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] (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.

[1] Section 51(3) of the Act requires the LSB to make rules specifying the permitted purposes.

6. The text of section 51 of the Act together with the Rules and Guidance can be found on the LSB's webpages.

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], 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

9. 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.

[2] Paragraph 18 of the Guidance.

PROFORMA

I. Summary and overview

- 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.

Our proposal is to retain the 2020 practising certificate fee at 2019 rates, i.e. no change.

This means that the proposed PCF for 2020 is as follows:

Fee type	Paid by	2019	Proposed 2020
PCF	CILEx Fellow	£364	**£364 (no change)**
PCF	Associate Prosecutor	£271	**£271 (no change)**
Practice Rights top up	CILEx Fellow with additional practice rights (per right)	£60	**£60 (no change)**
Practice Rights top up	Other CILEx members with additional practice rights (per right)	£60	**£60 (no change)**
Advocacy rights	CILEx Fellows with additional rights of audience	£150 (at first renewal and then once every 3 years)	**£150 (every 3 years) – no change**

PCF	Non-member with practice rights	£450	**£450 (no change)**
Entity application/renewal	Entity	Variable as fee scale	**See Appendix 1 – no change**

There were no issues raised in last year's decision letter, dated 21 September 2018, for CILEx Regulation to address.

We have discussed the format of the presentation of the permitted purposes section of this application document and have presented the information as requested.

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 Rules

Rule 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 term

Rule 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 functions

Rule 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 years

Rule D.11 (e): an explanation of contingency arrangements where unexpected regulatory needs arises in-year

Rule 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

The CILEx Group draft budget identifies that the regulatory activities, which includes both the direct regulatory costs and a contribution towards the permitted purposes, will be covered by the PCF.

Budget setting, forecasting and financial oversight

The draft budget for 2020 was considered and agreed by the CILEx Regulation Board in February 2019.

The CILEx Group draft 2020 budget (**Appendix 2**) identifies that regulatory activities carried out by the Group will be covered by a PCF charged to Fellows of £364. This is held at the same level as for 2017, 2018 and 2019 and is projected to generate £2,367,156 The PCF charged to Associate Prosecutors will be £271 for 2020, held at the 2019 rate and is expected to generate a further £42,610 creating a total income of £2,409,766.

Total net regulatory and permitted purposes expenditure is expected to only increase marginally in 2020 compared to 2019, by £13,238. The changes to the draft budgets for 2020 compared to the 2019 submission have resulted in an increase in net costs (i.e. before PCF income) in CILEx Regulation of £147,297 and an increase in regulatory levies (primarily OPBAS) of £18,500. This has been partially offset by a reduction in permitted purposes expenditure in CILEx of £152,559. This has had the effect of increasing the CILEx Regulation proportion of PCF from £197 to £219 and decreasing the CILEx permitted purposes proportion from £147 to £123. The amount included in the PCF for regulatory levies has increased from £20 to £22 per authorised person.

Development of the 2020 draft budget

The CILEx Group financial statements for 2018 show the continuing improvement in financial performance with a surplus before tax of £842,955, up from £641,981 in 2017. This has further replenished Group Reserves and enables the Group to make strategic investments. The CILEx Group is undergoing a major IT project to replace the current CRM (Customer Relationship Management) system from 2017-19, with the implementation phase taking place from July 2018 to August 2019. The Group is expecting to make small net surpluses in 2019 and 2020.

Appendix 2 shows the total CILEx Group draft budget for 2019 and 2020. This analyses income and expenditure by regulatory-related activity, other permitted purposes activity (with a sub-total for total permitted purposes activity), other activities that are not regulatory or other permitted purposes activities, and grand total for the Group.

Regulatory Function

CILEx Regulation sets its budgets independently. CILEx Regulation Board determined its resource requirements for 2020 by considering the projected budget against its strategic aims. The budgets were considered at the CILEx Regulation Board meeting on 20 February 2019. The budget was thereafter incorporated into the CILEx Group draft budget.

Appendix 3 shows how PCF income is spent on regulatory activities, including CILEx Regulation.

Reserves and Contingency

CILEx Regulation made an operating surplus before tax of £161,095 for the year in 2018, which has resulted in reserves of £132,897 carried forward into 2019. The CILEx Reserves Policy has been updated and now requires a minimum of eight months' operating costs for all entities in the Group, and an additional strategic reserve.

Protocols between CILEx Regulation and CILEx provide that CILEx will meet reasonable funding requirements of CILEx Regulation, including exceptional costs – e.g. in relation to any new regulatory developments.

CILEx cash & investment reserves stand at £8.7 million at the end of 2018 (3.6 times the level of PCF income in the 2020 budget). Although those reserves are available to the CILEx Group as a whole and not just to CILEx Regulation, CILEx Regulation is confident that resources are available should they be required. The changes to the CILEx reserves policy have not impacted on CILEx Regulation's position regarding access to reasonable resources.

As will be seen from the analysis of regulatory and permitted purposes costs in **Appendix 2**, the fees budgeted for 2019 are intended to deliver a balanced budget.

PCF and permitted purposes fees will not add to Group reserves.

In terms of overall permitted purposes expenditure funded by the PCF and other regulatory fees, this has increased marginally by £13,238, from £2,770,693 in 2019 to £2,783,931 in 2020 which is less than 0.5%.

Total PCF income has increased marginally by £14,203 in 2020, coming from the small increase in the number of authorised persons.

III. Consultation on PCF

A. Description of the consultation process conducted with fee paying members[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

[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.

- 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 Rules

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

Rule 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.

CILEx Regulation consulted on all practising fees between 17 May 2019 and 19 June 2019.

Chartered Legal Executives (Fellows)

The proposal for the 2020 PCF is to hold the fee at £364.

There were 648 responses (just under 10% of the practising Fellows) to the consultation (attached at **Appendix 4**) of which 621 responses (96%) supported the position proposed of holding the fee at £364. 27 respondents did not agree with the proposal to hold the fee and there were 33 comments made. The responses are attached at **Appendix 5.**

The comments fall into a number of themes:

- The fee is too high and should be reduced (29 responses which is 4% of all responses and 87% of the comments), some respondents made additional comments in relation to the fee being too high:
  - 6 respondents compared the fee to the SRA fee for this year
  - 5 noted the lack of marketing of Fellows and the lack of member benefits
  - 4 raised the cost being excessive when it is self-funded
  - Costs should be brought under control to reduce the fee (3 responses)
  - 1 respondent thought the fee could be increased
- Other comments of note included some mistaken understanding around the purpose of the PCF, with some believing a larger proportion should be shared with CILEx and one comment which stated that Fellows did not need to pay the PCF, and this should be made clear.

The response from the regulated Fellows was overwhelmingly supportive and the proposal to maintain fee rates at their current levels was put to, and was supported by, the CILEx Finance Committee at their meeting on 5 July 2019 and was agreed by the CILEx Regulation Board at its meeting on 17 July 2019, subject to approval by the LSB.

Associate Prosecutors

Consultation

There was no direct consultation with individual Associate Prosecutors as the CPS funds their PCF. CILEx Regulation consulted with the CPS. The proposal is to hold the fee at £271 for 2020. The consultation and the CPS response can be found at **Appendix 6**.

Practice Rights, Entity Fees and Compensation Fund Contributions

Practice Rights (including Advocacy)

The proposal for the 2020 PCF is to hold the fee at £60 top up for a member and £450 for a non-member and to retain the renewal fee for advocates at £150 every 3 years.

There were 16 responses to the consultation (unfortunately, there was an issue with Survey Monkey, which means comments are unavailable, we did re-ask those who replied to the original survey, there were 2 responses, both of which supported holding the fee).

Entity application and renewal fee

We received 3 responses to the consultation (consultation attached at **Appendix 4** and responses attached at **Appendix 5**), although not all consultees answered all questions. All 3 respondents supported holding the fee at current levels. There were no comments.

Compensation Fund contributions

1. For information purposes only:

2. The proposal for the 2018 compensation arrangements contributions is to hold the contributions at 2019 rates.

Non-Commercial Bodies and the Consumer Panel

There has been no consultation with non-commercial bodies. CILEx member data shows that the proportion of Fellows providing non-commercial legal services is not significant and not sufficiently relevant to this branch of the profession to warrant consultation with charities.

IV. Permitted Purposes[4]

This section requires information for both the current and budget year

A. 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] (and explanation if this income is to be used for non-permitted purposes)

[4] See Section C of the Rules.
[5] Referred to as derivative income in paragraph 7 of the Guidance.

B. 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).

C. 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 Rules

Rule D. 10 (c): evidence which demonstrates that the revenues raised through the practising fee charge will be applied solely to purposes which are permitted purposes

Rule 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 functions

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 permitted purposes to the current application and, where available, the next three years

Rule D.11 (f): evidence of how the previous year's practising fee income was allocated only to permitted purposes

Permitted purposes

The CILEx Director of Group Services & Chief Financial Officer produced details of the costs of permitted purposes activities following analysis by each relevant staff team of the permitted purposes work it undertakes, as a percentage of its work overall. The percentages identified as a result of this exercise were as follows:

CILEx department	All permitted purposes activities	Other activities	Total
Operations (including Membership, Sales and development, Awards and Education)	23.8%	76.2%	100.0%
Communications (including marketing and the Journal)	1.2%	98.8%	100.0%

Policy and Governance (formerly Regulatory Affairs)	36.0%	64.0%	100.0%
Central Resources and Administration	20.7%	79.3%	100.0%

The percentages are based on the assessment of the CILEx Management Team of the amount of departmental time spent on all permitted purposes activities or in providing services to CILEx Regulation under a service level agreement. The ‘other activities’ column relates to activities which do not relate to regulatory activities or permitted purposes activities.

Activities which CILEx has identified as permitted purposes include:

- Operations: maintaining the Fellow, Associate Prosecutor and member database, issuing the PCF invoices, liaising with Authorised Persons, maintaining CPD records, providing information to CILEx Regulation about Authorised Persons and members, providing support to assure the quality of the academic qualifications, ensuring training and assessment is fit for purpose, providing assessment results for candidates by centre and learner, providing relevant committee meeting minutes, liaison with Ofqual, providing details of alleged misconduct, attending stakeholder meetings and attending professional institute forums
- Communications: providing the Journal online, editorial support, educational articles, direct mailings to Authorised Persons, CILEx Regulation publications, press releases.
- Policy and Governance: providing representation, liaison and support in the areas of law reform, policy, lobbying, equality and diversity, pro bono and judicial appointments, managing the relationship with the LSB, other Approved Regulators and government
- Central Resources and Administration: HR, finance and accounting, procurement and facilities

Allocation of PCF to Permitted Purposes

Appendix 7 shows the allocation of PCF to permitted purposes between regulation and representation for 2020 and for 2019 for comparison. All CRL costs are for permitted purposes activities. The representative permitted purposes are allocated on the basis of the analysis above.

Total expenditure on permitted purposes in 2020 is £2,783,930 which is a small increase of £13,238 over 2019. Total income from the PCF has increased marginally by £14,203 to £2,409,766 in 2020. This comes from a small increase in authorised persons.

Representation permitted purposes costs for 2020 have fallen in total and in percentage terms compared to 2019. This is a reduction of £134,059 and is 17.3% of its total costs (compared to 20.8% in 2019). This is offset by the increase of £147,296 in CRL’s regulatory permitted purposes expenditure.

Total Representation expenditure has increased from £5,232,286 in 2019 to £5,521,659 in 2020 largely due to increased membership operations costs arising from the project expenditure on the development of the qualification and ancillary services. This does not impact on permitted purposes activities.

Analysis of Representative costs between Permitted Purposes and Other

Appendix 7 shows the split of the costs of the representative function between permitted purposes and other expenditure, and between Approved Regulator activities and Representation for 2020 and 2019.

V. Transparency of PCF information to fee-paying members

A. 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]

A letter will be provided to all fee-paying members which sets out the proportion of the PCF provided to CILEx and CILEx Regulation.

Relevant Rules

Rule 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 functions

Rule 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 regulator

Rule 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

[6] As set out in paragraph 14 of the Guidance.

A. 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).

B. A description of how the PCF has been developed in light of the Regulatory objectives set out in the Act and Better Regulation principles.

C. A Regulatory and/or Equality Impact assessment (optional)

Regulatory and Diversity Impact Assessment

CILEx and CILEx Regulation are currently developing a new action plan to ensure that we continue to promote equality against the required protected characteristics. CILEx and CILEx Regulation has due regard to advancing equality of opportunity when taking action to achieve its objectives. It identifies potential impact on various groups within its membership through the consultation with Fellows, the CPS, regulated community and potential applicants.

Regulatory Objectives and Better Regulation Principles

CILEx Regulation and CILEx are aware of the importance of ensuring that the PCF covers the budget for activities that support the regulatory objectives set out in the Legal Services Act 2007. CILEx Regulation and CILEx are satisfied that PCF income will be spent solely on regulatory activities and permitted purposes that aim to promote adherence to the regulatory objectives e.g. authorisation and supervision, supporting members on the modernised CPD scheme, entity regulation (as applicable) together with providing advice and support to members to be able to meet new requirements, e.g. ABS regulation.

CILEx Regulation and CILEx acted in accordance with the principles of proportionality, accountability, consistency, transparency and targeting, in determining and developing the PCF for 2020.

Transparency and accountability have been ensured through the manner in which consultation has been carried out with both the relevant regulated communities and the CPS as described in section III.

Chartered Legal Executives are the voting members of the chartered body. They receive the CILEx Annual Report, incorporating annual audited accounts. They are invited to attend the Annual General Meeting and may raise issues there or in advance. No member who attended the AGM on 18 July 2019 raised concerns regarding the proposed 2020 PCF.

Relevant Rules

Rule D. 10 (g): a regulatory and diversity impact assessment

VII. Other supporting information

There is no other supporting information

VIII. Contact details

Contact details:

Vicky Purtill
Director of Authorisation and Supervision
(01234) 845748
Victoria.purtill@cilexregulation.org.uk

Kim Dowdeswell
Group Accountant
E: kim.dowdeswell@cilex.org.uk
T: 01234 844306

CILEx Regulation, Kempston Manor, Kempston, Bedford MK42 7AB
Company registration number: 0671409

CILEx REGULATION
PROFESSIONAL STANDARDS FOR SPECIALIST LAWYERS

ANNUAL PRACTICE FEES 2019

The fee that entities will pay in 2019 is determined by turnover and how client money is held.

Turnover

For an entity this is determined by:

- Financial projections set out in the application for authorisation (for new entities); or
- Turnover set out in the last annual (audited) accounts (for entities that are operational prior to their application).

How client money is held

For an entity this is determined by how it proposes to hold client money. The options are to:

- Hold client money in a client account; or
- Not hold client money or in an approved escrow)..

You must submit the practice fee which relates to your entity's turnover and approach to holding client money. The practice fee should be made payable to CILEx Regulation.

Turnover £	**ENTITY STRUCTURE**	
	Client Money Held £	**No Client Money Held £**
Up to 100,000	1,100	611
100,001 to 250,000	1,350	916
250,001 to 500,000	1,600	1,200
500,001 to £1M	3,200	2,400
£1M + to £3M	4,800	3,400
£3M +	6,410	4,410

CILEx REGULATION
PROFESSIONAL STANDARDS FOR SPECIALIST LAWYERS

APPLICATION FEES 2019

The application fees that entities will pay are determined by turnover, structure and whether client money is held.

Turnover

This is determined by:

- Financial projections set out in the application for authorisation (for new entities); or
- Turnover set out in the last annual (audited) accounts (for entities that are operational prior to their application).

Structure

This is determined by whether the entity is to be

- an Alternative Business Structure (ABS) entity (one with non-lawyer owners)
- a Non-ABS entity

Whether client money is held

This is determined by whether it proposes to hold client money. The options are to:

- Hold client money in a client account; or
- Not hold client money (or in an approved escrow)

We will assess your application on the information you have supplied but if this is not possible, we will carry out an inspection visit to your practice. Alternatively, you may request a visit to provide you with advice and support.

In each circumstance you will need to pay the inspection fee before we carry out the inspection visit or continue further work on your application. Details of the inspection fees will be provided.

The table on the following page sets out the level of fees. Please note that the fee, which is payable upon application, is non-refundable.

CILEx REGULATION
PROFESSIONAL STANDARDS FOR SPECIALIST LAWYERS

Turnover £	NON-ABS ENTITY		ABS ENTITY	
	Client Money Held	No Client Money Held	Client Money Held	No Client Money Held
Up to 100,000	£1,250	£761	£2,100	£1,611
100,001 to 250,000	£1,500	£1,066	£2,350	£1,916
250,001 to 500,000	£1,750	£1,350	£2,600	£2,200
500,001 to £1M	£3,350	£2,550	£4,200	£3,400
£1M+ to £3M	£4,950	£3,550	£5,800	£4,400
£3M +	£6,560	£4,560	£7,410	£5,410

CILEx REGULATION
PROFESSIONAL STANDARDS FOR SPECIALIST LAWYERS

COMPENSATION FUND FEES 2019

When your entity is authorised you will be asked to pay a contribution to the compensation fund. The purpose of the compensation fund is to provide redress to consumers who suffer a loss due to dishonesty or failure to account by a regulated entity.

The contribution to the compensation fund will be set according to the level of risk posed to client money:

- Where an entity holds client money they will pay the full contribution.
- Where an entity does not hold client money or uses an escrow account their contribution to the compensation fund reflects the reduced risk of dishonesty posed by these entities.

Turnover	Client Money	No Client Money
Litigation and Immigration		
Up to £250,000	£700	£500
£250,001 - £500,000	£1,400	£1,000
£500,001 to £1M	£2,100	£1,500
£1M + - £3M	£3,500	£2,500
£3M +	£5,075	£2,538
Probate and Conveyancing		
Up to £250,000	£750	£500
£250,001 - £500,000	£1,500	£1,000
£500,001 to £1M	£2,500	£1,500
£1M + - £3M	£4,000	£2,500
£3M +	£6,090	£2,538

Notes:

- Contributions will be collected on an annual basis, on the anniversary of authorisation for each entity.
- If the circumstances of the entity change during the course of the 12-month period, either in terms of the type of work undertaken (for example, addition of litigation to probate), or if the entity begins to hold client money, the entity will be expected to pay pro rata the appropriate amount for the remainder of the relevant period.

Total CILEx Group Draft 2020 Budget

	Draft Budget 2019					Draft Budget 2020					2019 - 2020 Variance				
	Regulatory Activities	Other Permitted Purposes	Total Permitted Purposes	Other Activities	Total 2018 Draft Budget	Regulatory Activities	Other Permitted Purposes	Total Permitted Purposes	Other Activities	Total 2019 Draft Budget	Regulatory Activities	Other Permitted Purposes	Total Permitted Purposes	Other Activities	Total
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
Income:															
PCF Income	1,436,980	958,583	2,395,563		2,395,563	1,603,742	806,024	2,409,766		2,409,766	166,762	(152,559)	14,203	0	14,203
Membership Income			0	2,361,370	2,361,370			0	2,346,050	2,346,050	0	0	0	(15,320)	(15,320)
Other	375,130		375,130	6,712,286	7,087,416	374,165		374,165	7,868,044	8,242,209	(965)	0	(965)	1,155,758	1,154,793
Total Income	1,812,110	958,583	2,770,693	9,073,656	11,844,349	1,977,907	806,024	2,783,931	10,214,094	12,998,025	165,797	(152,559)	13,238	1,140,438	1,153,676
Expenditure:															
CILEx Reg Direct Expend.	1,682,110		1,682,110		1,682,110	1,829,407		1,829,407		1,829,407	(147,297)	0	(147,297)	0	(147,297)
LSB/OLC Levies	130,000		130,000		130,000	148,500		148,500		148,500	(18,500)	0	(18,500)	0	(18,500)
Subtotal	1,812,110	0	1,812,110	0	1,812,110	1,977,907	0	1,977,907	0	1,977,907	(165,797)	0	(165,797)	0	(165,797)
CILEx departments expenditure:															
Operations		535,897	535,897	1,634,456	2,170,353		430,328	430,328	2,431,395	2,861,723	0	105,569	105,569	(796,939)	(691,370)
Policy & Governance		89,090	89,090	497,249	586,339		74,270	74,270	898,967	973,237	0	14,820	14,820	(401,718)	(386,898)
Communications		13,072	13,072	389,447	402,519		5,002	5,002	399,184	404,186	0	8,070	8,070	(9,737)	(1,667)
Central Resources & Admin		320,524	320,524	1,622,551	1,943,075		296,424	296,424	837,591	1,134,015	0	24,100	24,100	784,960	809,060
Subtotal	0	958,583	958,583	4,143,703	5,102,286	0	806,024	806,024	4,567,137	5,373,161	0	152,559	152,559	(423,434)	(270,875)
Other expenditure	0	0	0	4,681,134	4,681,134	0	0	0	5,609,792	5,609,792	0	0	0	(928,658)	(928,658)
Total CILEx Group Expenditure	1,812,110	958,583	2,770,693	8,824,837	11,595,530	1,977,907	806,024	2,783,931	10,176,929	12,960,860	(165,797)	152,559	(13,238)	(1,352,092)	(1,365,330)
Net Surplus/(Deficit)	0	0	0	248,819	248,819	0	0	0	37,165	37,165	0	0	0	(211,654)	(211,654)

Group Income	1,812,110	958,583	2,770,693	9,073,656	11,844,349	1,977,907	806,024	2,783,931	10,214,094	12,998,025	165,797	(152,559)	13,238	1,140,438	1,153,676
Group Net Expenditure	1,812,110	958,583	2,770,693	8,824,837	11,595,530	1,977,907	806,024	2,783,931	10,176,929	12,960,860	(165,797)	152,559	(13,238)	(1,352,092)	(1,365,330)
Group Surplus/(Deficit)	0	0	0	248,819	248,819	0	0	0	37,165	37,165	0	0	0	(211,654)	(211,654)

CILEx Group 2020 Draft Budget & PCF Calculations

CRL Income & Expenditure £'s	2018 Final Budget for PCF	2019 Final Budget for PCF	2020 Draft Budget for PCF
Income excluding PCF	155,220	375,130	326,001
Operating Expenses	308,217	495,098	412,006
Trading Surplus/(Deficit)	(152,997)	(119,968)	(86,005)
Admin & Property Expenses	351,572	290,649	370,455
Payroll Costs	774,933	896,363	998,782
CRL Net Surplus/(Deficit)	**(1,279,502)**	**(1,306,980)**	**(1,455,242)**
Net Costs of CRL per Fellow & A.P	**£195**	**£197**	**£219**
LSB/OLC Levies	**130,000**	**130,000**	**135,000**
OPBAS			**13,500**
			148,500
LSB/OLC Levies per Fellow & A.P.	**£20**	**£20**	**£22**
Direct Costs of CRL + Levies per Fellow & A.Ps	**£215**	**£217**	**£241**
CILEx Permitted Purposes: Fellows Apportionment			
Membership/Sales & Development/Operations	522,522	531,089	427,874
Regulatory Affairs/Policy & Governance	89,348	88,291	73,675
Communications & Marketing/Communications	13,724	13,072	5,002
Central Resources & Admin	328,688	317,649	294,697
CILEx Law School	0	0	0
	954,282	**950,101**	**801,249**
CILEx PP Costs per Fellow	**£149**	**£147**	**£123**
CILEx Permitted Purposes: A.Ps Apportionment			
Membership/Sales & Development/Operations	5,225	4,807	2,454
Regulatory Affairs/Policy & Governance	893	799	595
Communications & Marketing/Communications			
Central Resources & Admin	3,293	2,875	1,727
CILEx Law School			
	9,412	**8,482**	**4,775**
CILEx PP Costs per A.P.	**£56**	**£54**	**£30**
Total Regulatory & Permitted Purposes Cost	**2,373,196**	**2,395,563**	**2,409,766**
Cost per Fellow	**£364**	**£364**	**£364**
Cost per A.P.	**£271**	**£271**	**£271**

2020 PRACTISING CERTIFICATE FEE CONSULTATION

INTRODUCTION

1. Each year we calculate the likely costs of regulation for the following practising year and consult with those individuals and entities which pay the practising fee.

2. We consult with affected regulated individuals where there is a proposal to increase the fee payable and we consult periodically with regulated individuals where there is no proposed increase in the fee payable.

3. For the 2020 practising certificate fee the proposal is to **hold** all practising fees at their current rates. We are consulting with the following practitioners:

   - The practising certificate fee paid by Fellows/Chartered Legal Executives
   - The practising certificate fee paid by Chartered Legal Executive Advocates
   - The practising certificate fee paid by CILEx Practitioners
   - The practising certificate fee paid by CILEx Entities

4. We are seeking your views on the proposed regulatory fees for the 2020 practising year, as they affect you. You will only be asked to comment on the fees which relate to your own regulatory status.

FELLOWS/CHARTERED LEGAL EXECUTIVES

5. It is proposed that the fee for the 2020 practising year will remain at **£364**.

6. The practising certificate fee paid by Fellows/Chartered Legal Executives covers 3 elements:

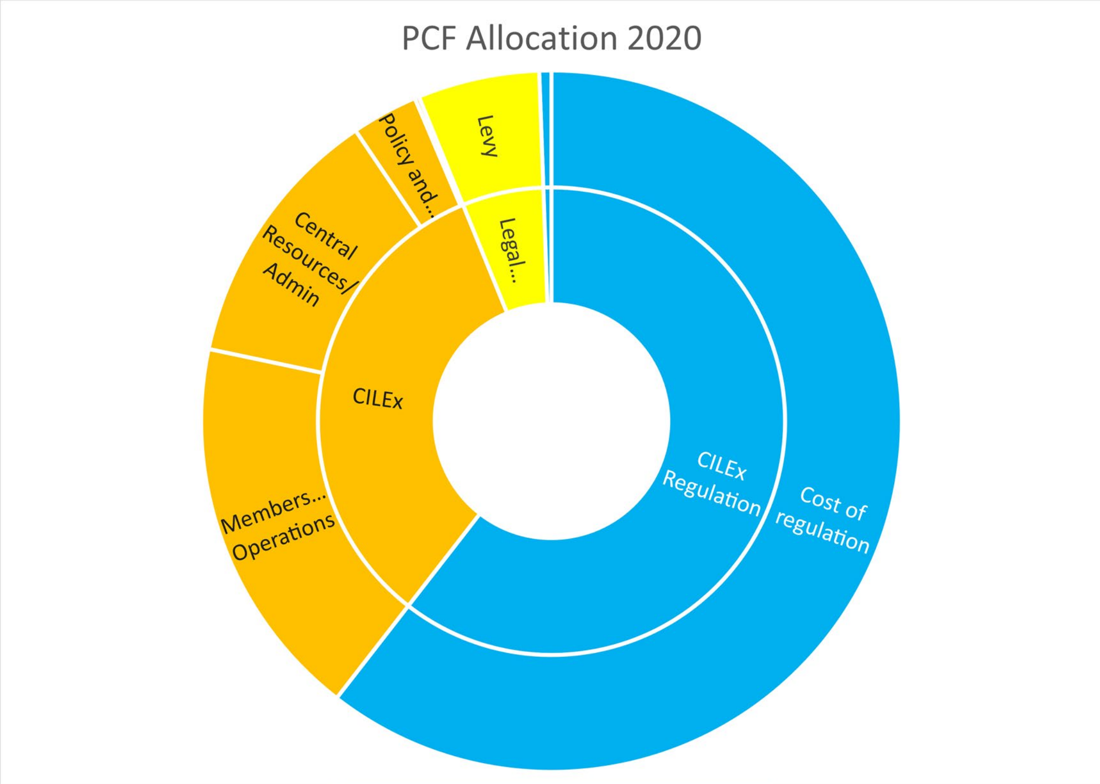
   - The direct cost of regulation (i.e. the operating costs CILEx Regulation)
   - Permitted purposes, which can be included to cover costs incurred by the Chartered Institute of Legal Executives to cover activities such as law reform, education etc.
   - The levy paid to the Legal Services Board (LSB) to cover the costs of the LSB and the Legal Ombudsman as well as a levy to OPBAS[1].

7. These 3 elements combined make up the total practising certificate fee, which is defined in section 51 Legal Services Act 2007. The breakdown of how the PCF will be apportioned in 2020 is set out below:

CILEx Permitted Purposes		
	Membership/Operations	427,874
	Policy and Governance	73,675
	Comms and Marketing	5,002
	Central Resources/Admin	294,697
CILEx Regulation		
	Cost of regulation	1,455,242
Legal Services Board	Levy	135,000

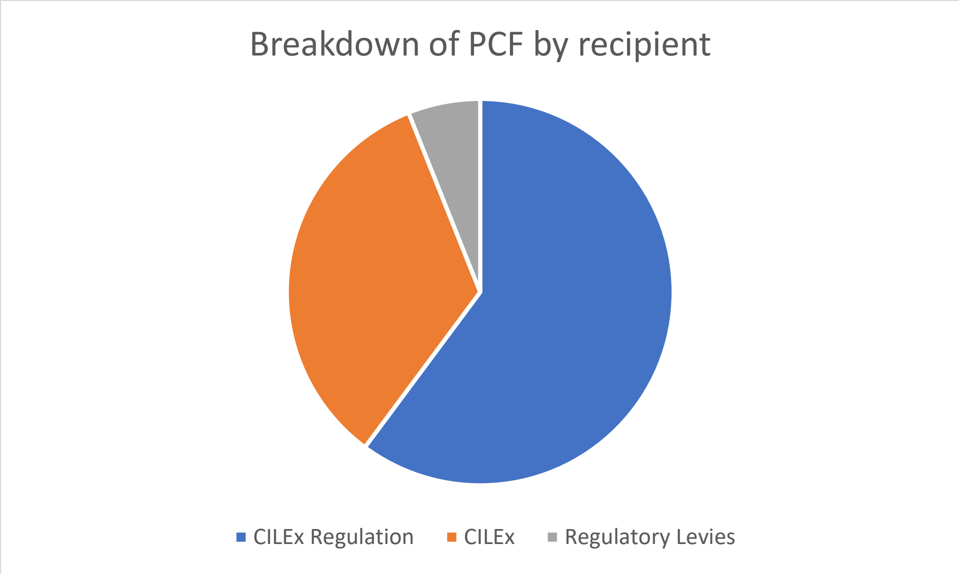
[1] Office for Professional Body Anti-Money Laundering Supervision

OPBAS	Anti-Money Laundering	13,500
Total Levies		148,500



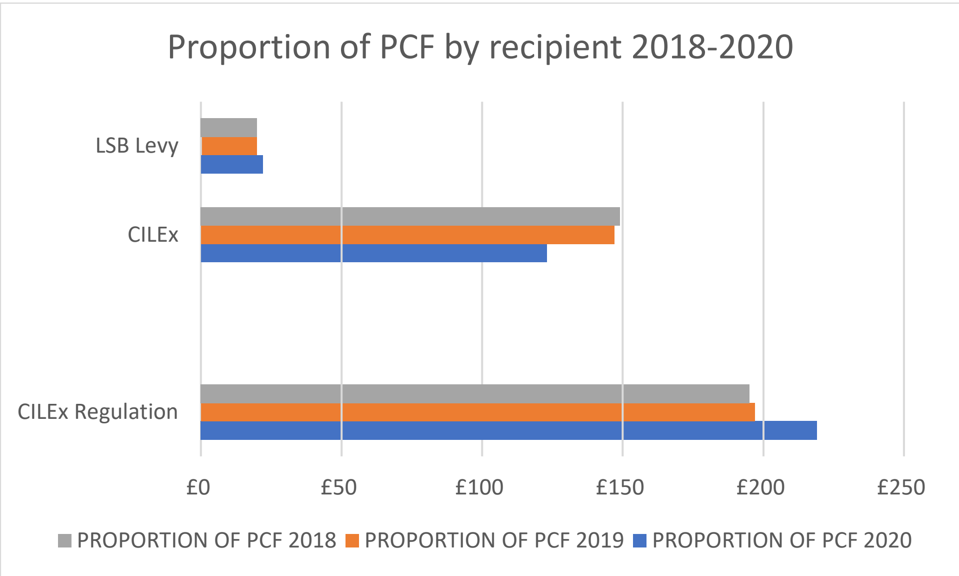
8. The proposal is to hold the PCF for Fellows at £364 for the 4th year.

RECIPIENT	PROPORTION OF PCF	PERCENTAGE OF PCF
CILEx Regulation	£219	60%
CILEx	£123	34%
Regulatory Levies	£22	6%



9. This compares with the breakdown of the PCF over the last 3 years as follows:

RECIPIENT	PROPORTION OF PCF		
	2020	2019	2018
CILEx Regulation	£219	£197	£195
CILEx	£123	£147	£149
LSB Levy	£22	£20	£20



The proposal for the 2020 practising certificate fee for Fellows/Chartered Legal Executives is to HOLD the fee at £364.

Do you agree that the 2020 practising certificate fee should be held at £364?

YES/NO

If no, please give reasons

CILEX ADVOCATES AND CILEX PRACTITIONERS

10. All CILEx Advocates and many CILEx Practitioners are also Fellows of CILEx and therefore pay the practising certificate fee for that status. In addition, they pay a practising fee for each additional practice right they hold as follows:

Fees for Fellows who hold additional practice rights

	Current fee
Advocacy (authorisation)	£110
Advocacy (first renewal)	£150
Advocacy (subsequent renewal once every 3 years)	£150
Practice Right (authorisation)	£450
Practice Right (renewal)	£60

11. Conveyancing and Probate Practice Rights can be held by non-Fellow CILEx members and also by non-members. Fee proposals for these individuals are set out below:

Fees for non-Fellow CILEx members who are CILEx Practitioners

	Current fee
Practice Right (authorisation)	£450
Practice Right (renewal – CILEx member)	£60
Practice Right (renewal – non-member)	£450

The proposals for the 2020 practising certificate fee for CILEx Practitioners and CILEx Advocates is to hold the fee at the 2019 fee level

ENTITY OWNERS - FEES FOR 2020

Entity Fees

	Non-ABS Entity		**ABS Entity**		**Renewal**	
Turnover	**CRL (Client money)**	**CRL (No client money)**	**CRL (Client money)**	**CRL (No client money)**	**CRL (Client money)**	**CRL (No client money)**
£0 - £100,000	£1,250	£761	£2,100	£1,611	£1,100	£611
£100,001 – £250,000	£1,500	£1,066	£2,350	£1,916	£1,350	£916
£250,001 – £500,000	£1,750	£1,350	£2,600	£2,200	£1,600	£1,200
£500,001 – £1m	£3,350	£2,550	£4,200	£3,400	£3,200	£2,400
£1m – £3m	£4,950	£3,550	£5,800	£4,400	£4,800	£3,400
£3m +	£6,560	£4,560	£7,410	£5,410	£6,410	£4,410

Compensation fund contributions

Turnover	**Client Money**	**No Client Money**
Litigation and Immigration		
£0 to £250,000	£700	£500
£250,001 to £500,000	£1,400	£1,000

£500,001 – £1m	£2,100	£1,500
£1m – £3m	£3,500	£2,500
£3m +	£5,075	£2,538
Probate and Conveyancing		
£0 to £250,000	£750	£500
£250,001 to £500,000	£1,500	£1,000
£500,001 – 1m	£2,500	£1,500
£1m – £3m	£4,000	£2,500
3m +	£6,090	£2,538

The proposals for the 2020 practising certificate fee for CILEx Entities is to hold the fee at the 2019 fee level

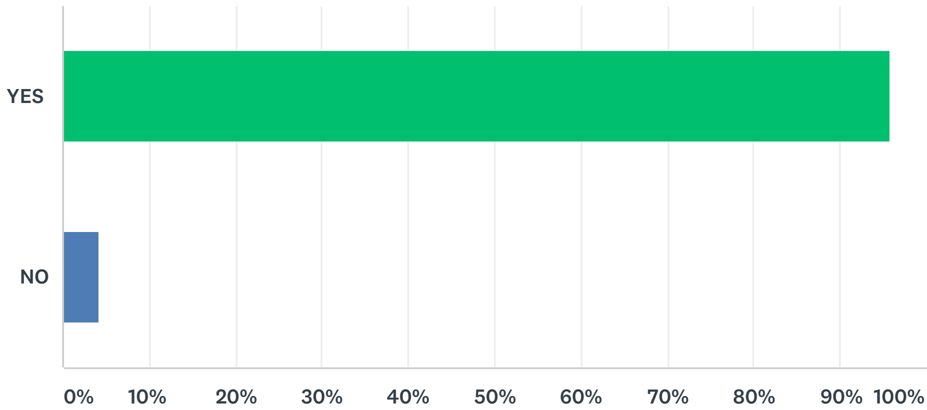
Do you agree that the 2020 practising certificate fee should be held at current levels?

YES/NO

If no, please give reasons:

Q1 The proposal for the 2020 practising certificate fee for Fellows/Chartered Legal Executives is to HOLD the fee at £364.Do you agree that the 2020 practising certificate fee should be held at £364?

Answered: 648 Skipped: 6



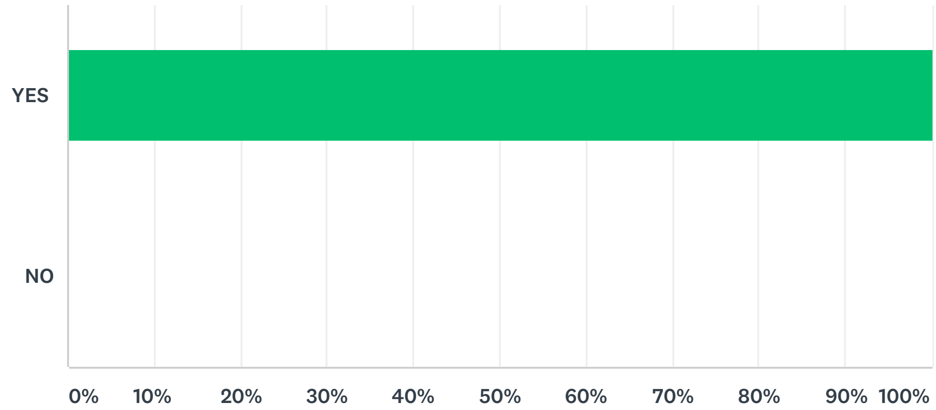
ANSWER CHOICES	RESPONSES	
YES	95.83%	621
NO	4.17%	27
TOTAL		648

#	IF NO, PLEASE GIVE THE REASON FOR YOUR ANSWER	DATE
1	These should be the same as those for a solicitor	6/3/2019 10:45 AM
2	Since most Legal Executives are not getting any help from their employers to pay for their practising certificate unlike Solicitors it make sense to keep it lower. Espcially if you have to pay for your own training as well.	5/22/2019 1:41 PM
3	I believe it is too high for the benefits provided by membership when paralegals are able to practice and achieve similar fee earning opportunities with little or no qualification	5/21/2019 6:43 PM
4	I think the fee needs to be reduced bearing in mind most members have had minimal pay rises in recent years.	5/20/2019 3:19 PM
5	I think it should be reduced, rather than paying for people like Claudia Winkleman and the cost of hiring Madame Tussauds. If you are going to spend membership fees on CILEX functions, they should be accessible for all; £175 plus travel and/or accommodation is money I don't have and working for Local Government, is money my employers don't have either. I'm sure there must be others like me as well.	5/20/2019 1:48 PM
6	However, I am concerned by the increasing costs of regulation when compared to membership.	5/20/2019 12:07 PM
7	A reduction in the fee would be preferable	5/20/2019 8:27 AM
8	Whilst I am happy for the fee to be held at £364 for full-time Legal Executives, I would like you to consider a reduction for part-time workers. Part-time workers earn a lot less than full-time workers - it equates to just over 2% of my annual salary. I for one find it difficult to pay, particularly as the payment falls due at Christmas, an expensive time of year for everyone.	5/19/2019 5:36 PM
9	should be reduced - the cost is far too high.	5/18/2019 10:29 PM
10	It should be less. Reason is that the fees are still too high when taking into account that we still can't certify LPAs and that 80% of what I can do can be done by a none qualified will writer. The only reserved legal activities are a separate qualification altogether not covered by being fcilex (probate practice rights of conveyancing rights). And even in those fields licences conveyancer fees are lower overall. Why are the fees not being reduced to reflect the added practice right fees that we will have to pay on top of the normal fee.	5/18/2019 8:27 PM

11	Reduce it for employed Fellows who work in businesses regulated by other legal regulators. Cut some of the central administrative costs and initiatives that are essentially vanity projects for the few and not value-adding or of interest for the majority of the CILEx-regulated community. At the same time, the fees charged to CILEX-regulated entities should increase. The cost of regulating these entities should be wholly borne by the entities themselves and no costs passed on in any way to the rest of the CILEx community.	5/18/2019 1:51 PM
12	It's a significant cost. Cilex should consider how admin fees could be cut in order to reduce the fee.	5/17/2019 8:28 PM
13	It should be lower. As a fellow I receive little to no support or practical benefit from the regulatory body and so do not feel this is of any value to me	5/17/2019 6:00 PM
14	The cost of a practising certificate for a CILEx Fellow should not be the same, if not slightly less, than a Solicitor who has more rights etc.	5/17/2019 4:55 PM
15	Expensive given the jump from graduate to fellow.	5/17/2019 3:53 PM
16	Costs rising could have negative approach on law firms paying for practice licence	5/17/2019 3:34 PM
17	The fee should be reduced. CILEX is over concerned with regulation and the empire building of the last few years needs to be scaled back. Actually remembering you're here to represent members wouldn't come amiss either.	5/17/2019 3:14 PM
18	i would just like it less expensive (but that isn't going to happen)	5/17/2019 3:11 PM
19	I work for a local authority. My employer therefore does not pay the fee. This should be discounted for locsl government lawyers.	5/17/2019 3:02 PM
20	i don't see any reason to increase the fees given the difficult climate for Lawyers which is due to all the proposed changes in the past and those to come in the future so fees should be kept to a minium	5/17/2019 2:44 PM
21	It should be reduced for Fellows/CLE whose only regulatory benefit is that of Commissioners for Oaths. The power to administer Oaths has limited financial if any benefit compared with other regulatory benefits e.g instruments, litigation or advocacy rights etc.	5/17/2019 2:41 PM
22	I think it should be lower as fellows get very little in return for their annual fees.	5/17/2019 2:39 PM
23	It should be reduced to take the burden off given the rise in living costs	5/17/2019 2:32 PM
24	It's a disproportionately high levy compared to for modest salary levels of the majority of CILEx members. I understand it that it is far higher than the Law Society membership fees paid by solicitors earning significantly higher salaries than us.	5/17/2019 2:27 PM
25	I have no feeling either way as this is paid in house. It is significantly cheaper than SRA.	5/17/2019 2:25 PM
26	The Cilex proportion is being decreased in order to meet higher regulation fees. This could result in the service being offered by Cilex being reduced.	5/17/2019 2:19 PM
27	Should be lowered to being more affordable	5/17/2019 2:18 PM
28	The cost of regulation is increasing due to operational and management decision relating to CILEX Regulation which are not "regulatory" focused. The true cost of regulation has been inflated by CILEX Regulation and the cost should be going down as promised to members over 4 years ago. Not going up for once is a start, but it is supposed to be going down in line with the other legal regulators as the LSB overarching objective.	5/17/2019 2:16 PM
29	SRA fees are less	5/17/2019 2:14 PM
30	Not enough information given please explain why you are only telling us about our own grade. We are all full members and need to see the full figures. We do not want to end in debt again due to head office mismanagement	5/17/2019 2:13 PM
31	Yes	5/17/2019 2:10 PM
32	The fee should be reduced as members do not receive the journal each month and communication with CILEX is poor	5/17/2019 2:10 PM
33	Solicitors Practising Certificates are far lower than the cost of CILEX practising certificates. I cannot see why this would be the case.	5/17/2019 2:07 PM

Q1 Question: Do you agree that the 2020 practising certificate fee should be held at current levels?

Answered: 3 Skipped: 0



ANSWER CHOICES	RESPONSES	
YES	100.00%	3
NO	0.00%	0
TOTAL		3

CILEx REGULATION

13 May 2019

Dear Jo,

I am writing to seek the views of the CPS on the Practice Certificate Fee (PCF) for Associate Prosecutors (APs) proposed by CILEx and CILEx Regulation for 2020. I would be grateful if you could consider the proposed increase below and let me have your views by **19 June 2019** so that I can report to our Board.

The PCF has to be approved by the Legal Services Board, our over-arching regulator, and we are required to consult with stakeholders and include their views in our submission to the LSB, where we are proposing an increase to the PCF. It is also encouraged that we consult with stakeholders where we are not proposing a change to the PCF.

We are proposing to hold the PCF for Associate Prosecutors at £271 for 2020.

If you would like to discuss the proposal or need any further information regarding them, do not hesitate to contact me.

I look forward to hearing from you by 19 June.

Kind regards

Vicky Purtill
Director of Authorisation and Supervision

APPENDIX 6

CPS

24 May 2019

Vicky Purtill – via e-mail

Dear Vicky,

Many thanks for your letter dated 13 May 2019, seeking the view of the CPS to the proposed changes to the Practice Certificate Fee (PCF) for Associate Prosecutors (APs) proposed by CILEx and CILEx Regulation for 2020.

I am grateful for the opportunity and time given to consider this.

I am writing to confirm the CPS is content with the proposal to hold the PCF for Associate Prosecutors at £271 for 2020.

Kind regards

Jo Crossley
Head of Court Business
Operations Directorate

Allocation of PCF to Permitted Purposes 2019

	Regulation (CRL)	Representation		Group Services	Other Activities	Total
Total Costs:						
Direct Costs	1,532,110	4,832,657		1,160,550	4,070,213	11,595,530
Shared Services	150,000	399,629		(1,160,550)	610,921	0
Other	0	0				0
Total Costs	**1,682,110**	**5,232,286**		**0**	**4,681,134**	**11,595,530**
Analysed:						
		PP	Other			
Permitted Purposes	1,682,110	1,088,583				2,770,693
Other	0		4,143,703	0	4,681,134	8,824,837
	100%	21%	79%	0%	100%	
Income:						
PCF	1,306,980	1,088,583				2,395,563
Regulatory Fees	375,130					375,130
Membership	0		2,361,370			2,361,370
Other Income	0		1,311,233	0	5,401,053	6,712,286
Total Income	**1,682,110**	**1,088,583**	**3,672,603**	**0**	**5,401,053**	**11,844,349**
Net Surplus/(Deficit)	**0**	**0**	**(471,100)**	**0**	**719,919**	**248,819**
Analysed:						
Permitted Purposes	0	0				0
Other			(471,100)	0	719,919	248,819
	0	**0**	**(471,100)**	**0**	**719,919**	**248,819**

Analysis of Representative costs between Permitted Purposes and Other: 2019

	Direct Costs	Services	Total Costs	PP %	PP	Other	Total Costs
Approved Regulator:							
Regulatory Levies	130,000		130,000	100%	130,000	0	130,000
Communications	402,520		402,520	3%	13,072	389,448	402,520
Policy	457,217		457,217	19%	89,091	368,126	457,217
Governance	883,944		883,944	9%	77,312	806,632	883,944
Services		42,002	42,002	26%	10,792	31,210	42,002
	1,873,681	42,002	1,915,683	17%	320,267	1,595,416	1,915,683
Representation							
Membership Operations	2,170,352		2,170,352	25%	535,896	1,634,456	2,170,352
Governance	78,206		78,206	7%	5,757	72,449	78,206
Administration	710,418		710,418	19%	134,775	575,643	710,418
Services		357,627	357,627	26%	91,889	265,738	357,627
	2,958,976	357,627	3,316,603	23%	768,316	2,548,287	3,316,603
	4,832,657	399,629	5,232,286	21%	1,088,583	4,143,703	5,232,286
	4,832,657	399,629	5,232,286		1,088,583	4,143,703	5,232,286
	(0)	0	(0)		(0)	(0)	(0)

Allocation of PCF to Permitted Purposes 2020

	Regulation (CRL)	Representation		Group Services	Other Activities	Total
Total Costs:						
Direct Costs	1,648,261	5,009,741		1,316,202	4,986,656	12,960,860
Shared Services	181,145	511,918		(1,316,202)	623,139	0
Other	0	0				0
Total Costs	**1,829,406**	**5,521,659**		**0**	**5,609,795**	**12,960,860**
Analysed:						
		PP	Other			
Permitted Purposes	1,829,406	954,524				2,783,930
Other	0		4,567,135	0	5,609,795	10,176,930
	100%	17%	83%	0%	100%	
Income:						
PCF	1,455,242	954,524				2,409,766
Regulatory Fees	326,000					326,000
Membership	0		2,346,050			2,346,050
Other Income	48,164		2,118,250	0	5,749,795	7,916,209
Total Income	**1,829,406**	**954,524**	**4,464,300**	**0**	**5,749,795**	**12,998,025**
Net Surplus/(Deficit)	**0**	**0**	**(102,835)**	**0**	**140,000**	**37,165**
Analysed:						
Permitted Purposes	0	0				0
Other			(102,835)	0	140,000	37,165
	0	**0**	**(102,835)**	**0**	**140,000**	**37,165**

Analysis of Representative costs between Permitted Purposes and Other: 2020

	Direct Costs	Services	Total Costs	PP %	PP	Other	Total Costs
Approved Regulator:							
Regulatory Levies	148,500		148,500	100%	148,500	0	148,500
Communications	404,186		404,186	1%	5,002	399,184	404,186
Policy	309,649		309,649	24%	74,270	235,380	309,649
Governance	642,412		642,412	11%	72,414	569,998	642,412
Services		53,804	53,804	22%	11,698	42,106	53,804
	1,504,747	53,804	1,558,551	20%	311,883	1,246,668	1,558,551
Representation							
Membership Operations	2,861,723		2,861,723	15%	430,328	2,431,395	2,861,723
Governance	98,980		98,980	5%	5,392	93,589	98,980
Administration	544,291		544,291	20%	107,321	436,970	544,291
Services		458,114	458,114	22%	99,599	358,515	458,114
	3,504,994	458,114	3,963,108	16%	642,640	3,320,468	3,963,108
	5,009,741	511,918	5,521,659	17%	954,523	4,567,136	5,521,659