
Consultation

2021 practising fee



22 July 2020

Costs Lawyer Standards Board

CLSB
|||

Proposed fee

This year, we must determine the practising fee for Costs Lawyers against the backdrop of the coronavirus pandemic. Costs Lawyers, like many other professionals, are embracing new ways of working while also grappling with uncertainty about the future. Our aim during this period is to ensure that our regulatory framework promotes safe innovation, supports business stability and encourages continued high standards of professional service, regardless of the external environment.

At the same time, the CLSB must continue to deliver its ongoing programme of organisational improvement and regulatory reform. This is essential for ensuring that the Costs Lawyer profession has a modern, effective regulator that can meet the needs of practitioners and their clients. It is also essential that we find cost-effective ways to make these improvements, so that regulation remains affordable and proportionate for all Costs Lawyers, regardless of their practising arrangements. This has been at the forefront of our minds in developing our plans for 2021.

In this context, we propose to retain the practising fee at £275 for the 2021 practising year. This consultation paper provides information about why the fee has been set at that level and how the money raised through practising fees will be used. At the end of this consultation there are some questions you might like to consider as part of your response, but we would welcome any feedback you wish to provide.

Consultation responses should be sent to enquiries@clsb.info by **5pm on 6 September 2020**.

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 [mid-term strategy](#).

-
- 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** expected to be practising during the year. This gives us the proposed practising fee. The proposed fee is agreed by the **CLSB 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. This year, for the first time, you will be able to renew your practising certificate using an online form that is unique to you. You will receive an email when your form is available.

2021 Business Plan

Our proposed Business Plan for 2021 is available [on our website](#). Building on our work in 2020, we intend to focus on initiatives in three main areas:

- Improving our regulatory arrangements
- Protecting the interests of consumers and promoting professional standards
- Modernising our organisation

Levies and contributions

Our proposed budget for 2021 is also available [on our website](#).

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 legal

services regulators is required to make contributions on behalf of the lawyers they regulate.

In 2021, the cost per Costs Lawyer of these contributions will be:

- £21.81 for the Legal Services Board (8% of your practising fee)
- £7.33 for the Legal Ombudsman (3% of your practising fee)
- £4.25 for Legal Choices (1.5% 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 and fixed costs awarded under our Disciplinary Rules and Procedures.

All our income is allocated to expenditure on so-called “permitted purposes”. Permitted purposes are prescribed regulatory activities as listed in Rule 6 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 choose to be a member of ACL, a membership fee is payable separately.

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; the coronavirus crisis is a salutary reminder of the importance of having adequate reserves. 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 one year's operating expenditure, which equates roughly to one year's gross income from annual practising fees. By the end of 2019, our reserves were around 60% of this target. We will continue to gradually increase our reserves until we meet the target level.

As you can see from our 2019 [audited accounts](#), we recently used some of our reserves to fund an organisational restructure, in line with our Reserves Policy. The restructure was an essential part of the CLSB's transformation into a more efficient, modern and resilient regulator. As anticipated, the restructure has also allowed us to make significant cost savings, not only in 2020 but into the foreseeable future. We are on track to recoup the entire cost of the restructure through savings by the end of 2021.

Practising certificates

Practising Rules

The 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](#). The Practising Rules are due to be updated later this year, but the changes will not affect the practising fee.

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

Benefits of holding a practising certificate issued by the CLSB include:

- 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
 - The administration of oaths
- Inclusion of your name and professional details in the [register of Costs Lawyers](#).
- The ability to claim a better hourly rate grade than unauthorised advisers.
- Recognition by the courts and other practitioners of your status as a qualified legal services professional.
- Eligibility to use the CLSB [Mark of Regulation](#).
- Enhanced trust and confidence from your clients, who know that you must meet regulatory standards, carry adequate insurance, handle complaints properly and undertake continuing professional development (CPD).
- Access to guidance and services for yourself and your clients, including the dispute resolution scheme of the Legal Ombudsman and the support services of LawCare.

Consultation questions

Main question

Question 1: Do you agree with the proposed practising fee of £275 for 2021? 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 2021? If not, what aspects would you suggest we change and why?

Question 3: 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 race) or due to your individual practising arrangements? If so, please tell us why and how we could meet your needs.

Question 4: What do you perceive to be the main benefits of regulation? Do you think we place sufficient focus on those benefits?

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 sent to enquiries@clsb.info by **5pm on 6 September 2020**.