

# The Law Society Group

2018-19 practising fee  
consultation with solicitors

**Managing the costs of regulatory,  
public interest and representative work**

Consultation begins: 12 June 2018  
Consultation ends: 1 July 2018

[The survey can be completed online here >](#)

# Introduction

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## **Your practising fees – Ensuring the price you pay to fund regulatory, public interest and representative work remains the same.**

The Law Society and the Solicitors Regulation Authority are working hard to manage the cost of delivering our work to the profession.

### **Our plan for 2018-19 is that the individual practising fee will be £278, staying at the same level as last year.**

We are able to preserve the practising fee at the same level as last year because there are an increasing number of solicitors (on the roll) paying the PC fee and as a group we continue to make considerable efficiency savings.

### **Overall, the individual fee has reduced by £32 over the last three years, a reduction of 10%.**

And since 2014 the fee has gone down by 28%. The practising fee includes levies for the Solicitors Disciplinary Tribunal, the Legal Services Board, the Financial Conduct Authority (to focus on money laundering activity), and the Legal Ombudsman.

The annual professional contribution to the Compensation Fund is not included in the practising fee consultation.

Solicitors and firms pay annual fees toward the cost of regulation. It also funds the Law Society to be the voice of solicitors, driving excellence in the profession and safeguarding the rule of law. On behalf of the profession, we influence the legislative and regulatory environment in the public interest. At home we promote the profession and the vital role legal services play in our economy. Around the world we promote England and Wales as a global legal centre, open new markets and defend human rights.

Our roles underpin a growing legal services sector currently worth £25.7 billion annually to the economy.

The Law Society and the Solicitors Regulation Authority consult you every year about the practising certificate fee (PC fee) and how it is split between regulation, public interest and representation as part of our annual reporting and planning.

In this consultation we explain our different roles, present some of the things we achieved last year, explain our draft budget and financial plans for 1 November 2018 to 31 October 2019, and ask for your views.

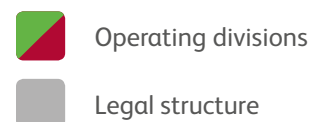
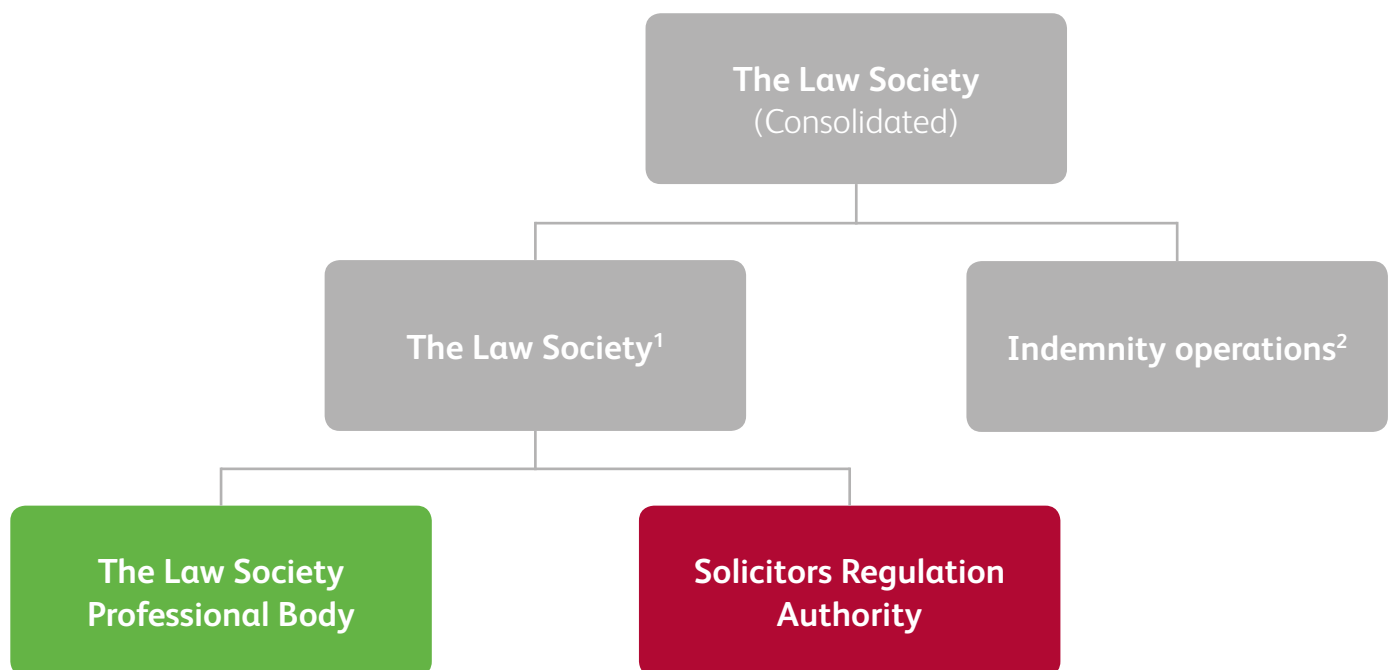
The Law Society's Council will see the results of this consultation at their meeting on Thursday 5 July before they discuss and agree the final 2018-19 PC fee funding proposal. We also share the findings of the consultation with the Legal Services Board (LSB) along with our proposal for the PC fee. As the oversight regulator, the LSB considers and approves the fee and so the final budget may be subject to change.

# The Law Society Group

The Law Society Group (the Group) operates under Royal Charter and is the approved regulator for solicitors in England and Wales under the Legal Services Act 2007. The professional body and regulatory arms of the Group operate separately as the Law Society Professional Body (The Law Society) and the Solicitors Regulation Authority (SRA).

[The Law Society](#) and [the SRA](#) share use of support services to ensure the group operates efficiently and effectively by sharing costs.

On the following pages we set out more detail about the role of the Law Society and the SRA, outlining the elements of work which make up the PC fee.



1. Encompasses Six Clerks Insurance Services Limited, an associated entity which is equity accounted for.

2. Encompasses the following entities which are consolidated – Solicitors Indemnity Fund, Solicitors Indemnity Fund Limited, Legal Indemnity Operations Limited.

# The Law Society Professional Body

We are the independent professional body for solicitors in England and Wales. We are run by and for our members. Our role is to be the voice of solicitors, to drive excellence in the profession and to safeguard the rule of law.

Whether you are working in a high street practice, a commercial regional or City firm, an ABS (alternative business structure) or in-house for a private, public or charitable organisation, we exist to help you. Annual fees paid by solicitors and their firms enable us to represent, promote and support you throughout your career and support the profession's vital public interest work.

## What we do for our members

- We are committed to helping our current and future members:
- we promote our profession at home through our “solicitors here to help” campaign and represent England and Wales internationally as the global legal jurisdiction of choice
- we influence for impact, we are the voice of the profession in Westminster, Cardiff, Brussels and with other governments across the world
- we support practice excellence through specialised training, legal education and business support, helping solicitors to stay on top of changing regulatory requirements
- we serve our members, supporting them whether they work for themselves, in-house or a law firm
- we act as a career companion, offering help and support through a host of events, courses and qualifications
- we are an informed source, providing the latest news and updates from the legal sector online and in print
- we are making operational improvements, helping to reduce our expenditure against our budget and deliver value for money for our members

[Our member handbook and ‘What we do for you’ leaflet](#) outline the benefits of your membership with us.

[The Law Society Council](#) governs our work. Members are elected to represent solicitors across England and Wales, including different demographic groups and areas of practice.



## The profession we represent

Our profession's proud commitment to justice and upholding the rule of law binds us together.

We are committed to ensuring you can respond to the opportunities and challenges of a changing legal sector. Our aim is to deliver value for money on the public interest funding contribution you make as part of your PC fee.

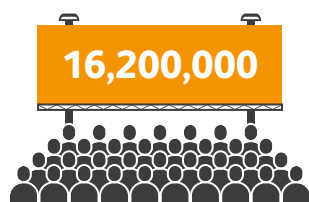
# Promoting our profession

We promote solicitors, highlighting their ethical and professional standards, legal education and training, and the value of using a solicitor at home and abroad. We raise the profile of the profession through our campaigns and promote the value solicitors bring. We celebrate the best work in the profession and encourage the best people to join it, regardless of their background.

## At home

### Solicitor brand campaign

Our [‘Solicitors: Here to Help’ campaign](#) positioned solicitors as the expert source of legal advice, using both digital and print materials to promote the profession to businesses and consumers. The multi-channel campaign included poster advertising on buses in key cities in England and Wales, on selected railway stations and roadside digital screens.



Our new brand campaign reached over 16.2m people through outdoor advertising, alongside 219,000+ social media engagements and 903,000+ video views

### Find a Solicitor

[Find a Solicitor](#) is our online member directory with customisable profiles, helping you build your business. We have focused on making the service more efficient to increase leads for our members and their firms by taking the enquiries service back in-house to our Support Centre. Since then, the website traffic increased as well as nearly 7,000 calls per month to the helpline.



On average we had 660,000 visits per month to our Find A Solicitor website

### The Excellence Awards

Our [Excellence Awards](#) represent a cross section of the diversity of the legal profession and are especially valued by smaller and mid-sized firms because of the positive attention being short-listed or winning brings to their firms or to them as individuals. This year we received a record number of nominations and ceremony attendees, with 427 nominations across the 19 categories, up from 416 in 2016, and 654 attendees on the night.

“  
A glittering opportunity for solicitors and their employers to promote their worth; to be valued and to feel part of a worthwhile community.

”

**Michael Robinson, solicitor**  
Emmerson’s Solicitors

## Abroad

### Proud of our global legal centre

We have been campaigning to promote England and Wales as a [global legal centre](#). This continuing campaign highlights the benefits of the law of England and Wales, the judicial system and our world class legal profession. Many senior practitioners have given their support in a series of promotional videos, which include solicitors from Roche, Hinduja, Allen & Overy and Morrison & Foerster. These can be viewed on our YouTube channel.

### Opening new markets for English and Welsh solicitors to practise



18

events organised relating to 14 foreign jurisdictions



4

market access roundtables including Japan, South Korea, Australia and Hong Kong



27

countries and territories visited



50+

bilateral meetings with key international bar associations

# Influencing for impact

We act as the voice of the profession on the issues that are important to our members. We represent solicitors in Westminster, Cardiff, Brussels and with other governments across the world. We work for law reform in the profession's and public's interest by influencing, responding to consultations and strategic litigation.

## Influencing in Westminster, Cardiff, Brussels and around the world

Across the year we responded to 97 consultations and, alongside our relationship with the media, our influencing and party conference activities made sure our members were heard. [Brexit](#) has remained an important issue and priority for us and for our members. In addition, the General Election and the continuing barriers to access to justice, have presented a further series of challenges.



We were mentioned positively 233 times in Parliament, invited 9 times to give oral evidence and mentioned over 40 times in parliamentary committee reports

## Influencing through the media

Our spokespeople covered issues as diverse as Brexit, combat immunity and the SRA handbook through to employment tribunal fees and criminal injury compensation. We featured across outlets such as Sky, BBC News Channel, Women's Hour and ITV's Good Morning Britain through to CNN and Australia's ABC.



We issued 156 media statements last year, with 4,651 articles mentioning the Law Society and 1,046 featuring the president

## Party Conferences

We attended the party political conferences of the Liberal Democrats, Labour and Conservatives. At the Conservative conference the Lord Chancellor, Justice Minister, Solicitor General and City Minister spoke at our events along with the Law Society president. At the Labour Conference we had the Shadow Lord Chancellor, Shadow Attorney General and Shadow Lords Brexit Spokesperson all speak at our events. At the Liberal Democrat conference we shared a panel session with the Liberal Democrat Spokesperson on Justice.

# Serving our members

We support solicitors whether they work for themselves, in-house or a law firm. We offer helpline support and advice, improved websites, new practice notes, toolkits, events, access to communities and published research on key issues. We focus on doing all this efficiently, mindful that we are spending members' money.

## We kept our members up to date

### Digital Communications

Our main [Twitter channel](#) has gained 10,000 new followers, a 13% increase on the end of the previous year, with engagement increasing from 0.7% to 1% as well. We know there is an increasing use of tablets and mobile phones for viewing emails, so our Professional Update (PU) has led the way for our e-newsletters with redesign making it accessible across all devices.

### The Law Society Gazette

A recent survey found that 83% of practising solicitors said they read The Gazette, which still reaches over 90,000 members each week.

“  
Congratulations to the editorial team at the Gazette on your sustained momentum in keeping the breadth of our profession up to date with manageable bite sized chunks of information, without neglecting more in-depth analysis of the more important issues.”

Amanda Stevens, CEO  
Hudgell Solicitors



The Gazette website had a 15% increase in visits and exceeded its annual revenue target by 13%

### Anti-Money Laundering (AML)

Our AML Conference is the largest the events team organise, attracting over 360 policy makers, law enforcement, regulators, academics and industry experts to look at the changes ahead and current policy development approaches in financial crime. Delegate attendance has increased 50% between 2014 and 2016.



### Cybersecurity

We developed our cybersecurity services, [launching a new centralised area on our website](#). We brought together all our activities relating to cybersecurity, presenting them in a way that makes it easy for our members to build their awareness and knowledge. Since its launch, these webpages have had over 20,000 views.

## We were members' career companion

We give our members the tools to develop their careers, expertise and businesses. We helped them plan for, and take, their next career step.

### Professional Development Centre

To support our members deliver high standards of professional competence, our [Professional Development Centre](#) (PDC) helped them meet their continuing competence requirements. The e-learning platform is being used by more than 27,000 unique users already.



# Serving our members

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## Work across our regions

We have helped more members contribute to our work. We set up a working group to inform our guidance to the wider profession on the General Data Protection Regulation (GDPR). We also worked with members to ensure they are making the most of [apprenticeships](#) in an ever-competitive market, organising a roundtable in October, engaging government stakeholders and firms.

## Legal Technology

We have positioned ourselves at the centre of the discussion on how legal tech can support members and move the industry forward. Throughout the year we have taken part and led on several activities to raise awareness amongst the profession around emerging technology and help the industry develop and deliver solutions that our members need and want. We launched our [Technology and Innovation report](#), spoke at the Future of Law event and sponsored the Legal Geek conference.

## Diversity and Inclusion

We have worked to support and celebrate our increasingly diverse membership and help firms consider their approach to equality and inclusion. Alongside our divisions, one of our highlights were our [2017 Social Mobility Ambassadors](#). In its third year we recruited 10 new ambassadors, who shared their experiences of entering the profession, including the challenges they faced and how they overcame them.

# Operational improvements

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We focus on being more efficient whilst better managing and understanding our costs. Improvements in our technology and governance structure help us work more effectively. All of this helps us reduce expenditure against our budget and deliver value for money for our members.

## Marketing

We deliver a range of products and services to support our members improve their practice excellence. This year we outperformed on a number of marketing campaign targets and achieved significant cost savings. We exceeded our publishing sales targets on two key titles, Conveyancing Handbook 24th Edition and EU General Data Protection Regulation, by 10% and 65% respectively. We also achieved cost savings of 32% on email despatches and 10% on postage.

## Commercial Focus

We have improved our understanding of profitability across our key commercial activities, enabling us to improve our profit generation, and reduce our reliance on the practising fee. In the case of licensing, to ensure we were correctly reviewing and collecting all forms licence revenue correctly, we undertook a comprehensive audit of each licensee. This found a £160k underpayment from one provider and ensured we delivered higher revenue for forms licencing and a margin of 85%.

## Partnerships

We improved our member benefits offering, including a 10% saving on a brand-new Volvo, subscriptions to the Economist and offered law firm employees real savings through employee benefits including, for example, Waitrose. We have seen an 11% increase in partnership revenue, decreasing our reliance on the PC fee and supporting our wider work.

## IT Transformation

Our existing infrastructure is expensive and impacts on staff performance, reducing the ability to serve our members effectively, increases costs and creates a challenging member experience digitally. A complete IT transformation is now under way, from infrastructure to applications and both internal and member-facing, to provide an improved member experience and enable staff to deliver an effective and efficient service.



# Solicitors Regulation Authority

## About us

We regulate 185,240 solicitors in England and Wales and more than 10,400 legal businesses.

In the last year (November 2016 - October 2017), we have continued our work to make sure the public can have trust and confidence in solicitors and law firms. That means making sure solicitors and firms meet high professional standards, while also making it easier for the public to find affordable legal services that suit their needs.

We will be building on this work and we consulted - for the first time - on our new three-year strategy. Outlining our five strategic aims, it is focused on high standards and choice for the public and solicitors.



The number of solicitors on roll



The number of calls to our Contact Centre



The number of calls to our Professional Ethics helpline



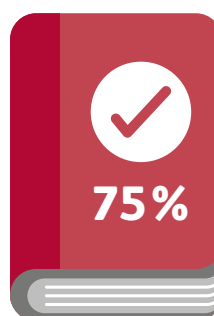
The number of reports received concerning solicitors' or firms' behaviour



The amount paid to claimants from the Compensation Fund



The number of disciplinary actions taken against solicitors or law firms



Our proposed reduction to the length of the SRA handbook



35% reduction in time taken to assess firm applications to practise and 27% reduction for individual applications

# Our work

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## Regulatory reform: looking to the future

Our Handbook sets out the standards we expect solicitors and firms to meet and the rules they should follow. As part of our 'Looking to the future' programme of reform, we made decisions on the first phase of Handbook changes.

The changes follow direct engagement with around 11,000 people. It will make the Handbook simpler, shorter, and with a sharp focus on high standards. It will help make our rules less bureaucratic, as well as freeing up solicitors to work in new ways. This will make it easier for people to access solicitors' expertise and high standards, potentially in more affordable ways.

We then consulted on a second phase of changes: again, making our Handbook simpler, while keeping appropriate public protections. Our proposals would reduce the length of the Handbook by more than 300 pages. Any changes would come into effect no earlier than 2019.

We also consulted on a new approach to how we enforce our rules. This was informed by our Question of Trust campaign which engaged 7,000 solicitors and members of the public on the standards they expect and what we should do when things go wrong.

We want to make sure our approach to enforcement is clear and proportionate. This will help us to effectively focus on serious breaches of our rules, or where they are persistently broken. We will finalise our enforcement strategy when we introduce our new Handbook.

We also confirmed plans to change our indemnity insurance rules to make it easier for firms to switch their regulator, encouraging competition in the market while still offering protection for the public. Since then - in 2018 - we have consulted on more wide-reaching changes to our indemnity insurance and compensation fund to make sure users of legal services get the appropriate level of protection.

We made progress on plans for better information to be made available to people choosing legal services. This includes information to help people better understand the price, quality and service that law firms offer, as well as the additional protections SRA-regulated firms provide. Decisions on the approach will be made in 2018.

These proposals follow the Competition and Markets Authority conclusion that the legal services sector is not working well for the public, and better information is necessary to create a more open, competitive sector.

# Our work

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## Education: training for tomorrow

Following eighteen months of engagement, involving 9,000 people and 500 responses to two consultations, we made the decision to introduce the Solicitors Qualifying Examination (SQE).

The SQE is an independent assessment to make sure all solicitors meet consistent, high standards at the point of entry to the profession.

The SQE will replace the current system of qualification. Multiple courses and examinations mean that neither the public nor law firms can have full confidence that qualifying solicitors are all meeting the same high standards.

As well as building trust and confidence, the SQE should also help widen access to the profession. It will help validate different routes to qualification, including 'earn as you learn' pathways such as apprenticeships.

The appointment of an assessment provider to work with us to develop and deliver the new SQE is scheduled for 2018. We will continue to work closely with all stakeholders to get the detail of the assessment right.

The Legal Services Board (LSB) has now approved the framework for these changes. Subject to the LSB approving final rule changes, and a decision by the SRA Board that we are ready to go live, the SQE will be introduced, at the earliest, in Autumn 2020.

In November 2016, our new approach to continuing competence came into effect. This moved away from a tick box, counting hours approach to one where solicitors have to reflect on their practice and development areas.

# Our work

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## **Working with the profession: managing risk, promoting high standards**

We continue to provide updates on the risks in the legal market through our Risk Outlook. Our fifth annual Risk Outlook included questionable investment schemes involving solicitors as a priority risk. We also explored how the sector can help widen access to legal services in our report Improving access – tackling unmet legal needs.

Our annual Compliance Conference was the largest yet, with 1,000 solicitors attending and a further 1,600 views on our webcast. 96 percent of attendees said they would come to a similar event again. Key topics included anti-money laundering, cybercrime and the impact of the General Data Protection Regulations.

We spoke about our work at more than 100 events, promoting high professional standards, and getting feedback on our plans. We also raised awareness of key risks. For instance, we organised a cybercrime roundtable, bringing together leading experts on cybersecurity issues, to share insight and best practice.

Working with Just for Kids Law and the Association of Youth Offending Managers, we launched a package of support to help those who represent young people in the youth courts.

## **Working with the profession: anti-money laundering**

Money laundering is one of the priority risks we highlighted to the profession in our Risk Outlook.

Following the announcement of new money laundering regulations in the summer of 2017, we worked with other legal anti-money laundering supervisors to finalise new guidance for law firms. This has now been published.

We have undertaken a range of other work to help firms understand the risks and obligations in this area. This has included a focus on the issue at our compliance conference, highlighting the importance of the HM Treasury frozen assets review and a campaign of awareness raising.

We also visited 50 law firms to inform a review of the issue and look at how much progress has been made since our May 2016 review. We have since published the review which shows most firms are doing what is needed to tackle money laundering, but some need to do more to comply with the new regulations.

One risk of questionable investment schemes is that they could facilitate money laundering. In the last year, we have taken four solicitors to the Solicitors Disciplinary Tribunal for involvement in such schemes and specifically not complying with the money laundering regulations.

# Our work

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## Building trust: protecting the public

Public trust in the profession is founded on solicitors working to high standards. The vast majority do. However, if solicitors or law firms fall short of what is expected, we take action. We took 400 disciplinary actions to help keep the public safe: ranging from fines to referrals to the Solicitors Disciplinary Tribunal.

We intervened into 50 law firms where there was a significant and immediate risk to clients and the public.

We can step-in to help members of the public and small businesses that have lost money in certain circumstances, for instance due to a dishonest solicitor. This year we paid out £15.2m from the Compensation Fund. We also notified the profession that contributions to the fund will rise because of concerns about dubious investment schemes.

We aim to warn both law firms and the public about issues to help keep them safe. For instance, we published 170 scam alerts. These alerts were viewed around 100,000 times.

We also issued warning notices to caution the profession and raise public awareness. In the last year, we issued notices on:

- questionable high-yield investment schemes involving solicitors, which have cost the public more than £100m
- offensive communications
- payment protection insurance (PPI) and holiday sickness claims, where solicitors have failed to act properly in the handling of such claims
- aggressive tax avoidance, to reflect HMRC's changing approach

Given the large public losses, we ran a campaign highlighting the risk of questionable investment schemes. We published and promoted warning notices for the public, including in easy read. Our communications – across press and social media - resulted in almost 33,000 people visiting our warning notices on the issue.

We carried out an in-depth review of how two areas of law were working for people who are potentially vulnerable: asylum seekers, and those using family law services. Both showed that solicitors were generally meeting the expected standards, but there were examples of poor practice that needed improvement.

# Our work

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## **Building trust: working with the public**

We are committed to making sure our policies are considered, developed and evidence-based. We run focus groups, surveys and roundtables with the public and consumer representatives as part of making sure we understand their priorities. These have particularly focused on our proposals to provide better information to the public, and work to improve customer service through modernising our systems and processes.

We discussed our thinking with around 1,300 members of the public and involved many more in our survey work.

We continue to review our communications to make sure they are accessible and straightforward to read. This year, we published our Annual Review in Welsh and in an easy read version. We have brought in a new Welsh translation tool on our website and are publishing more information in Welsh than ever before.

## **Equality, Diversity and Inclusion: promoting diversity and wellbeing**

This year, we carried out our fourth diversity data collection exercise, with 92 percent of law firms reporting their data – up from the previous 88 percent. We have since published the data - firms can use our monitoring tool to benchmark themselves.

We engaged with 40 law firms and groups to produce our 'Unlocking the benefits of diversity' publication. The report highlighted good practice and the benefits of diverse, inclusive firms. Alongside it we published independent analysis of data between 1970 and 2016 showing the progress made on diversity, but also that there is still work to do.

We also held our first ever SRA Board meeting in Wales, which was part of a range of events to engage with solicitors, academics and members of the public in Wales.

We have increased the number and range of people we engage with online. The combined monthly reach of all our social media channels topped 800,000, up 93 percent from the previous year. Total engagement – likes, shares, clicks – was also up by 60 percent.

On Legal Choices, the public-facing website we run on behalf of all the legal regulators, social engagement was up 238 % when compared with the previous year, at more than 70,000 interactions, while visits to the website rose by 160 percent.

For the third year in a row, we took part in two of the country's largest Pride festivals – London and Birmingham – with around 100 people joining us on our buses to take pride in modern legal services.

We ran a range of events to explore topics ranging from gender to ethnicity, social mobility to disability and wellbeing issues. Working closely with other organisations such as the Black Solicitors Network, and the Association of Women Lawyers, the events celebrated the progress made in the legal sector, while exploring practical ways for further improvement. We supported the Legal Social Mobility Partnership and worked with the Cabinet office to agree socio-economic indicators.

# Our work

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## **SRA Innovate: helping firms to work in new ways**

We published proposals, since confirmed, to make it easier for law firms to develop new ideas. This includes plans to make our waivers process simpler and clearer. We are also setting up an 'Innovation space' to encourage firms to try even more innovative ways of providing services that could benefit the public and small businesses.

We approved more than 130 new Alternative Business Structures (ABSs) this year, taking the total to almost 700.

We ran our second SRA Innovate event in the spring. It attracted more than 100 solicitors to hear from some of the sector's most original thinkers and discuss how best to aid innovation in legal services.

## **Better service: our operational activity**

Our Modernising IT programme is about improving the way we work. We continue to engage extensively with the profession, the public and our own staff on the development of an IT infrastructure fit for the future. We successfully completed a key phase of this work, which updated our general IT systems internally.

We are committed to providing an excellent service to the public and the professionals we regulate. We have continued to make operational improvements in the last year.

Key improvements in our operational work over the past year include:

- assessing firm-based applications in 23 days on average, which is down from 31 days
- assessing individual-based applications in 10 days on average, which is down from 12 days
- carrying out forensic investigations in 142 days on average, down from 203 days in 2015

We also continue to see an ongoing improvement in the time taken to assess the concerns and reports we receive about solicitors.

# Financial plans for 2018-19

## How we are funded

Solicitors and their firms pay annual PC fees. These fees include £69 million toward the cost of regulation:

- [the Solicitors Regulation Authority](#) (£52.6m),
- [the Solicitors Disciplinary Tribunal](#) (SDT) (£2.8m)
- contributions to the [Legal Services Board](#) (LSB) (£2.9m)
- [Legal Ombudsman](#) (LeO) (£10.3m) and
- [Financial Conduct Authority](#) (FCA) (£0.3m)

The annual fees also include £30.6 million to fund much of the Law Society's public interest work which it discharges on behalf of the profession and our work to represent, promote and support the profession.

The Law Society and the SRA generate income which helps to reduce costs of regulation, public interest and representative work.

You can see the Law Society Group's achievements in our [Annual Report](#).

## What we expect to spend

The PC fee will remain at £278, unchanged from 2017/18.

We anticipate 74% of our expenditure will be met from the annual practising fees and the rest will be met from other sources:

- the Law Society has around £14.8m income generated by its commercial activities
- some costs are met from our Group reserves

During 2018-19 the Group will be continuing its significant IT investment programme for both The Law Society and SRA. This will help our longer term aim of reducing the PC fee whilst also improving the experience for members and facilitating an improved digital offering for all our services. Although we have managed to keep the PC fee the same, there is likely to be funding required, subject to our progress, over and above the sums available and detailed in this document. These funds will be drawn from the reserves of the Group, as and when required, and subsequently replenished in future years.

### Funding of the Group expenditure 2018-19 (£m)

Total expenditure	
Expenditure funded by:	
Commercial income (TLS)	£14.8m
Regulatory income (SRA)	£2.9m
Recoveries	£12.6m
Other income	£1.7m



# Financial plans for 2018-19

## How we split the practising fee

As well as funding the Law Society and SRA, PC fees also fund the levies which we pay under the Legal Services Act. These levies fund:

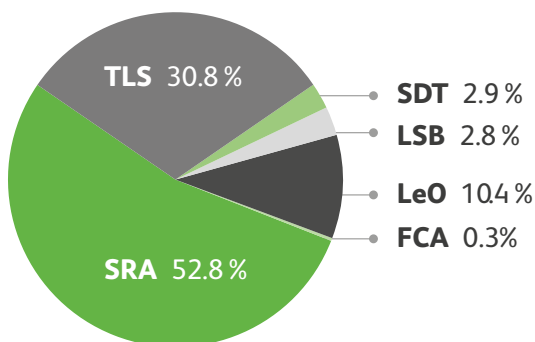
- the full cost of the Solicitors Disciplinary Tribunal
- part of the cost of the Legal Services Board
- part of the cost of the Legal Ombudsman
- part of the cost of OPBAS (FCA)

## Our net funding requirement

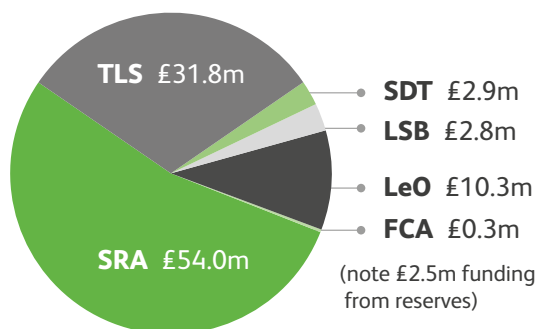
Our total net funding requirement is £102.2m; this is our total expenditure minus commercial income, regulatory income, recoveries and other income. The Law Society and the SRA proposes to meet part of this by using £2.5m from our reserves.

This means we collect £99.7m from practising fee, an increase of £1.1m from 2017/18.

How the PC fee is split 2018-19



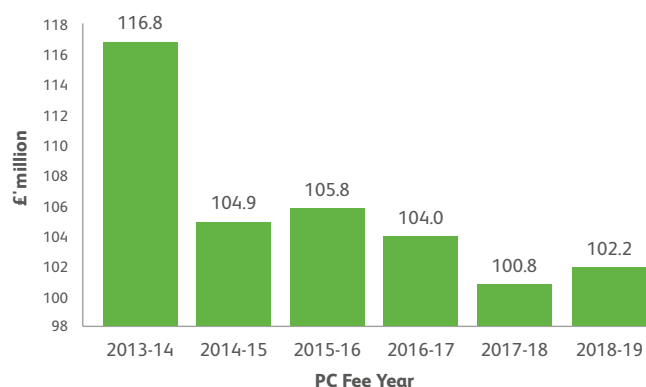
Net funding requirement for SRA, TLS, SDT, LSB, LeO and FCA



FCA – the final charging basis and amount for OPBAS has yet to be finalised.

# Financial plans for 2018-19

## Funding requirements 2013-14 to 2018-19



## What is section 51 and what are permitted and non-permitted activities?

The Law Society raises money through practising fees to support the legal profession's public interest work<sup>1</sup>. Parliament recognised that, like many other professional bodies, the Law Society has a valuable public role to discharge on behalf of the profession which goes beyond regulation and campaigning in its members' interests. The formal description of activities covered by section 51 is:

- the regulation, accreditation, education and training of relevant authorised persons and those wishing to become such persons, including:
  - (i) the maintaining and raising of their professional standards, and
  - (ii) the giving of practical support, and advice about practice management, in relation to practices carried on by such persons

- the payment of a levy imposed on the approved regulator under section 173
- the participation by the approved regulator in law reform and the legislative process
- the provision by relevant authorised persons, and those wishing to become relevant authorised persons, of reserved legal services, immigration advice or immigration services to the public free of charge
- the promotion of the protection by law of human rights and fundamental freedoms
- the promotion of relations between the approved regulator and relevant national or international bodies, governments or the legal professions of other jurisdictions

The Law Society's work in all these areas is recognised as contributing strongly to the standards of the profession and the quality of the public debate. The work demonstrates that solicitors, as professionals and officers of the court, have a duty to contribute to the public interest.

The Law Society's activities can therefore either be permitted and funded by practising fees, or non-permitted work which cannot be funded by practising fees<sup>2</sup>.

The Law Society carries out an annual review to determine the amount of time spent on each type of activity. This is used to calculate the direct cost of permitted and non-permitted activities. In 2018-19 the Law Society expects £43.6m of expenditure will be on permitted activities, and £2.9m will be non-permitted activities.

All activities carried out by the SRA are regulatory and therefore permitted in nature.

<sup>1</sup> Section 51 of the legal services act <http://www.legislation.gov.uk/ukpga/2007/29/section/51>

<sup>2</sup> The permitted non-regulatory activities are set out in rules made by the Legal Services Board under Section 51 of the Legal Services Act 2007. They include, accreditation, education and training, raising professional standards, giving practical support and advice about practice management, participation in law reform, provision of free legal services to the public, promotion of the protection by law of human rights and fundamental freedoms, promotion of relations with national/international bodies, governments and legal professions of other jurisdictions, and increasing public understanding of citizens' legal rights.

# Financial plans for 2018-19

## What is the proposed practising certificate fee for 2018-19?

If the number of practising certificates and regulated entities for 2018-2019 is in line with the latest actual numbers for 2018, the proposed PC fee will be £278.

The entity fees charged are based on turnover and are set in bands. Therefore, it is not possible to provide a simple comparison figure for the likely 2018-19 levels compared to 2017-18.

We planned to review the payment structure for the fees we charge and consult this year. We have done a significant amount of work on this, but have decided that we should not propose changes at this time.

This is because many of the relevant processes are likely to change because of regulatory reform and work to modernise

our IT. The profession is also being asked to handle a lot of change, including the introduction of GDPR and the recent anti-money laundering regulations. We now anticipate carrying out this review in 2019.

### Proposed PC fee in 2017-18<sup>3</sup>

Fee Year	PC Fee
2015	£320
2016	£320
2017	£290
2018	£278
No change for 2019	£278

## What you told us last year and how we responded

Key points raised in the consultation last year	How we responded to your input
Lack of clarity around what Law Society membership benefits were available.	The Law Society produces a <a href="#">member handbook</a> (updated annually) and a Member Offer summary leaflet to explain our member offer. We now produce a member offer double page advert in the Gazette and each new member receives a welcome pack, in the post, upon joining. This highlights what we offer all our members.

<sup>3</sup> In addition it is expected that the compensation fund fee will be levied at £90 for individuals resulting in a total fee of £368 – a £50 increase from the fees levied in 2017-18. Firm contributions to the compensation fund will be £1,680. These contributions have risen due to forecasts that grants to the public will increase.

# Your views on our 2018-19 proposals

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We are asking for your views and we want to present these to the Law Society's Council before their meeting on 5th July which will inform the discussion about the Net Funding Requirement.

**We would like you to answer the following questions:**

1. Do you think the PC fees for 2018-19 represent value for money in terms of the benefits you gain as a solicitor?  
[\(The latest version of the Law Society Group annual report and the Law Society Business Review 2016-17\)](#)
  - (a) Yes
  - (b) No
  - (c) Don't know

Please comment further to explain your answer:

2. Do you think the split of spending across the Law Society Group between the Law Society professional body, the Solicitors Regulation Authority, Legal Ombudsman, Legal Services Board, Solicitors Disciplinary Tribunal and Financial Conduct Authority is reasonable?
  - (a) Yes
  - (b) No
3. Do you have any other comments for the Law Society Group?

**Please respond, by midnight on 1st July by [filling in this online survey](#).**