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10 August 2011

Dear Antony

Approval of the application made by The Law Society (TLS) and the Solicitors Regulation Authority (SRA) to the Legal Services Board (LSB) under section 51 of the Legal Services Act for the level of practising fees for 2011/12

I am pleased to inform you that the 2011/12 practising certificate fee (PCF) levels and the licensed body's periodical fees, as set out in your application and supporting documents of 15 July 2011, have been approved by the LSB. We are content that the information that you have provided met the criteria within the LSB's Practising Fee Rules 2009, subject to the comments below.

As last year, one issue of concern is the lack of detailed evidence on how TLS's expenditure has been allocated between permitted and non-permitted activities in the main application. Additional information received as part of the approval process on 8 August 2011 has provided some assurance that the approach adopted by TLS is not prima facie unreasonable, although we would have expected an appropriate methodology to have been specified in greater detail.

We understand that an Internal Audit is to be conducted by TLS on section 51 issues. This seems an appropriate vehicle to address this issue in a proportionate way. We therefore expect an opportunity to comment on the draft terms of reference for the report and to receive an unabridged copy of the final report by the end of February 2012.

We also note that the consultation undertaken this year was more limited than that undertaken in 2010. As a significant exercise was conducted last year on the structure of the PCF fee allocation which remains unchanged for this year and the fact of the reduction in both the individual PCF charges and the total PCF income to be raised through the recognised body fee means that we do not consider this a decisive issue in respect of this approval. However, we will usually expect more extensive consultation to be undertaken so that the SRA and TLS are in touch with stakeholder views on the levels and approach.

I am grateful to the TLS and SRA representatives that have worked with my staff during the process to reach this decision. We look forward to maintaining dialogue going forward to ensure that we continue to improve the process for next year.

Please contact Sonya Gedson, Regulatory Associate
sonya.gedson@legalservicesboard.org.uk or 020 7271 0073 if you have any questions of detail.

I have written in identical terms to Des Hudson, Chief Executive, TLS.

Yours sincerely



Chris Kenny
Chief Executive

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