than is currently allowed for in the practising fees. The escrow fee has also been removed for the time being, as CILEx Regulation has no firms using the escrow service. If this position changes, CILEx Regulation may reinstate this fee level on the basis of risk. Please see Appendix x for full details of the revised fees.

Budget setting, forecasting and financial oversight

10. The draft budget for 2019 was considered and agreed by the CILEx Regulation Board in February 2018.

Permitted purposes

11. The CILEx Director of Group Services and Chief Financial Officer produced details of the costs of permitted purposes activities following analysis by each relevant staff team of the permitted purposes work it undertakes, as a percentage of its work overall. The percentages identified as a result of this exercise were as follows:

CILEx department	All permitted purposes activities	Other activities	Total
Operations (including Membership, Sales and development, Awards and Education)	24.7%	75.3%	100%
Communications (including marketing and the Journal)	3.2%	96.8%	100%
Policy and Governance (formerly Regulatory Affairs)	15.2%	84.8%	100%
Central Resources and Administration	23.9%	76.1%	100%

12. The percentages are based on the assessment of the CILEx Management Team of the amount of departmental time spent on all permitted purposes activities or in providing services to CILEx Regulation under a service level agreement. The 'other activities' column relates to activities which do not relate to regulatory activities or permitted purposes activities.

13. Activities which CILEx has identified as permitted purposes include:

- Operations: maintaining the Fellow, Associate Prosecutor and member database, issuing the PCF invoices, liaising with Authorised Persons, maintaining CPD records, providing information to CILEx Regulation about Authorised Persons and members, providing support to assure the quality of the academic qualifications, ensuring training and assessment is fit for purpose, providing assessment results for candidates by centre and learner, providing relevant committee meeting minutes, liaison with Ofqual, providing details of alleged misconduct, attending stakeholder meetings and attending professional institute forums
- Communications: providing the Journal online, editorial support, educational articles, direct mailings to Authorised Persons, CILEx Regulation publications, press releases.
- Policy and Governance: providing representation, liaison and support in the areas of law reform, policy, lobbying, equality and diversity, pro bono and judicial appointments, managing the relationship with the LSB, other Approved Regulators and government
- Central Resources and Administration: HR, finance and accounting, procurement and facilities

14. The CILEx Group draft 2019 budget (**Appendix 1**) identifies that regulatory activities carried out by the Group will be covered by a PCF charged to Fellows of £364. This is held at the same level as for 2017 and 2018 and is projected to generate £2,353,016. The PCF charged to Associate Prosecutors will be £271 for 2019, a 7% increase from 2018 and is expected to generate a further £42,547, creating a total income of £2,395,563.
15. Total net regulatory and permitted purposes expenditure is expected to only increase marginally in 2019 compared to 2018, by £22,367. The changes to the draft budgets for 2019 compared to the 2018 submission have resulted in a small increase in net costs (i.e. before PCF income) in CILEx Regulation of £27,478. This has been partially offset by a small reduction in permitted purposes expenditure in CILEx of £5,111. This has had the effect of marginally increasing the CILEx Regulation proportion of PCF from £195 to £197 and decreasing the CILEx permitted purposes proportion from £149 to £147.

Development of the 2018 draft budget

16. The CILEx Group financial statements for 2017 show the continuing improvement in financial performance with a profit before tax of £641,981, up from £430,984 in 2016. This has further replenished Group Reserves and enables the Group to make strategic investments. The CILEx Group embarked on a major IT project to replace the current CRM (Customer Relationship Management) system in 2017, with the implementation phase taking place from July 2018 to April 2019. The Group is expecting to make a net surplus in 2018 and 2019.
17. **Appendix 1** shows the total CILEx Group draft budget for 2018. This analyses income and expenditure by regulatory-related activity, other permitted purposes activity (with a sub-total for total permitted purposes activity), other activities that are not regulatory or other permitted purposes activities, and grand total for the Group.

Regulatory Function

18. CILEx Regulation sets its budgets independently. CILEx Regulation Board determined its resource requirements for 2019 by considering the projected budget against its strategic aims. The budgets were considered at the CILEx Regulation Board meetings on 21 February 2018. The budget was thereafter incorporated into the CILEx Group draft budget.
19. **Appendix 2** shows how PCF income is spent on regulatory activities, including CILEx Regulation.

Reserves and Contingency

20. CILEx Regulation had a small surplus at the end of 2017, which has resulted in reserves of £53,681 carried forward to 2018. The CILEx Reserves Policy provides that it should hold at least 12 months' budgeted PCF and membership income in reserve.
21. Protocols between CILEx Regulation and CILEx provide that CILEx will meet reasonable funding requirements of CILEx Regulation, including exceptional costs – e.g. in relation to new regulatory developments.

22. CILEx reserves stand at £8.7 million (3.6 times the level of PCF income in the 2019 budget). Although those reserves are available to the CILEx Group as a whole and not just to CILEx Regulation, CILEx Regulation is confident that resources are available should they be required. There has been no change to Reserves Policy although this is under review as part of the Group governance restructure. Any changes will not impact on CILEx Regulation's position regarding access to reasonable resources.
23. As will be seen from the analysis of regulatory and permitted purposes costs in **Appendix 2**, the fees budgeted for 2019 are intended to deliver a balanced budget.
24. PCF and permitted purposes fees will not increase Group reserves.

Regulatory Objectives and Better Regulation Principles

25. CILEx Regulation and CILEx are aware of the importance of ensuring that the PCF covers the budget for activities that support the regulatory objectives set out in the Legal Services Act 2007. CILEx Regulation and CILEx are satisfied that PCF income will be spent solely on regulatory activities and permitted purposes that aim to promote adherence to the regulatory objectives e.g. authorisation and supervision, supporting members on the modernised CPD scheme, entity regulation (as applicable) together with providing advice and support to members to be able to meet new requirements, e.g. ABS regulation.
26. CILEx Regulation and CILEx acted in accordance with the principles of proportionality, accountability, consistency, transparency and targeting, in determining and developing the PCF for 2019.
27. Transparency and accountability have been ensured through the manner in which consultation has been carried out with both the relevant regulated communities and the CPS as described below.
28. Chartered Legal Executives are the voting members of the chartered body. They receive the CILEx Annual Report, incorporating annual audited accounts. They are invited to attend the Annual General Meeting and may raise issues there or in advance. No member who attended the AGM on 19 July 2018 raised concerns regarding the 2019 PCF.
29. The process for determining the PCF has been targeted solely at the regulatory and permitted purposes. A proportionate approach, in line with the CILEx original three-year budget plans (2017-2019), has been taken to determining the activity and thereby budgetary needs.

Non-Commercial Bodies and the Consumer Panel

30. There has been no consultation with non-commercial bodies. CILEx member data shows that the proportion of Fellows providing non-commercial legal services is not significant and not sufficiently relevant to this branch of the profession to warrant consultation with charities.

Chartered Legal Executives

31. The proposal for the 2019 PCF is to hold the fee at £364. In accordance with the recommendation from the Legal Services Board (approval letter dated 25 September 2017), to consult periodically with the regulated community, even where there is no proposal to increase the practising certificate fee, CILEx Regulation consulted with Fellows on holding the PCF at £364.
32. There were 622 responses (just under 10% of the practising Fellows) to the consultation (attached at **Appendix 3**) of which 586 responses (94%) supported the position proposed of holding the fee at £364. 36 respondents did not agree with the proposal to hold the fee and there were 37 comments made. The responses are attached at **Appendix 4**.

The comments made fall into a number of themes:

- The fee is too high and should be reduced (28 responses which is 5% of all responses and 76% of the comments), some respondents made additional comments in relation to the fee being too high:
 - 6 respondents compared the fee to the SRA fee for this year (318)
 - 5 noted the lack of marketing of Fellows and the lack of member benefits
 - 3 raised the cost being excessive when it is self-funded
 - Costs should be brought under control to reduce the fee (4 responses)
 - 2 respondents thought the fee could be increased
 - Other comments of note included some mistaken understanding around the purpose of the PCF, with some believing a larger proportion should be shared with CILEx and one comment which stated that Fellows did not need to pay the PCF and this should be made clear.
33. The response from the regulated Fellows was overwhelmingly supportive, and it is proposed that the PCF for Fellows is held at £364 for 2019.
 34. This proposal was agreed by CILEx Regulation Board at its meeting on 12 July 2018 and the CILEx Finance Committee meeting on 3 August 2018 subject to approval by the LSB.

Associate Prosecutors

Consultation

35. In 2016, CILEx and CILEx Regulation created a 3-year phased increase on the PCF charged to Associate Prosecutors, with a view to bringing the fees charged to full cost recovery of regulatory costs by 2019. The view of the CPS for the 2019 PCF was sought regarding the implementation of the final instalment of the phased increase from £253 to £271. The response of the CPS is attached at **Appendix 5**.
 - £271 - a 7% increase representing a step towards full regulatory cost;
36. There was no direct consultation with individual Associate Prosecutors as the CPS funds their PCF.
37. The number of Associate Prosecutors in CPS in 2018 is 178. On the basis of 178 Associate Prosecutors paying £253 in 2018, the total annual cost to the CPS was

£45,034.00. On the basis of 178 Associate Prosecutors paying £271 in 2019 the total annual fee would be £48,238.

Outcomes

38. The CPS has accepted that this is the 3rd uplift in the PCF as agreed with the CPS in 2016.

39. The fee for 2018 is therefore proposed as £271.

Practice Rights, Entity Fees and Compensation Fund Contributions

Practice Rights (including Advocacy)

40. The proposal for the 2018 PCF is to hold the fee at £60 top up for a member and £450 for a non-member and to retain the renewal fee for advocates at £150 every 3 years.

41. The proposal was consulted upon between 21 May 2018 and 20 June 2018.

42. There were 18 responses to the consultation (consultation attached at **Appendix 6** and responses attached at **Appendix 7**). This represents just over 10% of the CILEx Advocates and Practitioners. There was a clear indication that practitioners (15 of 18 responses - 83%) wanted the fees to be held at the 2018 rate, on the basis that the CILEx fees are more expensive than other parts of the sector and wages are not keeping pace with inflation. 3 practitioners (17%) supported the rise and the only comment in favour noted that the increase was modest.

43. On the basis that the consultation does not support the rise and administrative costs are covered by the current fees, it is proposed to hold the fees for Advocate and Practitioners at the 2018 rate.

Entity application and renewal fee

44. The proposal for the 2018 PCF is amend the fees as set out at Appendices xx. There was a consultation with the regulated entities between 21 May 2018 and 20 June 2018. CILEx Regulation agreed to provide additional information to the LSB in relation to entity regulation after the end of 2018. Therefore, this information will form part of the application for the 2020 PCF application.

45. We received 3 responses to the consultation (consultation attached at **Appendix 8** and responses attached at **Appendix 9**), although not all consultees answered all questions. 1 respondent believed that fees should be kept at current levels whereas 2 respondents believed that the new fee structure should be applied. Although the responses were small it amounts to responses from 25% of the regulated firms. There is agreement to change the entity and ABS fees to the proposed fees (67%) and to apply differential fees to ABS applications (67%).

46. On the basis of the consultation responses, it is proposed that the new fee structure (see **Appendix 8**) should be applied for 2019.

Compensation Fund contributions

47. For information purposes only:

48. The proposal for the 2018 compensation arrangements contributions is to amend the fees in accordance with **Appendix 8**.

Summary of 2018 proposals

49. The proposals for the 2018 PCF for those regulated by CILEx Regulation is as follows:

Paid by	Proposed 2018
CILEx Fellow	£364 (no change)
Associate Prosecutor	£271 (7% increase)
CILEx Fellow with additional practice rights (per right)	£60 (no change)
Other CILEx members with additional practice rights (per right)	£60 (no change)
CILEx Fellows with Advocacy rights	£150 renewal every 3 years (no change)
Non-member with practice rights	£450 (no change)
Entity	See separate schedule at Appendix 8

Appendices:

- Appendix 1: CILEx 2019 draft Budget
- Appendix 2: CILEx 2019 draft Budget & PCF calculations
- Appendix 3: PCF 2019 (Fellows) consultation document
- Appendix 4: PCF 2019 (Fellows) consultation responses
- Appendix 5: PCF 2019 (Associate Prosecutors) consultation response
- Appendix 6: PCF 2019 (Advocates and Practitioners) consultation document
- Appendix 7: PCF 2019 (Advocates and Practitioners) consultation responses
- Appendix 8: PCF 2019 (Entity) consultation document
- Appendix 9: PCF 2019 (Entity) consultation responses

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Total CILEx Group Draft 2019 Budget

	Draft Budget 2018					Draft Budget 2019					2018 - 2019 Variance				
	Regulatory Activities	Other Permitted Purposes	Total Permitted Purposes	Other Activities	Total Draft Budget	Regulatory Activities	Other Permitted Purposes	Total Permitted Purposes	Other Activities	Total Draft Budget	Regulatory Activities	Other Permitted Purposes	Total Permitted Purposes	Other Activities	Total
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
Income:															
PCF Income	1,409,502	963,694	2,373,196		2,373,196	1,436,980	958,583	2,395,563		2,395,563	27,478	(5,111)	22,367	0	22,367
Membership Income			0	2,306,638	2,306,638			0	2,361,370	2,361,370	0	0	0	54,732	54,732
Awarding Body Income			0	333,900	333,900			0	367,290	367,290	0	0	0	33,390	33,390
Assessment Income			0	858,130	858,130			0	943,943	943,943	0	0	0	85,813	85,813
Other	155,220		155,220	4,961,423	5,116,643	375,130		375,130	5,401,053	5,776,183	219,910	0	219,910	439,630	659,540
Total Income	1,564,722	963,694	2,528,416	8,460,091	10,988,507	1,812,110	958,583	2,770,693	9,073,656	11,844,349	247,388	(5,111)	242,277	613,565	855,842
Expenditure:															
CILEx Reg Direct Expend.	1,434,722		1,434,722		1,434,722	1,682,110		1,682,110		1,682,110	(247,388)	0	(247,388)	0	(247,388)
LSB/OLC Levies	130,000		130,000		130,000	130,000		130,000		130,000	0	0	0	0	0
Subtotal	1,564,722	0	1,564,722	0	1,564,722	1,812,110	0	1,812,110	0	1,812,110	(247,388)	0	(247,388)	0	(247,388)
CILEx departments expenditure:															
Sales & Development/Operations		527,747	527,747	1,664,607	2,192,354		535,897	535,897	1,634,456	2,170,353	0	(8,150)	(8,150)	30,151	22,001
Education (now in Operations)		0	0	0	0		0	0	0	0	0	0	0	0	0
Journal (now in Comms)		0	0	0	0		0	0	0	0	0	0	0	0	0
Policy & Governance		90,241	90,241	557,366	647,607		89,090	89,090	497,249	586,339	0	1,151	1,151	60,117	61,268
Communications		13,724	13,724	462,142	475,866		13,072	13,072	389,447	402,519	0	652	652	72,695	73,347
Central Resources & Admin		331,982	331,982	1,689,135	2,021,117		320,524	320,524	1,622,551	1,943,075	0	11,458	11,458	66,584	78,042
Subtotal	0	963,694	963,694	4,373,250	5,336,944	0	958,583	958,583	4,143,703	5,102,286	0	5,111	5,111	229,547	234,658
Other expenditure	0	0	0	4,286,841	4,286,841	0	0	0	4,681,134	4,681,134	0	0	0	(394,293)	(394,293)
Total CILEx Group Expenditure	1,564,722	963,694	2,528,416	8,660,091	11,188,507	1,812,110	958,583	2,770,693	8,824,837	11,595,530	(247,388)	5,111	(242,277)	(164,746)	(407,023)
Net Surplus/(Deficit)	0	0	0	(200,000)	(200,000)	0	0	0	248,819	248,819	0	0	0	448,819	448,819
Group Income	1,564,722	963,694	2,528,416	8,460,091	10,988,507	1,812,110	958,583	2,770,693	9,073,656	11,844,349	247,388	(5,111)	242,277	613,565	855,842
Group Net Expenditure	1,564,722	963,694	2,528,416	8,660,091	11,188,507	1,812,110	958,583	2,770,693	8,824,837	11,595,530	(247,388)	5,111	(242,277)	(164,746)	(407,023)
Group Surplus/(Deficit)	0	0	0	(200,000)	(200,000)	0	0	0	248,819	248,819	0	0	0	448,819	448,819

CILEx Group 2019 Draft Budget & PCF Calculations

	2017 Draft Budget for PCF	2018 Draft Budget for PCF	2019 Draft Budget for PCF
CRL Income & Expenditure			
Income <i>excluding</i> PCF	194,020	155,220	375,130
Operating Expenses	430,060	308,217	495,098
Trading Surplus/(Deficit)	(236,040)	(152,997)	(119,968)
Admin & Property Expenses	272,400	351,572	290,649
Payroll Costs	725,401	774,933	896,363
CRL Net Surplus/(Deficit) <i>excluding</i> PCF income	(1,233,841)	(1,279,502)	(1,306,980)
Net Costs of CRL per Fellow & AP	£192	£195	£197
LSB/OLC Levies	130,304	130,000	130,000
LSB/OLC Levies per Fellow & AP	£20	£20	£20
CRL & LSB Levies Costs per Fellow & AP	£212	£215	£217
CILEx Permitted Purposes: Fellows			
Membership/Sales & Development/Operations	120,786	522,522	531,089
Awards/Education (now in Operations)	538,274	0	0
International (now in Education)	0	0	0
Journal (now in Communications)	0	0	0
Regulatory Affairs/Policy & Governance	46,598	89,348	88,291
Communications & Marketing/Communications	30,850	13,724	13,072
Central Resources and Admin	234,531	328,688	317,649
CILEx Law School	0	0	0
	971,039	954,282	950,101
CILEx PP Costs per Fellow	£151	£149	£147
CILEx Permitted Purposes: APs			
Membership/Sales & Development/Operations	3,006	5,225	4,807
Regulatory Affairs/Policy and Governance	1,160	893	799
Central Resources and Admin	5,836	3,293	2,875
	10,002	9,412	8,482
CILEx PP Costs per AP	£57	£56	£54
Total Regulatory & Permitted Purposes Cost	2,345,186	2,373,196	2,395,563
Cost per Fellow	£363	£364	£364
Cost per AP	£269	£271	£271
Total Paying Fellows and APs	6,606	6,571	6,625
Paying Fellows @ 1 April	6,430	6,403	6,468
APs @ 1 April	176	168	157
Total Members @ 1 April	17,483	18,134	19,423

2019 PRACTISING CERTIFICATE FEE CONSULTATION

INTRODUCTION

Each year we calculate the likely costs of regulation for the following practising year and consult with those individuals and entities which pay the practising fee.

We consult with affected regulated individuals where there is a proposal to increase the fee payable and we consult periodically with regulated individuals where there is no proposed increase in the fee payable.

For the 2019 practising certificate fee we are consulting on the following proposals:

- The practising certificate fee paid by Fellows/Chartered Legal Executives
- The practising certificate fee paid by Chartered Legal Executive Advocates
- The practising certificate fee paid by CILEx Practitioners
- The practising certificate fee paid by CILEx Entities

We are seeking your views on the proposed regulatory fees for the 2019 practising year, as they affect you. Therefore, you will only be asked to comment on the fees which relate to your own regulatory status.

FELLOWS/CHARTERED LEGAL EXECUTIVES

1. It is proposed that the fee for the 2019 practising year will remain at £364.
2. The practising certificate fee paid by Fellows/Chartered Legal Executives covers 3 elements:
 - The direct cost of regulation (i.e. the operating costs CILEx Regulation)
 - Permitted purposes, which can be included to cover costs incurred by the Chartered Institute of Legal Executives to cover issues such as law reform, education etc.
 - The levy paid to the Legal Services Board (LSB) to cover the costs of the LSB and the Legal Ombudsman
3. These 3 elements combined make up the total practising certificate fee, which is defined in section 51 Legal Services Act 2007.
4. The breakdown of how the PCF will be apportioned in 2019 is set out below:

CILEx Permitted Purposes

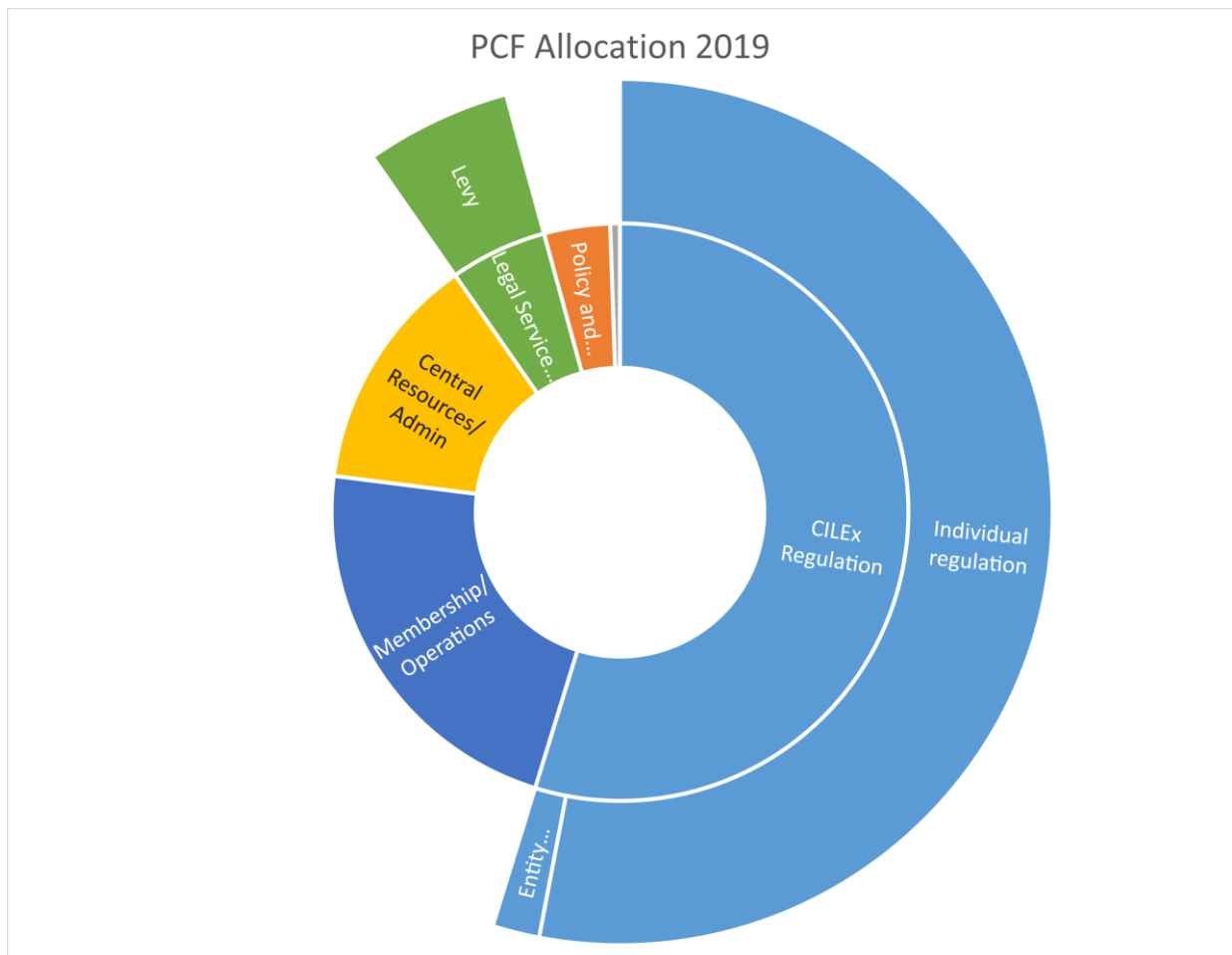
Membership/Operations	£531,089
Policy and Governance	£88,291
Comms and Marketing	£13,072
Central Resources/Admin	£317,649

CILEx Regulation

Individual regulation	£1,265,004
Entity Regulation	£41,976

Legal Services Board

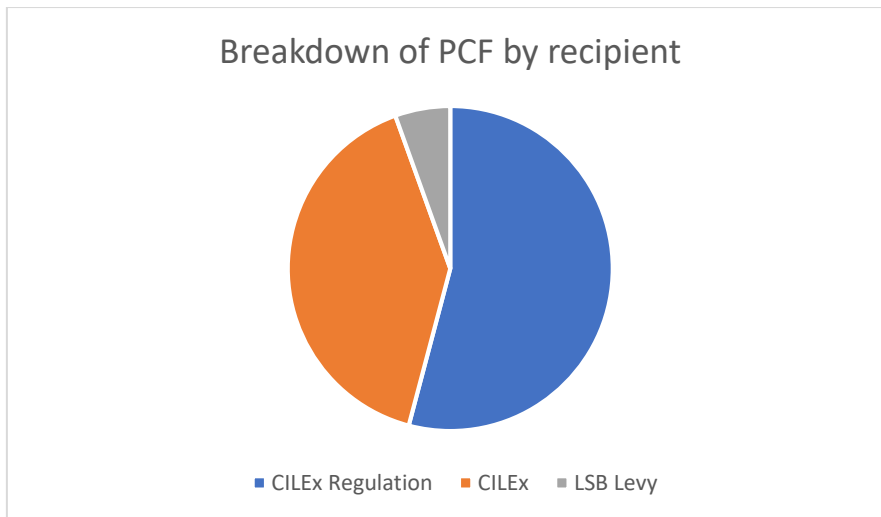
Levy	£130,000
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In 2016, CILEx Regulation and CILEx committed to hold the practising certificate fee for a 3-year period (covering 2017, 2018 and 2019) at £364.

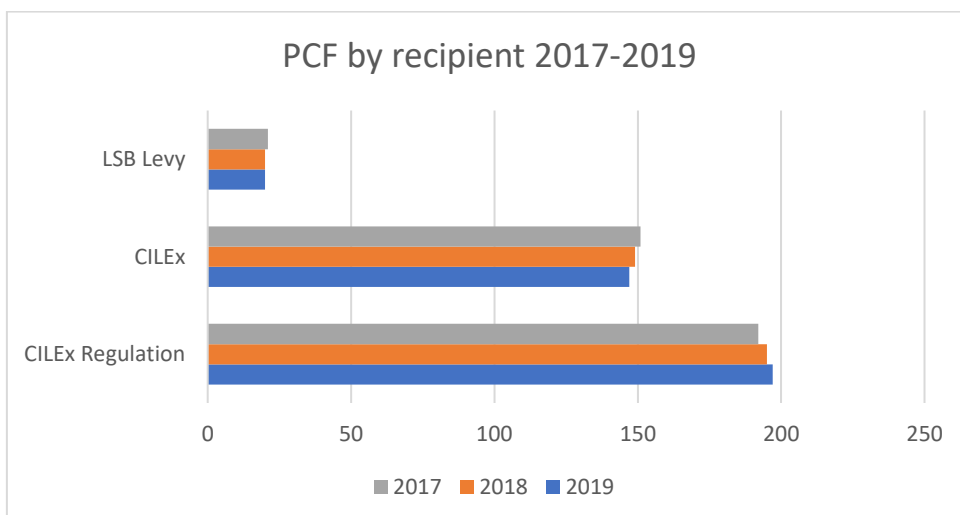
The breakdown of the proposed Fellowship practising certificate fee for 2019 is as follows:

RECIPIENT	PROPORTION OF PCF	PERCENTAGE OF PCF
CILEx Regulation	£197	54%
CILEx	£147	40%
LSB Levy	£20	6%



This compares with the breakdown of the PCF over the last 3 years as follows:

RECIPIENT	PROPORTION OF PCF		
	2019	2018	2017
CILEx Regulation	£197	£195	£192
CILEx	£147	£149	£147
LSB Levy	£20	£20	£21



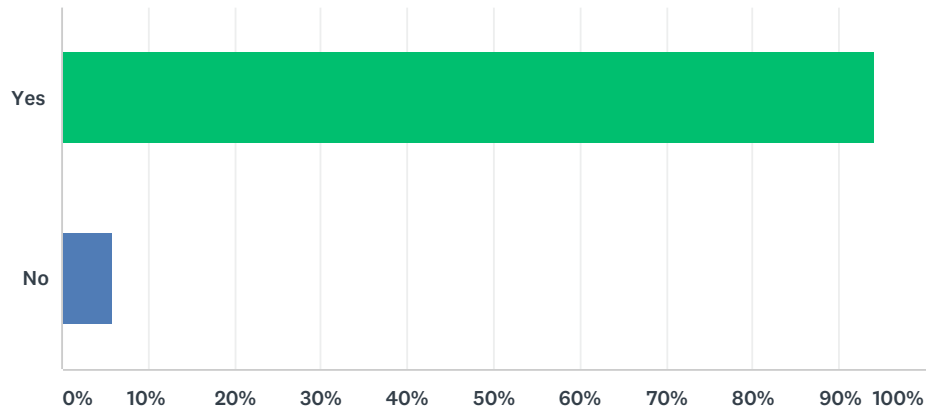
The marginal rise in the proportion of the practising certificate fee being received by CILEx Regulation for the 2019 practising year, is as a result of the inclusion of entity regulation within the annual practising fee calculations for the first time.

The proposal for the 2019 practising certificate fee for Fellows/Chartered Legal Executives is to HOLD the fee at £364.

Please state your agreement or otherwise using the Survey Monkey link.

Q1 The proposal for the 2019 practising certificate fee for Fellows/Chartered Legal Executives is to HOLD the fee at £364. Do you agree that the 2019 practising certificate fee should be held at £364?

Answered: 622 Skipped: 4



ANSWER CHOICES	RESPONSES	
Yes	94.21%	586
No	5.79%	36
TOTAL		622

#	IF NO, PLEASE GIVE THE REASON FOR YOUR ANSWER	DATE
1	Need to review admin costs	6/14/2018 10:37 AM
2	As a FCILEx who was made redundant and out of work for almost 12 months and who, when I returned to work, took a substantial pay cut and ended up paying for the subscription fees out of my own pocket, I feel that this is too much to expect members to pay themselves.	6/8/2018 7:19 PM
3	Should be increased	6/1/2018 10:59 PM
4	I would be happy to see a rise to PC fees to ensure CILEX if fully and properly equipt to deliver education and development for its members.	5/27/2018 10:45 AM
5	Fellows do not have to pay for crl and you do not make this clear you should do so	5/24/2018 4:52 PM
6	It should be lower than £364. The SRA practising certificate renewal fee for 2017/18 was £318.	5/24/2018 3:42 PM
7	It should be reduced - successive years have seen above inflation increases, to finance CILEX's empire building and expanded bureaucracy.	5/24/2018 3:10 PM
8	It should be lower - the SRA only charge £318	5/24/2018 2:59 PM
9	Although all information provided I still feel that this is extremely high and will continue to rise but not proportionately with inflation.	5/24/2018 9:37 AM
10	Yes, if it genuinely cannot be reduced.	5/22/2018 10:30 AM
11	No, it is excessive. The Practising Certificate for a Solicitor is only £318.00.	5/21/2018 6:39 PM
12	I feel that fees should be reduced firstly given that LAA rates are ever decreasing affecting revenue and secondly CILEx still does not seem to be 'marketing' CLEs as comparable to solicitors and I feel that we are still regarded very much as the poor relation in legal firms.	5/21/2018 6:00 PM
13	While I accept that a fee should be paid the fee does seem rather high and my employer has asked what exactly they get for this fee. So while I applaud the fact that it is not being increased I, and my employer, would have ideally liked to see a reduction	5/21/2018 11:28 AM
14	Practising certificate fees for solicitors are reducing. Our fees are higher than the SRA figures. CILEX fees should either be the same or less. The figure should be reduced.	5/21/2018 11:21 AM

PCF Consultation - Fellows

15	It should not be increased YET AGAIN. The fees of all other professional organisations of which I am a member are a fraction of the cost of CILEX membership. I seriously doubt I will re-join if the fee is increased.	5/21/2018 10:43 AM
16	Further information should be provided as to where each section of funds is actually being spent. £364 per Fellow seems a large fee, particularly in the current economic climate. If anything, the fee should be reduced as Cilex find ways to streamline their service, as the profession have had to do. We seem to have a lot of information generically pushed at us, with little personal or filtered communications, so it would appear once one job is done, very little time is taken to disseminate the information or act upon it, or responses to it. Therefore practitioners should be provided with far more information as to where their fees are actually going within Cilex. The inference is that after the promise of holding fees to 2019, the fee will increase - again, the reason for any increase seems unclear and unjustified when it does not appear attempts have been made to streamline processes and minimise costs.	5/21/2018 10:16 AM
17	I already think that this fee is way too high and so do most employers when you present them with the renewal! I also think that this could deter companies from wanting to offer us employment.	5/21/2018 9:55 AM
18	the fee should be no greater than the solicitor's practising fee	5/21/2018 9:46 AM
19	Reduce the fee and increase the fees paid by entities.	5/21/2018 9:08 AM
20	Not enough information to make that decision. ie is that a profitable amount? or are we using reserves to keep it low. Disappointed with this lack of info. As we are a membership body I should be asked about all grades of membership not just my own. The fees charged affect all of us.	5/21/2018 9:07 AM
21	No. It should be reduced. The regulatory function should be amalgamated with the SRA. There is no reason for a separate authority.	5/21/2018 9:03 AM
22	I can't help feeling that more efficiencies within CILEX (e.g. moving from a paper-based journal to an online publication) could lead to a reduction in fee. Currently, I don't feel it is value for money.	5/21/2018 8:56 AM
23	I am not convinced that this value for money.	5/21/2018 8:24 AM
24	Too expensive	5/20/2018 9:38 PM
25	This is very high and should be reduced.	5/20/2018 8:52 PM
26	Too expensive if u pay urself	5/20/2018 5:07 PM
27	It should be high but this exceeds SRA certificate which gives Solicitors significantly more rights. It's not fair that CLiex who have fewer rights pay more	5/19/2018 4:01 PM
28	I did not appreciate the way the cost is broken down but, even so, I am not sure what exactly CILEX does for me. I feel that many people still don't know what a Legal Executive is and I am often confused with a Legal Secretary. I have no idea what benefit CILEX gives to me and my profession.	5/19/2018 1:52 PM
29	Absent information about how the actual cost for 2019 compares with 2018 cost it is impossible to assess whether it is sensible to keep to the commitment not to increase the PCF	5/19/2018 9:17 AM
30	The practising certificate cost is too high when considered with the benefits of membership.	5/18/2018 11:21 PM
31	I think it should be lower.	5/18/2018 11:12 PM
32	Too high, consider lowering the fees.	5/18/2018 10:49 PM
33	However I am concerned as to whether CILEx receives enough, compared to CReg	5/18/2018 8:09 PM
34	Should be reduced.	5/18/2018 7:33 PM
35	bring the cost down by streamlining the business.	5/18/2018 7:24 PM
36	Personally I consider the fees to be too high and not in proportion for the benefits a qualified Legal Executive receives	5/18/2018 7:17 PM
37	Too expensive	5/18/2018 7:07 PM

16 May 2018

Dear Mark

I am writing to seek the views of the CPS on the Practice Certificate Fee (PCF) for Associate Prosecutors (APs) proposed by CILEx and CILEx Regulation for 2019. I would be grateful if you could consider the proposed increase below and let me have your views by **20 June 2018** so that I can report to our Board.

The PCF has to be approved by the Legal Services Board, our over-arching regulator, and we are required to consult with stakeholders and include their views in our submission to the LSB, where we are proposing an increase to the PCF.

The PCF comprises three elements;

1. Regulatory costs, this is the direct cost of regulation being the net cost calculated in the 2017 CILEx Regulation working budget.
2. Permitted purposes; and
3. Levies set by the LSB and Office for Legal Complaints.

We explained when we met in 2016 that CILEx has in the past set PCFs below the level of the full cost of regulation and permitted purposes. In effect, CILEx as the representative body and approved regulator has been subsidising the cost of regulation. When we consulted with you in 2016 and 2017, we presented CILEx's proposal to restructure the PCF charged to Associate Prosecutors, which would enable full cost recovery to be achieved over a 3 year period. This proposal constitutes the final year of the 3 year phased approach to full cost recovery.

Adjusted criteria are used for the AP calculation, compared with those for Fellowship. CILEx accepts that taking an approach based on APs as a proportion of authorised persons as a whole in the main areas of activity affecting them (membership, corporate affairs and central services) would not give a fair reflection of the AP-focused activity carried out by CILEx. APs have proved to be a very low regulatory risk. To ensure consistency within the PCF, CILEx finance uses the same basis to calculate the cost of regulating Associate Prosecutors as it does standard Fellows. Not all of the CILEx permitted purposes applies to APs hence a separate permitted purpose calculation is incorporated in to the working schedule. Permitted purposes which do apply include maintenance of the membership register, recording CPD and dealing with payments. These have been taken into account in calculating the full regulatory cost. Not all CILEx Permitted Purposes or direct regulatory costs are included in the calculation. Attached is the schedule which shows the figures used.

The current PCF for Associate Prosecutors is £253. We propose to increase the 2019 PCF for Associate Prosecutors to bring the fee to full cost recovery. This will bring the fee to £271. This represents a 7% increase and is lower than the estimated full cost recovery fee proposed at the start of this series of increases, which was £276.32.

If you would like to discuss the proposal or need any further information regarding them, do not hesitate to contact me.

I look forward to hearing from you by 20 June.

Kind regards
Vicky

Vicky Purtill
Director of Authorisation and Supervision

2019 PRACTISING CERTIFICATE FEE CONSULTATION

INTRODUCTION

Each year we calculate the likely costs of regulation for the following practising year and consult with those individuals and entities which pay the practising fee.

We consult with affected regulated individuals where there is a proposal to increase the fee payable and we consult periodically with regulated individuals where there is no proposed increase in the fee payable.

For the 2019 practising certificate fee we are consulting on the following proposals:

- The practising certificate fee paid by Fellows/Chartered Legal Executives
- The practising certificate fee paid by Chartered Legal Executive Advocates
- The practising certificate fee paid by CILEx Practitioners
- The practising certificate fee paid by CILEx Entities

We are seeking your views on the proposed regulatory fees for the 2019 practising year, as they affect you. Therefore, you will only be asked to comment on the fees which relate to your own regulatory status.

CILEx ADVOCATES AND CILEx PRACTITIONERS

All CILEx Advocates and many CILEx Practitioners are also Fellows of CILEx and therefore pay the practising certificate fee for that status. In addition, they pay a practising fee for each additional practice right they hold as follows:

Fees for Fellows who hold additional practice rights

	Current fee	Proposed fee (inflationary increase)
Advocacy (authorisation)	£110	£113
Advocacy (first renewal)	£150	£154
Advocacy (subsequent renewal once every 3 years)	£150	£186
Practice Right (authorisation)	£450	£462
Practice Right (renewal)	£60	£62

Conveyancing and Probate Practice Rights can be held by non-Fellow CILEx members and by non-members. Fee proposals for these individuals are set out below:

Fees for non-Fellow CILEx members who are CILEx Practitioners

	Current fee	Proposed fee (inflationary increase)
Practice Right (authorisation)	£450	£462
Practice Right (renewal – CILEx member)	£60	£62
Practice Right (renewal – non-member)	£450	£462

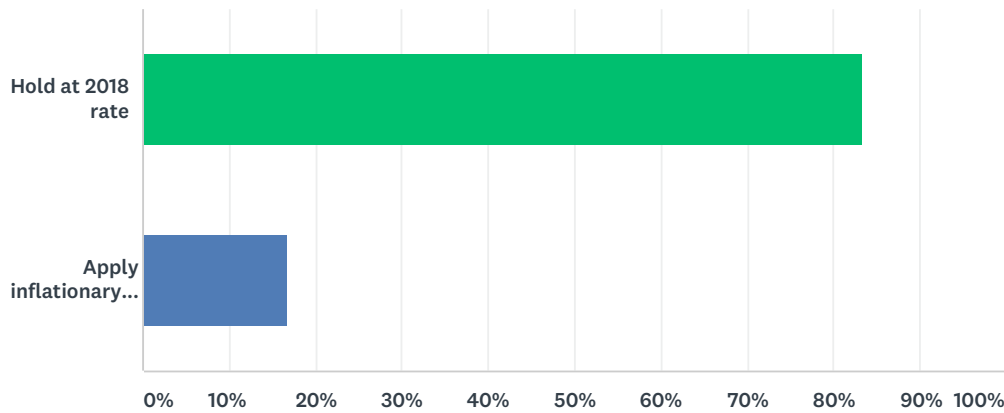
The proposals for the 2019 practising certificate fee for CILEx Practitioners and CILEx Advocates is to either:

- **hold the fee at the 2018 fee level, or**
- **apply an inflationary increase**

Please give your preference using the Survey Monkey link.

Q1 Question: Should the 2019 practising fee be held at 2018 rates or should it be increased to reflect inflation?

Answered: 18 Skipped: 0



ANSWER CHOICES	RESPONSES
Hold at 2018 rate	83.33% 15
Apply inflationary increase	16.67% 3
TOTAL	18

#	PLEASE GIVE REASONS FOR YOUR CHOICE	DATE
1	Is any further work involved in the process by Cilex staff , requiring the increase to be made. Many fellows / members are probably not getting an increase in their wages, every little increase can have an personal effect on fellows/members if self funding these fees	6/9/2018 7:12 AM
2	Wages have not necessarily increased in line with inflation.	5/22/2018 6:26 PM
3	Fellows of the Chartered Institute who are advocates are n effect being asked to pay around £500 to practice, solicitors only pay one fee which is for their Practising Certificate	5/21/2018 3:29 PM
4	Ours is already one of the highest professional fees	5/20/2018 9:57 AM
5	No reason has been given for the proposed increase in fees	5/20/2018 8:34 AM
6	These are modest increases only and are necessary	5/19/2018 8:36 AM
7	The fees have already gone up so much and these are by far the most expensive of the professional fees.	5/18/2018 9:37 PM
8	Wages aren't rising in line with the cost of living, increases to targets given by the firm and in the current economy this means working much longer hours just to try and maintain and manage the current job. The last thing needed is an additional pressure on my income. As I meet my fee personally.	5/18/2018 8:52 PM

2019 PRACTISING CERTIFICATE FEE CONSULTATION

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- The practising certificate fee paid by CILEx Practitioners
- The practising certificate fee paid by CILEx Entities

We are seeking your views on the proposed regulatory fees for the 2019 practising year, as they affect you. Therefore, you will only be asked to comment on the fees which relate to your own regulatory status.

ENTITY OWNERS - FEES FOR 2019

We have undertaken a review of the fees charged to entities and have made a number of proposals for change as follows:

- CILEx Regulation has applied for designation to become a licensing authority, enabling us to authorise ABS entities. For the 2019 year, we intend to charge different fees to applicant ABS to reflect the additional requirements of this type of entity
- Entity fees are calculated by turnover and whether or not the entity holds client money. The existing fee structure also includes an escrow option, as this is not currently in use, this has been removed from the proposed fees. We have reviewed the fee bands to consolidate bands at the lower turnover levels and create additional bands at higher turnover levels
- We have proposed more proportionate fees for these new bands
- We have reviewed the contributions made by entities to the compensation using the revised fee bands to reflect the changes to entity fees set out above. Compensation contributions are also differentiated on the basis of area of practice. This remains unchanged.

The existing fees and the proposed changes are set out below (there is no proposal to change the inspection fees):

Entity Fees (proposed)

Turnover	Non-ABS Entity		ABS Entity		Renewal	
	CRL (Client money)	CRL (No client money)	CRL (Client money)	CRL (No client money)	CRL (Client money)	CRL (No client money)
£0 – £100,000	£1,250	£761	£2,100	£1,611	£1,100	£611
£100,001 – £250,000	£1,500	£1,066	£2,350	£1,916	£1,350	£916
£250,001 – £500,000	£1,750	£1,350	£2,600	£2,200	£1,600	£1,200
£500,001 – £1m	£3,350	£2,550	£4,200	£3,400	£3,200	£2,400
£1m – £3m	£4,950	£3,550	£5,800	£4,400	£4,800	£3,400
£3m +	£6,560	£4,560	£7,410	£5,410	£6,410	£4,410

Compensation fund contributions (proposed)

Turnover	Client Money	No Client Money
Litigation and Immigration		
£0 - £250,000	£700	£500
£250,001 - £500,000	£1,400	£1,000
£500,001 - £1m	£2,100	£1,500
£1m - £3m	£3,500	£2,500
£3m +	£5,075	£2,538
Probate and Conveyancing		
£0 - £250,000	£750	£500
£250,001 - £500,000	£1,500	£1,000
£500,001 – 1m	£2,500	£1,500
£1m – £3m	£4,000	£2,500
3m +	£6,090	£2,538

EXISTING FEE STRUCTURE: ENTITY AND COMPENSATION FUND CONTRIBUTIONS

Current fees (entity):

Turnover	ENTITY STRUCTURE			FEES AND COSTS		
	Client Money	Escrow	No Client Money	Application Fees	Inspection Fees	Renewal Fees
Up to £100,000	✓			£1,370	£787	£1,040
		✓		£964	£660	£842
			✓	£761	£457	£680
£100,001 to £200,000	✓			£1,929	£964	£1,446
		✓		£1,370	£711	£1,248
			✓	£1,066	£558	£1,040
£200,001 to £300,000	✓			£2,284	£1,269	£1,649
		✓		£1,573	£888	£1,451
			✓	£1,320	£711	£1,142
£300,001 to £400,000	✓			£2,588	£1,421	£1,852
		✓		£1,776	£1,117	£1,553
			✓	£1,523	£863	£1,243
£400,001 to £500,000	✓			£2,994	£1,573	£2,055
		✓		£2,385	£1,269	£1,654
			✓	£1,675	£964	£1,243
£500,001 +	✓			£4,314	£2,030	£2,867
		✓		£3,451	£1,624	£2,365
			✓	£2,385	£1,218	£1,852

Current compensation fund contributions:

Turnover	ENTITY STRUCTURE			Litigation and Immigration	Conveyancing and Probate
	Client Money	Escrow	No Client Money		
Up to £100,000	✓			£609	£812
		✓		£457	£609
			✓	£305	£406
£100,001 to £200,000	✓			£812	£1,015
		✓		£660	£761
			✓	£406	£508
£200,001 to £300,000	✓			£1,015	£1218
		✓		£761	£964
			✓	£508	£609
£300,001 to £400,000	✓			£1,218	£1,421
		✓		£812	£1,066
			✓	£609	£711
£400,001 to £500,000	✓			£1,421	£1,624
		✓		£1,066	£1218
			✓	£812	£812
£500,001 to £750,000	✓			£1,726	£2,030
		✓		£1,320	£1,523
			✓	£863	£1,015
£750,001 to £1m	✓			£2,538	£3,045
		✓		£1,776	£2,233
			✓	£1,269	£1,523
£1m +	✓			£5,075	£6,090
		✓		3,553	£4,466
			✓	2,538	£3,045

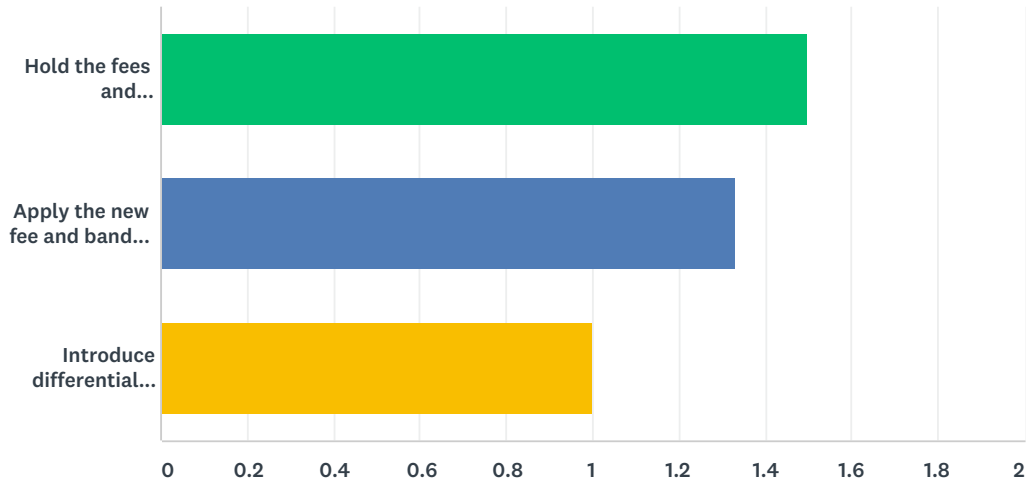
The proposals for the 2019 practising certificate fee for CILEx Entities is to:

- hold the fees and compensation contributions at the 2018 fee level, or
- apply the new fee bands and rates, AND
- in either case, introduce fees for ABS entities

Please give your view using the Survey Monkey link.

Q1 Question: Do you think that CILEx Regulation should:

Answered: 3 Skipped: 0



	YES	NO	TOTAL	WEIGHTED AVERAGE
Hold the fees and compensation contributions at the 2018 fee and band levels	50.00% 1	50.00% 1	2	1.50
Apply the new fee and band levels	66.67% 2	33.33% 1	3	1.33
Introduce differential fees for ABS applications	100.00% 2	0.00% 0	2	1.00

#	PLEASE GIVE REASONS FOR YOUR CHOICES	DATE
1	The increases are modest and reasonable	5/19/2018 8:41 AM