



**LEGAL SERVICES  
BOARD**

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Antony Townsend  
Chief Executive  
Solicitors Regulation Authority  
Ipsley Court  
Berrington Close  
Redditch  
B98 0TD

1 August 2012

Dear Antony,

**Approval of the application made by The Law Society and the Solicitors Regulation Authority (SRA) to the Legal Services Board (LSB) under section 51 of the Legal Services Act for the level of practising fees for 2012/13**

In Chris Kenny's absence from the office on annual leave, I am writing on his behalf under authority delegated by him, to inform you that the 2012/13 practising certificate fee (PCF) levels and the periodical fees for licensed bodies, as set out in your application and supporting documents of 9 July 2012, have been approved by the LSB. We are content that the information that you have provided met the criteria of the LSB's Practising Fee Rules 2009, subject to the comments below.

We were very concerned that there was a significant increase in the Compensation Fund contribution for this year. While we understand the reasons for this, it is undesirable for significant fluctuations in the level of the contribution to be driven primarily because of the funding strategy chosen, rather than the level of actual and potential liabilities. However, approval of the Compensation Fund is dealt with under the Part 3, Schedule 4 to the Legal Services Act rather than under section 51 and we will therefore deal with that aspect at greater length in the Compensation Fund Decision Notice.

We note that there was some stakeholder engagement through early and public discussion about the SRA's fees policy. Although we have concluded that this engagement was adequate in ensuring that your Board had some insight into views of the profession before reaching its decision, as with last year, the consultation undertaken was more limited than in 2010. This is disappointing, as the 2010 exercise seemed to be a model of good practice in relation to both the level of the fee and the structure of PCF allocation. We therefore expect to see a more thorough consultation exercise for 2013/14, reflective of the 2010 process, not least because of the planned review of fees and charges. We would like to be kept informed of the timetable for this. The exercise will need to involve The Law Society and SRA, given that the PCF includes a substantial

compulsory membership fee for representative (permitted) purposes as well as regulatory purposes.

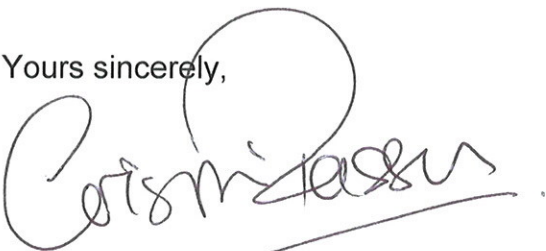
One final issue of concern was that the application did not include information about the SRA's shared services allocation. Additional information was submitted as part of the approval process on 20 July 2012, and we were pleased to note that this information will be included in applications made in future.

I am grateful to The Law Society and SRA representatives that have worked with my team during the process to reach this decision. We look forward to maintaining dialogue to ensure that we continue to improve the process for next year.

Please contact Paul Greening, Regulatory Associate,  
[paul.greening@legalservicesboard.org.uk](mailto:paul.greening@legalservicesboard.org.uk) or 020 7271 0075 if you have any questions of detail.

I have written in identical terms to Des Hudson at The Law Society.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Crispin Passmore', with a large circular flourish above the name.

**Crispin Passmore**

Strategy Director

**Acting under delegated authority granted by the Board of the Legal Services Board**

**E [crispin.passmore@legalservicesboard.org.uk](mailto:crispin.passmore@legalservicesboard.org.uk)**