
Consultation

2023 practising fee



21 July 2022

Costs Lawyer Standards Board

CLSB

The logo for the Costs Lawyer Standards Board (CLSB) features the letters 'CLSB' in a bold, white, sans-serif font. Below the letters is a graphic element consisting of a series of vertical bars of varying heights, resembling a barcode or a stylized representation of a scale.

Proposed fee

We propose to keep the practising fee for Costs Lawyers static in 2023, at £281.

Last year, the practising fee rose by approximately 2% (or £6) from £275 to £281. This was driven primarily by a slight reduction in the size of the Costs Lawyer profession over and above the usual level of natural attrition, caused by the Covid-19 pandemic, meaning that the cost of regulation was spread across fewer practitioners. This year, no Costs Lawyers have reported leaving the profession because of factors relating to Covid-19 and the number of practitioners within our community has stabilised at a healthy level.

Like everyone in England and Wales, the CLSB is currently facing increased costs. We have seen year-on-year increases in the levies that we pay on your behalf, particularly a 4.6% increase in the Legal Services Board's budget (to £4.287 million) for the coming year. More generally, inflation is running at a 40 year high. This is impacting the CLSB's running costs, but we are conscious that it will also affect business costs for lawyers, potentially placing a disproportionate burden on sole practitioners. We are mindful that any increase in the cost of regulation could increase that impact further.

Against that background, we have worked hard to offset rising prices in 2022 through our ongoing programme of cost saving initiatives. For example, in a post-covid world we have been able to move on from our virtual office in Manchester to using an online PO Box service, saving hundreds of pounds per year. We have also leveraged thousands of pounds in government funding, and sought out opportunities for collaboration with others, to obtain the data and evidence we need at a lower cost to the profession. We are passing these costs savings on to Costs Lawyers by keeping the practising fee stable.

This consultation paper provides further information about the level of the practising fee and how the money raised through your 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 Monday 5 September 2022**.

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** 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.

2023 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;
- supervising compliance with our regulatory requirements;

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- 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 all aspects of 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 2023 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 fees.

In 2021, we delivered all of our Business Plan priorities, except for two (one was deprioritised for reasons outside our control, the other was delivered in early 2022). A summary of the anticipated and actual benefits of our 2021 work programme is available [with this consultation](#).

Levies and contributions

Our proposed budget for 2023 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 legal services regulators is required to make contributions on behalf of the lawyers they regulate.

In 2023, the cost per Costs Lawyer of these contributions will be approximately:

- £23 for the Legal Services Board (8.2% of your practising fee)
- £7 for the Legal Ombudsman (2.6% of your practising fee)
- £9 for Legal Choices (3.0% 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 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 2021, we revised our target level of uncommitted reserves downward, following a review of the financial risks we face and the extent to which those risks are insurable. Our target is now six months’ operating expenditure (or

roughly six months' gross income from annual practising fees). The level of our uncommitted reserves currently meets this target.

We also hold separate reserves reflecting the amount of our paid up share capital, as well as committed reserves for planned future IT development projects. Our target level of committed reserves is £30,000. We have achieved 35% of this target so far and we will make further contributions over the next five years to reach the target level.

The 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
- 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 also 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) and undertake continuing professional development. You may also be able claim a better hourly rate than unregulated costs draftsmen and increase potential client instructions.

Consultation questions

Main question

Question 1: Do you agree with our proposal to keep the practising fee static at £281 for 2023? 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 2023? 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 sent to enquiries@clsb.info by **5pm on Monday 5 September 2022**.