

Approved regulator (AR)	Chartered Institute of Legal Executives (CILEx) and Ilex Professional Standards (IPS)
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Final application	Type of format received	Confirmed receipt of application?	Website link to the key documents on our webpage
Receipt of final application on 1 August 2012	Email	Yes	http://www.legalservicesboard.org.uk/Projects/independent_regulation/2012_practising_fee_applications.htm

Pre-draft application process including draft documents or correspondence received for assessment against the final application

	Yes or No	Description	Date
Did the LSB receive a draft application?	Yes	Draft application received 9 July 2012. LSB provided comments on the draft on 11 July 2012.	09/07/2012
Was there a pre-meeting between AR representatives and the LSB?	No		
Do we have any initial concerns arising from the application?	Yes	Initial concerns with the draft application were addressed in the final application. Following our detailed analysis of the final application, we raised some further concerns about the budget, approach to reserves and consultation. We received further information from IPS on 31 August 2012.	
Have the concerns or issues of clarification (if any) been resolved?	Yes	See above.	
Does the final application include a section on how the AR has dealt with the areas for improvement (if any) highlighted in the previous year's approval letter? If yes, have these issues been dealt with to the satisfaction of the LSB?	No	No specific section on how last year's points have been addressed, however, these have been picked up in the body of the application.	

Summary

Following submission of additional information on 31 August, LSB has the required information to consider the application against the Practising Fee Rules 2009.
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Overall level of concern	No concern
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Section 1: Developing the application and setting the budget

This section of the criteria refers to D10a & D11a /D11d of the Practising fee Rules 2009.

Criteria - application	Yes or No	Relevant information
Is there a description of how the application was developed and settled?	Yes	The level of the fee was determined based on regulatory and permitted purposes activities proposed for 2013 in the context of CILEx Group three year budget and business plan. IPS took the lead in setting the 2013 budget for regulatory costs.
Is there sufficient detail to make an assessment of 'reasonable care' when settling the application?	Yes	Draft and final versions of the budgets were considered by IPS and CILEx boards. The fees budgeted for 2013 are intended to deliver a balanced budget. The costs of regulatory and permitted purposes activities will exceed income from practising fees and so those costs will be subsidised by other CILEx group income in order to keep the increase in fees low.

Overall comments

IPS provided additional information to the LSB on 31 August. This included a description of how it had taken into account its future work on practice rights in setting the budget for 2013 and explained that any costs relating to entity regulation would be set out in separate budgeting that would be developed as part of the application for rights.

The additional submission also provided full budget figures for 2013, as well as figures for 2012 which had not been included in the application.

Evaluation

The application meets the criteria.

Level of concern

No concern

Criteria - budget	Yes or No	Relevant information
Is there a description of how the budget was developed and settled?	Yes	The budget is developed by IPS and settled with CILEx Group.
Is there evidence that the budget was settled in light of immediate and medium term budgetary needs?	Yes	The budget was set in the context of a three year business plan and budget.
Is there a description of contingency arrangements?	Yes	CILEx Group has built up significant cash reserves (£8.6m at the end of 2011), in accordance with its reserves policy, which can meet any unexpected needs, including regulatory ones.
Does this include a section on the consultation with practitioners?	Yes	Refer to Section 4.

Overall comments

We sought clarification about the approach to reserves. In additional information provided to us, IPS explained that its reserves policy states that reserves should be maintained at a level which is at least equivalent to 12 month's budgeted PCF and membership subscription income, which for 2013 is £3.3m. This was against a group reserves total of £8.6m (as of end of 2011). Given that the policy stipulates a minimum level, we note that there is no requirement to reduce the group reserves to that minimum.

Evaluation

The application meets the criteria.

Level of concern

No concern

Section 2: Permitted purposes

This section of the criteria refers to D10b & D11e/D11b of the Practising fee Rules 2009.

Criteria	Yes or No	Relevant information
Is there evidence that the income raised through the PCF charge are applied solely to the permitted purposes ?	Yes	Income raised by the practising fee will be used for regulatory activities only. Other permitted purposes activities will be covered by other income.
Does it include a budget that shows the anticipated income from practising fees?	Yes	Anticipated income is £2,236.9k.

Criteria	Yes or No	Relevant information
Does it include an analysis of expenditure against the permitted purposes?	Yes	Application included detailed breakdown showing percentage of time spent on permitted purposes activities by CILEx department. Additional information submitted by IPS included detailed breakdown of expenditure. Practising fee income is expected to cover regulatory activity only and the permitted purposes activities, as well as other activities, will be subsidised by other sources of income.
Does it include an analysis of income and expenditure related to all other expected income to be applied to permitted purposes?	Yes	The budget figures show anticipated income from other sources, which include membership income, awarding body income, assessment income and income from other sources. The additional information provided by IPS shows a detailed breakdown of how it will be spend on non-regulatory permitted purposes.

Overall comments

Following submission of additional budget information, we now have the required information.

Evaluation

The application meets the criteria.

Level of concern

No concern

Section 3: Regulatory functions

This section of the criteria refers to D10c D10d & D11c of the Practising fee Rules 2009.

Criteria	Yes or No	Relevant information
Is there clarity and transparency of how the PCF income collected by practising fees is applied to permitted purposes which are regulatory functions (not representative)?	Yes	All practising fees are used for regulatory functions.
Is there a description of shared services?	Yes	The application provides a breakdown of percentage of time CILEx staff in each department spend on permitted purposes activities and in providing services to IPS under the service level agreement. The additional information provided by IPS includes a breakdown of costs.

Criteria	Yes or No	Relevant information
Is there clarity and transparency of how the PCF income collected by practising fees is applied to permitted purposes which are not regulatory functions ?	Yes	All practising fee income applied to regulatory functions.

Overall comments

The additional information submitted by IPS provided the information on allocations to all departments including a break down of regulatory spend.

Evaluation

The application meets the criteria.

Level of concern: No concern

Section 4: Clarity and transparency

This section of the criteria refers to D10e of the Practising fee Rules 2009 & section 51(b) of the Act

Criteria	Yes or No	Relevant information
Consultation with members		
Does the application include a description of their consultation undertaken with their members mandated to pay practising fees?	Yes	Application included the consultation with members as an annex. Consultation was mailed to each member responsible for paying practising fees. The CPS was consulted about Associate Prosecutors.
If yes, does the description of the consultation process include transparency and clarity of how the fee level has been set and how the money collected will be used?	Yes	The consultation provided an explanation of three possible levels for the fee and a breakdown of how the practising fee is spent. IPS has now confirmed that detailed information will be sent to members when the fee has been finalised.
If yes, does the application also include a description of how that feedback influenced the decision-making and policy development processes?	Yes	97% of responses were in favour of an increase. 69% were in favour of the fee being set at £290. The CPS had been concerned about an increase of over 7% as it needs to make significant cost savings. It asked for assurance that the fees would be held for next year. However, IPS made clear that budgets had to be set to reflect regulatory and permitted purposes costs. There were concerns about the increase expressed by Fellows who work in local authorities as their employers do not pay their practising fees. However, in IPS' view, these concerns have to be set against the value to them of their practising certificate and the views of Fellows as a whole.

Criteria	Yes or No	Relevant information
Consultation with members		
In terms of the level of information provided to members, does the application include the recommended use of the 'Council Tax bill' analogy and/or another form of web-based linked information?	Yes	Charts showing breakdown of how fee is spent included in consultation.
If yes, when was this information issued to the mandated members paying the practice fees i.e. as the fee note issued or shortly afterward?	Yes	It was issued as part of the consultation to all those who pay the practising fee.

Overall comments

We were concerned that the information to members about the fee levels did not appear to be as comprehensive as last year. However, we have now been assured that members will be provided with information similar to

Evaluation

The application meets the criteria.

Level of concern:

No concern

Section 5: Regulatory and Equality Impact Assessment (EIA)

This section of the criteria refers to D11f of the Practising fee Rules 2009

Criteria	Yes or No	Relevant information
Does the application include a regulatory or diversity impact assessment?	Yes	Includes reference to the CILEx Group Single Equality and Diversity Scheme and Action Plan. It also provides an assessment of approach to the fee in the context of the regulatory objectives and the better regulation principles.
If no, does the application include a description of how the proposals may potentially impact on various groups (this include the impact of increased fees if appropriate)?	Yes	
Does the application include a description of how the proposals have been developed in light of the Regulatory Objectives as set out in the Legal Services Act 2007 and Better Regulation principles?	Yes	The practising fee income will be spent solely on regulatory activities therefore promotes adherence with the regulatory objectives and the better regulation principles.

Overall comments

None

Evaluation

The application meets the criteria.

Level of concern:

No concern

Section 6: Consultation with non-commercial bodies and others

This section of the criteria refers to D12 of the Practising fee Rules 2009 & Section 51 (7) (a) of the Act

Criteria - non-commercial bodies	Yes or No	Relevant information
Does the application include a description of steps the AR has taken to ensure the impacts of the persons providing non-commercial legal services have been considered when setting the fees?	Yes	Neither IPS nor CILEx has consulted with non-commercial bodies. Members pay fees individually and therefore no direct impact on non-commercial bodies. All members have been consulted, including those working in non-commercial bodies. In the event that IPS regulates entities in future, it agrees that it will need to consider the impact of regulatory fees on non-commercial bodies.
Has the AR shared details of the practising fee level with appropriate bodies such as the Law Centres Federation, Citizens Advice and Advice Service Alliance in advance of the submission of the application?	No	
Have the non-commercial bodies provided any response to the details shared to them by the AR?	No	

Overall comments

Evaluation

The application meets the criteria.

Level of concern: No concern

Final assessment and decision

Approved

Criteria - others	Yes or No	Relevant information
Have we considered if we need to consult with anyone else on this application?	Yes	N/a
If yes, what consultation has taken place and with whom?		N/a
What was the outcome of this exchange i.e. Do we have any immediate concerns that has the potential to delay the approval of the application?		N/a

Overall comments

Evaluation

The application meets the criteria.

Level of concern: No concern