

Practising Certificate Fee (s51) application assessment

Approved regulator: Costs Lawyer Standards Board
PCF year: 1 January 2019 to 31 December 2019

Part One – Summary and recommendation

Summary

The proposed Practising Certificate Fee (PCF) for 2019 is £250, the same amount payable since 2012. CLSB anticipate that PCF income for 2019 will be £165,500 (on the assumption that there will be 662 costs lawyers, based upon current numbers, plus 3rd year trainees, less the average numbers who leave annually).

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 2019 is set at £164,000 an increase of £9,400 (6.1%) on the 2018 budget.

Recommendation

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

Reserves are expected to increase further which puts CLSB closer to its goal of having 100% of operating income in reserve. We will request that a further update be provided in next year's 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	We noted the level of reserves and asked that the 2019 application set out how reserves of 100% of operating costs would be achieved.
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 atIs there evidence that the immediate and medium terms needs have been taken into account	<p>Yes. The 2019 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. The 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 <ul style="list-style-type: none"> • 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>Yes. There is no specific contingency allocation in the 2019 budget.</p> <p>Since its formation, CLSB has been building a contingency fund from annual surplus income. In the course of our assessment CLSB has confirmed that, subject to liabilities it anticipates an additional £10,000-£15,000 being added to its reserve account this year.</p> <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 2020.</p> <p>Not applicable. CLSB has not proposed to increase the fee for 2019.</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 19 July 2017 and closed 10 September 2017.</p> <p>Yes.</p> <p>Yes; there were 34 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. The application sets out that there will be explanatory notes issued.</p> <p>The PCF packs will be sent at the end of November to be received on 1 December 2019.</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>Yes, 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</p>

<ul style="list-style-type: none"> Does the application contain commentary on the regulatory objective and the Better Regulation Principles 	<p>the diversity of the profession. CLSB proposes to undertake a diversity survey in 2019.</p> <p>Not directly – However it does reference the regulators code</p>
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 	<p>Not relevant to CLSB.</p>
7. LSB Review	
<p>Have we consulted with any other body on the application</p>	<p>Not considered necessary.</p>
<p>Were any issues raised by LSB colleagues from the first review?</p>	<p>No significant issues. We sought clarification from CLSB on the level of its reserves and on when it would be sending details of the PCF to its regulated community.</p>

Steve Violet
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03 October 2018