



**LEGAL SERVICES
BOARD**

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Antony Townsend
Chief Executive
Solicitors Regulation Authority
The Cube
199 Wharfside Street
Birmingham
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30 August 2013

Dear Antony,

Approval of the application made by The Law Society 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 2013/14

I confirm that the 2012/13 practising certificate fee (PCF) levels and the periodical fees for licensed bodies, as set out in your application and supporting documents of 25 July 2013, has been approved by the LSB. We are content that the information that you have provided met the criteria of the LSB's Practising Fee Rules 2009, subject to the comments below.

We have noted that the overall budget has increased by £11.5m and that the majority of the increase results from the decision to increase the reserves by £10m. While we recognise that there is a duty to act responsibly in relation to the financial position of the Law Society, we think that it is also important that the Law Society and the SRA actively look for savings opportunities so as to not increase further the financial burden on regulated firms and individuals.

Once again we find it necessary to comment on the inadequacy of the consultation undertaken with your fee payers on the proposed fee. When I wrote to you with the approval for the 2013/13 fee, I made clear our expectation that there would be more thorough consultation as part of the 2013/14 fee determination process. At that time the SRA indicated that it planned a review of fees and charges and, despite asking to be kept informed of the timetable for this, we have had little information on how this has progressed.

While the increase in the PCF may be offset to some extent by the reduction in contributions to the Compensation Fund, an increase of 12-13% is significant and our view is that this should have been subject to more extensive consultation. The publication of

the draft application in a very narrow timeframe prior to the July Board meeting at which the application was approved does not seem to us to be adequate.

We understand that the review of fees and charges is planned to take place over the next couple of years. In order that we can be reassured that both the review and the fee determination process that will take place during the period of the review include adequate consultation could you please provide the following information **no later than 30 September 2013**:

- The scope and timetable for the review of fees and charges
- The timetable for the 2014/15 fee determination exercise
- An outline of the consultation that will be undertaken for both of the above

We have in the past commented in the need for transparency of the cost of regulation. In the decision notice issue in relation to the compensation fund contribution we noted the importance of full transparency on the cost of interventions (resulting from inconsistency in the figures quoted in different SRA publications on the expected cost of interventions). Similarly, in considering this application we have raised some queries with your team on some detailed lines which appear inconsistent. While all of these have been addressed satisfactorily, it does illustrate that there may still be room for improvement in the presentation of the information so that the full costs and where they are incurred are properly understood.

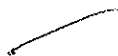
I am grateful to The Law Society and SRA representatives that have worked with my team during the process to reach this decision. We look forward to maintaining dialogue to ensure that we continue to improve the process for next year.

I have written in identical terms to Des Hudson at The Law Society.

Yours sincerely,



Chris Kenny
Chief Executive



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