PRACTISING FEE APPLICATION FOR APPROVAL BY THE LEGAL SERVICES BOARD UNDER SECTION 51 OF THE LEGAL SERVICES ACT 2007

9 September 2026

I. Summary and overview

This section asks for background information relating to the proposed PCF.

- Briefly summarise the proposed fee structure and levels and state whether the proposal is for an increase, decrease or no change to the PCF relative to the previous year. Include an explanation of why the fee level has changed (if applicable).

- The PCF for Costs Lawyers was static from 2011 to 2019, at £250. The PCF has then increased as follows:

    - 2020 – increased to £275
    - 2021 – retained at £275
    - 2022 – increased to £281
    - 2023 – retained at £281
    - 2024 – increased to £290
    - 2025 – increased to £305
    - 2026 – increase to £312
    - **2027 – proposed increase to £325**

- The proposed PCF for 2027 represents an increase of £13, or 4.16%. This is slightly higher than the prevailing rate of inflation at the time of application due to rising costs of operations as explained in this application.

- Although our operational costs have risen, as they have across the sector, we have worked to mitigate their impact as much as possible to minimise the increase to the proposed 2027 fee. While we have applied a general 4% inflationary assumption, the CLSB's overall expenditure for 2027 is expected to rise by 9.6% compared to 2026. This increase is driven by several key factors as explained in more detail in our PCF consultation documentation, and include:

    - Resourcing pressures
    - Board turnover
    - Travel and stakeholder engagement
    - IT and digital services
    - Increased levies.

- The estimated LSB levy is within £150 of our budgeted costs for 2027.

- In terms of fee structure and levels, the same PCF is charged to all individual Costs Lawyers. Where a practitioner reinstates their practising certificate part way through a practising year, the PCF is pro-rated depending on the month of reinstatement. The same approach is taken for new qualifiers.

- The CLSB does not regulate entities and, accordingly, there is no fee structure for firms.

An application by the approved regulator must satisfy the LSB of all the matters in Rule 29 for the LSB to approve the PCF. Rule 30 provides that if the approved regulator fails to satisfy the LSB of any of the matters in Rule 29, the LSB may refuse to approve the entire or part of the practising fee and/or require the approved regulator to resubmit the application addressing the matter(s) set out in Rule 30. • Explain the arrangements in place for the continued operation of the approved regulator in the event that the practising fee is not approved and as a consequence, collection of practising fees is not authorised within the intended timeframe.
• In the event that the proposed 2027 PCF was not approved, the CLSB would use its uncommitted reserves to meet ongoing operating costs as well as the additional costs created by the LSB's refusal to approve the fee. Use of our uncommitted reserves for this purpose is expressly permitted by our Reserves Policy. More information about our Reserves Policy can be found below in section IV.
• Please state how this application addresses concerns raised by the LSB in the previous year's PCF application, or under the regulatory performance assessment framework (if applicable).
• The CLSB was assessed as having met all the LSB's outcomes in the most recent performance assessment undertaken in 2024 and no specific concerns were raised that need to be addressed in this application. • In developing our proposed Business Plan for 2027 (and, previously, our mid-term organisational strategy for 2024 to 2027) we have been mindful of the need to ensure alignment with, amongst other things, expectations in the LSB's updated performance framework; the LSB's strategy for the sector; and the LSB's published policy tools and emerging policy positions. • In relation to the previous year's PCF application, there were two expectations set out by the LSB as follows: *"a) We expect the CLSB to reflect on the methodology used to calculate the minimum reserve target level towards the end of the next practising year to ensure it is satisfied that a contingency of 10% provides for a proportionate target that falls within the recommended range at paragraph 102 of the Guidance, or if not, that the CLSB can explain its target reserves level reflect a proper estimate of risk.*   • For the 2027 application, the CLSB has taken on board the questions raised by the LSB about reserve levels in the 2026 application process and adjusted the method used to calculate the target by calculating it based on the ***proposed*** levels of 2027 expenditure, rather than use the actual approved 2026 budget as we have done in the past. This was especially relevant for the 2027 practising fee application as we are proposing using the underspend in the special projects budget in 2026 (which has arisen largely due to the cyber resilience programme of work costing

significantly less than was expected) to meet the reserve level targets in full. This not only means minimising an increase in the PCF for 2027 but will also reduce rises in future years which we would anticipate being limited to near inflation-based contributions unless a significant call on reserves were to occur, necessitating a programme of re-funding. *b) We expect the CLSB to keep us updated on the numbers of Cost Lawyers that are potentially impacted by the CCMS outage, particularly if the number increases..” level reflect a proper estimate of risk.* • No concerns were mentioned relating to the CCMS outage at all in any of the responses to this year’s consultation, which aligns with our understanding that this has widely been resolved for Costs Lawyers who were impacted last year. Legal Aid itself did not arise as an issue in any responses either.
• If any potential issues were identified in informal engagement with the LSB prior to the submission of an application, please state these, and how they are addressed, in the application.
• The LSB shared future expectations of the CLSB, and other frontline regulators, when submitting PCF applications in a letter dated 3 July 2026, and in particular, *“As you prepare to submit a PCF application over the coming months, I would therefore encourage you to prepare a clear narrative explanation of how the intended benefits from the proposed activity funded from the PCF - as set out in Rule 14a under the Rules and Guidance - will promote the interests of consumers and the public, in line with the regulatory objectives.”* • The CLSB has been consistently planning and reporting against consumer outcomes and regulatory objectives in its business plans over recent years and this application builds on that approach. See the table in the next section which has a new column (the last column) specifically connecting each activity with at least one consumer outcome.

II. Allocation of practising fee to permitted purposes (rules 8, 14 16)

Section 51(2) of the Act makes clear that an approved regulator may only apply amounts raised by practising fees for one or more of the *permitted purposes.* Further, as a regulatory function the level of the PCF must be set and applied for by the approved regulator in accordance with section 28 of the Act.

- Provide an outline and explanation of the programme of activity[1] to be funded by the PCF during the practising fee year and which permitted purpose(s) each activity within the programme of activity is relevant to.

1 'Programme of Activity' is defined in the Rule 1 (Definitions) as the activities which the approved regulator intends to carry out during the practising fee year and will be funded, in whole or in part,by the practising fee.

- For approved regulators with both representative and regulatory functions, set out the amount of the practising fee which will be allocated to the regulatory body and the amount to be retained. Where there are shared services between the approved regulator and the regulatory body, it should be made clear the costs that are shared services and the basis of the apportionment of cost.

- A template for setting out this information is provided below, which is optional to use.

Description of activity	% of total practising fee (and actual figure) allocated to activity	Permitted purpose	Strategic objective it is relevant to/ or expected benefit	Representative or Regulatory activity

- Pursuant to Rule 16, if any amounts raised by the PCF will fund an activity for multiple purposes, one or more of which is not a permitted purpose, please explain the basis on which the approved regulator is satisfied that the funding of that activity is nonetheless in compliancewith section 51(2) of the Act.

- The requested information is set out in the table below. In relation to that information, please note:

  (a) None of the PCF is allocated to representative functions. The representative body for the Costs Lawyer (CL) profession, the Association of Costs Lawyers (ACL), raises its own funds through a separate membership fee. In this way, all funds raised through the PCF are for the CLSB to allocate exclusively to regulatory functions.

  (b) The CLSB does not engage in activities that fall outside the definition of permitted purposes, therefore all PCF income is used in pursuit of permitted purposes.

  (c) The CLSB does not share any services with ACL. This is documented in the MOU and Operating Protocol between the two organisations, which was last reviewed in June 2025, and is available on our website. This has not been updated since as there have been no changes.

  (d) The letters used to denote the permitted purposes in the table below ((a), (b), (c) and so on) are taken from Rule 8 of the LSB's Practising Fee Rules.

  (e) The numbers used to denote the regulatory objectives (RO1, RO2, RO3 and so on) are taken from the LSB's paper on the regulatory objectives, dated June 2017.

  (f) The letters used to denote our strategic objectives (A, B, C and so on) refer to the objectives in our mid-term organisational strategy, as adopted in our 2027 Business Plan (provided at **Annex 1**, see page 4).

  (g) ***New*** for the 2027 application is the column below called "**Consumer Outcome(s)**". While our business plans always set out which of the CLSB's published consumer outcome(s) each business plan priority meets, we have not presented it in this way for 'business as usual' (BAU) activity. In the LSB's letter to the CLSB of 3 July 2026, it asked that we include this information in our 2027 application. These consumer outcomes should be considered alongside our Policy Statement on Good Consumer Outcomes.

  (h) While the table below aims to capture all resources expended on each activity from across all budget line items (i.e. internal person-hours, outsourced person-hours, variable costs and a proportion of overheads), we emphasise that this is an estimated prediction and it will fluctuate from year to year as we respond to external demands on our resources.

  (i) The expenditure figures allocated to each of the activities in the table add up to the total projected expenditure in our proposed **2027 budget, namely £269,455** (provided at **Annex 2**).

(j) There is no budget item for contribution to reserves as this will be met by from the 2026 underspend in special projects.

(k) Where one of our Business Plan priorities could also be included in a more general activity area, such as "regulatory policy", we have reduced the anticipated spend in the general activity area by the amount allocated to the specific Business Plan priority. In this way, expenditure on Business Plan priorities is only counted once. For example, the amount allocated to "education and training" is less than it will likely be in future years, because our core work in this area for 2027 is captured by Business Plan priorities 6 (*Consider the reaccreditation of ACL Training as an Accredited Study Provider of the Costs Lawyer Qualification. Work with ACL Training and the employer Trailblazer Group to progress the Costs Lawyer apprenticeship.*), and 7 (*Respond to the review of the Competency Statement completed in 2026.*).

Description of activity	% of practising fee and actual figure allocated to activity		Permitted purpose	Strategic objective / expected benefit	Regulatory objectives	Consumer Outcome(s)
	%	£				
Authorisation – PC renewals, reinstatements, new qualifiers, data capture, fee remissions, enquiries	3.5%	£9,431	(a)	Core regulatory activity Strategic objectives D, E	RO1, RO4, RO6, RO8	Quality Access Innovation Privacy Fairness Diversity
Supervision – CPD audit, complaints procedures audit, PII monitoring, point of complaint monitoring, feedback to the profession, awareness raising and support	4.8%	£12,934	(a)	Core regulatory activity Strategic objectives B, D	RO1, RO4, RO6, RO8	Price Quality Access Innovation Privacy Fairness Diversity
Disciplinary – complaint handling, audit failures, investigations, disciplinary hearings and appeals, monitoring practising conditions, signposting for complainants, publication	7.5%	£20,209	(a)	Core regulatory activity Strategic objectives C, D	RO1, RO4, RO8	Price Quality Access Privacy Fairness Diversity
Regulatory policy – research and evidence gathering, risk and data analysis, developing standards and guidance, consultation and assessment, policy interventions	16.1%	£43,382	(a), (c), (g)	Core regulatory activity Strategic objectives All	Promotes all ROs	Price Quality Access Innovation Privacy Fairness Diversity

External engagement – sector or subject specific forums (workshops, meetings, networks, boards etc.), social media and group communications, key stakeholder engagement (ACL, BEIS, MoJ, LSCP, LeO, LawCare etc.), press, inbound enquiries, website, public legal education	6.8%	£18,323	(a), (c), (g)	Core regulatory activity Strategic objectives A, B, C	RO1, RO4, RO6, RO7	Price Quality Access Innovation Privacy Fairness Diversity
Education and training – liaison with study providers, course audit and monitoring, governance, overseeing Qualifying Experience, apprenticeship end-point assessment, policy and strategy development and implementation	2.24%	£6,036	(a)	Core regulatory activity Strategic objectives B, C, D, E	RO1, RO2, RO4, RO5, RO6, RO8	Quality Access Innovation Fairness Diversity
Recognition of foreign qualifications – implementation of government policy, legislative requirements and new trade agreements	0.04%	£108	(a), (c), (f)	Core regulatory activity Strategic objectives A, D	RO6, RO8	Quality Access Innovation Diversity
Strategy – business plan and budget development, workstream and resource planning, horizon scanning, succession planning, prioritisation	1.35%	£3,638	(a)	Core oversight activity Facilitates all strategic objectives	Facilitates all ROs	Price Quality Access Innovation Privacy Fairness Diversity
Governance – Board meetings and liaison, Board papers and reporting, Remuneration Committee, transparency and publication, business continuity, risk mitigation, corporate reporting	9.8%	£26,407	(a)	Core oversight activity Facilitates all strategic objectives	Facilitates all ROs	Price Quality Access Innovation Privacy Fairness Diversity
LSB engagement – PCF application, rule change applications, consultation responses, ongoing relationship management, performance reporting, information requests	2.71%	£7,302	(a), (c)	Core oversight activity Strategic objective A	Facilitates all ROs	Price Quality Access Innovation Privacy Fairness Diversity
Payment of levies – LSB and Legal Ombudsman	9.63%	£25,949	(b)	Required within the regulatory framework	RO1, RO3, RO4	Quality Fairness

Contribution to **Legal Choices**	2.16%	£5,820	(g)	Strategic objectives A, B	RO3, RO7	Price Quality Access Innovation Fairness Diversity
2026 Business Plan priority 1	9.3%	£25,059	(a)	Strategic objectives All	Facilitates all ROs	Quality Access Innovation Fairness
2026 Business Plan priority 2	3.6%	£9,700	(a)	Strategic objectives D	RO6, RO7, RO8, RO9	Quality Access Innovation Fairness
2026 Business Plan priority 3	3.6%	£9,700	(a)	Strategic objectives B, C, D	RO1, RO4, RO8	Quality
2026 Business Plan priority 4	2.3%	£6,197	(a)	Strategic objectives All	Facilitates all ROs	Supports all
2026 Business Plan priority 5	2.1%	£5,659	(a)	Strategic objective All	Facilitates all ROs	Supports all
2026 Business Plan priority 6	5.3%	£14,281	(a)	Strategic objectives A, B, C, E	Facilitates all ROs	Quality Access Innovation Diversity
2026 Business Plan priority 7	1.1%	£2,964	(a)	Strategic objectives B, C, D	RO1, RO4, RO8	Quality Access Innovation Diversity
2026 Business Plan priority 8	1.1%	£2,964	(a)	Strategic objectives B, C, D	RO1, RO4, RO8	Quality Access Innovation Diversity
Data and compliance – database development, document destruction and data hygiene, records of processing, data agreements, compliance with LSB requirements, other operational compliance	1.75%	£4,715	(a)	Core operational activity Strategic objective E	Facilitates all ROs	Price Quality Access Innovation Privacy Fairness Diversity

Staff and supplier matters – recruitment, appraisals, contracting and commissioning, onboarding, training and resources	1.57%	£4,230	(a)	Core operational activity Strategic objective E	Facilitates all ROs	Price Quality Access Innovation Privacy Fairness Diversity
Finance – annual accounts, bookkeeping, invoicing, financial reporting, account management, PCF collection, reserves	1.65%	£4,446	(a)	Core operational activity Strategic objective E	Facilitates all ROs	Price Quality Access Innovation Privacy Fairness Diversity

- Description of how the activities that the fee will be applied to which are regulatory functions are consistent with the regulatory objectives (as far as reasonably practicable).

- We understand from paragraph 37 of the LSB's Practising Fee Guidance that core regulatory, oversight and operational activities are assumed to be consistent with the regulatory objectives. We will therefore not describe this in detail, however, we have noted which regulatory objectives are most relevant to each of these activities in the table above.

- A summary of how our 2027 Business Plan priorities are consistent with the regulatory objectives is set out below. We will report on the actual benefits achieved through this work programme in the following practising year when we publish the Annual Report (introduced in 2026)" at **Annex 3**).

2027 Business Plan priority 1	Facilitates all ROs	Each of our five overarching strategic priorities for the period 2024-2027 requires consistent and clear communication of key messages about the purpose of regulation, how the CLSB and its regulated community promote the regulatory objectives, and the benefits of this to our stakeholders (including consumers and the wider justice system). Through evolution of the next phase of our communications strategy under this priority, we will promote access to regulated costs advice, encourage competition and innovation, emphasise consumer/client protections available from Costs Lawyers, and expand understanding of ethical principles amongst all costs advisers, whether regulated or not.
2027 Business Plan priority 2	RO6, RO7, RO8, RO9	Growing the library of guidance and resources to help Costs Lawyers understand how to meet the professional and ethical expectations of the profession drives up standards, lowers risks and ultimately benefits consumers/clients through improved quality.
2027 Business Plan priority 3	RO1, RO4, RO8	A risk based approach to reviewing the CLSB's existing frameworks and current guidance will ensure a robust regulatory system for Costs Lawyers, and meet the requirements of the LSB's Statement of Policy on Upholding Professional Ethical Duties.

2027 Business Plan priority 4	Facilitates all ROs	With the CLSB strategy coming to the end of its shelf-life at the end of 2027, a new CLSB strategy is essential in steering the organisation towards future goals, and is the opportunity to address the changing landscape and respond in order to shape an effective regulator for future years, while supporting the profession innovate, grow and deliver strong consumer/client outcomes.
2027 Business Plan priority 5	Facilitates all ROs	After considerable groundwork in 2026, the CLSB will operationalise its revised EDI strategy with a carefully focused approach that balances the CLSB and profession's size with ambition, delivered annually via a year to year plan. This will ensure the CLSB delivers on its regulatory objectives in this area by embedding action.
2027 Business Plan priority 6	Facilitates all ROs	The first reaccreditation process of the CLPQ provider, ACLT, will be undertaken to ensure that the course meets the academic quality and aims set out in the Accredited Study Provider Scheme Handbook. This is essential in ensuring those entering the process meet the regulatory criteria.
2027 Business Plan priority 7	RO1, RO4, RO8	The Competency Statement is the central pillar of regulatory expectations of Costs Lawyers and essential to the delivery of the CLPQ. While this review is not a response to any mischief, it presents and opportunity to reflect on changes in the way legal services are delivered, the risk profile and adapt accordingly.
2027 Business Plan priority 8	RO1, RO4, RO8	The CLSB's Ethics Hub has been a great success and we will seek to emulate this for Competencies to drive up standards and understanding, ultimately delivering on all regulatory objectives but with a keen focus on consumer/client outcomes.

III. Financial information (rule 17)

This information must be prepared on the basis of accruals rather than cash, if reasonably practicable.

- **Income and expenditure forecasts**, including practising fee income, for the year in which the PCF will be levied. Where the approved regulator expects a material change in circumstances the income and expenditure forecast will need to cover three years from and including the year in which the PCF will be levied. The income and expenditure forecast should incorporate:
    - total income from all sources (PCF income and other sources), including any commercial income arising from PCF funded permitted purposes.
    - anticipated expenditure, including the payment of levies imposed on the approved regulator and expenditure on non-permitted purpose activities.
    - summary of how the budget was arrived at, including any consultation between the regulatory and representative arms.

- **Financial information for the previous year and actual expenditure**, including a comparison of actual and budgeted income and expenditure. Financial information provided for the previous year should inclu2.8de:
    - forecasted budget and actual expenditure and income
    - PCF income collected and a breakdown of how it was allocated or spent by activity.
    - an explanation of any variation in total PCF spending.

Income and expenditure forecasts

- Income and expenditure forecasts for 2027 can be found in our budget at **Annex 2**. We do not anticipate any material change in circumstances, so we have not included forecasts for 2028 and 2029 in line with paragraph 61 of the LSB's Practising Fee Guidance. In relation to paragraph 62 of the Guidance, figures are calculated inclusive of VAT, as VAT is not recoverable by the CLSB.

- Our income is generated almost exclusively from the PCF and all budget items are met with PCF funds. We generate a de minimis amount of income from accrediting Costs Lawyers to provide training activities to peers and by way of interest on our financial reserves. Given the small and unpredictable nature of that income, it is not allocated to any particular item of expenditure and we do not include it in budgeted income.

- As noted above, there is no planned expenditure on non-permitted purpose activities.

- In terms of how the budget was arrived at, the process is summarised below. We repeated the process that we have used in previous practising years, which we have found very effective for our needs.

- We started by ascertaining our fixed/committed expenditure and our variable core expenditure. Some assumptions have been made (for example, the number of Board meetings that will be held via Microsoft Teams vs. in person, inflationary impact on suppliers' prices and wages, etc.). We also considered whether any costs could be reduced or whether we could improve performance or efficiency by increasing them.

- Inflation-linked assumptions were based on CPI for the current year, in line with the Practising Fee Guidance. At the time the budget was developed, inflation was reported as 2.6% for the period up to June 2026. With the impact of the ongoing geo-political instability and the Europe-wide drought this summer, there remains considerable uncertainty over the future direction of UK inflation.

- We costed the priorities in our 2027 Business Plan. These costings were based on discussions with our consultants or suppliers about the scope of each initiative, the expected time commitment and fees. The figures in the table above (pages 7-10) include an estimated allocation of internal resources, including staff time, for each priority.

- We estimated the number of full-year practising certificate renewals at 781 Costs Lawyers, based on typical net annual attrition. This is higher than the 730 predicted for 2026 for two reasons: (i) we exceeded our estimated number of full-year renewals in 2026, so have taken a proportionate approach for 2027; and (ii) we expect several new qualifiers in the second half of 2026 due to completion of the Costs Lawyer Qualification. Based on our data and feedback from the profession, we are not expecting known market risks to materially impact renewals for 2027.

- Our core staff resources are operating at their limits, we have therefore made allowance for increasing resource to meet ongoing increasing demand. The Board will explore and review options in 2027 for how to most efficiently meet this demand, for example recruiting part time administration support or engaging a virtual assistant.

- We included no contribution to reserves for the 2027 budget. We are proposing we meet our Reserves Policy target, which we reviewed again this year, by redirecting underspend in the 2026 special projects budget (see further section IV below).

- Through the process described above, we arrived at budgeted expenditure of £269,455. We will seek to raise a similar amount of income through the PCF. A PCF at £325 provides income of £253,825 on our projected numbers (this accounts for anticipated full-year renewals) as well as estimated income of £15,158 from mid-year applications, including reinstatements and new qualifiers in 2027. On this basis, we propose to set the PCF at £325.

- We are conscious that this level of PCF will leave us with a marginal gap between budgeted income and budgeted expenditure; specifically, a £492 shortfall. For logistical reasons, as well as ease of communication, we felt it was preferable to round the PCF to the nearest whole pound. As a budget rarely plays out exactly as predicted, we are confident can cover this de minimis shortfall by reducing our discretionary activity, should it become necessary.

- In relation to consultation with the profession's representative arm, the CLSB's income and expenditure are discrete from the income and expenditure of the Association of Costs Lawyers (ACL), and our budget is established independently of ACL. ACL, both as an association and via its individual members, was invited to provide feedback on the budget through the PCF consultation. The ACL promoted this opportunity online and through its newsletter. This is in line with the Memorandum of Understanding (MOU) and Operating Protocol (OP) between the organisations, in compliance with the Internal Governance Rules 2019. The ACL itself raised no concerns.

Financial information for the previous year and actual expenditure

- The LSB has advised that, in this context, "previous year" means the year prior to the year in which the PCF will be collected and, accordingly, we should provide information for 2026 with projections/forecasts for the remainder of the year. **Annex 4** is therefore a comparison of our budgeted income and expenditure for 2026, actual expenditure and income to date (as at end of August 2026 when the Annex was produced), and forecasts to the end of this year (as presented to the board at the end of Q2).

- A breakdown of the anticipated spend on each activity in our 2026 work programme is set out in the table below. This reflects our financial projections at the start of the year. The Business Plan priorities refer to the workstreams in our 2026 Business Plan, which is provided at **Annex 6** for reference.

- Forecast total income and expenditure for the year are both higher than budgeted - £6,500 and £14,000 higher respectively. The additional income is due to the number of newly qualified Costs Lawyers. The changes in costs primarily relate to recruitment costs, a higher than budgeted LSB levy and higher personnel costs. A retention and succession planning exercise by the Board led to introducing a more competitive compensation package that balanced the aims of the Board with the size and resources of the regulated community. We increased the FTE of the Operations Director by 0.1FTE to accommodate the growing number of qualifiers in the profession and the increasing complexity of complaints.

- We are forecasting a small deficit at the end of the year of around £8,000 (just 3% of our expenditure budget) at the end of month 8 of our accounting year.

- The CLSB's income and expenditure for the current year (2026) so far includes actuals and projections and is set out in **Annex 4.**

- Our most recent financial accounts for the last full financial year are at **Annex 5** (Please note that 'Cash at bank and in hand' includes income collected for the current practising year (2026) in addition to the reserve account balances and special projects fund).

- Below sets out how the 2026 budget is allocated.

Description of activity in 2026	**% of practising fee and actual figure allocated to activity for 2025**	
Authorisation – PC renewals, reinstatements, new qualifiers, data capture, fee remissions, enquiries	3.82%	£9,391
Supervision – CPD audit, complaints procedures audit, PII monitoring, point of complaint monitoring, feedback to the profession, awareness raising and support	6.00%	£14,750
Disciplinary – complaint handling, audit failures, investigations, disciplinary hearings and appeals, publication	3.23%	£7,936
Regulatory policy – research and evidence gathering, risk and data analysis, developing standards and guidance, consultation and assessment, policy interventions	18.00%	£44,251
External engagement – sector or subject specific forums (workshops, meetings, networks, boards etc), social media and group communications, key stakeholder engagement (ACL, BEIS, MoJ, LSCP, LeO, LawCare etc), press, inbound enquiries, website, public information provision	9.46%	£23,256
Education and training – liaison with study providers, course audit and monitoring, governance, overseeing Qualifying Experience, policy and strategy development and implementation	2.31%	£5,679
Recognition of foreign qualifications – implementation of BEIS policy, legislative requirements and new trade agreements	1.38%	£3,393
Strategy – business plan and budget development, workstream and resource planning, horizon scanning, prioritisation	1.89%	£4,646
Governance – board meetings and liaison, board papers and reporting, Remuneration Committee, transparency and publication, business continuity, risk mitigation, corporate reporting	10.52%	£25,862
LSB engagement – PCF application, rule change applications, consultation responses, ongoing relationship management, performance reporting, information requests	3.04%	£7,473
Payment of levies – LSB and Legal Ombudsman	9.80%	£24,080

Contribution to **Legal Choices**	2.35%	£5,800
2025 Business Plan priority 1	2.93%	£7,200
2025 Business Plan priority 2	0.65%	£1,600
2025 Business Plan priority 3	2.14%	£5,250
2025 Business Plan priority 4	0.73%	£1,800
2025 Business Plan priority 5	2.51%	£6,170
2025 Business Plan priority 6	0.81%	£2,000
2025 Business Plan priority 7	0.41%	£1,000
2025 Business Plan priority 8	0.81%	£2,000
2025 Business Plan priority 9	1.63%	£4,000
2025 Business Plan priority 10	1.75%	£4,300
2025 Business Plan priority 11	1.38%	£3,400
2025 Business Plan priority 12	0.89%	£2,200
2025 Business Plan priority 13	2.03%	£5,000
2025 Business Plan priority 14	0.73%	£1,800
2025 Business Plan priority 15	1.83%	£4,500
Data and compliance – database development, document destruction and data hygiene, records of processing, data agreements, compliance with LSB requirements, other operational compliance	2.52%	£6,200
Staff and supplier matters – recruitment, appraisals, contracting and commissioning, onboarding, training and resources	2.16%	£5,300
Finance – annual accounts, bookkeeping, invoicing, financial reporting, account management, PCF collection, reserves	2.28%	£5,600

IV. Reserves (rules 18 22)

An approved regulator must hold any reserves generated from surpluses of the practising fee separately from any other funds.

- Explain the reserves policy. In particular, this should address:
  - how the target for the level of reserves is set and managed
  - the different types of reserves held, which must clearly distinguish practising fee reserves from other reserves
  - the target level for committed and uncommitted reserves
  - how the approved regulator will manage any accumulated reserves to date.

- If there was any variance at the end of the previous year between the target level of reserves and accumulated reserves, please provide an explanation of how this has been taken into account as part of this application.

- Our Reserves Policy is provided at **Annex 7**. The Policy sets out the information requested above and meets the requirements of the LSB's Practising Fee Rules and Guidance.

- The CLSB's Board reviewed the Reserves Policy in detail at its June 2025 meeting and agreed to revise the target committed reserves upwards to take into account inflation since the policy was set in 2021. Changes to the Policy were adopted at the June 2025 Board meeting and the 2027 calculations agreed at the July 2026 Board meeting, as reflected in the published minutes, and ensured compliance with the Practising Fee Guidance. These can be summarised as:

  The CLSB's target level of practising fee reserves is six months' operating expenditure plus a 10% contingency to account for annual fluctuations in expenditure. Based on the proposed budget, six months' operating expenditure is now calculated as £134,727 so under the Reserves Policy the target is based on that plus a 10% contingency bringing it to £148,200. We also have committed reserves for planned future IT development work which was £30,000 in 2021 and we increased to £36,500.

- Our proposal to make the necessary contribution to reserves, to bring it to the new target level, later in 2026 from the underspend in the special projects budget is in line with the Reserves Policy and the above statement. No further amendments to the Reserves Policy were deemed necessary in developing the budget for 2027.

- The current value of our reserves at the 31 August 2026 is as follows:

  - Share capital: £15,000
  - Uncommitted reserves: £116,107 (target £148,200)
- Committed reserves: £30,613 (target £36,500)

V. Consultation and engagement on PCF (rules 23 24)

This section requires information in respect of Rules 23 and 24 which requires approved regulators to consult with relevant authorised persons about the programme of activity to which the practising fee will be applied and the level of the practising fee, and engage effectively with as many relevant authorised persons as reasonably practicable.

- Description of the consultation process conducted with relevant authorised persons on the programme of activity and the level of PCF. To include:
  - length of time the published consultation was open
  - the level of engagement and responses from relevant authorised persons
  - summary of consultation responses
  - summary of how consultation responses have been taken into account, including changes to the PCF proposals as a result of consultation responses
  - details of consultation with non-commercial bodies (e.g. Law centres federation, Citizens Advice etc.) or an explanation of why their views had not been sought.

- We consulted on the PCF between 22 July – 2 September 2026 (six weeks). The consultation paper is included at **Annex 8**.

- The following documents were provided with the consultation:

  - Proposed 2027 Business Plan (**Annex 1** to this application)
  - Proposed 2027 budget (**Annex 2** to this application)
  - Annual Report for 2025 (**Annex 3** to this application)
  - 2025 financial accounts (available on our website here)
  - Initial equality impact assessment ('EIA') (**Annex 9** to this application)

  The consultation Annexes are collated on the consultation page of our website for reference.

- The consultation was posted on the CLSB's website and was proactively promoted to the regulated community via email, with reminders by way of our newsletter and social media posts on LinkedIn by both the CLSB and the ACL. A final reminder email was sent to the profession on Thursday 27 August 2026 ahead of the consultation window closing at 5pm on 2 September 2026.

- 43 responses were received, compared to 37, 35, 42, 17, 21 and 17 responses in the previous six years. Our new communications strategy continues to seek to improve engagement, however we are drawing the conclusion that if there was widespread disapproval of the level of the proposed 2027 PCF then we'd have heard from more Costs Lawyers.

- The consultation suggestions some questions but directed respondents feedback online where we asked a set of revised (10) questions, asked in the following way (**Annex 8A** to this application):

***1:** Do you agree with the CLSB proposal to set the practising fee at £325 for 2027?*

***2:** Do you agree with the CLSB's proposed Business Plan and budget for 2027?*

***3:** Thinking about the CLSB's proposed Business Plan for 2027, which priorities would you rank in first, second and third place in terms of meeting your expectations of a frontline legal regulator? (**Please see Annex 8A for the full list of choices**).*

***4.** What do you perceive to be the main benefits of regulation to you as an individual? (**Please see Annex 8A for the full list of choices**).*

***5.** Do you think the CLSB places sufficient focus on the benefits set out in question 4?*

***6.** What do you perceive to be the main benefits of regulation to consumers, clients and society? (**Please see Annex 8A for the full list of choices**).*

***7.** Do you think the CLSB places sufficient focus on the benefits set out in question 6?*

***8.** Are you adversely impacted by the level of the practising fee due to a protected characteristic under the Equality Act 2010 (such as age, disability or gender) or due to your individual practising arrangements?*

***9.** Do you agree with the initial Equality Impact Assessment (EIA) of the practising fee, which we have provided with this consultation?*

***10.** Is there anything else you would like to know about the practising fee that the CLSB should include in next year's consultation? Or that you would to tell the CLSB?*

- A full report of the responses is at **Annex 8A**.
- 37 CLs (86%) agreed with the proposed cost of PCF for 2027.
- Additional free text comments in support of the proposed fee were:
    - *"It seems proportionate to the increases in costs to be incurred by the CLSB*
    - *"This appears to be a reasonable increase considering the current climate*
    - *"I consider a 4% increase to be reasonable*
    - *"Increase in line with inflation*
    - *"£13 seems a reasonable increase from last year.*
    - *"It is reasonable*

- *"The reasons given in the consultation seem sound.*
- *"A reasonable fee comparing to other bodies*
- *"It is a moderate rise individually for hopefully a significant benefit*
- *"Fair and reasonable*
- *"It is a fair fee for annual regulated body membership with added benefits*
- *"It seems to be a reasonable amount to me.*
- *"Modest increase is expected and justification detailed within consultation paper is reasonable and expected*
- *"Happy with this it is only a modest increase*
- *"Reasonable fee.*
- *"I consider the fee proposed to be fair and reasonable. Thank you for your continued hard work and efforts.*
- *"I agree with the increase in the practising fee. I think you all work very hard for us.*
- *"I agree with the proposed increase to the practising fee and suggest it represents decent value for money."*

- 6 CLs (14%) disagreed with the level of the proposed fee, commenting:
  - *"I believe the current fee is already quite high.*
  - *"It's too high for sole practitioners*
  - *"I think it is high*
  - *"Cost of living crisis continues & nothing additional gained for members by increased fee*
  - *"Seems to be a big increase since last year."*
- Only 1 CL offered any other detailed response in the consultation relating to the level of the PCF as below.

- *<u>Question 8</u>: Are you adversely impacted by the level of the practising fee due to a protected characteristic under the Equality Act 2010 (such as age, disability or gender) or due to your individual practising arrangements??*

  While 3 CLs said "yes" only one provided a reason which they stated as simply "age". The same respondent went on to say at:

  - *<u>Question 9</u>: Do you agree with the initial Equality Impact Assessment (EIA) of the practising fee, which we have provided with this consultation?*

    "No" – "Seeing as the majority of Costs lawyers are 'in-house' and the fee is paid by the employer, surely the fee for sole practitioners should be cheaper as there is no evidence to show that they (we) are more of a liability. In fact, I would say the opposite is the case"

- *Only 1 other CL said they disagreed with the Equality Impact Assessment (EIA) but they did not give any reason why.*

- *The remainder of the questions were about whether CLs agreed with the business plan priorities, and asking them to order in how they saw them in terms of priorities.* ***Annex 8A*** *sets these answers out in full but there was only 1 CL who said they did* ***<u>not</u>*** *agree with the proposed Business Plan and Budget for 2027 (in some way contradicting answers given in Question 1).*

- In light of the consultation responses, we remain of the view that a PCF of £325 is appropriate. The vast majority of respondents supported a fee at this level, and the absence of a greater response rate from the regulated community or its representative body despite widescale communication indicates general consensus in support of the proposed PCF. The only substantive negative response suggested a lower PCF for sole practitioners on the assumption they were no more or possibly less of a liability. There is no evidence to support this argument, and possibly evidence (particularly in other legal professions) to suggest the contrary may be true. In any case, the PCF is not set by assessing the risks of individual groups as that is itself fluid. The work involved in regulating the profession largely costs the same per head and is core regulatory objective activity and it is the view of the CLSB that it should be funded equally across the profession. As the CLSB is not a membership body, where possibly there are various "benefits", it confines its role to regulatory activity only and there are no 'optional add-ons' etc. where you could justify slicing and dicing the PCF. In any case, every constituency group within the regulated community could argue why they should pay less than another, and the administration of such an approach would only push up costs – defeating the objective entirely.

- On reflection, there is no evidence that the fee itself will have an adverse impact either on practitioners generally or on any particular group (see also section VI below). No respondents suggested that any proposed workstreams should be excluded from, or added to, our Business Plan or budget.

- Alongside the public consultation, we have in the past invited our Advisory Panel to consider some further questions in addition to those in the wider consultation. (We constituted an Advisory Panel in 2022 as a forum for gathering feedback on our work, testing proposals and assisting with market insights and horizon scanning). The Panel is made up of Costs Lawyers from different practice types (small firms, large firms, sole practitioners etc.) and practice areas (legal aid, PI, commercial costs etc.). However, we decided this year to include the questions we'd ordinarily ask the Advisory Panel as part of the wider consultation and it was therefore unnecessary to consult the Advisory Panel separately bearing in mind they will as Costs Lawyers receive the main consultation questions.

- Our consultation was open to the general public. We did not proactively consult with public interest bodies since the activities of such organisations do not generally intersect with the Costs Lawyer market. Based on the data we hold, we do not believe any regulated Costs Lawyers are employed by non-commercial bodies of the kind described above and we have no reason to consider that the proposed fee would impact upon consumers who access the services of those bodies.

VI. Impact assessments (rules 25 28)

This section requires information in respect of Rules 25 28 which collectively, stipulate that initial equality assessments must be carried out and set out in the circumstances in which full impact assessment must be conducted. These provisions also require that approved regulators consider the impact of the level of the fee on the conduct of legal services.

- Summarise the initial and (where applicable), full equality impact assessment carried out and the findings. In particular, this summary should cover how the proposed PCF may potentially impact on various groups, especially those with protected characteristics underthe Equality Act 2010 within the approved regulator's membership.
- Summarise the consideration – proportionate to the harm as determined by the approved regulator - given to the impact of the level of the fee on the provision of legal services by authorised persons, and any significant circumstance or event impacting on that.
- Provide details of any action taken as a result of findings, or an explanation as to why this was not necessary or practicable.

- A summary of the initial EIA carried out in relation to the proposed PCF is in the table below, using the LSB's template format. Given the findings of the initial assessment, we concluded that a full EIA was not warranted, in line with Practising Fee Rule 26 and the associated Guidance.
- The initial EIA was included as part of the consultation on the PCF and, as explained in section V above, respondents were asked whether they would be adversely impacted by the level of the practising fee and, if so, how we could meet their needs. We also asked whether respondents agreed with the initial EIA. The consultation responses did not evidence how any group(s) of practitioners would be unfairly or disproportionately burdened by the proposed PCF level. While two Costs Lawyers cited an objection to the PCF on the basis that it would impact a person or group with protected characteristics, no evidence was given that would enable an assessment of how this could be addressed. In the absence of this, the EIA has not been amended.

Protected characteristic group	Is there a potential for positive or negative impact?	Please explain and give examples of any evidence / consultation / data used	Actions to address negative impact
Disability	No	7.8% of Costs Lawyers report having a disability. We have no data to suggest that practising fees affect this group disproportionately and questions in previous practising fee consultations revealed no evidence of differential impact.	Not applicable
Gender reassignment	No	We have did not report data on gender reassignment in 2023 as the number of respondents who answered that their gender was different to their sex registered at birth, and the number who preferred not to say, were both less than 5 and therefore this data was not sufficiently reliable to include in the survey report. We did not collect data on this question in 2024, as our 2024 survey focussed on career pathways. We have no data that would indicate any disproportionate impact of the practising fee on this group.	Not applicable
Marriage or civil partnership	No	We do not collect data on the marital status of practitioners, however as our fee is set at the same level for all practitioners and marital status does not impact ability to	Not applicable

		practise, we have not identified any risk of differential impact based on this characteristic.	
Pregnancy and maternity	Yes	We previously identified that, due to the way we calculate practising fees for Costs Lawyers who reinstate their authorisation part way through the year, practitioners who took parental leave were incurring different practising fees depending on the time of year that their leave commenced. After consulting, we implemented a remissions policy that ensures practitioners receive a reduction in their fee for the whole period they are on parental leave, regardless of the start date.	We will apply the remissions policy again this year (and going forward). More information is available in the parental leave section of our practising FAQs.
Race	No	9.8% of Costs Lawyers identify as Black, Asian or Other Minority Ethnic background. Our EDI work continues to identify how the CLSB can influence greater diversity from these groups but there is no data that suggests that the practising fee presents a barrier or evidences differential impact.	Not applicable
Religion or belief	No	43.4% of Costs Lawyers report having no religion or being atheist and a further 46.3% identify as Christian. The proportion of practitioners from other faith groups is small – around 1% or less per group – although a material number of practitioners preferred not to report their religion (5.8%) so these groups might be larger than recorded. Our data does not suggest any differential impact of the practising fee on smaller faith groups. Questions in previous practising fee consultations also revealed no evidence of this.	Not applicable
Sexual orientation	No	4.6% of Costs Lawyers identify as LGBTQIA+. We have no evidence that a practising fee has any differential impact on this group.	Not applicable
Sex (gender)	Yes	There is potential for women to be disproportionately impacted by incurring practising fees whilst on parental leave. Our data shows that, to date, all Costs Lawyers who have been reinstated to the Register part way through a practising year due to taking parental leave have been women.	This is addressed through our remissions policy – see above under "pregnancy and maternity".

Age	No	Due to the profile of qualifying Costs Lawyers, only a small proportion (12.4%) are under the age of 35, and 27.5% are 55 or older. The majority of Costs Lawyers fall in the middle age ranges. There is no evidence to suggest that a practising fee which is the same for all practitioners has any differential impact on the younger or older groups. Questions in previous practising fee consultations also revealed no evidence of this.	Not applicable

Question	Explanation / justification
Is it possible that the proposed level of PCF could discriminate or unfairly disadvantage members of the regulated community?	No. There is no evidence, including from the consultation responses, to suggest that the proposed level of PCF could unfairly disadvantage members of the regulated community other than in two areas (pregnancy and maternity and gender), and policies have been put in place to mitigate that potential impact fully.

Final Decision	Tick the relevant box	Include any explanation / justification
No barriers identified	✓	See directly above and below
Bias towards one ormore groups		
Adapted PCF to eliminate bias		
Barriers or impact identified but having considered all options carefully, there appearto be no other proportionate ways to achieve the policy aims in the programme of activity but by charging this level of PCF.		

- In relation to the impact of the PCF on the provision of legal services by authorised persons, we have been mindful of the wider economic conditions in England and Wales, including inflation which while improving compared to earlier years, remains higher than the Bank of England's target.

- Ongoing concerns about the viability of legal aid work were not raised by Costs Lawyers in any responses, unlike last year.

VII. Transparency of PCF information to relevant authorised persons

- Description or a copy of the information that will be provided to those who will pay the fee. This should be clear and accessible and include the following:
  - the level of the PCF
  - how the PCF has been set
  - a breakdown of how the PCF income will be allocated to non-regulatory/regulatoryand shared services
  - an explanation of why commercial income arising from PCF funded permitted purposes is to be used for non-permitted purposes.
  - an accurate presentation and representation of the LSB and Office for Legal Complaints (OLC) levies so the regulated community is clear about the proportion ofPCF attributable to the levies

- The third and fourth bullet points above are not applicable to us, as we do not allocate PCF income to non-regulatory or shared services and we do not spend funds on non-permitted purposes.

- In relation to the first bullet point, an invoice is provided to practitioners as part of their practising certificate application. This clearly shows the level of the PCF and explains when and how payment may be made. The level of the PCF is also communicated to Costs Lawyers following approval of the fee by the LSB, by way of news items and social media posts, and by email when application forms are distributed. Since the PCF is the same for all Costs Lawyers, this information can be communicated clearly without difficulty.

- In relation to the second and fifth bullet points, this information is made available as part of the practising certificate consultation process. The information is provided in the consultation document (under the heading “How we set the practising fee” , which includes a section on levies).

VIII. Checklist	Enclosures
Income and expenditure forecasts, including practising fee income, for three years from and including the year for which the practising fee is to be levied.	✓ Enclosed
Financial information for the previous year, including a comparison of actual and budgeted income and expenditure.	✓ Enclosed
Copy of the information that will be provided to fee paying members (if description is not provided in section VII).	N/A

Details of any other supporting documents provided with the PCF application (optional):

Annex 1: 2027 Business Plan

Annex 2: 2027 budget

Annex 3: Annual Report for 2025

Annex 4: 2026 budget, actual expenditure to date and projections to year end

Annex 5: Management Information from 2025 annual accounts

Annex 6: 2026 Business Plan

Annex 7: Reserves Policy

Annex 8: 2027 Practising Certificate Fee Consultation paper

Annex 9: Initial equality impact assessment (EIA) – consultation version

IX. Compliance Statement

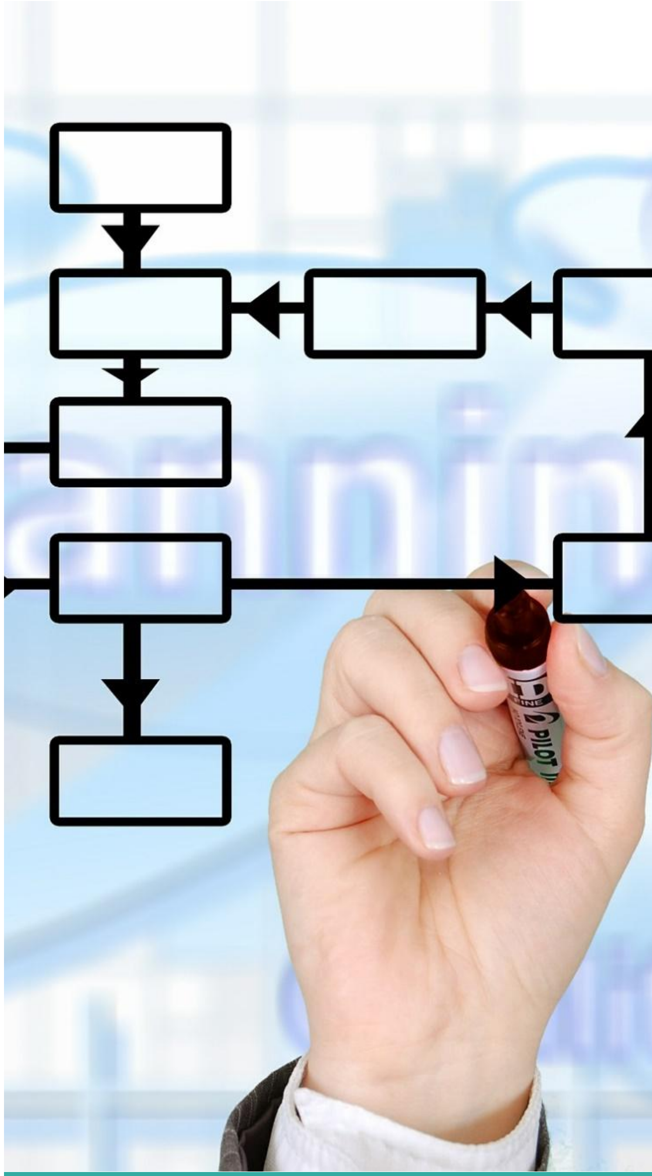
Applications must include the following compliance statement and be dated and signed by a representative of the approved regulator:

- ✓ I certify that the information provided in this application is accurate and complete to the best of my knowledge and I have taken reasonable steps to ensure that the application complies with the Rules.

Please include contact name(s) for the application.

Contact: Paul Mosson, CEO
Date: 9 September 2026
Signed:

Business Plan 2027



CLSB

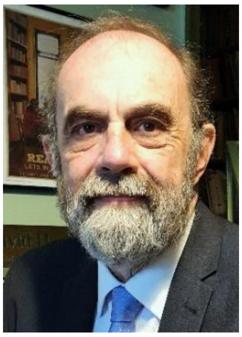
Consultation

22 July to 2 September 2026

Costs Lawyer Standards Board

Foreword

Rt Hon David Heath CBE, Chair



In 2026 we published our first Annual Report covering the operating year of 2025 and we will continue to deliver this each year in time for the consultation on the Practising Certificate Fee.

Our commitment to seeking legislative change from the Government so that Costs Lawyers are eligible for judicial appointments remains key to our long term ambitions for the profession. Progress is dependent on external factors so while it no longer features as an independent annual plan priority, it remains of strategic importance to the CLSB.

Our existing mid-term strategy comes to an in December 2027 so the profession can expect us to consult on a new strategy in 2027 to come into effect in January 2028. This is therefore our last annual business plan relating to the current strategy. There will be opportunity for the profession, consumers and stakeholders to reflect on how the CLSB, the profession and the landscape in which we all operate has changed during the lifetime of the last two strategies, and input into our thinking before a final new CLSB strategy is published.

We will see two new non-executive Board members join the CLSB early in 2027 and we will also be recruiting for a new Chair later in the year as my maximum term length comes to an end in March 2028.

Finally, I cannot end my foreword without mention Mazur and the changes we are seeing across the profession. The CLSB will continue to collaborate with other frontline legal regulators and the Legal Services Board to deliver as much consistency in messaging around the regulatory aspects of the conduct of litigation. We will do this in the same spirit as we collaborate on other key strategic objectives around equality, diversity and inclusion, technology, economic crime and handling complaints.

Introduction

Paul Mosson, Chief Executive

The Costs Lawyer profession continues to grow, the CLSB now regulates more Costs Lawyers than ever before, and with the rise in those enrolling on the CLPQ course provided by ACL Training, we have a clear line of sight that this trend will continue.

Our new focus on communicating the value of using a Costs Lawyer over an unregulated costs provider, positioning Costs Law as a career of choice to aspiring lawyers, and seeking to convince those operating as unregulated costs providers that they should become regulated, means we anticipate the growth in Costs Lawyer to continue.

While the number of second-tier complaints remains steady, they are of increasing complexity and often require us to engage specialist advisors. Other frontline regulators are also seeing an increase in the use of AI to prepare complaints, which is making it easier for complainants and means they are seeing a rise in numbers. The CLSB has not yet seen the impact of this but must be prepared.

Our supervision and support activities to ensure effectiveness of our regulatory arrangements continues to expand as we issue further guidance, and the legal regulatory community responds to evolving risks.

The CLSB responds to multiple consultations and calls to evidence throughout the year, as well as participating in cross-sector forums and working groups on matters ranging from the Regulatory Information Service (RIS), EDI, technology, and essential stakeholder meetings, such as the legal regulator forums and the Legal Services Consumer Panel (LSCP).

The welcome growth in the profession together with all these other factors put pressures on the CLSB’s limited resources and the organisation may need to add to its part time team during 2027. There are several options available to the CLSB to achieve this and we are committed to spending the funding we receive from your practising fees in the most efficient and effective manner.

Our objectives

Pursuing our strategy

Below are the CLSB's strategic objectives for 2024 to 2027, as set out in our mid-term strategy. Each strategic objective is assigned a letter, A through E. These letters are used in the remainder of this Business Plan to demonstrate how our annual priorities for 2026 are linked to achievement of our wider strategic goals.

A. *We will nurture the positive working relationships created under our previous strategy and begin to look outside the legal services sector for inspiration and learnings, seeking collaboration where this furthers our mission.*

B. *We will be perceived as an expert on the market that we regulate, proactively adding value for Costs Lawyers, their businesses, their clients and the wider justice system, and we will effectively communicate that value to those in the costs community who decide each year whether or not to opt-in to regulation.*

C. *We will begin to raise standards in the part of the costs law market that is currently outside the scope of regulation, by finding non-legislative levers to encourage professionalism and by communicating the benefits of regulation to the people who make purchasing decisions about costs advisory services.*

D. *We will continue to create, evaluate and improve a regulatory model that is uniquely suited to the unusual characteristics of the costs law market, finding inventive ways to tackle the challenges presented by the legislative environment in which we operate.*

E. *We will build long-term organisational robustness and resilience to guard against external risks and shocks, and we will promote the same resilience within the Costs Lawyer profession.*

The regulatory objectives

All of our activities must be compatible with, and promote, the regulatory objectives set out in section 1 of the Legal Services Act 2007. The regulatory objectives are reproduced below, and each is assigned a number, 1 through 9. These numbers are used in the remainder of this Business Plan to demonstrate how our annual priorities for 2026 are linked to promotion of the regulatory objectives.

The regulatory objectives are:

1. *protecting and promoting the public interest;*
2. *supporting the constitutional principle of the rule of law;*
3. *improving access to justice;*
4. *protecting and promoting the interests of consumers;*
5. *promoting competition in the provision of legal services;*
6. *encouraging an independent, strong, diverse and effective legal profession;*
7. *increasing public understanding of the citizen's legal rights and duties;*
8. *promoting and maintaining adherence to the professional principles; and*
9. *promoting the prevention and detection of economic crime*.

The professional principles referred to at 8 above are:

- that authorised persons should act with independence and integrity;
- that authorised persons should maintain proper standards of work;
- that authorised persons should act in the best interests of their clients;
- that persons who exercise before any court a right of audience, or conduct litigation in relation to proceedings in any court, by virtue of being authorised persons should comply with their duty to the court to act with independence in the interests of justice; and
- that the affairs of clients should be kept confidential.

Promoting consumer outcomes

In line with our commitment to consider consumer outcomes in all of our regulatory work, we have also indicated in this Business Plan how each initiative is linked to the promotion of one or more of the consumer outcomes that we are interest in, namely: price; quality; access; innovation; privacy; fairness; and/or diversity.

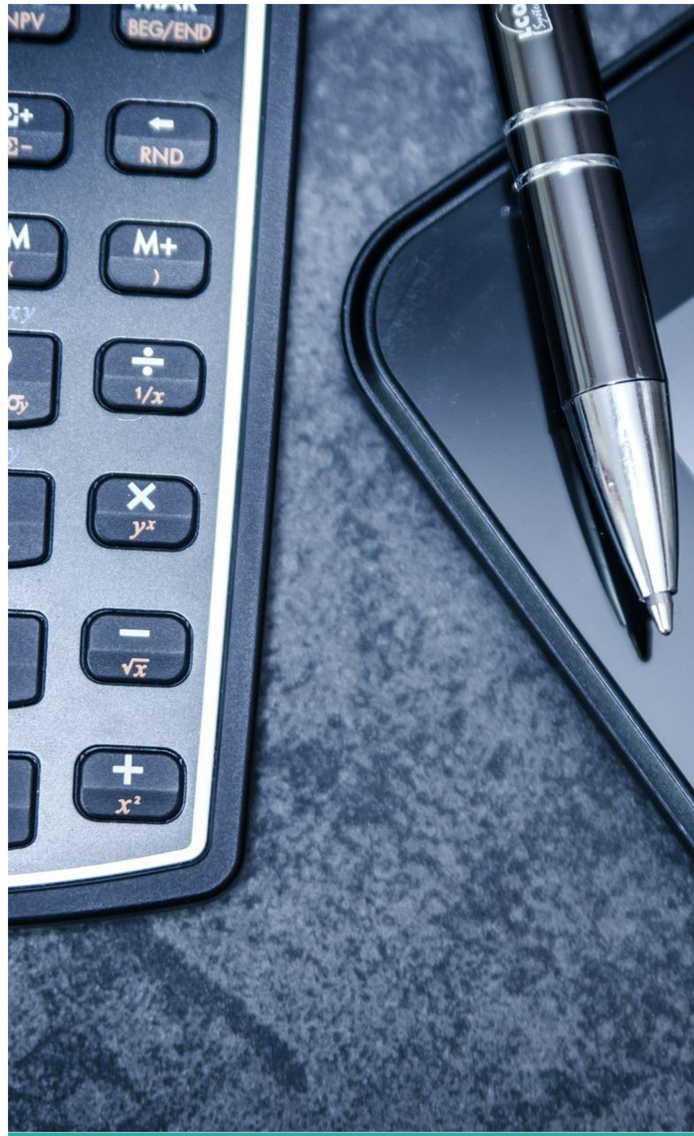
Annual priorities 2027

	Initiative	Link to objectives	Fit with consumer outcomes
1.	Implement the new CLSB communications strategy developed during 2026, with a specific focus on the benefits of being regulated and using a Costs Lawyer. This will also include a review of website content, including how we ensure returning Costs Lawyers are aware of regulatory developments.	**Strategic** Supports all **Regulatory** Supports all	Quality Access Innovation Fairness
2.	Expand the guidance and resources to support Costs Lawyers in meeting their professional and ethical obligations, including the prevention of economic crime.	**Strategic** D **Regulatory** 6, 7, 8, 9	Quality Access Innovation Fairness
3.	Introduce a process for reviewing the CLSB's existing frameworks and current guidance to ensure that these documents: a) remain robust, and are assessed and updated in a timely and consistent manner; and b) meet the requirements of the LSB's Statement of Policy on Upholding Professional Ethical Duties.	**Strategic** B, C, D **Regulatory** 1, 4, 8	Quality
4.	Develop a new CLSB strategy for 2028 and beyond.	**Strategic** Supports all **Regulatory** Supports all	Supports all
5.	Implement the EDI strategy developed in 2026, and act upon the quantitative and qualitative career pathways research recommendations.	**Strategic** Supports all **Regulatory** Supports all	Supports all

6.	Consider the reaccreditation of ACL Training as an Accredited Study Provider of the Costs Lawyer Qualification. Work with ACL Training and the employer Trailblazer Group to progress the Costs Lawyer apprenticeship.	**Strategic** A, B, C, E **Regulatory** Supports all	Quality Access Innovation Diversity
7.	Respond to the review of the Competency Statement completed in 2026.	**Strategic** B, C, D **Regulatory** 1, 4, 8	Quality Access Innovation Diversity
8.	Assess the value of introducing a Competency Hub similar to the Ethics Hub.	**Strategic** B, C, D **Regulatory** 1, 4, 8	Quality Innovation Fairness

Our budget for 2027, which will facilitate delivery of this Business Plan, can be found on our website.

Consultation
2027 practising fee:
Proposed 2027 budget



Consultation

22 July to 2 September 2026

Costs Lawyer Standards Board

Budget for the 2027 practising year

Category	Budget provision (£)
Staff and director costs	163,093
Travel and subsistence	8,000
Rent and room hire	3,435
Telephone	385
Printing, postage and stationery	500
Equipment	1,300
Levies and contributions (LSB, LeO, Legal Choices)	31,760
Licences, subscriptions and fees	3,178
Office services	4,208
Consultancy services	30,500
IT services	6,596
Business Plan priorities	16,500
TOTAL EXPENDITURE	**269,455**
Transfer to reserves	0
TOTAL DEBITS	**269,455**
Practising fee	325
Estimated number of renewals	781
Renewal income	253,825
Other practising fee income (reinstatements, new qualifiers and late payment fees)	15,138
ESTIMATED INCOME	**268,963**
In-year surplus/deficit	-492

Annual Report
2025

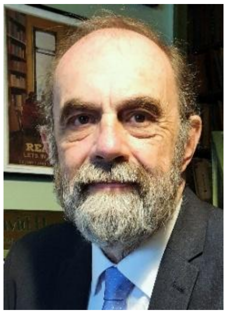
9 July 2026

Costs Lawyer Standards Board

CLSB

Table of Contents

Chair’s statement



Rt Hon David Heath CBE

Last year was one of both continuity and transition for the Costs Lawyer Standards Board (CLSB), during which the organisation has continued to deliver on its statutory responsibilities effectively while maintaining a clear focus on the regulatory objectives.

A significant development during the year was the transition in executive leadership. Kate Wellington stepped down as Chief Executive in January 2025, having made a substantial contribution to the strengthening of the CLSB’s regulatory framework, governance, and stakeholder engagement. The Board appreciates her leadership and commitment.

Following her departure, the organisation entered a period of interregnum until Paul Mosson took up the role of Chief Executive in May 2025. During this period, the CLSB demonstrated a high degree of organisational resilience. Regulatory operations, decision-making, and stakeholder engagement were maintained without interruption, reflecting the robustness of internal governance arrangements, continuity plans, and the professionalism of the executive team.

The CLSB’s effectiveness as a regulator was once again independently recognised through its strong performance in the Legal Services Board’s Regulatory Performance Assessment (RPA), in which it achieved top-tier outcomes for the third year running. This continued high level of performance provides assurance that the organisation is meeting its obligations as an approved regulator and operating in a manner that other regulators may appropriately seek to emulate.

Throughout 2025, the Board continued to prioritise a risk-based, proportionate approach to regulation. The publication of guidance across key areas, including ethical standards, economic crime, technology and emerging risks, together with the Annual Risk Outlook, supported Costs Lawyers in understanding and meeting their professional obligations.

The Board has also maintained its focus on promoting public confidence in legal services. This includes reinforcing the importance of transparency, accountability, and the protections afforded to consumers who instruct regulated professionals. Engagement and collaboration with other regulators and stakeholders have remained central to our approach, supporting consistency and coherence across the wider legal services framework.

The Board remains committed to ensuring that the CLSB continues to operate as an effective, independent regulator, delivering against the regulatory objectives, working in the public interest and supporting a Costs Lawyer profession that remains competent and upholds high professional standards.

Chief Executive's statement

Paul Mosson

I took up the position of Chief Executive of the Costs Lawyer Standards Board on 1 May 2025 and have been able to build upon the work of my predecessor, the Board and executive team in leading this well-established and effective frontline legal regulator.

A notable legal development during the year was the Court of Appeal's judgment in Julia Mazur and another -v- Charles Russell Speechlys LLP, and others ('the *Mazur* case'). The decision provides important clarification on the limits of delegation and reinforces the principle that responsibility for reserved legal activities rests with the authorised individual (**in our case** the Costs Lawyer). The implications for supervision, accountability and professional practice are significant, and the CLSB has supported, and will continue to support, the profession in understanding and responding to this clarification.

The organisation has continued to deliver against its regulatory remit through a programme of targeted guidance and communications. This has included materials addressing use of AI, ethical decision-making, equality, diversity and inclusion, cybersecurity, and continuing competence, all of which are designed to support compliance and promote high professional standards.

I also wish to acknowledge the work undertaken by the executive team during the period prior to my appointment. The CLSB maintained full operational effectiveness during the interregnum, demonstrating resilience and a clear commitment to its statutory functions.

Through clear, accessible communications and targeted outreach, the CLSB has sought to ensure that regulatory expectations are well understood and capable of being applied in practice. This has included in-person presence at conferences, and I would like to thank the Association of Costs Lawyers for giving me the opportunity to speak to its members at their November 2025 conference.

The organisation has also continued its work to promote public awareness of the importance of instructing regulated legal professionals, and support consumer understanding of the protections available within the regulatory framework.

Looking ahead, the CLSB will continue to adopt a proportionate, risk-based approach to regulation, ensuring that it remains responsive to developments in the legal services market while upholding the highest standards of professional conduct and public protection.

Introduction

This annual report is intended to show how practising fees were used in 2025, and the value delivered through those funds. It includes detail on how we have met our business plan priorities along with our regulatory 'business as usual' activity and is intended to enhance transparency. It is published in line with the Legal Services Board's guidance on the use of practising fees and aims to support transparency, accountability, and confidence in how those funds are managed.

At a Glance – Key Facts and Figures

This section summarises key facts and figures for the practising year 2025 (1 January to 31 December 2025). You can see more information about Costs Lawyers on the Register of Costs Lawyers.

Costs Lawyers regulated on 31 December 2025 **763**	Renewal rate for 2025 **96%**	New entrants to the Costs Law profession **52**
Practising certificates attrition (for 2026) **20**	Reinstatements to the Register of Costs Lawyers **11**	Costs Lawyers who view the CLSB as effective **88.34%**
Completion of Qualifying Experience **37**	Accreditations to provide training **8**	Total number of employees **3 (1.5 FTE)**

*Very helpful and a willingness to work with you. Also are very much on the ball and forward thinking.**

*I appreciate the regular Newsletters that are well-presented, relevant and informative and that keep me up-to-date with regulatory requirements and developments.**

**Feedback about the CLSB from Costs Lawyers in their applications for a 2026 practising certificate.*

What We Do and Why It Matters

Our mission

Our mission is to "provide effective, proportionate regulation of Costs Lawyers in a way that promotes consumer choice and understanding, and engenders justified public trust." You can read more about how we fulfil our mission, and our organisational goals, in our mid-term strategy.

Value for money

We are a small regulator, funded by the practising fees of the practitioners that we regulate. It is therefore essential that we put our funds to work in an efficient and impactful way, identifying key areas of risk within the profession and targeting these to achieve the best possible outcomes for consumers of Costs Lawyers' services and the wider public.

Regulatory objectives

Below are the regulatory objectives established by the Legal Services Act 2007, which legal services regulators (including the CLSB) must promote through their work. Each regulatory objective is assigned a number (1 to 9). We use these numbers throughout this report to show how our priorities and activities supported the regulatory objectives.

1. Protecting and promoting the public interest.
2. Supporting the constitutional principle of the rule of law.
3. Improving access to justice.
4. Protecting and promoting the interests of consumers.
5. Promoting competition in the provision of legal services.
6. Encouraging an independent, strong, diverse and effective legal profession.
7. Increasing public understanding of the citizen's legal rights and duties.
8. Promoting and maintaining adherence to the professional principles.
9. Promoting the prevention and detection of economic crime.

Strategic objectives

Below are the CLSB's strategic objectives for 2024 to 2027, as set out in our mid-term strategy. Each objective is assigned a letter (A to E). We use these letters throughout this report to show how our priorities and activities supported our wider strategic goals.

A. We will nurture the positive working relationships created under our previous strategy and begin to look outside the legal services sector for inspiration and learnings, seeking collaboration where this furthers our mission.

B. We will be perceived as an expert on the market that we regulate, proactively adding value for Costs Lawyers, their businesses, their clients and the wider justice system, and we will effectively communicate that value to those in the costs community who decide each year whether or not to opt-in to regulation.

C. We will begin to raise standards in the part of the costs law market that is currently outside the scope of regulation, by finding non-legislative levers to encourage professionalism and by communicating the benefits of regulation to the people who make purchasing decisions about costs advisory services.

D. We will continue to create, evaluate and improve a regulatory model that is uniquely suited to the unusual characteristics of the costs law market, finding inventive ways to tackle the challenges presented by the legislative environment in which we operate.

E. We will build long-term organisational robustness and resilience to guard against external risks and shocks, and we will promote the same resilience within the Costs Lawyer profession.

On a day-to-day basis, we are responsible for regulatory activities such as:

- Establishing policy, rules and guidance in relation to the professional conduct expected of Costs Lawyers;
- Supervising compliance with our regulatory requirements;
- Dealing with complaints about Costs Lawyers' conduct and taking disciplinary action where a Costs Lawyer's conduct falls short of the required standard;
- Helping consumers and the wider public understand issues relating to legal costs and how Costs Lawyers can assist them;
- Assisting practitioners in navigating ethical issues and treating their clients fairly; and
- Gathering evidence and data about all aspects of the regulated market to inform our activities.

Protecting Consumers and the Public

We have identified seven categories of consumer outcomes that are of interest to us in the market for Costs Lawyers' services.

Outcome	**Consumers:**
Price	• pay a competitive price; • experience services that represent good value for money; • understand the cost before they buy; • have a meaningful choice of the price they wish to pay.
Quality	• experience good quality services; • have a meaningful choice of the quality they wish to buy.
Access	• can easily access the services they need; • have a meaningful choice of provider.
Innovation	• benefit from innovative ways to supply services, and innovation reduces prices and drives up quality and accessibility.
Privacy	• have their data and information handled in a way they expect, to protect their privacy.
Fairness	• are treated fairly, including in particular: - where they are vulnerable; - in terms and conditions; - during disputes and complaints; - in being protected against any conflicts of interest.
Diversity	• have their needs met by a diverse profession; • accessing services do not experience a worse outcome depending on their characteristics (either as an individual or in the transaction).

Performance Against Our 2025 Business Plan Priorities

In this section we set out how we delivered against the business plan in 2025 and explain how we spent the practising certificate fee income to benefit regulation of Costs Lawyers.

Implement the communications strategy developed in 2024, aimed at supporting each of the five strategic goals in our mid-term organisational strategy in a cohesive and systematic way.	**Strategic** A, B, C, D, E, F **Regulatory** 1, 3, 4, 5, 6, 7, 8
Outcome	
We delivered a new Mark of Regulation and accompanying toolkit exclusively for Costs Lawyers. The Board approved further investment into the next phase of the strategy to ensure that the clients and the wider legal sector better understand the benefits of using a Costs Lawyer, and the regulated community better understand and communicate the value of being regulated.	

	Link to objectives
Identify and deliver workstreams to comply with the Legal Services Board's anticipated new policy tools in the following areas: • professional ethics and the rule of law • the economic crime regulatory objective • disciplinary and enforcement processes technology and AI.	**Strategic** B, D **Regulatory** 2, 5, 6, 8, 9
Outcome	
We responded to the LSB consultation on economic crime regulatory objective, developed an action plan in response to the Hook Tangaza report on Technology and AI, and implementation is on-going, responded to the LSB consultation on Upholding Professional Ethical Duties. New AI guidance was published alongside three new scenarios on AI for the Ethics Hub. We also published resources about the rule of law in the Ethics Hub, along with other new scenarios around upholding professional ethics to the Ethics Hub.	

	Work with the Ministry of Justice (MoJ) to pursue opportunities, following the general election, to table the relevant legislation to make Costs Lawyers eligible for judicial appointment.	**Strategic** A, B **Regulatory** 1, 3, 6
	Outcome	
	The updated Judicial Diversity Forum (JDF) Action Plan was published in February 2025. We understand from the MoJ that the proposal to expand eligibility was well received in principle by the JDF, but that the MoJ has not yet been in a position to put anything in front of Ministers and determine how they want to proceed.	

		Link to objectives
	Build out and promote the new Ethics Hub, creating additional materials in response to emerging risks and themes identified through complaints and supervisory activities.	**Strategic** B, D, E **Regulatory** 1, 2, 4, 6, 8
	Outcome	
	We added material on whistleblowing, complaints handling, AI, and bullying and harassment, as well as further ethical scenarios to the Ethics Hub. The assets in the Ethics Hub continue to grow, and there is an ongoing communications strategy via LinkedIn to promote this to the profession.	

5.	**Initiative for 2025**	**Link to objectives**
	Develop new guidance to support the materials in the Ethics Hub on (i) whistleblowing and (ii) bullying and harassment.	**Strategic** B **Regulatory** 6, 8
	Outcome	
	We published these two pieces of guidance in the Ethics Hub, along with additional support resources for the Code of Conduct.	

Work with ACL Training (ACLT) and the employer Trailblazer Group to secure approval for a new Costs Lawyer apprenticeship standard, and implement changes to our regulatory arrangements and other resources to facilitate integration with the existing entry route.	**Strategic** A, C, E **Regulatory** 3, 4, 6
Outcome	
The CLSB was approved as the End Point Assessment Organisation (EPAO) for the Costs Lawyer Apprenticeship. The Trailblazer Group put a case to DWP (formerly DfE) for ACLT to apply as an apprenticeship provider as a gap in provision. Only once this is approved can ACLT register to deliver the training. Following the DfE reorganization and transfer of Skills England to DWP, Skills England are expecting to complete this process in 2026.	

Investigate opportunities to benefit from recent international trade agreements made in the wake of Brexit by exploring the mutual recognition of professional costs qualifications from other jurisdictions and the scope for Costs Lawyers to offer services abroad.	**Strategic** A, B, E **Regulatory** Promotes all
Outcome	
We monitored the regulatory dialogue group established in conjunction with the MoJ in relation to the Australia-UK free trade agreement, and have made it clear that Costs Lawyers should be considered as part of any arrangements. We will continue to monitor any new trade agreements.	

	Link to objectives
Extend our work on ongoing competency to explore whether competency checks are warranted for practitioners returning to authorised practice.	**Strategic** B, D, E **Regulatory** 4, 6, 8
Outcome	
We revised the CPD planning and recording requirements to better monitor engagement with on-going competency, ready for implementation in 2026. We also enhanced the competency and CPD checks for Costs Lawyers returning to regulation after a gap of more than two years.	

Deepen our understanding of services offered by Costs Lawyers into and out of the market in Wales.	**Strategic** A, B **Regulatory** 5, 6
Outcome	
We commissioned a Spotlight blog from Andrew Felton in the Welsh Government's Justice Policy team, who wrote about Welsh devolution, future changes to the Senedd, and the challenges and opportunities this presents for Costs Lawyers in Wales. The Director of Policy participated in the Welsh Legal Regulators Forum in May 2025. The ReciteMe toolbar was added to the CLSB website in July 2025 which enables the public areas to be translated into Welsh at the click of a button. The information is available in audio as well.	

	Link to objectives
In collaboration with ACL Training, evaluate the second year of delivery of the new Costs Lawyer Qualification, including by: • carrying out the annual monitoring process under the Accredited Study Provider Scheme Handbook; • developing additional guidance and materials on the regulatory aspects of qualifying, based on student feedback; and • communicating the responsibilities and benefits of regulation to new student cohorts.	**Strategic** C, E **Regulatory** 3, 4, 6, 8
Outcome	
We delivered our induction session on Qualifying Experience to the two new student cohorts and a new session on becoming authorised and regulated to students awaiting results in both February and May 2025. We revised our Guidance Note on Qualifying Experience in light of experience with students over the last two years. An external consultant was appointed to undertake the annual monitoring process for ACLT. The CLSB Accreditation Panel met in December 2025 to review the annual monitoring report for ACLT's delivery of the CLPQ. Overall, the Panel was impressed with ACLT's performance, and collaborative approach towards the process. Recommendations from the Panel for further refinement and some data analysis have been welcomed by ACLT, and we look forward to assessing progress against those during the 2026 annual monitoring process. We continue to add to the FAQs on Qualifying Experience in response to student queries.	

Consider the resources required to develop a light-touch Annual Report for future years, to support our communications strategy.	**Strategic** A, B, C, D **Regulatory** Supports all
Outcome	
This was incorporated into the Communications workplan to enable the CLSB to develop an Annual Report for 2025. Bringing together the various data and information into one format should enable Costs Lawyers and stakeholders to understand the work and achievements of the CLSB more easily.	

Conduct research into the lived career experience of under-represented groups of Costs Lawyers, providing evidence to inform the next phase of our diversity workplan.	**Strategic** B, E **Regulatory** 6
Outcome	
We appointed the Careers Research and Advisory Centre who undertook qualitative research with Costs Lawyers to understand more about their pathways into the profession. The research commenced in late 2025 and the outcome will be considered and actioned in 2026. The key outputs will be a research report, including case studies, and a spotlight blog.	

	Link to objectives
Review and update our processes for making reasonable adjustments.	**Strategic** D, E **Regulatory** 6
Outcome	
The CLSB's reasonable adjustments policy for the Disciplinary Process was implemented and is live on the website. This is also linked into the Ethics Hub. By taking an open and flexible approach, we are inviting those who seek reasonable adjustments to ask for what they want, as opposed to overly prescribing and potentially discouraging individuals to ask for what they really need.	

Engage an independent agency to undertake a full financial audit.	**Strategic** E **Regulatory** Supports all
Outcome	
A full and independent financial audit was carried out, and approved by the Board in June. Taking a proportionate approach to auditing a small regulator like the CLSB allows for assurance while controlling costs.	

	Link to objectives
Deliver the next phase of our digital workplan, including by: • reviewing whether the database and e-form upgrades implemented over the last three years are meeting functionality requirements and identifying areas for future improvement; and • reviewing options for taking credit card payments.	**Strategic** E **Regulatory** Supports all
Outcome	
We completed our review of the upgrades to the online application forms, and users report they like the system and improvements made. We undertook a viability review for credit card payments at the end of the practising certificate renewal process. This is the key process where demand for credit card payments would be clear, if such demand exists. We have determined there is not a sufficient demand for credit card payments as we had no requests at all to pay by credit card during the 2026 renewal process. As introduction of credit card payments would be administratively onerous and expensive, we will not consider this further.	

Financial Summary 2025

2025	Budget £	Actual £	Variance £
Income[1]	225,315	226,024	709
Expenditure (people costs[2])	134,540	121,102	(13,438)
Expenditure (other operational costs)	85,876	106,925	21,049
Surplus (deficit)	(101)	(2,003)	(1,902)
Transfer to Reserves	5,000	5,000	-

Income

Slightly higher than expected numbers of Costs Lawyers renewing, reinstating or applying for their first practising certificate meant we received more income than expected.

Expenditure

The overspends were mitigated by the underspend in executive costs due to the CEO interregnum, and higher than budgeted income.

The overspends can broadly be categorised as below:

- Specialist complaints investigation consultancy
- Improvements to cyber security
- Non-executive Board member recruitment
- Expanded scope of the lived experience of Costs Lawyers research
- Strategy consultancy support for the CLSB Board.

[1] Almost all income is received as Practising Certificate Fee income

[2] These costs include remuneration for non-executive Board members and the executive team.

Complaints about Costs Lawyers 2025

First and second-tier[3] complaints about Costs Lawyers remain low, as shown below. These figures do not include complaints we receive about unregulated costs advisers, over whom we have no jurisdiction. Where an unregulated adviser is used, consumers may have fewer regulatory protections and limited routes to redress if things go wrong. First-tier complaints are resolved by the Costs Lawyer, therefore there is no "upheld" data unlike second-tier complaints. Details of disciplinary outcomes are published on our website.

[3] Complaints that are escalated to the CLSB or Legal Ombudsman are known as "second tier complaints."

Equality, Diversity and Inclusion

At the CLSB, we are proud to promote an independent, strong, diverse, and effective legal profession. We believe that fostering equality and embracing diversity is more than just a legal requirement; it's a fundamental part of building a fair, inclusive, and effective profession and society.

We see our regulatory role as a powerful lever for positive change, and we aim to lead by example in our commitment to cultivating a working and regulatory culture where every individual is valued, where equality of opportunity thrives, and where discrimination, victimisation, and harassment have no place.

As a regulator and as an employer, we:

- Recognise and value diversity in all its forms
- Actively promote equality of opportunity
- Reject and challenge all forms of discrimination, victimisation, and harassment.

We put these principles into practice as a regulator by:

- Monitoring diversity in the profession, removing unnecessary barriers to entry, providing resources and support to Costs Lawyers
- Ensuring that our internal policies and regulatory framework promote fairness and inclusion
- Ensuring that no individual or group is disadvantaged on the basis of a protected characteristic.

We put these principles into practice as an employer by:

- Cultivating a workplace where everyone feels respected, supported, and able to thrive as their authentic selves
- Ensuring that no applicant, board member, colleague, or team member is treated less favourably in recruitment, employment terms, promotion, training, or benefits because of a protected characteristic.

Why equality, diversity and inclusion matter

Our commitment is rooted in our values and aligned with our responsibilities under the Legal Services Act 2007 and the Equality Act 2010. But to us, equality, diversity and inclusion means more than compliance with a legal and regulatory duty.

- It means recognising that everyone deserves the opportunity to contribute and succeed

- It means recognising, respecting, and celebrating the unique experiences and perspectives that individuals bring, and creating environments where everyone feels they belong and can do their best work
- It means building a diverse and inclusive profession that reflects, and values, the wide range of communities and clients that it serves, enhancing public confidence and access to justice.

Equality and diversity are distinct but interconnected. We cannot truly promote equal opportunity unless we value and harness difference. We are enriched, both as a profession and as a community, when we seek out and learn from diverse voices.

Equality and diversity data

The first step in promoting diversity amongst Costs Lawyers is to understand the existing make-up of the profession. One way in which we do this is through a diversity survey which is published on our website. We carry out a full diversity survey every three years. In the years between the full diversity surveys, we have focused on specific issues. The 2025 survey focused on Costs Lawyers' caring responsibilities.

Our EDI activities in 2025

Caring responsibilities

Our 2025 diversity survey focused on caring responsibilities. The CLSB's 2024 research on Pathways into the Profession showed that almost 50% of Costs Lawyers have caring responsibilities for an adult, children or both. We wanted to hear from Costs Lawyers about whether caring responsibilities affect their work, to what extent, and what further support they would like to see for Costs Lawyers with caring responsibilities. We were keen to hear from all Costs Lawyers on this important topic, even if they didn't currently have caring responsibilities themselves.

The headline findings are set out in the 'Key messages' section on pages 5 and 6 of the final report. 746 practitioners were contacted, of whom 169 responded, representing 22.6% of the profession. Because the sample size is so small, it has not been possible to break down the data to enable further comparisons. Despite the small sample size, the report has provided interesting insights into Costs Lawyers' caring responsibilities. In 2026, we will work to develop guidance for Costs Lawyers on how to support colleagues who have caring responsibilities, and on managing caring responsibilities, in line with the survey results.

Career pathways

In 2025 we launched the next phase of our research looking at entry into, and progression within, the Costs Lawyer profession. This followed the results of our 2024 diversity survey. This is part of a wider programme of work aimed at understanding Costs Lawyers' career experiences, and what steps we could take to strengthen the current profession and support the next generation of Costs Lawyers.

We commissioned the Careers Research and Advisory Centre (CRAC) to carry out qualitative research with regulated Costs Lawyers. The aim of the research is to deepen understanding of Costs Lawyers' career trajectories and career thinking through a programme of interviews. We expect to publish the final report in 2026.

Website accessibility

In 2025, we added a customisable toolbar to our website, provided by Recite Me, that allows website visitors to read and understand content in a way that suits their needs. The accessibility features include:

- Screen reader
- Multiple reading aids
- Styling options
- Live translation to multiple languages including Welsh, some of which are text-to-speech.

Legal Regulators EDI Forum

We continued to participate in the Legal Regulators' EDI Forum alongside our fellow approved regulators.

Neuro-affirmative regulation

We updated our reasonable adjustments policy in relation to our disciplinary process to ensure that our procedures are truly inclusive. Our CEO, Paul Mosson, joined the Legal Neurodiversity Network Committee as Co-Chair. The CLSB is the only frontline legal regulator represented on the Committee and will be offering a regulatory lens to the Committee as well as bringing back insight to the CLSB.

Governance and Accountability

The CLSB is the regulator of Costs Lawyers in England and Wales. We exist to serve the public interest by setting and maintaining the standards of professional conduct by which Costs Lawyers must abide. We are constituted as a private company (Costs Lawyer Standards Board Ltd), but our purpose is not to make a profit. We are funded by the Costs Lawyers that we regulate through the collection of an annual practising fee. All of our income is used for regulatory purposes and our activities are governed by the Legal Services Act 2007.

Our Board

The Board has ultimate responsibility for the CLSB's activities. Our Board is made up of five non-executive directors (NEDs). Three are lay NEDs, which means they have never been authorised to provide regulated legal services, and two are Costs Lawyers. The Chair of the Board is a lay individual. You can find out more about our individual board members here. Board members in 2025 were:

Lay members

Rt Hon David Heath CBE (Chair)
Andrew Harvey (Vice Chair)
Stephanie MacIntosh (to 3 December 2025)
Helen Moulinos (from 3 December 2025)

Non-lay (Costs Lawyers)

Andrew McAulay
Paul McCarthy

Our Board meets at least four times a year to consider a variety of strategic issues, including the CLSB's regulatory and operational performance, risk management, forward planning, resourcing and governance matters. You can access documents relating to recent Board meetings on our website. We also publish Board Decision Notes in line with our Board Governance Policy. For more information on our Board documentation, visit our What we publish page.

CLSB and the Association of Costs Lawyers

The CLSB is a wholly owned subsidiary of the Association of Costs Lawyers (ACL). ACL is the profession's representative body and is named in the Legal Services Act 2007 as the 'approved regulator' of the Costs Lawyer profession. However, as a representative body, it must delegate its regulatory functions to another organisation. It has therefore delegated its regulatory functions to the CLSB.

Irrespective of being a subsidiary of ACL, the CLSB operates entirely independently of ACL and ACL does not interfere with the CLSB's regulatory activities. The CLSB is responsible for establishing its own budget, strategy, governance structures and regulatory arrangements.

This level of independence is required under the Legal Services Board's Internal Governance Rules. ACL's only remaining regulatory role is to ensure compliance with the Internal Governance Rules and to seek assurance from the CLSB that the CLSB is complying with its obligations under the Legal Services Act. Each organisation's roles and responsibilities are set out in a Memorandum of Understanding and Operational Protocol between the two bodies. This MOU was last reviewed in June 2025.

Looking Ahead

In 2026 we will build on the work completed in 2025, focusing on initiatives that strengthen consumer protection, support high professional standards, and help the profession develop sustainably. You read more about our objectives for 2026 in the annual Business Plan 2026.

Contact details

Website: clsb.info

Email: enquiries@clsb.info

Telephone: 0161 956 8969

The CLSB operates a virtual office, and has part-time staff. If we do not answer the telephone, please leave a message and we will get back to you as soon as we can.

Address:
Costs Lawyer Standards Board, PO Box 4336, Manchester, M61 0BW

Budget for the 2026 practising year:

Year to date actuals and projections to year end

Category	Budget provision (£)	Expenditure to 31.08.26	Forecast to year end
Staff costs	146,565	106,217	159,987
Travel and subsistence	7,000	3,928	7,000
Rent and room hire	3,752	1,689	3,770
Telephone	534	197	437
Printing, postage and stationery	300	362	500
Equipment	1,000	1,221	1,221
Levies and contributions (LSB, LeO, Legal Choices)	29,880	25,154	30,954
Licences, subscriptions and fees	4,086	940	3,068
Office services	2,911	3,705	3,961
Consultancy services	23,000	20,077	23,000
IT services	6,828	4,278	6,389
Business Plan priorities	16,500	7,590	15,990
Miscellaneous	1,000	850	1,000
TOTAL EXPENDITURE	**243,337**	**176,209**	**257,277**
Transfer to reserves	2,500	0	2,500
TOTAL DEBITS	**245,837**	**176,209**	**259,777**
ESTIMATED INCOME	**238,440**	**250,556**	**251,965**

COMPANY REGISTRATION NUMBER: 04608905

Costs Lawyer Standards Board Limited

Filleted Unaudited Financial Statements

31 December 2025

AGP
Chartered Accountants
Sycamore House
Sutton Quays Business Park
Sutton Weaver
Runcorn
Cheshire
WA7 3EH

Costs Lawyer Standards Board Limited

Statement of Financial Position

31 December 2025

	Note	2025 £	2025 £	2024 £
Fixed assets				
Tangible assets	6		1,084	968
Current assets				
Debtors	7	8,721		8,458
Cash at bank and in hand		521,211		502,895
		529,932		511,353
Creditors: amounts falling due within one year	8	251,706		236,637
Net current assets			278,226	274,716
Total assets less current liabilities			279,310	275,684
Net assets			279,310	275,684
Capital and reserves				
Called up share capital	9		15,000	15,000
Profit and loss account			264,310	260,684
Shareholders funds			279,310	275,684

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of income and retained earnings has not been delivered.

For the year ending 31 December 2025 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The statement of financial position
continues on the following page.

The notes on pages 3 to 6 form part of these financial statements.

Costs Lawyer Standards Board Limited

Statement of Financial Position *(continued)*

31 December 2025

These financial statements were approved by the board of directors and authorised for issue on 9 July 2026, and are signed on behalf of the board by:

Signed by:
David Heath
F39E0022506844B...

D Heath
Director

Company registration number: 04608905

The notes on pages 3 to 6 form part of these financial statements.

Costs Lawyer Standards Board Limited

Notes to the Financial Statements

Year ended 31 December 2025

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Sycamore House, Sutton Quays Business Park, Sutton Weaver, Runcorn, Cheshire, WA7 3EH.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	-	over 3 years
Equipment	-	over 3 years

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of banks loans which are subsequently measured at amortised cost using the effective interest method.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Costs Lawyer Standards Board Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2025

3. Accounting policies *(continued)*

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

4. Taxation

The company is a professional association which derives its income from members' subscriptions. As such the directors consider that the company is not carrying on a trade and therefore not liable to corporation tax on its profits. The corporation tax charge included in the accounts relates to corporation tax due on interest received in the year.

5. Employee numbers

The average number of persons employed by the company during the year amounted to 3 part time colleagues (2024: 4) which is the equivalent of 1.5 FTE.

6. Tangible assets

	Fixtures and fittings £	Equipment £	**Total £**
Cost			
At 1 January 2025	59	6,962	**7,021**
Additions	–	987	**987**
Disposals	(59)	(636)	**(695)**
At 31 December 2025	–	7,313	**7,313**
Depreciation			
At 1 January 2025	59	5,994	**6,053**
Charge for the year	–	871	**871**
Disposals	(59)	(636)	**(695)**
At 31 December 2025	–	6,229	**6,229**
Carrying amount			
At 31 December 2025	–	1,084	**1,084**
At 31 December 2024	–	968	968

7. Debtors

	2025 £	2024 £
Other debtors	**8,721**	8,458

8. Creditors: amounts falling due within one year

	2025	2024
	£	£
Corporation tax	**1,321**	1,498
Other creditors	**250,385**	235,139
	251,706	236,637

9. Called up share capital

Issued, called up and fully paid

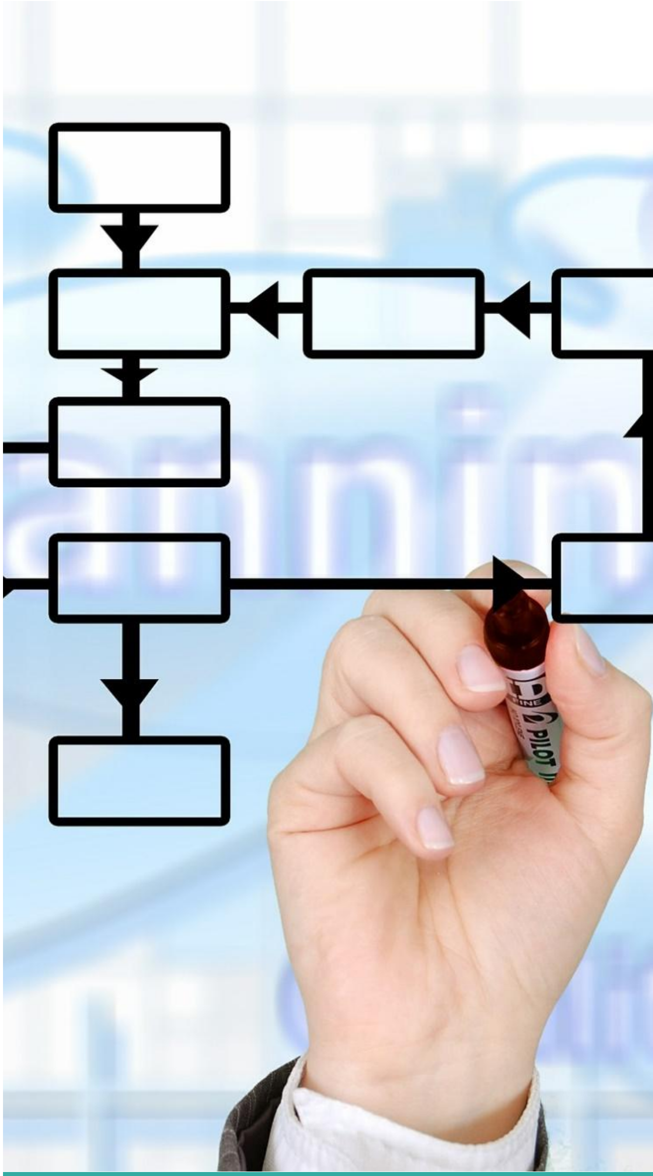
	2025		2024	
	No.	**£**	No.	£
Ordinary shares of £1 each	**15,000**	**15,000**	15,000	15,000

10. Controlling party

The directors regard The Association of Law Costs Draftsmen Limited (trading as Association of Costs Lawyers) to be the ultimate parent company by virtue of its ownership of 100% of the issued share capital of the company. However, pursuant to the Legal Services Act 2007 the two companies act separately.

The ultimate parent company is a company limited by guarantee registered in England & Wales, company number 01330762. The registered office is 16 Broad Street, Eye, Suffolk IP23 7AF.

Business Plan 2026



CONSULTATION

2 July to 14 August 2025

Costs Lawyer Standards Board

Foreword

Rt Hon David Heath CBE, Chair

The legal system in England and Wales continues to operate under intense public and political scrutiny. Persistent court backlogs, pressure on legal aid provision, and wider access-to-justice concerns have cast a long shadow over confidence in the justice system. This environment has elevated the importance of professional integrity and the regulatory frameworks that underpin the delivery of legal services.

In this context, questions about the future of legal services regulation have moved higher up the national agenda. The Justice Committee's recommendations in 2024 signalled the case for arguing that the Legal Services Act 2007 may no longer provide a coherent or sustainable framework for modern legal regulation grows stronger. The momentum for legislative reform is building, with implications for all legal regulators, including the CLSB.

Meanwhile, public trust in the legal profession has been tested further by the findings emerging from the Post Office Horizon IT Inquiry. The inquiry revealed troubling lapses in ethical standards among legal professionals, including failures to challenge injustice and act independently in the face of institutional pressure. These events reinforce the need for an ethical culture within legal services that is resilient, principled, and centred on public interest.

Against this backdrop, the CLSB has taken proactive steps to reaffirm the centrality of professional ethics to the Costs Lawyer profession. In 2024, we strengthened the Costs Lawyer Code of Conduct, placing greater emphasis on independence and the overriding duty to the court and the proper administration of justice. Through our necessarily evolving **Ethics Hub**, we are supporting Costs Lawyers with practical guidance and real-world scenarios to help them navigate ethical complexity with confidence.

These developments come at a time when the role of Costs Lawyers is expanding and diversifying. With the new Costs Lawyer Professional Qualification now in place, plans for the opening of the apprenticeship route, and a growing emphasis on pathways for costs advisors to become regulated, the profession is becoming more accessible, visible, and accountable. The CLSB's regulatory approach is evolving in parallel; agile, risk-based, and focused on enabling high standards through clarity and support.

Looking ahead, our commitment to the rule of law and to ethical practice will remain a cornerstone of our strategy. The CLSB will continue to play an active and principled role in shaping a regulatory environment that protects the public and supports a modern, independent Costs Lawyer profession.

Introduction

Paul Mosson, Chief Executive

Building on the CLSB's ongoing work to uphold the standing and reputation of Costs Lawyers, we continue to support the profession in upholding robust standards and, where necessary, effective enforcement. These remain essential as demand grows for a diverse range of regulated costs services that meet the needs of increasingly informed clients. The CLSB Annual Risk Outlook for 2025 also highlights opportunities for Costs Lawyers to provide advice around the eight poles in the Government's growth strategy.

There remains significant untapped potential for the Costs Lawyer profession, including opportunities to attract more costs advisors into regulation. We are strengthening our focus on consumer protection by clearly communicating the benefits and safeguards that come with using a regulated Costs Lawyer over an unregulated provider.

In 2024, we launched a new regulatory framework for qualification, with ACL Training accredited to deliver the new Costs Lawyer Professional Qualification. We remain committed to supporting students through this transition, including expanding our FAQs on Qualifying Experience, revising our guidance based on recent student practice, and delivering targeted induction and information sessions.

A major step forward was our approval as the External Quality Assurance Provider for the Costs Lawyer apprenticeship in 2024, followed by recognition as the End Point Assessment Organisation in 2025. These milestones should now enable the apprenticeship route to open, with ACL Training registering as the first provider. We will continue to support the Apprenticeship Trailblazer Group in promoting this route.

Our commitment to equality, diversity and inclusion (EDI) continues to evolve. Through our Ethics Hub, collaborative partnerships, and practical leadership, we aim to enhance the profession's inclusivity so that it can respond to, and reflect, the diversity of the communities it serves. We will look at how we regulate through a neurodiverse lens to ensure we are a neuro-affirmative regulator.

We will continue to advocate for legislative change to enable Costs Lawyers to apply for judicial appointments, including both costs-specific and generalist roles. In addition, we will look to identify opportunities to support Costs Lawyers in Wales. Expanding recognition of Costs Lawyers across the legal landscape remains a priority. These interconnected initiatives reflect our ambition to expand career pathways and ensure the profession is equipped to meet the future needs of clients and the justice system in England and Wales.

Our objectives

Pursuing our strategy

Below are the CLSB's strategic objectives for 2024 to 2027, as set out in our mid-term strategy. Each strategic objective is assigned a letter, A through E. These letters are used in the remainder of this Business Plan to demonstrate how our annual priorities for 2026 are linked to achievement of our wider strategic goals.

A. *We will nurture the positive working relationships created under our previous strategy and begin to look outside the legal services sector for inspiration and learnings, seeking collaboration where this furthers our mission.*

B. *We will be perceived as an expert on the market that we regulate, proactively adding value for Costs Lawyers, their businesses, their clients and the wider justice system, and we will effectively communicate that value to those in the costs community who decide each year whether or not to opt-in to regulation.*

C. *We will begin to raise standards in the part of the costs law market that is currently outside the scope of regulation, by finding non-legislative levers to encourage professionalism and by communicating the benefits of regulation to the people who make purchasing decisions about costs advisory services.*

D. *We will continue to create, evaluate and improve a regulatory model that is uniquely suited to the unusual characteristics of the costs law market, finding inventive ways to tackle the challenges presented by the legislative environment in which we operate.*

E. *We will build long-term organisational robustness and resilience to guard against external risks and shocks, and we will promote the same resilience within the Costs Lawyer profession.*

The regulatory objectives

All of our activities must be compatible with, and promote, the regulatory objectives set out in section 1 of the Legal Services Act 2007. The regulatory objectives are reproduced below, and each is assigned a number, 1 through 9. These numbers are used in the remainder of this Business Plan to demonstrate how our annual priorities for 2026 are linked to promotion of the regulatory objectives.

The regulatory objectives are:

1. *protecting and promoting the public interest;*
2. *supporting the constitutional principle of the rule of law;*
3. *improving access to justice;*
4. *protecting and promoting the interests of consumers;*
5. *promoting competition in the provision of legal services;*
6. *encouraging an independent, strong, diverse and effective legal profession;*
7. *increasing public understanding of the citizen's legal rights and duties;*
8. *promoting and maintaining adherence to the professional principles; and*
9. *promoting the prevention and detection of economic crime.*

The professional principles referred to at 8 above are:

- that authorised persons should act with independence and integrity;
- that authorised persons should maintain proper standards of work;
- that authorised persons should act in the best interests of their clients;
- that persons who exercise before any court a right of audience, or conduct litigation in relation to proceedings in any court, by virtue of being authorised persons should comply with their duty to the court to act with independence in the interests of justice; and
- that the affairs of clients should be kept confidential.

Promoting consumer outcomes

In line with our commitment to consider consumer outcomes in all of our regulatory work, we have also indicated in this Business Plan how each initiative is linked to the promotion of one or more of the consumer outcomes that we are interest in, namely: price; quality; access; innovation; privacy; fairness; and/or diversity.

Annual priorities

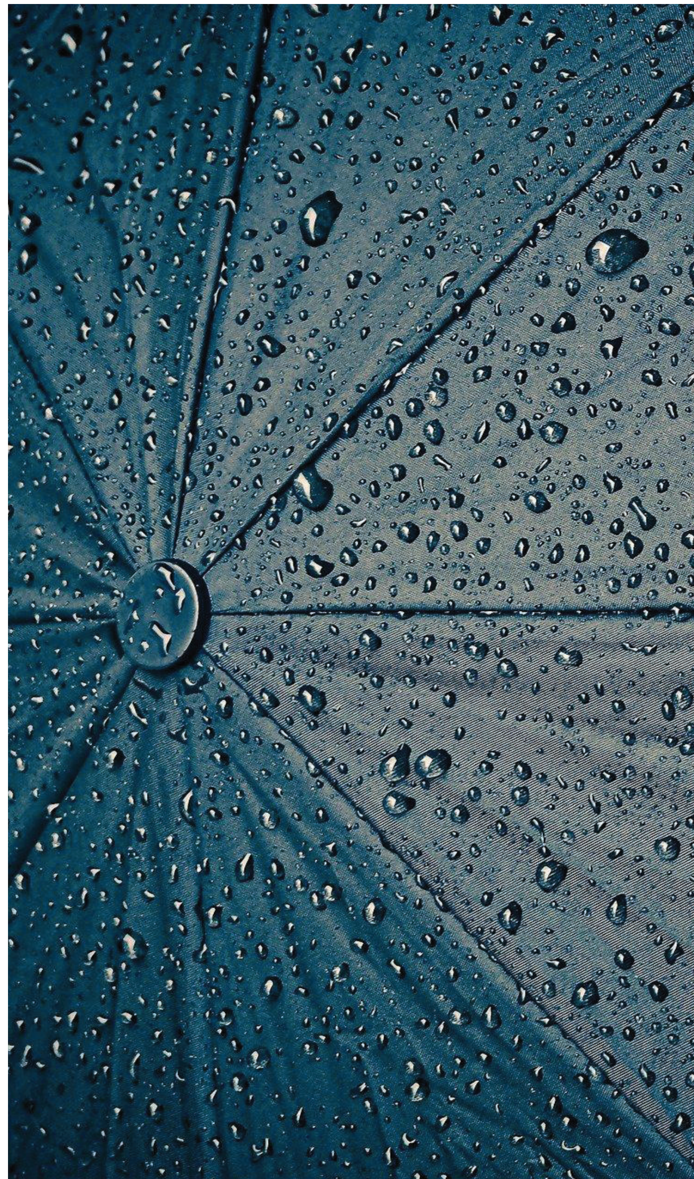
	Initiative	Link to objectives	Fit with consumer outcomes
1.	Progress the second phase of the communications strategy developed in 2024, aimed at supporting each of the five strategic goals in our mid-term organisational strategy in a cohesive and systematic way.	**Strategic** Supports all **Regulatory** Supports all	Quality Access Innovation Fairness
2.	Continue to collaborate with the Ministry of Justice, Judicial Appointments Commission and other key partners to expand current statutory eligibility requirements for judicial appointment to include Costs Lawyers.	**Strategic** A, B **Regulatory** 1, 3, 6	Diversity
3.	Expand the guidance and resources to support Costs Lawyers in upholding their professional ethical duties, in collaboration with strategically aligned expert partners and groups, where appropriate.	**Strategic** A, B **Regulatory** 1, 6, 7, 8	Fairness Diversity
4.	Work with ACL Training and the employer Trailblazer Group to progress the Costs Lawyer apprenticeship standard.	**Strategic** A, C, E **Regulatory** 3, 4, 5, 6	Quality Access Diversity
5.	Commission an external review of the CLSB's existing cyber security arrangements in light of the increasingly aggressive nature of cybercrime.	**Strategic** E **Regulatory** 1, 4, 9	Privacy
6.	Identify opportunities to support the current and future profession in Wales.	**Strategic** A, B, C **Regulatory** 5, 6	Access Diversity
7.	In collaboration with ACL Training, evaluate the third year of delivery of the new Costs Lawyer Qualification by carrying out the annual monitoring process under the	**Strategic** C, E **Regulatory** 1, 3, 4, 5, 6, 8	Quality Access Diversity

	Accredited Study Provider Scheme Handbook. Provide new guidance to Qualified Persons built out from feedback and assessment in 2025.		
8.	Publish an Annual Report for 2025 to support our communications strategy.	**Strategic** Supports all **Regulatory** Supports all	Supports all
9.	Act upon the quantitative and qualitative career pathways research to: • Inform how the apprenticeship is promoted; • Guide the engagement strategy with prospective entrants to the profession; and • Review any unintended barriers to becoming a Costs Lawyer.	**Strategic** Supports all **Regulatory** 1, 3, 4, 5, 6, 8	Price Quality Access Diversity
10.	Monitor compliance with new guidance on: • Dealing with consumers; and • Client Care Letters.	**Strategic** D, E **Regulatory** 1, 4, 8	Quality
11.	Deliver the next phase of our digital workplan, by: • Implementing improved accessibility for the website; and • Delivering the secure area of the website for Costs Lawyer only content/ benefits.	**Strategic** Supports all **Regulatory** Supports all	Supports all
12.	Explore options to develop resources and opportunities to help Costs Lawyers: • develop those skills identified in the Ongoing Competency Framework, for which training is not easily available; • uphold professional ethics; and • progress diversity and inclusion in the profession.	**Strategic** B, C, D **Regulatory** Supports all	Quality Innovation

13.	Use the levers at our disposal to address diversity gaps and barriers to inclusion within the profession, in collaboration with the ACL where appropriate. Developing a strategic approach to EDI that addresses short, medium and long term goals.	**Strategic** A, B, D **Regulatory** 6, 7, 8	Fairness Diversity
14.	Implement the next stage of our action plan to respond to the recommendations from the *Costs Lawyers, Technology and Regulation report 2024,* including guidance for Costs Lawyers on the professional and ethical considerations of using AI.	**Strategic** Supports all **Regulatory** 3, 4, 5	Access Quality Innovation
15.	Review the Competency Statement to ensure that it remains current and relevant, and the Assessment Outcomes and Guidance to ensure they remain fit for purpose.	**Strategic** B, D **Regulatory** 1, 4, 8	Quality Innovation Fairness

Our budget for 2026, which will facilitate delivery of this Business Plan, can be found on our website.

Reserves Policy



Updated: 18 June 2025 (version 6)

Costs Lawyer Standards Board

Purpose

1. The Costs Lawyer Standards Board (CLSB) holds financial reserves to ensure it has sufficient capital to respond appropriately to risks and maintain business continuity, as well as to fund projects that are planned for the future. This policy sets out the CLSB's current approach to accumulating and managing reserves.

Type of reserves

2. The CLSB primarily holds uncommitted reserves. Uncommitted reserves are not allocated or ring-fenced for a specific purpose, and they are not required to meet "business as usual" annual expenditure. The CLSB may also hold committed reserves from time to time, as set out at paragraph 17 below.

3. The CLSB's uncommitted reserves are divided into two categories based on the sources from which they are derived, namely practising fee reserves and share capital reserves.

4. Share capital reserves reflect the value of the share capital paid up by the CLSB's parent company and sole shareholder, The Association of Law Costs Draftsmen Limited (trading as the Association of Costs Lawyers (ACL)). The level of share capital reserves is maintained at £15,000.

5. Uncommitted practising fee reserves (as well as any committed reserves held from time to time) are derived from the practising fees paid annually by regulated Costs Lawyers.[1]

6. Reserves derived from practising fees are used only in fulfilment of the CLSB's regulatory functions and for the permitted purposes set out in the Legal Services Board's Practising Fee Rules 2021.

[1] The CLSB's income is generated almost exclusively from practising fees and therefore all budget items, including transfers to reserves, are met with practising fee funds. The CLSB generates a de minimis amount of income from accrediting Costs Lawyers to provide CPD activities. Given the small size and unpredictable nature of that income, it is not allocated to any particular item of expenditure and is not included in budgeted income.

Holding reserves

7. The CLSB holds its practising fee reserves, share capital reserves and committed reserves in designated accounts, separate from each other and separate from the CLSB's operating (current account) funds.

8. The CLSB, through its officers and employees, has exclusive management and control of its reserves. All reserve accounts are held in the CLSB's name. ACL may not access the CLSB's reserves nor direct how they are used.

9. Reserves may be invested (for example, in interest bearing accounts) at the discretion of the CLSB's executive. However, any investment will be very low risk and will ensure funds are kept sufficiently liquid to be called upon if required.

Practising fee reserves target

10. Practising fee reserves are accumulated up to a target level, which is set to insure against reasonable risks without unnecessarily inflating costs.

11. The CLSB's target level of practising fee reserves is six months' operating expenditure – which equates to roughly half of one year's gross income from annual practising certificate fees (net of any contribution to reserves) – plus a 10% contingency to account for annual fluctuations in expenditure. When this policy was last reviewed, the reserves target was £113,000 plus a 10% contingency (£124,000 in total).

12. In setting the target, the CLSB has been mindful that it is a small organisation. While the target is at the upper end of the range recommended by the Legal Services Board as a proportion of annual expenditure, it is not high in absolute terms. A minimum level of reserves is needed to ensure financial resilience in the face of major risks, many of which create the same liability for a small regulator as they do for a larger one. The target is set at a level that will ensure the CLSB can deliver its full regulatory remit and/or meet its obligations in the event that a major risk materialises.

13. To achieve the target level of practising fee reserves, the CLSB will make provision in its annual budget for a contribution to reserves each practising year until the target is met. The CLSB may also make contributions to practising fee reserves from any underspend on its annual budget.

Risks mitigated through practising fee reserves

14. The practising fee reserves target has been set at a level that is adequate to insure against, but is not disproportionate to, the risks recorded in the CLSB's risk register. These include the following major strategic risks:

    (i) An unexpected decrease in practising fee income (because, for example, an economic crisis restricts Costs Lawyers' ability to pay practising fees or the Legal Services Board refuses to approve the annual practising fee).

    (ii) The CLSB ceasing to exist or being unable to act as an approved regulator under the Legal Services Act 2007 (with potential costs including redundancy, contract terminations, LSB and Legal Ombudsman levies which are paid one year in arrears, accounting and Companies House liabilities).

    (iii) Involvement in litigation (for example, a decision of the CLSB being challenged by way of judicial review, an action for damages being brought by or against the CLSB or injunctive relief being sought for a breach of the Legal Services Act 2007).

    (iv) Duplication of staffing costs in the event of long term absence.

15. The CLSB will consider the extent to which any major strategic risks are insurable and will balance the cost and availability of insurance against the cost to the regulated community of accumulating reserves.

Committed reserves target

16. In addition to insuring against risks, reserves may be used to meet one-off items of expenditure that cannot be met appropriately through an increase in the practising fee for the relevant year. Such items of expenditure might include, for example, the cost of implementing significant new systems or processes, responding to legislative changes or purchasing substantial assets. Where plans are made to use reserves in this way, the relevant funds are ring-fenced as committed reserves.

17. The CLSB currently holds committed reserves for planned future IT development work. That work has was at approximately £30,000 in 2021 and, accordingly, our target level of committed reserves at this time was set at £30,000. Allowing for inflation over the period this target level has been increased to £36,500.

18. To achieve the target level of committed reserves, the CLSB will make provision in its annual budget for a contribution to reserves each practising year until the target is met. The CLSB may also make contributions to committed reserves from any underspend on its annual budget.

Review of this policy

19. This policy will be reviewed by the CLSB's board periodically and when all reserves targets have been achieved.

Consultation
2027 practising fee

Consultation
22 July to 2 September 2026

Costs Lawyer Standards Board

CLSB

Proposed Practising Certificate Fee 2027

We propose setting the practising certificate fee for Costs Lawyers at £325 for the 2027 practising year, representing an increase of £13 (4.16%) compared to the 2026 fee. This follows increases of 2.3% in 2026, 5% in 2025 and 3% in 2024.

In line with the Legal Services Board (LSB) Practising Fee Rules, any surplus from a previous year must be used to offset future expenditure, thereby reducing the fee that would otherwise be charged. However, there was no surplus from 2025 to apply to the 2027 budget.

As a result of the growing profession, an increase in the complexity of complaints, and a general rise in costs affecting the wider economy our operational costs are growing, and our expenditure is expected to rise by 9.6% in 2027. The majority of this increase will met by the larger regulated numbers, and we have also worked hard to lower our costs wherever possible. This means that the proposed practising fee for 2027 is just over 4% higher than 2026, in line with our inflationary assumptions of 4%.

The increase in expenditure is driven by several key factors:

Resourcing pressures: We have allocated funding for additional executive support for our small and efficient executive team. Demands on the team continue to grow alongside a growing profession and student body, and while complaints remain low their complexity has increased requiring more expertise to be bought in. With a strategic imperative to promote the value of regulation as a Costs Lawyer to consumers, professional clients, aspiring lawyers and the unregulated costs advice sector, the CLSB needs to engage the specialist services of a communications expert.

Board turnover: Over the next two years, three non-executive (NED) board members will retire, including the Chair. To support effective recruitment to fill these vacancies, additional funds have been allocated for NED recruitment.

Travel and stakeholder engagement: While we continue to operate without permanent office space, travel and accommodation costs have risen. We have therefore made a modest increase to the travel budget to account for this.

IT and digital services: We live in a world of constant and evolving cyber security threats and the CLSB needs to continue to invest in its IT infrastructure on a rolling basis. As a completely remote organisation, the CLSB is especially dependent on its IT infrastructure.

LSB levy: Like all legal regulators in England and Wales, we must budget for an increase in the levy paid to the LSB on behalf of the profession. For 2026/27, the LSB's budget has increased, details of which can be found on their published business plan.

In addition we continue to reduce expenditure wherever possible, and we intend to use a projected underspend in our special projects budget in 2026 to make our reserves up to the target levels (set by the LSB), representing a saving in the 2027 budget as no income is required for transfer to reserves.

This consultation paper provides further detail on the proposed practising fee and how the income will be used. We encourage all Costs Lawyers to review this information carefully and to share their views.

We welcome all feedback, whether or not it addresses the specific questions listed at the end of this paper. **Consultation responses should be submitted online by 5pm on Wednesday 2 September 2026**.

How we set the practising fee

The process

The process for determining the practising fee starts in May each year.

- First, we develop a **Business Plan** for the coming practising year, setting out our annual priorities for achieving our strategic goals.
- Next, we develop a **budget** that reflects our fixed costs (such as salaries and overheads), the variable costs of our core regulatory work (such as supervision and enforcement) and the cost of delivering the annual priorities in the Business Plan.
- The budget determines our total anticipated expenditure for the year; that is, the funding we need to operate effectively. Anticipated expenditure is then divided by the **number of Costs Lawyers** that we estimate will be practising during the year. This gives us the proposed practising fee. The fee is agreed by the **CLSB's board**.
- We ask Costs Lawyers for feedback on the proposed fee through this **consultation process**. The fee is adjusted as appropriate in response to feedback received.
- The fee must then be **approved by the Legal Services Board** (LSB) under its Practising Fee Rules. This involves a detailed application process whereby the fee is explained and justified to our oversight regulator. Our application is published by the LSB.
- In early October, the LSB issues its decision and the practising fee is **confirmed to Costs Lawyers**.
- We are then able to finalise the **practising certificate renewal form** based on the approved fee. You will receive an email when your online renewal form, which is unique to you, is available for completion.

2027 Business Plan

The bulk of our income from practising fees is spent on fulfilling our core regulatory duties. These activities can be broadly summarised as:

- establishing policy, rules and guidance in relation to the professional conduct expected of Costs Lawyers;
- setting the outcomes for, and accrediting training providers to deliver, the Costs Lawyer Qualification and assessing trainees' Qualifying Experience;
- supervising compliance with our regulatory requirements;
- dealing with complaints about Costs Lawyers' conduct and taking disciplinary action where conduct falls short of the required standard;
- helping consumers and the wider public understand issues relating to legal costs and how Costs Lawyers can assist them;
- assisting practitioners in navigating ethical issues and treating their clients fairly;
- gathering evidence and data about the regulated market to inform our activities.

Our annual Business Plan establishes additional projects and priority work areas that are specific to the practising year. Each priority in the Business Plan is linked to the achievement of one or more of the objectives in our mid-term strategy, to the regulatory objectives in the Legal Services Act 2007, and the improvement of specified consumer outcomes. Our proposed Business Plan for 2027 is available with this consultation. The priorities in the Business Plan, together with the core regulatory work described above, constitute the full programme of activity that is funded through your practising fee.

In 2025 we delivered all our Business Plan priorities and a summary of the value and outcomes against each priority is now available in the CLSB's Annual Report which is available with this consultation.

Levies and contributions

Our proposed budget for 2027 is also available with this consultation. You will see that a portion of our budget is made up of levies and contributions that we must pass on to other organisations – namely the Legal Services Board, the Legal Ombudsman and the

Legal Choices website – to fund their activities. Each of the frontline legal services regulators are required to make contributions on behalf of the lawyers they regulate.

In 2027, the cost per Costs Lawyer of these contributions will be approximately:
- £27.36 for the Legal Services Board (8.4% of your practising fee);
- £6.53 for the Legal Ombudsman (2% of your practising fee); and
- £7.57 for Legal Choices (2.3% of your practising fee).

Other information about practising fees

Permitted purposes

The CLSB derives almost all of its income from practising fees. Other minor sources of income include accreditation fees, costs awarded under our Disciplinary Rules and Procedures and interest payments on our financial reserves.

All our income is allocated to expenditure on so-called "permitted purposes". Permitted purposes are prescribed regulatory activities as listed in Rule 8 of the Legal Services Board's Practising Fee Rules. They include activities like regulation, accreditation, education, training, raising professional standards, providing advice and guidance, participating in law reform, and furthering public legal education.

The Association of Costs Lawyers

Your practising fee exclusively funds the CLSB. It is not used to fund the profession's representative body, the Association of Costs Lawyers (ACL). If you would like to be a member of ACL, a membership fee is payable separately. You can contact ACL to understand more about the benefits of membership.

Tax relief

Tax relief on your practising fee can be claimed under SI 1126/2013: The Income Tax (Professional Fees) Order 2013. This covers "fees payable to the Costs Lawyer Standards Board on applying for a costs lawyer practising certificate".

Reserves

We hold financial reserves to provide a buffer against unexpected events. We want the level of our reserves to be neither too low nor too high, so our Reserves Policy provides for a target level of reserves. In 2025, we revised our target level of uncommitted reserves following a review of the financial risks we face and the extent to which those risks are insurable. Our target remains six months' operating expenditure (or roughly six months' gross income from annual practising fees) plus a 10% contingency. We will meet this target by transferring some of the projected unspent special projects budget for 2026 to reserves.

We hold committed reserves for IT development purposes with a target of £36,500. We will achieve this target by transferring some of the projected underspend in the special projects budget for 2026.

We also hold separate reserves of £15,000 reflecting the amount of our paid up share capital.

The current level of our reserves is recorded in our audited accounts, which are available with this consultation.

Practising certificates

Practising Rules

Your practising fee must be paid before we can issue you with a practising certificate for the relevant year. This is established under our Practising Rules, which you can find in the Costs Lawyer Handbook.

Practical advice and information

The practising certificates page of our website contains advice on a range of topics relating to practising certificates and the practising fee. It includes information about who needs a practising certificate, how to renew your certificate, how to pay the practising fee and how your application will be dealt with.

You can also find information on this webpage about fee remissions. You might be entitled to a reduction in your practising fee if, for example, you are a newly qualified Costs Lawyer, you are applying for reinstatement to the register part-way through the year or you have recently taken parental leave.

Benefits of having a Costs Lawyer practising certificate

Your practising certificate gives you the right, under the Legal Services Act 2007, to conduct the following reserved legal activities:

- The exercise of a right of audience;
- The conduct of litigation; and
- The administration of oaths.

In addition you will:

- Appear on the Register of Costs Lawyers on the CLSB website.
- Be able to use, in line with the terms, the CLSB Mark of Regulation on communications to publicise that you are authorised and regulated by the CLSB.
- Have access to the support of LawCare. This is a confidential service which supports the mental health and wellbeing of legal professionals and their families.
- Receive regular CLSB newsletters with the latest updates for Costs Lawyers.

Having a CLSB practising certificate evidences to clients, the courts and fellow lawyers that you are qualified, regulated, have professional indemnity insurance in place, follow a complaints handling procedure (including access to the Legal Ombudsman where applicable) and undertake continuing professional development (CPD). You may also be able claim a better hourly rate than unregulated costs advisors and increase potential client instructions.

Consultation questions

Main question

Question 1: Do you agree with our proposal to set the practising fee at £325 for 2027? Why or why not?

Other questions you might like to consider

Question 2: Do you agree with the CLSB's proposed Business Plan and budget for 2027? If not, what aspects would you suggest we change and why?

Question 3: What do you perceive to be the main benefits of regulation? Do you think we place sufficient focus on those benefits? Do you think we are delivering those benefits?

Question 4:

(a) Are you adversely impacted by the level of the practising fee due to a protected characteristic under the Equality Act 2010 (such as age, disability or gender) or due to your individual practising arrangements? If so, please tell us why and how we could meet your needs.

(b) Do you agree with our initial Equality Impact Assessment (EIA) of the practising fee, which we have provided with this consultation?

Question 5: Is there anything else you would like to know about the practising fee that we should include in next year's consultation?

Consultation responses should be submitted online by **5pm on Wednesday 2 September 2026**.

The published Practising Certificate Fee 2027 consultation paper explains the 2027 budget and practising certificate fee. It raises questions that you might like to consider as part of your consultation response, although we welcome comments on any aspect of the proposals.

Consultation responses may also be sent to enquiries@clsb.info but **all responses must be received by 5pm on 2 September 2026.**

Part 1 – Consultation questions

1. Do you agree with the CLSB proposal to set the practising fee at £325 for 2027?

◯ Yes

◯ No

Please give your reason(s) for your answer above

2. Do you agree with the CLSB's proposed Business Plan and budget for 2027?

◯ Yes

◯ No

◯ Not sure

Please give your reason(s) for your answer

3. Thinking about the CLSB's proposed Business Plan for 2027, which priorities would you rank in first, second and third place in terms of meeting your expectations of a frontline legal regulator?

- Implement the new CLSB communications strategy developed during 2026, with a specific focus on the benefits of being regulated and using a Costs Lawyer. This will also include a review of website content, including how we ensure returning Costs Lawyers are aware of regulatory developments.
- Expand the guidance and resources to support Costs Lawyers in meeting their professional and ethical obligations, including the prevention of economic crime.
- Introduce a rolling guidance audit process to ensure all guidance is assessed and updated where necessary in a timely and consistent manner.
- Develop a new CLSB strategy for 2028 and beyond.
- Implement the EDI strategy that is being developed in 2026, and act upon the quantitative and qualitative career pathways research recommendations.
- Consider the reaccreditation of ACL Training as an Accredited Study Provider of the Costs Lawyer Qualification. Work with ACL Training and the employer Trailblazer Group to progress the Costs Lawyer apprenticeship.
- Respond to the review of the Competency Statement completed in 2026.
- Consider the value of introducing a Competency Hub similar to the Ethics Hub.

4. What do you perceive to be the main benefits of regulation to you as an individual? Please select all that apply.

- [ ] Authorisation to do types of work (e.g. advocacy, conducting litigation) I couldn't otherwise do
- [ ] Eligibility for ACL membership
- [ ] Ability to use the CLSB Mark of Regulation
- [ ] Higher income
- [ ] Access to LawCare support
- [ ] Respect from other legal professionals
- [ ] Respect from the judiciary
- [ ] Ability to market myself to clients as a regulated professional
- [ ] Personal pride in my regulatory status
- [ ] Other

5. Do you think the CLSB places sufficient focus on the benefits set out in question 4?

- ◯ Yes
- ◯ No
- ◯ Please give your reason(s) for your answer above

6. What do you perceive to be the main benefits of regulation to consumers, clients and society? Please select all that apply.

- ☐ Improving standards of conduct and service in the costs advice sector
- ☐ Ensuring clients can complain and get redress when something goes wrong
- ☐ Ensuring Costs Lawyers who break the rules can be publicly named and sanctioned
- ☐ Improving standards of advocacy and professionalism before the courts
- ☐ Ensuring Costs Lawyers have a minimum level of relevant knowledge and skills
- ☐ Ensuring Costs Lawyers keep their knowledge and skills up to date
- ☐ Giving the profession credibility, which gives clients confidence
- ☐ Encouraging new and innovative services to benefit clients
- ☐ Educating the public about what Costs Lawyers do
- ☐ Other

7. Do you think the CLSB places sufficient focus on the benefits set out in question 6?

- ◯ Yes
- ◯ No
- ◯ Please give your reason(s) for your answer above

8. Are you adversely impacted by the level of the practising fee due to a protected characteristic under the Equality Act 2010 (such as age, disability or gender) or due to your individual practising arrangements?

- ◯ Yes
- ◯ No

If so, please tell us why and how we could meet your needs.

9. Do you agree with the initial Equality Impact Assessment (EIA) of the practising fee, which we have provided with this consultation?

- Yes
- No

If no, is there any evidence you can provide that would help us further assess that impact?

10. Is there anything else you would like to know about the practising fee that the CLSB should include in next year's consultation? Or that you would to tell the CLSB?

Part 2 - About you

11. What sort of organisation do you currently work in?

- Costs law firm
- SRA-regulated firm
- In-house - public sector or commercial business
- I am a sole practitioner
- I prefer not to say
- Other (please specify)

12. Which region do you currently work in?

- East of England
- East Midlands
- London
- North East
- North West
- South East
- South West
- Wales
- West Midlands
- Yorkshire and the Humber
- I prefer not to say
- Other (please specify)

13. How many years have you been working in costs law?

- Up to 5 years
- 6 to 15 years
- 16 to 25 years
- 26 to 40 years
- More than 40 years
- I prefer not to say

14. How many years have you held a practising certificate as a Costs Lawyer?

15. What best describes your current role?

- Junior employed lawyer or sole practitioner
- Mid-level employed lawyer or sole practitioner
- Senior employed lawyer or sole practitioner
- Partner or business owner with employees
- Retired
- I prefer not to say
- Other (please specify)

Consultation

2027 practising fee: Initial equality impact assessment

Consultation
22 July - 2 September 2026

Costs Lawyer Standards Board

Initial Equality Impact Assessment (EIA)

This document supports, and should be read with, the CLSB's consultation on the practising fee for Costs Lawyers in 2027. The consultation closes on 2 September 2026.

The Legal Services Board's Guidance on its Practising Fee Rules states that a regulator must carry out an equality impact assessment (EIA) in relation to its proposed practising fee, and the EIA should be informed by consultation with the regulated community. Below is a preliminary EIA setting out how we anticipate the level of the proposed practising fee for 2027 (£325) will affect practitioners with protected characteristics. We have used the summary format recommended by the Legal Services Board.

We welcome your input, particularly if you have evidence which suggests that the practising fee could create barriers to access or progression for certain groups of Costs Lawyers.

Protected characteristic group	**Is there a potential for positive or negative impact?**	**Please explain and give examples of any evidence / consultation / data used*** *The data shared is from 2023.	**Actions to address negative impact**
Disability	No	7.8% of Costs Lawyers report having a disability. We have no data to suggest that practising fees affect this group disproportionately and questions in previous practising fee consultations revealed no evidence of differential impact.	Not applicable
Gender reassignment	No	We have not asked this question of the profession since 2023 as the number of respondents who answered that their gender was different to their sex registered at birth, and the number who preferred not to say, were both less than 5 and therefore this data was not sufficiently reliable to include in the survey report. We did not collect data on this question in 2024. We have no data that would indicate any	Not applicable

		disproportionate impact of the practising fee on this group.	
Marriage or civil partnership	No	We do not collect data on the marital status of practitioners, however as our fee is set at the same level for all practitioners and marital status does not impact ability to practise, we have not identified any risk of differential impact based on this characteristic.	Not applicable
Pregnancy and maternity	Yes	We previously identified that, due to the way we calculate practising fees for Costs Lawyers who reinstate their authorisation part way through the year, practitioners who took parental leave were incurring different practising fees depending on the time of year that their leave commenced. After consulting, we implemented a remissions policy that ensures practitioners receive a reduction in their fee for the whole period they are on parental leave, regardless of the start date.	We will apply the remissions policy again this year (and going forward). More information is available in the parental leave section of our practising FAQs.
Race	No	9.8% of Costs Lawyers identify as Black, Asian or Other Minority Ethnic background. Our EDI work continues to identify how the CLSB can influence greater diversity from these groups but there is no data that suggests that the practising fee presents a barrier or evidences differential impact.	Not applicable
Religion or belief	No	43.4% of Costs Lawyers report having no religion or being atheist and a further 46.3% identify as Christian. The proportion of practitioners from other faith groups is small – around 1% or less per group – although a material number of practitioners preferred not to report their religion (5.8%) so these groups might be larger than recorded. Our data does not suggest any differential impact of the practising fee on smaller faith groups. Questions in previous practising fee consultations also revealed no evidence of this.	Not applicable

Sexual orientation	No	4.6% of Costs Lawyers identify as LGBTQIA+. We have no evidence that a practising fee has any differential impact on this group.	Not applicable
Sex (gender)	Yes	There is potential for women to be disproportionately impacted by incurring practising fees whilst on parental leave. Our data shows that, to date, all Costs Lawyers who have been reinstated to the Register part way through a practising year due to taking parental leave have been women.	This is addressed through our remissions policy – see above under "pregnancy and maternity".
Age	No	Due to the profile of qualifying Costs Lawyers, only a small proportion (12.4%) are under the age of 35, and 27.5% are 55 or older. The majority of Costs Lawyers fall in the middle age ranges. There is no evidence to suggest that a practising fee which is the same for all practitioners has any differential impact on the younger or older groups. Questions in previous practising fee consultations also revealed no evidence of this.	Not applicable