

Direction 155 issued under Part 3 of Schedule 4 to the Legal Services Act 2007 to the Association of Costs Lawyers

1. This is a direction issued pursuant to paragraph 19(3) of Schedule 4 to 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 Board has directed that the following alterations by the Association of Costs Lawyers (ACL) to its regulatory arrangements be treated as exempt alterations for the purposes of paragraph 19(2)(c) to Schedule 4:

Amendments to the Memorandum of Understanding between the Association of Costs Lawyers and the Costs Lawyer Standards Board (“the Memorandum of Understanding”)

Proposed changes

4. The ACL seeks approval of alterations to its regulatory arrangements in order to comply with the LSB’s Internal Governance Rules 2019 (IGR). The alterations focus in particular on rule 2 of the IGR (the duty to delegate) and rule 3 (the requirement for regulatory bodies to provide assurance of compliance with section 28 of the Act).
5. In order to comply with the IGR, the ACL has, in collaboration with the Costs Lawyer Standards Board (CLSB) proposed alterations to the Memorandum of Understanding that explains the delegation of regulatory functions to the CLSB.
6. The Memorandum of Understanding provides:
 - a) Confirmation that the ACL, as an approved regulator under the Act has delegated the discharge of its regulatory functions to the CLSB; and
 - b) Further amendments throughout in order to comply with the IGR.
7. The amended Memorandum of Understanding, which is exempt under this direction, is set out at **Annex A** to this notice. The Memorandum of Understanding is supplemented by an Operational Protocol (also annexed at **Annex B**) which sets out the key administrative duties to be undertaken by each of the ACL and the CLSB.
8. During the course of the LSB’s assessment of the ACL’s proposals, the ACL made minor technical changes to both documents.

Reason for exemption direction

9. The LSB has considered the proposed alterations against our Significance, Impact and Risk Assessment Framework (“SIR Framework”) and is satisfied that, in accordance with the SIR, the proposed alterations are suitable for exemption.
10. The proposed amendments do not represent a substantial change in regulatory policy or approach. They are alterations required in order to comply with the IGR.

11. This direction is limited to amendments to the Memorandum of Understanding between the ACL and the CLSB, which were set out within the application. It does not cover the ACL and CLSB's compliance with other provisions of the IGR.
12. A copy of the alteration was submitted to the Board on 22 June 2020.
13. This direction is to be deemed made on and to be effective from 17 July 2020.

For and on behalf of the Legal Services Board

17 July 2020