



LEGAL SERVICES
BOARD

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Diane Burleigh
Chief Executive
The Institute of Legal Executives
Kempston Manor
Kempston
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05 September 2011

Dear Diane,

Approval of the application made by the Institute of Legal Executives (ILEX) and ILEX Professional Standards (IPS) to the Legal Services Board (LSB) under section 51 of the Legal Services Act 2007 for the level of practising fees for 2011/12

I am pleased to inform you that the 2011/12 practising certificate fee (PCF) levels payable by authorised persons, as set out in your application and supporting documents of August 2011, have been approved by the LSB. This decision has been made under the authority delegated to me as Chief Executive by the LSB Board.

We are content that the information that you have provided indicated that the criteria within the LSB's Practising Fee Rules 2009 have been met. I am grateful to the ILEX and IPS representatives who have worked with my staff during the process to reach this decision.

We are satisfied that the specific areas of improvements that we highlighted in last year's process have been dealt with properly for this year's round. In particular, we were pleased that the 2011/12 application included a full consultation process conducted with fee payers and demonstrated that the feedback from that process have been considered when setting the final fee.

We are also pleased with the level of information provided to fee paying members on how the PCF income is being spent which includes a useful chart showing how the PCF income is apportioned between the costs for ILEX, ILEX IPS and the Levy. It is our view that this will ensure transparency and clarity of understanding for your fee paying members about how the fees have been set, how the collected money is being used and that a rational process was followed in setting the fees.

While we acknowledge that this year's application has clearly been led by ILEX as the representative body, we accept your assurances that for all PCF applications going forward, IPS as the regulatory body will take the lead in identifying the costs of regulatory activities and also consult with those paying practising fees. IPS has already adopted part of this process this year with the setting of their regulatory strategy and budget.

We look forward to maintaining dialogue going forward to ensure that we continue to improve the process for next year. We highlight below some issues that we would expect to be addressed for next year's PCF round.

First, we note there may be budgetary implications in the changes which may be made by the IPS Board to its revised regulatory strategy, which will be considered later this month. We would be grateful to see a copy of the underlying documentation, so that we can understand such changes. In principle, we would not generally give approval to a PCF application based on information that necessarily remains incomplete at the point of submission. On this occasion, however, the additional information provided by Karl Cerski on 31 August, gives us assurance that, firstly, ILEX have agreed to fund any additional requirements and secondly, that it is expected that any financial implications will not be so great as to raise any questions of adequacy of reserves or ongoing viability. We would, however, expect next year's submission not to need similar degrees of fine-tuning after the approval process.

Secondly, in terms of the ILEX/IPS central resources we were surprised to note that none of this budget is allocated to IPS as it remains part of the ILEX regulatory activity. We appreciate the additional information provided by Karl on this issue, clarifying that if IPS have requirements outside their immediate budget that they are able to commission a third party if required.

We also thank Helen Simpson, Head of Corporate Affairs, ILEX for the additional information provided on the process adopted when allocating costs to regulatory and other permitted purposes. We are satisfied with the information provided and would expect a similar description included in all PCF applications going forward to give a level of assurance for our statutory requirement to ensure that PCF income is only spent on the permitted purposes set out in the Legal Services Act 2007.

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

I have written in identical terms to Ian Watson, Chief Executive, ILEX Professional Standards Ltd.

Yours sincerely



Chris Kenny
Chief Executive

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