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1 October 2012

Dear Lynn,

Application by Costs Lawyer Standards Board (CLSB) under section 51 of the Legal Services Act 2007 for the approval of the level of the practising fee 2013

Thank you for submitting an application on behalf of CLSB under section 51 of the Legal Services Act 2007 (the Act) and the Legal Services Board's (LSB) Practising Fee Rules 2009 (the Rules) on 10 September 2012. Thank you also for submitting additional information in response to our queries about the application on 21 September 2012 and a revised version of your response on 30 September 2012. We intend to publish the information provided to us on 30 September 2012, alongside this decision letter, on our website in the next few working days.

I am pleased to inform you that the 2013 practising fee has been approved. This decision has been made under the authority delegated to me as Chief Executive by the LSB.

In reaching our decision, we had several observations, which I set out below and which we would be grateful if you could consider for future applications.

We noted from the application that the PCF for 2013 would remain the same as for 2012. However, the application did not include a figure for the total anticipated income from the PCF for 2013. Thank you for providing us with information about this. For transparency, future applications should set out total anticipated income, from both PCF and if relevant, any other income sources.

While the application included the accounts for the year ended 2011, it did not include any analysis of the 2012 budget and actual figures compared to anticipated 2013 costs. This is something that we do ask is included in applications and therefore it was helpful to be provided with further information. A summary, which shows all of the figures for the coming year budget against all of the budgeted and actual figures for the current year would be a helpful addition to future applications.

We also asked for information about the CLSB's reserves policy, and were pleased to note that you are taking a risk based approach to setting your reserves, basing the policy on potential exposure rather than annual income.

The CLSB application confirmed that all resources were devoted to permitted purposes, as defined by Rule 6 of the Rules. However, we were surprised at the amount of resources spent on non-regulatory permitted purposes and would be surprised and curious if the proportion of resources focused on regulation did not increase in future.

We note that the method of consultation was an email to all those with a 2012 Costs Lawyers practising certificate and publication on the CLSB website and that the Board did not consider the final application, given that CLSB is not proposing on increasing its fee.

It was helpful to receive a summary of responses to the consultation. While they did all agree with the fee level there were some points raised that it may have been appropriate to consider responding to in the PCF application. We also note that ACL did not respond to the consultation.

Please contact Karen Marchant, Regulatory Associate,
(karen.marchant@legalservicesboard.org.uk or 020 7271 0054) if you have any questions.

I am copying this letter to Iain Stark at ACL, as the Chairman of the approved regulator, for information.



Chris Kenny
Chief Executive

