

[EMAIL ONLY]

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26 January 2012

Dear Vanessa

Approval of the 2012/13 Practising Certificate Fee (PCF) application made by the Bar Council (BC) and Bar Standards Board (BSB) to the LSB under section 51 of the LSA 2007

I am pleased to inform you that the 2012/13 PCF levels as set out in your application of 21 December 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 set out in the application indicated that the criteria within the LSB's Practising Fee Rules 2009 have been met. I am grateful to the BC colleagues who have worked with my team to reach this position.

We highlight below some issues that we would expect to be addressed for the 2013/14 PCF round.

We requested additional information on the application on 9 January 2012 to clarify how the budget for central services is apportioned between the BC and BSB and whether the total expenditure has been applied to the permitted purposes. We are grateful to Brian Buck, Chief Accountant, BC for highlighting the relevant information in the application showing the split between corporate, representation and regulation and providing assurance that all activities within the central services support both regulatory and representative activities. For next year's round the application would benefit from a clear summary of this information to allow the assessment process to run more smoothly and provide the necessary transparency we require to understand the apportioning of central services and PCF income within it, in greater detail.

We note that the application includes a full analysis of PCF income spent by the BC on 'non-regulatory activities' which fall under the definition of the permitted purposes (pg. 28-39 of the application). We acknowledge that this type of analysis is not an exact science and that the BC are in the best position to advise on their non-regulatory activities and how they apply to the permitted purposes. However, it is important that there is scope to challenge such figures and hence it would be useful to include this analysis in all s.51

applications going forward, noting any changes to the 'non-regulatory activities' which might occur within the year.

We also note the forthcoming review of how the fee is structured and charged to your regulated community and the reduction of the BSB's income as the Inns of Court Subvention payment (at £1.38M for 2012/13) is expected to halve by March 2015 with a divergence of opinion between the Inns about how much they would be willing to contribute and for what purpose, from April 2015. It is expected that both these changes may affect the level of the fee. We therefore request the BC keep us informed of the review's progress and to contact our Rule Change Team well in advance of submitting the 2013/14 PCF application if there are any expected changes to your regulatory arrangements. The application for next year's round would also benefit from a fuller description of the proposed plans to either reduce activity levels, or raise the PCF in light of the possible phasing out of the Inns of Court subvention payment in 2015 in line with the explanations provided in the follow up material.

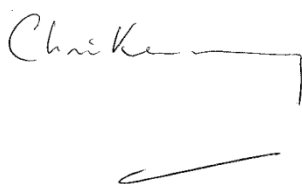
We also note that the information distributed to members with their fee notes (pg.43 'How the PCF is compiled') (understandably at this stage) lacks a clear and accurate description of the Entity Levy which should set out the total funds to be raised as set up costs for this year which is apportioned to each fee payer barrister within the 'Core Fee' and, that the ongoing costs of entity regulation will be borne by the ABS entities.

Finally we also request that you consider amending paragraph 2, pg 48 of the 'Draft letter from the Bar Council Officers' to be more transparent that the increase in the levy figure is as a result of covering a full year's operations of the Legal Ombudsman scheme rather than the previous six months and balance of initial set up costs.

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

I have copied this letter in identical terms to Mark Hatcher, Director of Representation and Policy and Oliver Delaney, Director of Central Services, BC.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Kenny', with a horizontal line extending to the right and a short horizontal stroke below it.

Chris Kenny
Chief Executive

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