



**Council for Licensed Conveyancers
Supplemental Application
to the Legal Services Board
Under schedule 4 Legal Services Act 2007
For Approval of
Licence and Practice Fees Arrangements
September 2010**

Introduction

1. This paper is supplemental to the Application submitted by the CLC under Part 3 schedule 4 Legal Services Act 2007 in August 2010 (the August Application) and provides details about the CLC's arrangement in respect of contributions to the CLC's Compensation Fund for the year commencing 1 November 2010. The Licence and Practice Fee rates to be levied for the year commencing 1 November 2010 are set out in the CLC's separate s.51 Application.
2. The CLC's Fees Rules made by the Council of the CLC for approval by the LSB are at Annex 1.

Compensation Fund Contributions

3. Paragraph E of the Summary to August Application states:

"The funds in the Compensation Fund will be applied only for the maintenance, management and administration of the Fund. The fee payable will continue to be determined as a percentage of turnover of each Practice".
4. In determining what sum (if any) should be levied for the Compensation Fund, the CLC has assumed that the total direct costs of the Compensation Fund for 2011 will be £500,000 taking into account the following:
 - Paragraph 39 of the CLC's Consultation Paper Review of Licence and Practice Fee Arrangements issued in February 2010 stated that based on the CLC's 2008 Accounts the direct costs attributable to the Compensation Fund amount to just over £380,000 (this was an error and should have read £280,000).
 - Paragraph 42 of the CLC's Consultation Paper assumed that the levy for the Compensation Fund would be £500,000.
 - Note 2 of the CLC's 2009 Accounts confirms the direct costs of the Compensation Fund for 2008 at £282,780 and reports that the direct costs for 2009 were £348,173.
 - The average direct costs of the Compensation Fund for the period 2004-2009 was £330,633, and for the period 1999-2009 was £389,031.
5. Since 2007 the CLC has determined the level of contributions required for the Compensation Fund on the basis that its cash reserves should be no less than £2,000,000. As at 31 December 2009 the cash reserves in the CLC's Compensation Fund totaled £3,259,141. It is currently anticipated that as at 31 December 2010 the cash reserves in the CLC's Compensation Fund will be equal to or in excess of the level at 31 December 2010 (£3,259,141). On the basis that the costs incurred by the CLC are £500,000 (disregarding interest to be accrued on the cash reserves) cash reserves as at 31 December 2011 will be £2,759,141 (£3,259,141 less £500,000), well above the lower limit set for the CLC's cash reserve on the Compensation Fund.

6. For the reasons set out above the CLC is satisfied that there will be no adverse impact on the regulatory objectives (in particular the protection of consumers) if there is a nil contribution to the CLC's Compensation Fund for licence year commencing 1 November 2010 and has so determined.
7. In the unlikely event that the cash reserves prove insufficient, (as set out at paragraph 35 of the Consultation Paper) the CLC may require the profession to make additional contributions to the CLC's Compensation Fund¹. Alternatively, assuming sufficient sums were available and in order to avoid the additional costs of having to make an additional levy, the CLC could transfer monies from the Operations Account to the Compensation Fund.

¹ Rule 4 Compensation Fund Rules 2009



The Council for Licensed Conveyancers' Fees Rules 2010

Made 2010 by the Council for Licensed Conveyancers with the approval of the Legal Services Board in accordance with s.14, 32 and 38 Administration of Justice Act 1985 and s.51 Legal Services Act 2007.

CITATION, COMMENCEMENT AND REVOCATION

1. These Rules may be cited as the Council for Licensed Conveyancers' Fees Rules 2010 and shall come into force on [date] 2010 on which date the Council for Licensed Conveyancers' Fees Rules 2003 shall cease to have effect.

LICENSING RULES

2. The fees payable by virtue of the Licensed Conveyancers' Licensing Rules 2009 shall be as follows: -
 - (1) for a licence under rule 2.4(b): £[amount];
 - (2) the additional fee payable for failure to submit an Accountant's Report within the time limited under rule 2.5(c): £[amount];
 - (3) the additional fee under rule 2.5(d), when applying for a licence under rule 2.3(a), either for the first time, or where such a licence is not in force at the time of the application (and has not been in force for at least 12 months prior to that date): £[amount];
 - (4) for a duplicate licence, where chargeable under Rule 2.10: £[amount].
 - (5) for an amendment of a licence under rule 3.4, rule 5.2 or rule 5.3: £[amount];

PROBATE RULES

- The fee payable by virtue of rule 5.3(b) of the Licensed Conveyancers' Probate Rules 2008 shall be £[amount].

REGULATION OF PRACTICES (RECOGNISED BODIES) RULES

- The fees payable by virtue of rule 7.4(a) of the Council for Licensed Conveyancers' Regulation of Practices (Recognised Bodies) Rules 2009 shall be determined by reference to the turnover declared by the Recognised Body for the purpose of determining the applicable annual premium payable in accordance with rule 4.1 of the Council for Licensed Conveyancers' Indemnity Rules 2009 as follows:

| Turnover Banding | | | Practice Fee payable | | | | |
|------------------|--------------|------------|----------------------------|------|------|---------------------------------|--------------------------|
| | | | Minimum Fee in Band | | | | |
| Between | 0 and | £100,000 | £[amount] | or | []% | Of Turnover | Whichever is the greater |
| | | | | | | | |
| | | | Minimum Fee in Band | | | On Turnover in excess of | |
| Between | £100,001 and | £500,000 | £[amount] | plus | []% | £100,000 | |
| Between | £500,001 and | £3,000,000 | £[amount] | plus | []% | £500,000 | |
| Over | £3,000,000 | | £[amount] | plus | []% | £3,000,000 | |

- The fee payable by virtue of rule 8.7 of the Council for Licensed Conveyancers' Regulation of Practices (Recognised Bodies) Rules 2009 shall be £[amount].

WAIVER

- The Council may in writing waive or vary any of the provisions of these Rules and may revoke any waiver in any particular case.