

Direction 161 issued under Part 3 of Schedule 4 to the Legal Services Act 2007 to the Council for Licensed Conveyancers (CLC)

1. This is a direction issued pursuant to paragraph 19(3) of Schedule 4 of the Legal Services Act 2007 (the “Act”).
2. Unless stated otherwise, words in this direction are used as they are defined in the Act.
3. In accordance with paragraph 19(3) of Schedule 4 to the Act, the Legal Services Board has directed that the following alterations by the CLC to its regulatory arrangements be treated as exempt alterations for the purposes of paragraph 19(2)(c) of Schedule 4:

CLC Compensation Fund contributions for the practising year 2020/21

Proposed changes

1. The CLC is proposing to retain the current contribution levels for the 2020/21 practising year, which starts on 1 November 2020. The methodology for calculating CLC practices’ contributions to the Compensation Fund has been in place since 2010 and is as follows:
 - (i) contributions are set at minimum fixed levels based on four bands of turnover; plus
 - (ii) a percentage-based uplift for all bands (excluding the lowest band) is added where the turnover exceeds the minimum for the band.
2. The proposed Compensation Fund contribution for 2020/21 is as follows:

Turnover Banding		Compensation Fund contribution			
From	To	Minimum Fee in Band			
0	100,000	500			
		Minimum Fee in Band			On Turnover in excess of
100,001	500,000	500	plus	0.16%	100,000
500,001	3,000,000	1,140	plus	0.12%	500,000
3,000,001	and over	4,140	plus	0.08%	3,000,000

Reason for exemption direction

3. There is no change to the level of contribution for 2020/21 or the basis of the calculation. The level of contribution has only changed on one occasion since 2010, which was last year, when contribution rates were reduced by 60%.
4. We were satisfied with the explanation provided on the impact of maintaining fees on the CLC’s target level of reserves for the fund. However, in advance of next year’s application, we expect CLC to fully assess the EDI impact of its current level of contribution on CLC practices.

5. We note that the consultation on this proposal was not effective as it received no responses, although the CLC has stated the wider engagement that it has had with its regulated community through the pandemic, including conducting seven surveys which have generated evidence that it has factored into its fee decisions. Whilst we recognise the specific challenges this year and accept the CLC's wider engagement on related matters as an acceptable approach in the circumstances, we will expect the CLC to be able to demonstrate meaningful and effective consultation when it applies for approval for its contributions next year.
6. A copy of the alteration was submitted to the Board on 25 August 2020.
7. This direction is to be deemed made on and effective from 21 September 2020.

For and on behalf of the Legal Services Board
21 September 2020