

SRA BOARD

19 July 2022

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This paper will be published

Update from paper: 2022/23 Practising Fees and Compensation Fund contributions

Reason for paper	This paper describes the proposed practising fees and Compensation Fund contributions for the 2022/23 practising year.
Decisions(s)	The Board is asked to: approve the fee determinations for 2022/23 in respect of individual practising certificate fees, entity turnover based fees and Compensation Fund contributions.
Previous Board and committee consideration	The Board considered feedback on the Business Plan and Budget consultation at its meeting on 28 June 2022. It approved the SRA practising fee requirement which forms part of the overall Law Society group requirement
Next steps	Subject to Board approval, an application will be made to the Legal Services Board to approve the practising fees and Compensation Fund contributions.

If you have any questions about this paper please contact Liz Rosser, Executive Director of Resources, liz.rosser@sra.org.uk

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Update: 2022/23 Practising Fees and Compensation Fund contributions

Background

- 1 Following the receipt of new information regarding the LSB and LeO levies the Law Society has notified us of the requirement to increase the funding requirement for 2022/23.
- 2 The Law Society has recently received the latest estimate of the Legal Ombudsman levy for 2022/23. This was for significantly more than originally anticipated which has an impact on the Law Society in both this financial year and next. The difference was sufficient to cause the Law Society to reconsider the funding requirement for 2022/23 for not only this levy but all other external levies funded from the practising fee.
- 3 The additional amount required an increase to the overall funding requirement to £114.7m (£1.2m more than the figure previously provided to the Board) and the Law Society Council has been notified of the change.
- 4 This requirement represents an increase of £10.4m (10.0%) on the figure for 2021/22 and means that the individual practising certificate fee will increase from £266 to £286 rather than £284 as previously indicated.
- 5 Attached are revised fee determinations including the revised figures. These are otherwise unchanged from the determinations previously provided.
- 6 There is no change to the Compensation Fund contributions already notified to the Board. These remain at £30 for individuals and £690 for firms holding client money. These figures were previously approved by the Board on 25 April 2022.

Recommendations: the Board is asked to make the following determinations:

- a) **the Practising Certificate Fee Determination [2022] in annex 1**
- b) **the Recognised Body and Recognised Sole Practice Fee Determination [2022] in annex 2**
- c) **the Licensed Body Fee Determination [2022] in annex 3**
- d) **the Determination of Compensation Fund contributions for individuals and firms [2022] in annex 4**
- e) **the Determination of Compensation Fund contributions for Licensed Bodies [2022] in annex 5.**

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Next steps

- 7 The Practising Fees and Compensation Fund contributions are subject to final approval by the Legal Services Board and we will make the appropriate application following Board approval of the recommendations in this paper.

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Supporting information

Links to the Corporate Strategy and/or Business Plan and impact on strategic and mid-tier risks

- 8 Approval of the fees to allow collection of the overall group funding requirement is essential to the delivery of all strategic objectives.

How the issues support the regulatory objectives and best regulatory practice

- 9 The draft SRA Budget for 2022/23 which underpins the SRA proportion of this funding requirement has been set in order to allow us to deliver against our strategic objectives, supporting our regulatory objectives.

What engagement approach has been used to inform the work and what further communication and engagement is needed

- 10 The proposed budget for the SRA was included in the recent consultation on the 2022/23 business plan. The responses to this consultation were considered by the Board on 28 June 2022.

What equality and diversity considerations relate to this issue

- 11 The approach to setting practising fees and Compensation Fund contributions follows the structure adopted in 2010 as a result of the three Fairer Fees consultations. An initial Equality Impact Assessment has been carried out this year and identified no impacts that required further consideration.

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Annexes

- Annex 1** Draft Practising Certificate Fee Determination [2022]
Annex 2 Draft Recognised Body and Recognised Sole Practice Fee Determination [2022]
Annex 3 Draft Licensed Body Fee Determination [2022]
Annex 4 Draft Determination of Compensation Fund contributions [2022]
Annex 5 Draft Determination of Compensation Fund contributions for Licensed Bodies [2022]