

**PROFORMA FOR PRACTISING FEE APPLICATIONS FOR APPROVAL BY THE LSB UNDER SECTION 51 OF THE LEGAL SERVICES ACT 2007**

**Preamble**

***Purpose***

1. The information in this proforma should be provided by approved regulators when submitting each practising certificate fee (PCF) application to the Legal Services Board (LSB) for approval under section 51 of the Legal Services Act 2007 (the Act). Section 51(2) of the Act limits the application of amounts raised by PCFs to one or more of the permitted purposes set out in section 51(4).
2. The Practising Fee Rules 2016[[1]](#footnote-1) (Rules) restate the permitted purposes in section 51(4), set out the criteria against which the LSB will decide on applications submitted to it for approval and identify the evidence required to satisfy that criteria. The LSB Guidance to Approved Regulators on PCF applications (Guidance) provides more detailed guidance on the criteria and evidence.
3. Approved regulators should consider the Rules and Guidance when completing this proforma. In case of conflict, the Rules and Guidance prevail.
4. This proforma reflects the Rules and Guidance and does not impose new information requirements. Section I sets out the overview and summary information, and II to VI the specific categories of information (with references to the relevant Rules) that approved regulators must provide when submitting a PCF application, to enable the LSB to assess the application, as applicable. Sections VII to VIII allow for the submission of supporting materials and the provision of contact details, respectively.
5. The proforma is intended to ensure all PCF applications are consistent and contain the necessary level of detail, transparency and clarity in compliance with the Rules. The aim is to ensure the PCF application process is more transparent, consistent and less resource intensive for approved regulators and the LSB.
6. The text of section 51 of the Act together with the Rules and Guidance can be found on the [LSB’s webpages](https://www.legalservicesboard.org.uk/Projects/statutory_decision_making/section_51_practising_fees.htm).
7. The approved regulator submitting the proforma takes responsibility for the accuracy and completeness of the information.
8. As set out in the Guidance[[2]](#footnote-2), we would encourage approved regulators to engage in early pre-application discussions with the LSB to discuss any issues arising before the application is submitted.

**Confidential or commercially sensitive information**

1. If any information submitted as part of the PCF application is considered by the approved regulator to be confidential or commercially sensitive, please indicate this and provide reasons.

**PROFORMA**

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| 1. **Summary and overview**
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| * Please briefly summarise the proposal and state whether the proposal is for an increase, decrease or no change to the PCF relative to the previous year.
* Please state how the current application addresses the matters (if applicable) raised in the LSB’s decision letter approving the previous year’s PCF application.
* If any pre-application discussion was held with the LSB prior to the submission of this application, please set out what (if any) issues were identified by the LSB and how this application addresses them.
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| 1. **Developing the overall budget and application**
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| **A. The budget statements and figures and a description of how the overall budget was developed and settled, in particular*** a breakdown and clear description of the budget setting process and how the budget was arrived at, including consultation with the regulatory and representative arms
* evidence that the immediate and medium term needs have been taken into account, ensuring it has been developed in accordance with business/strategic plans

A description of contingency/reserves arrangements. This must include:* assurance that reserves are set at an adequate level for the upcoming budget
* assurance that the impact of high level reserves (if appropriate) have been considered when setting the fee levels.

**B. A breakdown of the budget for PCF**Total PCF income collected in the current and budget year and a breakdown of how it was allocated or spent:* by department or expenditure category
* an explanation of any variation in total PCF spending between the current and budget year
* a comparison of PCF for approval in the budget year, with level of PCF in the current year and explanation of why the fee level has changed (if applicable)

In addition, if the proposal is to **increase the PCF relative to the current year,** * include a forecast budget for the current application and for the next three years (where available)
* an estimate of the PCF for the next three years (where available)
* anticipated income from all sources (including non-PCF income) and its allocation to permitted purposes for the current application and where available, for the next three years (see section IV, below)
* explain the reserves policy and rationale/requirement for any high level reserves

**C. Regulatory activities*** Assurance that the regulatory arm has been given sufficient resources to carry out their functions in compliance with section 30 of the Act and the supporting Internal Governance Rules.

Relevant RulesRule D. 10 (b): evidence which demonstrates that reasonable care was taken in settling the application in the context of the budget necessary for the immediate and medium termRule D. 10 (d): clarity and transparency over the revenue raised through practising fees to be applied for permitted purposes which are regulatory functions Rule D. 10 (e): clarity and transparency over the revenue raised through practising fees to be applied for permitted purposes which are not regulatory functionsRule D.10 (f) for the purposes of the enabling the LSB to assess the impact on the proposed practising fee, provide clarity and transparency on the allocation of all the approved regulator’s financial resources, whether or not those resources arise from permitted purposes Rule D. 11 (a): description of how the application was developed and settled, including any consultation carried out, whether or not some consultation was carried out by the Board (see below)Rule D. 11 (b) where there is a proposed increase in practising fees, the budget should show anticipated income from all sources and its allocation to the permitted purposes for the current application and where available for the next 3 yearsRule D.11 (e): an explanation of contingency arrangements where unexpected regulatory needs arises in-yearRule D. 11 (c): the proposed practising fee for the current application and where there is a proposed increase in practising fees and where available, the estimate for the next three years |
| 1. **Consultation on PCF**
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| 1. Description of the consultation process conducted with fee paying members[[3]](#footnote-3)
* including length of time the published consultation was open
* summary of consultation responses
* changes to the PCF proposals as a consequence of consultation responses
* details of consultation with non-commercial bodies (e.g. Law centres federation, Citizens Advice etc.) or an explanation of why their views had not been sought.

Relevant RulesRule D. 11 (a): description of how the application was developed and settled, including any consultation carried out, whether or not some consultation was carried out by the BoardRule D 12: in considering an application submitted to it under this Part of these Rules, the Board reserves the right to consult any person it considers appropriate. In particular, it reserves the right to consult the Consumer Panel about the impact of proposed fees on persons providing non-commercial services. |
| 1. **Permitted Purposes[[4]](#footnote-4)**
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| This section requires information for both the current and budget year1. Description of total income (PCF and non-PCF) allocated to permitted purpose including
* Non-PCF income allocated or spent on permitted purposes, broken down by department/expenditure category
* Commercial income arising from PCF funded permitted purposes[[5]](#footnote-5) (and explanation if this income is to be used for non-permitted purposes)
1. Description of total PCF income allocated solely to one or more permitted purposes including a breakdown of
* PCF income allocation to each regulatory permitted purpose
* PCF income allocation to each non-regulatory (representative) permitted purpose
* PCF income allocated to shared/ central services between the regulatory and representative arm (broken down by department/ expenditure category).
1. A description of permitted purposes activities which were/will be undertaken and if possible, an estimate of the proportion of permitted purpose activities undertaken relative to non-permitted purposes activities.

Relevant RulesRule D. 10 (c): evidence which demonstrates that the revenues raised through the practising fee charge will be applied solely to purposes which are permitted purposesRule D. 10 (d): clarity and transparency over the revenue raised through practising fees to be applied for permitted purposes which are regulatory functions Rule D. 10 (e): clarity and transparency over the revenue raised through practising fees to be applied for permitted purposes which are not regulatory functionsRule D.11 (b) where there is a proposed increase in practising fees, the budget should show anticipated income from all sources and its allocation to permitted purposes to the current application and, where available, the next three yearsRule D.11 (f): evidence of how the previous year’s practising fee income was allocated only to permitted purposes |
| 1. **Transparency of PCF information to fee-paying members**
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| 1. A description or copy of the information that will be provided to fee paying members, which is clear and accessible and includes
* The level of the PCF
* How the PCF has been set
* A breakdown of how the PCF income will be allocated to non-regulatory/regulatory and shared services
* An explanation of why commercial income arising from PCF funded permitted purposes is to be used for non-permitted purposes.
* An accurate presentation and representation of the LSB and Office for Legal Complaints (OLC) levies so the regulated community is clear about the proportion of PCF attributable to the levies [[6]](#footnote-6)

Relevant RulesRule D. 10 (d): clarity and transparency over the revenue raised through practising fees to be applied for permitted purposes which are regulatory functions Rule D. 10 (e): clarity and transparency over the revenue raised through practising fees to be applied for permitted purposes which are not regulatory functionsRule D. 10 (g): evidence that persons paying the practising fees will have explained to them how revenue raised through the charging of practising fees will be applied as between the approved regulator’s performance of regulatory functions and any other functions also carried on by the regulatorRule D. 11 (d): an explanation of how the cost to each regulated person is to be broken down as between income to be allocated to the discharge of regulatory functions and income allocated to other functions  |
| 1. **Regulatory and Equality Impact assessment**
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| 1. A description of how the proposed PCF may potentially impact on various groups, in particular those with protected characteristics, within the approved regulator’s membership (whether the proposal is for the PCF to be static, increased or decreased).
2. A description of how the PCF has been developed in light of the Regulatory objectives set out in the Act and Better Regulation principles.
3. A Regulatory and/or Equality Impact assessment (optional)

Relevant RulesRule D. 10 (g): a regulatory and diversity impact assessment |
| 1. **Other supporting information**
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| 1. **Contact details**
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1. Section 51(3) of the Act requires the LSB to make rules specifying the permitted purposes. [↑](#footnote-ref-1)
2. Paragraph 18 of the Guidance. [↑](#footnote-ref-2)
3. ARs should consult if they are proposing a fee increase. If the fee has been static or has fallen, AR should still consult at least every three years. [↑](#footnote-ref-3)
4. See Section C of the Rules. [↑](#footnote-ref-4)
5. Referred to as derivative income in paragraph 7 of the Guidance. [↑](#footnote-ref-5)
6. As set out in paragraph 14 of the Guidance. [↑](#footnote-ref-6)