

Practising Certificate Fee Determination [2010]

This determination is made by the Solicitors Regulation Authority Board under section 11 of the Solicitors Act 1974, paragraph 2(1)(b) of Schedule 14 to the Courts and Legal Services Act 1990 and regulation 1.6 of the SRA Practising Regulations 2009 with the approval of the Legal Services Board under section 51 of the Legal Services Act 2007

Practising certificate fee

1. The fee to be paid to the Law Society for each practising certificate issued will be £428.00 unless paragraphs 2, 3, or 4 of this order apply, or unless paragraphs 5, 6, 7, 8, 9, 10, 11 or ,12 apply so as to impose an increased or additional fee.

Newly admitted solicitors and returning to practice

2. Subject to paragraph 3, any solicitor who applies for their first practising certificate during the practising certificate year commencing 1 November 2010 or any solicitor admitted prior to 1 November 2010 who has previously held a practising certificate and who returns to practice shall pay a fee in accordance with the following scale:
 - (a) Practising certificate issued 1 November 2010 to 31 December 2010 inclusive - £428
 - (b) Practising certificate issued 1 January 2011 to 31 March 2011 inclusive - £333;
 - (c) Practising certificate issued 1 April 2011 to 30 June 2011 inclusive - £238
 - (d) Practising certificate issued 1 July 2011 to 31 October 2011 inclusive - £143

Paragraphs 2(b) to 2(d) do not apply if during the solicitor's last period without a certificate they undertook any duties which required a practising certificate.

Former registered European lawyers and former registered foreign lawyers

3. A solicitor who has, at any time during the practising certificate year commencing 1 November 2010, registered or re-registered as a registered European lawyer or registered foreign lawyer and who applies for their first practising certificate shall be subject to a practising certificate fee of £0.

Maternity provisions

4. A solicitor who applies for a practising certificate during the practising certificate year 1 November 2010 to 31 October 2011 and who is on or has been on statutory maternity leave or a period of leave equivalent to statutory maternity leave within the previous practising year shall pay a fee in accordance with the following scale:
 - (a) Practising certificate issued 1 November 2010 to 31 December 2010 inclusive - £238
 - (b) Practising certificate issued 1 January 2011 to 31 March 2011 inclusive - £190.50
 - (c) Practising certificate issued 1 April 2011 to 30 June 2011 inclusive - £143
 - (d) Practising certificate issued 1 July 2011 to 31 October 2011 inclusive - £95.50

This scale does not apply if the solicitor received a reduction for their practising certificate in the previous year for the same period of statutory maternity leave or period of leave equivalent to statutory maternity leave.

Recognised sole practitioners

Initial applications

5. Subject to paragraph 6, where a solicitor makes an initial application for a practising certificate or applies for a replacement of a practising certificate, and the certificate applied for is to include initial authorisation as a recognised sole practitioner, the fee payable under paragraphs 1, 2, 3 or 4 shall be increased by:
 - (a) £1,000 if the certificate is to commence in the period 1 November 2010 to 31 December 2010;
 - (b) £800 if the certificate is to commence in the period 1 January 2011 to 31 March 2011;
 - (c) £600 if the certificate is to commence in the period 1 April 2011 to 30 June 2011;
 - (d) £400 if the certificate is to commence in the period 1 July 2011 to 31 October 2011.

6. (a) This paragraph applies where a solicitor who is succeeding to the whole or a part of a practice of a recognised body or recognised sole practitioner makes an initial application for a practising certificate or applies for replacement of a practising certificate, and the certificate applied for is to include initial authorisation as a recognised sole practitioner:
 - (b) The fee payable under paragraphs 1, 2, 3, or 4 shall be increased by £200.

Renewal of authorisation as a recognised sole practitioner

From 1 November 2010 recognised sole practitioners who apply to renew authorisation as such are required to pay a practising certificate fee under paragraphs 1, 2, 3 or 4 above and an additional sum which is calculated by reference to the firm's turnover. The way that the turnover is determined will depend on whether the firm is a continuing recognised sole practitioner, a new recognised sole practitioner renewing for the first time or a successor recognised sole practitioner. Paragraphs 7 to 10 below deal with the way that the fee is determined in relation to each of those categories.

7. (a) This paragraph applies where a Continuing Recognised Sole Practitioner makes an application for a practising certificate and the certificate applied for is to include renewal of authorisation as a recognised sole practitioner.
 - (b) The fee payable under paragraphs 1, 2, 3 or 4 shall be increased by the amount arrived at after taking the Turnover Figure and carrying out the calculations in respect of the relevant band in accordance with appendix 1.

8. (a) This paragraph applies where a New Recognised Sole Practitioner who first became authorised as a recognised sole practitioner after 31 October 2009 makes an application for a practising certificate and the certificate applied for is to include renewal of authorisation as a recognised sole practitioner.
- (b) The fee payable under paragraphs 1, 2, 3 or 4 shall be increased by the amount arrived at after taking the estimate of the Turnover Figure for the first 12 months of practice and carrying out the calculations in respect of the relevant band in accordance with appendix 1.
9. (a) This paragraph applies where a Successor Recognised Sole Practitioner makes an application for a practising certificate and the certificate applied for is to include renewal of authorisation as a recognised sole practitioner.
- (b) The fee payable under paragraphs 1, 2, 3 or 4 shall be increased by the amount arrived at after taking the Successor Turnover Figure and carrying out the calculations in respect of the relevant band in accordance with appendix 1.

Overseas Branch Offices

10. Where a recognised sole practitioner has one or more overseas branch offices, the fee payable under any of the applicable paragraphs above shall be increased by £200 in respect of each overseas office.

Fee Moderations

11. The SRA Board has prescribed a Fee Moderation Process under regulation 1.6 of the SRA Practising Regulations 2009 and where a recognised sole practitioner makes an application under this process; the fee payable under any of the applicable paragraphs above shall be increased by £250. The criteria for the process are set out in appendix 4.

Late delivery of an accountant's report

12. Where a solicitor applies for a practising certificate at a time when section 11(4) of the Solicitors Act 1974 has effect because the solicitor has failed to deliver an accountant's report by such time or in such circumstances as prescribed by rules made under section 34(1) of that Act an additional fee of £200 must be paid when making an application for a practising certificate.

Application to registered European lawyers

13. The fee to be paid to the Law Society for initial registration or renewal of registration as a registered European lawyer shall be governed in all respects by the provisions of paragraphs 1 to 12 in the same way as the fee for a solicitor's practising certificate, and for this purpose:
- (a) references to a solicitor shall be interpreted as references to a registered European lawyer or to a European lawyer applying for registration, and references to practice as a solicitor shall be interpreted as references to the provision of legal services in the United Kingdom under, or in reliance upon, a European lawyer's professional title as such;
- (b) references to practising certificates and the issuing of practising certificates, shall be interpreted as references to initial registration or renewal of registration in the register of European lawyers, and references to a first practising certificate shall be interpreted as references to a lawyer's first registration in the register of European lawyers;

- (c) paragraph 3 shall apply to a European lawyer who has, at any time during the practising certificate year commencing 1 November 2010, registered or re-registered as a registered foreign lawyer and who applies for his or her first registration as a registered European lawyer.

Application to registered foreign lawyers

14. The fee to be paid to the Law Society for initial registration or renewal of registration as a registered foreign lawyer shall, subject to paragraph 15 below, be governed in all respects by the provisions of paragraphs 1, 2, 4 and 12 in the same way as the fee for a solicitor's practising certificate, and for this purpose:
- (a) references to a solicitor shall be interpreted as references to a registered foreign lawyer or to a lawyer applying for registration as a registered foreign lawyer, and references to practice as a solicitor shall be interpreted as references to the provision of legal services in England and Wales under, or in reliance upon, a foreign lawyer's professional title as such; and
 - (b) references to practising certificates and the issuing of practising certificates, shall be interpreted as references to initial registration or renewal of registration in the register of foreign lawyers, and reference to a first practising certificate shall be interpreted as reference to a lawyer's first registration in the register of foreign lawyers.
15. The fee for a registered foreign lawyer practising mainly from an office or offices outside England and Wales shall be £100.

Interpretation

16. In this determination:

Continuing Recognised Sole Practitioner means a recognised sole practitioner who became authorised as a recognised sole practitioner before 31 October 2009 and who is not a Successor Recognised Sole Practitioner;

Firm means a recognised sole practitioner or a recognised body;

New Recognised Sole Practitioner means a recognised sole practitioner who first became authorised as a recognised sole practitioner after 31 October 2009 and who is not a Successor Recognised Sole Practitioner;

Practising certificate means the certificate issued in accordance with sections 9 and 10 of the Solicitors Act 1974;

Practising certificate year means the period from 1 November to 31 October inclusive each year during which a practising certificate is operative;

Practising certificate fee means the sum to be paid by a solicitor for a practising certificate for the whole or part of a practising certificate year;

Practice as a solicitor means the provision of legal services under, or in reliance upon, the title "solicitor" whether as a principal, under a contract of employment or under a contract for the provision of services;

Period of leave equivalent to statutory maternity leave means a period of absence or leave which if a solicitor had been an employee would have been taken as statutory maternity leave;

Recognised body means a partnership, company or LLP for the time being recognised by the Solicitors Regulation Authority under section 9 of the Administration of Justice Act 1985 and the Recognised Bodies Regulations;

Recognised Sole Practitioner means a solicitor or REL authorised by the Solicitors Regulation Authority under section 18 of the Solicitors Act 1974 to practise as a sole practitioner;

Registered European lawyer means a European lawyer registered with the Solicitors Regulation Authority under regulation 17 of the European Communities (Lawyer's Practice) Regulations 2000;

Registered foreign lawyer means a lawyer registered with the Solicitors Regulation Authority under section 89 of the Courts and Legal Services Act 1990;

Successor Recognised Sole Practitioner means for the purposes of calculating the renewal fees, a recognised sole practitioner who after 31 October 2009 succeeds to the whole or any part of any recognised body or recognised sole practitioner, for value or otherwise, in any of the following cases:

case (I):

a recognised sole practitioner who acquires the whole or a part of one or more recognised bodies or recognised sole practitioners;

case (II):

a recognised sole practitioner resulting from the merger between the whole or part of two or more recognised bodies or recognised sole practitioners;

case (III):

a recognised sole practitioner remaining after it has split or ceded part of its practice to another recognised body or recognised sole practitioner;

Successor Turnover Figure means as set out in appendix 3; and

Turnover Figure means as set out in appendix 2

17. The singular includes the plural and vice versa.

Commencement

18. This determination shall come into force on 1 November 2010.

Appendix 1

Turnover Range (A)	Pay %* of Turnover within band (B)	Minimum Turnover in band (C)	Minimum Fee in Band (D)
£0 - £19,999	1.10%	£0	£100
£20,000 - £149,999	0.65%	£20,000	£320
£150,000 - £499,999	0.63%	£150,000	£1,165
£500,000 - £999,999	0.60%	£500,000	£3,370
£1,000,000 - £2,999,999	0.57%	£1,000,000	£6,370
£3,000,000 - £9,999,999	0.39%	£3,000,000	£17,770
£10,000,000 - £29,999,999	0.33%	£10,000,000	£45,070
£30,000,000 - £69,999,999	0.30%	£30,000,000	£111,070
£70,000,000 - £149,999,999	0.27%	£70,000,000	£231,070
£150,000,000 +	0.10%	£150,000,000	£447,070

* % is equivalent to 'divided by 100' (e.g. 0.65% = 0.0065)

Using the table above to calculate the firm fee based on the firm's turnover (T) as defined in Appendices 2,3 and 4:

1. Identify which band the turnover (T) falls in from column A.
2. Subtract the figure in the corresponding column C from (T).
3. Multiply this figure by the corresponding percentage in column B.
4. Finally add this figure to the corresponding figure in column D.
5. Firm fee then needs to be rounded to the nearest pound (i.e. if less than 50p then round down and if equal to or more than 50p then round up)

Formula: (T - C) x B + D

Example 1: For Turnover of £0:
 $(£0 - £0) \times 1.1\% + £100 = £100$

Example 2: For Turnover of £200,000:
 $(£200,000 - £150,000) \times 0.63\% + £1,165 = £1,480$

Example 3: For Turnover of £813,421:
 $(£813,421 - £500,000) \times 0.60\% + £3,370 = £5,250$

Example 4: For Turnover of £279,123,528:
 $(£279,123,528 - £150,000,000) \times 0.1\% + £447,070 = £576,194$

Appendix 2

Turnover Figure

The following paragraphs describe how the turnover figure that will be used for the purposes of determining the renewal fee should be calculated:

1. Turnover figure means a firm's total gross fees arising from work undertaken from offices in England and Wales.
 - *Gross fees includes:* all professional fees of the firm including remuneration, retained commission, and income of any sort whatsoever of the firm (including notarial fees). Work in Progress (WIP) should be included.
 - *Gross fees does not include:* interest, reimbursement of disbursements, VAT, remuneration from a non-private practice source, dividends, rents, and investment profit.
2. The turnover figures that will be used when billing firms in October 2010 will be based on **closed accounts**, audited where possible.
 - Closed accounts are defined, in order of preference, as:
 1. an audited set of financial statements
 2. an unaudited set of financial statements signed off by an accountant
 3. a submitted tax return for the year.
3. Bad debt should be handled under normal accounting procedures. Where it has been allowed for in the turnover figure for a firm's last closed accounting period prior to 1 November 2009, that is acceptable. If a bad debt has been discovered after closing the firm's accounts, then the turnover figure cannot be re-adjusted. Those adjustments could potentially be accounted for in the following year's closed accounts.
4. The turnover figure should, wherever possible, be for the last complete (12 months) accounting period prior to the 1 November 2009 (e.g. 31 March 2009). The latest acceptable annual accounting period end date is 31 October 2009.
5. The turnover figure should be an exact figure wherever possible. A figure rounded to the nearest £1,000 will be acceptable only if more detail is unavailable.
6. Those firms who do not have closed accounts which ended within the period from 1 November 2008 to 31 October 2009, should provide the SRA with an estimate of the turnover figure as well as the previous year's turnover figure based on accounts which have been closed. The SRA will determine at its discretion whether to use the 2008 figure if an updated 2009 figure based on closed accounts has not been received by 31 August 2010.
7. The turnover figure must be for a 12 month period.
 - (a) For a brand new firm (i.e. not a successor firm nor one resulting from change in status), an estimate for the first 12 months of practice (irrespective of whether this is after 31 October 2009) will be accepted; the basis upon which the firm has made the estimate should be provided to the SRA.

- (b) If a firm has changed its annual accounting period, its latest closed accounting period prior to the 1 November 2009 will be shorter or longer than 12 months. The following approach should be used by the firm, providing an explanation of how they have derived their turnover figure:
- Preferably, provide the turnover for the 12 month period immediately preceding the new accounting period end date (as long as prior to 1 November 2009)
 - Alternatively, if this is not possible then take the last closed accounts period prior to the 1 November 2009 and scale it appropriately (e.g. if the last closed accounting period was for six months then it should be doubled; if the last closed accounting period was for 15 months, then it should be divided by 15 and then multiplied by 12).
8. If a firm has a change in status (e.g. partnership to LLP, sole practitioner to partnership), then at renewal it should respond as if there were no change in status.

Appendix 3

Successor Turnover

Successor turnover is relevant where firms have changed through, for example, an acquisition, merger or split. All successor turnover will be calculated based on the Turnover Figures for each of the affected firms.

If a firm has succeeded to the whole or a part of one or more firms (e.g. through merger or acquisition), successor turnover will be calculated by combining the appropriate proportion of the Turnover Figure for each of the affected firms which has become part of the successor practice:

- In a simple merger between firms A and B, combine the Turnover Figures for each firm.
- In a merger of one firm (firm A) with part of another firm (e.g. one third of firm B) then firm A should add the corresponding proportion of firm B's Turnover Figure to its Turnover Figure (e.g. firm A's Turnover Figure + third of firm B's Turnover Figure)

For a firm which has split or ceded part of their practice to another firm and wishes this change to be reflected in a successor turnover figure, the successor turnover figure will be a proportion of the Turnover Figure, as long as it is clear how the Turnover Figure for such a firm is to be distributed between the successor firms. 100% of the Turnover Figure must be accounted for between the successor firms. For example:

- In a merger of firm A with one third of firm B then
 - firm B's successor turnover figure will be two thirds of its Turnover Figure, Firm A's will be its Turnover Figure plus one third of B's Turnover Figure
- Where firm A and one third of firm B become new firm C
 - firm A's turnover will be £0 (closed) and B's turnover will be two thirds of its Turnover Figure. Firm C's successor turnover figures will be the combination of A's Turnover Figure and one third of firm B's.

In a case where all successor firms agree on the apportionment of 100% of the Turnover Figures, then the SRA will accept the successor turnover figures.

In the case where all successor firms are unable to agree the apportionment of 100% of the Turnover Figures, then the SRA will apportion the Turnover Figures for the purposes of determining renewal fees. The SRA will determine this apportionment based on the information available and its decision will be final. Firms will not be able to renew recognition without an appropriate successor turnover figure being determined, as this is necessary to calculate the appropriate firms' fees.

Appendix 4

Transitional Fee Moderation Process

Applicants will be required to satisfy all of the following criteria in order to qualify for a reduced fee:

1. Turnover from most recent closed annual accounts after 31 October 2009 is below £500,000.
2. Turnover from most recent closed annual accounts after 31 October 2009 is at least 30% less than the figure for the previous year.
3. Total fees and contributions for 2010 based on the turnover figure from closed annual accounts prior to 1 November 2009 will be at least 50% higher than the total paid by the firm in 2009 for renewal.

The fee for an applicant who meets the above criteria will be calculated by using a turnover figure that is half way between the figure for the most recent closed annual accounts (post 31 October 2009) and the figure for the previous year.

