Regulating
Property
And
Probate
Lawyers

Application to the Legal Services Board

Under Part 3 of Schedule 4 of the Legal Services Act 2007

For Approval of

Changes to the regulatory arrangements relating to Compensation Fund contributions

for the period 2025-2026

September 2025

CONTENTS

Introduction

1) The CLC is required by statute to establish and maintain a compensation fund for the purpose of relieving or mitigating losses arising from negligence, fraud or failure to account of licence holders.

2) The fund incurs costs in relation to:
    a) Maintaining, administering, protecting and applying the Fund
    b) Making grants from the Fund
    c) Intervention activities including completion of current client matters, taking custody of client files and records
    d) Storage of client files from closed or intervened practices
    e) Providing former clients of closed practices with files, wills and deed.

3) As a condition of being issued with a Licence, all CLC Practices are required to contribute to the CLC's Compensation Fund. The contribution is calculated as a percentage of the practice's turnover.

4) The CLC reviews the funding of the Fund annually and sets the contribution level based on:
    a) the current reserve levels and target reserve levels,
    b) the current and expected expenditure of the Fund,
    c) Probable compensation claims

5) The CLC sets the annual contributions at a level that is sufficient to fund the payment of grants and associated expenses of the Compensation Fund. However, depending on the level of reserves held and the expected expenditure, the Fund can run a surplus or deficit budget.

6) The CLC tracks expenditure against the budget throughout the year and at the half year point forecasts expenditure for the remainder of the year. The forecast and expectations for the following year determines the funding requirement, and therefore the level of contributions required, for the following billing cycle which runs from 1 November.

I. Summary and overview of the proposal

7) The CLC is proposing a **6%** increase in the fee rates (see annex A for the proposed rates) for the Compensation Fund for the licensing year starting 1 November 2025.

8) The increase in funding can is required due to:
    a) High levels of intervention costs since 2023, resulting in addition cost to the Fund which has reduced reserve levels.
    b) Inflationary increases to the cost of intervention support and maintenance of the Fund.
    c) Potential compensation claims arising from active interventions as well as claims received in relation to investment property transactions.

9) The LSB approval notice for 2024 included a list of expectations for the 2025 application. The expectations and actions taken are summarised in the table below.

LSB Expectation	CLC action taken
take steps to enhance transparency and accountability about the structure and operation of the Compensation Fund to the regulated community, particularly as they pay contributions to the Fund. This includes having regard to ensuring that decisions made in respect of compensation claims, interventions, and the maintenance of reserves are clear and accessible to all those with an interest;	The CLC reports on the Compensation Fund position in several ways: • Intervention notices are published on our website and communicated in newsletters to all managers. • Council Papers and minutes are published and include Compensation Fund matters • The Chairs blog (published after Council meetings) includes relevant commentary • Management discuss compensation and intervention matters with representative bodies • The Management Information pack published after Council meetings includes reports on the Fund. • We include information on the Fund when we notify practices about their annual contribution and payment arrangements. • The Annual Financial Statements include a detailed breakdown of the performance of the Fund and are published, • The CLC also maintain a page on its website to which provides information to consumers.
consider the sustainability of substantial, unbudgeted increases to planned operating deficits in the context of large pre-existing liabilities;	A cashflow "buffer" is built into the fund by holding the insurance reserve. This pot is used when necessary to fund costs and claims that arise during the year. A negative operating reserve is an indicator that the insurance reserve is being utilised. Low or negative insurance reserves would indicate that cashflow may need to be increased. This provides an opportunity to increase the amount held in the fund if necessary. Due to the nature of the matters which can be referred to the Fund, it is not possible to predict expenditure or its timing with precision though we of course look at the pipeline of possible calls on the fund. We have sufficient reserve to absorb higher expenditure and when it is identified (as it has in this application) steps can be taken to mitigate further decreases or replenish reserves.

LSB Expectation	CLC action taken
monitor the effects of a planned multi-year operational deficit, to ensure that the Compensation Fund's running costs and long-term liabilities do not reduce the amount available for new interventions and compensation grant payments;	The CLC carefully monitors the health of the Fund and reserve levels. Management reports reserve levels and Fund performance to the ARC and Council quarterly and by exception if needed. The performance of the Fund is however difficult to accurately predict, and circumstances do result in times where higher costs are incurred (as with the current interventions). Prior to this there were no interventions and low costs for a 3-year period. We take an active and prudent approach to managing the Fund, we ensure that all provisions are fully reserved, and that there is sufficient operating reserve to ensure continuity. The changes proposed in this application illustrate that we are taking steps to mitigate the impacts of the current deficit.
take account of and have regard to the LSB's statutory Applications to Alter Regulatory Arrangements Rules 2021 and Guidance on the Applications to Alter Regulatory Arrangements Rules 2021;	We have reviewed and incorporated the rules and guidance into this application.
if the CLC submits the application as an application to alter regulatory arrangements under Rule 5(1), include an assessment of the impact of the alterations on persons with protected characteristics as defined by section 4 of the Equality Act 2010, as required by Rule 12(a);	This has been noted and included in this application.
if the CLC submits the application as a request for it to be an exempt alteration under Rule 5(2), include a summary of any impact assessment undertaken, including the impact on persons with protected characteristics, and if not why, as required by Rule 17(g).	This is noted for future applications.

II. Regulatory objectives and better regulation principles

10) The table below summarises the impact of the proposed fee rate increase against the better regulatory objectives. Note that only the regulatory objectives that are impacted by this change are included.

Regulatory objective	Impact of proposed change
(a) protecting and promoting the public interest	It is important that the Fund has sufficient resources available to protect consumers that have suffered losses because of the actions of their conveyancer. To do this we need to ensure that the Fund is adequately resourced and reserved. The proposed contribution rate increase will contribute to the maintenance and replenishment of reserve levels following a number of costly interventions.
(c) improving access to justice	Following closure or intervention of practices and in the absence of PII insurance, the Fund may be the only recourse that clients have to recover losses suffered. For this reason, it is important that the Fund is sufficiently resourced and reserved to compensate consumers when they meet the eligibility criteria.
d) protecting and promoting the interests of consumers	The Fund protects the interests of consumers by providing a route to compensation for losses suffered as a result of negligence, dishonesty or failure to account of regulated practices. Ensuring there are adequate resources available to compensate consumers when required is one of CLC's, Council and staff's key focus
(f) encouraging an independent, strong, diverse and effective legal profession	Having effective Compensation arrangements gives consumers confidence to use conveyancers knowing that their interests will be protected. Conversely this confidence helps promote and growth the profession thereby encouraging an independent, strong and effective legal profession.

11) The CLC believes that it has fulfilled the better regulation principles as set out at s.28 of the Legal Services Act 2007.

   a. It is transparent in that it has consulted on the proposed changes and an explanation about the contributions CLC practices will each be required to make to the Compensation Fund will be sent to each practice.

b. It is accountable in that its Annual Financial Statements include a report on the Compensation Fund income and expenditure.
c. It is consistent in that contributions to the Compensation Fund are determined by a contribution method that has not changed in 10 years (levied as a percentage of turnover)
d. It is targeted in that the Compensation Fund contributions are determined by reference to the turnover of CLC practices. However, the minimum contribution to the Compensation Fund of £530 continues on the basis that as a class small practices give rise to a disproportionate level of grants after they have closed when compared with the contributions they have made whilst licensed by the CLC.

III Proposed alterations

Rationale, intent, purpose, and effect of proposed alterations

12) The CLC Compensation fund reported an operating deficit of £467,494 in 2024 and is expected to report a further deficit of £371,079 in 2025 as shown in the table below. The cause of the deficit is a series of interventions starting in late 2023 that significantly increased the costs.

Actual results 2021 - 24 and 2025 Forecast	**2021 Actuals**	**2022 Actuals**	**2023 Actuals**	**2024 Actuals**	**2025 forecast**
Aged Balance Receipts	170,767	106,361	1,666,642	145,006	136,024
Interest Received	4,693	22,351	137,627	216,783	169,086
Practice Contributions	412,215	406,106	464,638	443,192	456,369
Total Income	**587,675**	**534,817**	**2,268,907**	**804,981**	**761,479**
Compensation Grants	269,296	(20,673)	20,233	144,531	65,849
Staff Cost Recharge	0	63,299	132,459	161,490	208,953
Legal Fees	127,468	271,280	127,584	180,065	158,354
Intervention cost	107,288	84,187	211,034	786,389	699,402
Total Expenditure	**504,052**	**398,093**	**491,310**	**1,272,474**	**1,132,558**
Surplus/Deficit	83,623	136,725	1,777,597	(467,494)	(371,079)

13) The Impact of the deficit as well as provisioning for probable Compensation Fund claims has resulted in a shortfall in the operating reserve in 2025 as can be seen in the table below.

Compensation Fund Reserve Levels	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Minimum Reserve	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Probable claims Reserve	2,397,644	2,595,416	1,924,445	1,920,088	1,964,291	2,079,652
Insurance Reserve	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000

Compensation Fund Reserve Levels	2020	2021	2022	2023	2024	2025
Contingency/ Special / Purposes Reserve	651,817	651,817	651,817		2,000,000	2,000,000
CF Operating Reserve	(186,354)	83,825	71,360	2,515,832	120,619	(80,510)
Total Reserves held	**6,863,107**	**6,679,893**	**6,647,622**	**8,435,920**	**8,084,910**	**7,999,142**

14) The operating reserve is used to fund the operating expenses of the Compensation Fund. Ordinarily we would operate a balanced budget (A very small surplus or deficit), which would result in no utilisation or increase in the operating reserve.

15) Interventions drive additional costs, including costs of winding up the practices operations as well as compensation claims. Both costs are either funded from the in-year income/surplus or from utilisation of funds in the operating reserve. As such maintaining a positive operating reserve is necessary to absorb these uncertain costs.

16) The operating reserve has reduced substantially since 2023 due to intervention costs incurred as well as the creation of a provision for Investment Property claims. There is currently a deficit in the operating reserve meaning that funds are being used from the insurance reserve.

17) Provisioning for Compensation Fund claims includes significant uncertainty as the eligibility for a grant and value of losses is uncertain. These estimates are updated regularly as we receive additional information and the provisions are updated.

18) There are currently several factors impacting the reserve position of the fund:

    a) The value of claims that will arise from the recently intervened practices (likely to increase required reserves)
    b) The value of the successful investment property claims being assessed (uncertain, bit may increase or decrease reserve levels)
    c) Two large claims that have been provisioned since 2014 are likely to be settled in 2025, this may result in some reserve being released, increasing reserve levels)
    d) The cost of ongoing interventions is uncertain and may increase due to yet unidentified issues or complexities.
    e) New intervention may result in additional cost to the fund.

19) The factors outlined above currently indicate that there is likely to be additional pressure on reserve levels. This combined with the current shortfall on the operating reserve indicates that we should increase contributions to the Fund to reduce the demand on reserves and replenish reserve levels.

20) Due to the uncertainty of the trend, it is prudent to take steps to maintain and improve reserve levels until we have clearer information. This will mitigate against needing more significant increase in the future should the reserve position deteriorate.

21) The current forecast for 2025 projects a deficit of £371,079 for the year. This is due to higher than budgeted intervention related costs. Intervention costs are inherently difficult to predict as the extent and complexity of any finalisation and remedial work only becomes apparent once the matter is reviewed. The Compensation grants increase is linked to the interventions.

2025 Budget vs Forecast	2025 Budget	2025 Forecast	Variance £	Variance %
Aged Balance Receipts	-	136,024	136,024	-
Interest Received	195,104	169,086	(26,018)	(13%)
Practice Contributions	469,411	456,369	(13,041)	(3%)
Total Income	**664,515**	**761,479**	**96,964**	**15%**
Compensation Grants	-	65,849	(65,849)	-
Intervention Support (3rd Party)	350,000	466,989	(116,989)	(33%)
Intervention Cost (Internal)	61,800	121,449	(59,649)	(97%)
Staff Cost Recharge	212,594	208,953	3,640	2%
Legal Fees	200,000	158,354	41,646	21%
Storage Costs	73,640	108,265	(34,625)	(47%)
Other Costs	37,070	34,826	34,370	93%
Total Expenditure	**935,103**	**1,164,685**	**(229,581)**	(25%)
Net Surplus / (Deficit)	**(270,588)**	**(403,206)**	**(132,617)**	(49%)

22) The estimated financial results for 2026 are summarised below. We expect intervention costs to reduce significantly in 2026 due to the finalisation of existing interventions (specifically the large intervention that has driven the additional cost for the past 2 years). The CLC intervened into 1 practice during 2025 and at this time we do not anticipate that costs will materially impact the results.

2025 forecast vs 2026 Estimate	2025 Forecast	2026 Estimate	Variance £	Variance %
Aged Balance Receipts	136,024	-	(136,024)	(100%)
Interest Received	169,086	152,177	(16,909)	(10%)
Practice Contributions	456,369	532,346	75,977	17%
Total Income	**761,479**	**684,523**	**(76,956)**	**(10%)**
Compensation Grants	65,849	-	65,849	100%
Intervention Support (3rd Party)	466,989	200,000	266,989	57%
Intervention Cost (Internal)	121,449	31,800	89,649	74%
Staff Cost Recharge	208,953	183,741	25,212	12%
Legal Fees	158,354	120,000	38,354	24%
Storage Costs	108,265	80,490	27,775	26%
Other Costs	34,826	28,914	5,913	17%
Total Expenditure	**1,164,685**	**644,945**	**519,739**	45%
Net Surplus / (Deficit)	**(403,206)**	**39,578**	**442,784**	110%

23) Note that the forecast does not include provisions for aged balance receipts, compensation grants or new intervention cost. This is because the timing and value of these items is unpredictable and past trends are not an indicator of future cost or revenue. Currently there are no immediate indicators of further interventions but we ready to act immediately should there be a need at short notice.

24) Although the projected surplus for 2026 is insignificant, it will contribute to the operating reserve and can be further increased in the following year if required. A smaller rate increases this year is preferable to a more significant increase in 2026 if the reserve levels do not improve.

25) The uncertainty highlighted above and the potential for reserves to be released (on conclusion of a successful settlement with the party concerned) will result in approximately £700k being released from the probable claims reserve. This will replenish reserve levels utilised by recent interventions.

26) After applying the proposed 6% increase the average compensation fund contribution will be 0,133% of turnover or £1.33 per £1,000 of turnover. The increased cost for a range of turnovers is summarised in the table below.

Practice Turnover	2024 contribution	2025 contribution (6% increase)	Annual cost increase	Additional monthly payment
100,000	500	530	30	2.50
250,000	748	793	45	3.75
500,000	1,143	1,210	68	5.66
1,000,000	1,753	1,855	103	8.58
2,000,000	2,933	3,105	183	15.25
4,000,000	5,173	5,485	323	26.92
8,000,000	8,333	8,833	515	42.92
10,000,000	9,893	10,501	608	50.67
15,000,000	13,793	14,636	843	70.25

27) The burden of the 6% increase both on an annual and monthly basis (most practices pay their contributions in 12 instalments) are not materially significant and are unlikely to have a detrimental impact on practices. Increasing fees this year reduces the likelihood of a significant double digit percentage increase next year should the costs of the Fund increase.

28) The changes proposed in this application will have no impact on other regulated persons or approved regulators.

IV. Consultation & Engagement

29) The annual CLC Fee consultation was launched on 11 July and closed on 12 September 2025. The consultation included questions on all our regulatory fees and potential EDI impact.

30) The consultation was promoted extensively in newsletters, the press and sent to key stakeholders. We gave respondents the option to submit a quick response via an online survey rather than responding in full to the consultation document as we have found that this improves response rates.

31) We received 31 responses including one, from the Society of Licensed Conveyancers (SLC) which is a representative body for conveyancers. The CLC also met with the SLC to discuss the proposal. 29 responses were submitted through the online survey option which allowed for responses and open-ended comment. The consultation response document can be found here.

32) The consultation included a question on the proposed fee rate increase proposed for the Compensation Fund. The question, answers and responses received are included in the table below.

Question	Yes	No	Comments received
Q3) Do you agree that the Compensation Fund Contribution rates should be increased by 6%?	15 (48%)	16 (52%)	• 3% would be a more reasonable increase. The investment property action are limited to 6 firms so should not be ongoing and you state that costs for 2026 should decrease. • Without seeing actuals and only working with budgets and forecasts this is difficult to consider. It would appear that reserve funds have not been adequately managed and therefore the increase is aimed at increasing the reserve levels. • I do not feel that the CLC offers anything to employed licence holders. • Increase is too high • Without seeing actuals and only working with budgets and forecasts this is difficult to consider. It would appear that reserve funds have not been adequately managed and

Question	Yes	No	Comments received
			therefore the increase is aimed at increasing the reserve levels • We raised this last year as well, but can you please provide actuals in order that we can provide an adequate reply. You only provide budget and forecasts. • We also note that you have no fee amount estimated for professional fee recoveries, this seems very shortsighted when you spent £180,000 on this last year. Especially when your surplus is then only £21,081.

33) The responses indicated that a majority of respondents (52%) disagree with the proposal to increase the contribution rates. Although there is limited comment dealing specifically with the reason for disagreement, it appears from two of the comments that the opinion was that the percentage increase was too big (note that the cash value of the increase is small).

34) One commentator thought that a lower rate increase would be more appropriate as the investment property claims were likely to be lower because only 6 firms are involved. This assumption is however incorrect, as although only 6 firms are involved, they each had multiple transactions significantly increasing claim values.

35) We noted the response requesting actual figures for the prior year (both from the SLC), following this request they were added to the consultation document (we notified the SLC of this change so that they could review) and will be included in future consultations. The annual audited accounts, which include significant detail on the funds performance, asset and policies are also published on the CLC website (here)

36) The comment on professional fee recoveries and a small surplus is incorrectly attributed to the Compensation Fund (this relates to the Practice Fund)

37) We noted the comment made by one respondent about the CLC not offering anything to employed licence holder. Although not relevant to this consultation as this is not a levy on individuals, we will consider how we can improve the communication of the value proposition of licensing to individuals.

38) The results and comments received from the survey have been carefully considered by the CLC. Although a small majority of respondents disagreed with the proposed increase, the CLC has decided that it is in the consumer interests, protected by the Fund to proceed for the following reasons:

a) There is a regulatory imperative to ensure the fund is adequately funded so that it can effectively pursue its mandate of protecting consumers.

b) Although the Fund is not currently under pressure, reserve levels have reduced and due to the uncertainty of future events they may take some time to replenish, or additional claims and interventions may further reduce reserves. Making a small change now will assist in increasing reserve levels and may preclude a much larger increase in the future if reserves decline.

c) While the increase percentage is high, the actual financial burden on regulated practices is low. As demonstrated in paragraph 26, the additional burden on practices, including small practices is low (£30 a year for the smallest of practices practices)

V. Impact Assessments

39) The CLC has considered whether changing its Compensation Fund contributions would have any unintended impact on any groups within the regulated community, particularly those with protected characteristics.

40) It should be noted that the Compensation Fund are a practice-based levy. There is no evidence that practices led or owned by persons with any protected characteristics do less well and therefore would be disproportionately impacted.

41) Sole proprietor/small firm impact should also be considered with reference to the quantum of the fee increase. The very smallest practices will pay an additional £30 a year. Larger practices will pay proportionally less due to lower fee rates at higher turnover bands. A practice with a £15m turnover will pay an additional £843 per year.

Description of changes proposed

42) For the next licensing year beginning on 1 November 2025, the CLC is proposing to make the following changes to its regulatory arrangements:

    a) Compensation Fund Contributions paid by practices will be increased by 6% to account for inflation and to increase contributions.

Stage of development

43) In July 2025, Council members decided in principle to increase the Compensation Fund fee rate subject to the results of a consultation. Following which, a final decision would be made after considering any feedback received in the consultation. The consultation responses have been considered by Council which has confirmed its intention to apply the 6% interest given the positive outcomes to be achieved through the increase and the relatively low impact on practices.

Identified stakeholders

44) The following stakeholders have been identified:
    a) CLC licensed practices
    b) Consumers

Potential Impact on identified stakeholders

45) Because this is a charge on practices, the owners and employees of practices may be indirectly impacted by the increased cost. The increased cost may result in practices not adjusting salaries, reducing headcount or not recruiting additional employees.

46) Given that the cost to practices is very low, £30 increase for the smallest practices. This change is very unlikely to have a material impact on employment decisions.

47) We do not believe that these changes will have any adverse impact on individuals with protected characteristics as this is a practiced based cost and all individual owners, through the company would be impacted equally.

48) The Change in contribution rates would have a beneficial impact on consumers as it would improve the ability of the fund to provide compensation when needed.

49) To the extent that there may be any detrimental impact or financial burden arising from the proposed increase on either practices or individuals, in the CLC's view, is that this is outweighed by the imperative to ensure that the Fund is adequately resourced and reserved to enable payment of grants where appropriate and has sufficient available funds to manage the impact of any interventions or business closures.

50) There is no impact on individuals because this is a practice-based levy. There is no evidence that practices led or owned by persons with any protected characteristics do less well and therefore would be disproportionately impacted. However, we have included an assessment against the protected characteristics below.

    Age: younger professionals are more likely to be newly qualified and therefore earn less than their older counterparts. However, they also are least likely to have the ability or experience to set up their own firms and therefore less likely to be impacted by the CF proposal.

    Disability: 4% of licensed professionals report having a disability and of those, 72% said that their disability limited their day-to-day activities. We hold no data on disability and earnings, but we also believe that the need to adequately fund the Compensation Fund is a profession wide benefit.

    Race: 4% of licensed professionals are other nationalities (as opposed to UK nationals) with 7% preferring not to state nationality. 8% of licensed professionals identify their ethnicity as Asian or Asian British, 2% as Black or Black British and 1% as Mixed or there is no data that shows firms have different turnover profiles dependent on race

Religion or belief: 49% of licensed professionals report are either Christian or share another religion or belief with 7% preferring not to declare. We hold no further data on earnings and religion or belief.

Sex: Women make up 77% of all licensed professionals and are more likely to be employed as practitioner-lawyers as compared to men. There are fewer women owning and managing firms and therefore they will be overall less impacted.

Sexual orientation: latest available data shows that only 4% of licensed practitioners identify as gay or lesbian. We have no data on earnings and sexual orientation and have no reason to consider a differential impact driven by this characteristic

Marriage and civil partnership: we do not collect any data on marriage or civil partnership across the regulated community.

Pregnancy and maternity: We have no data that indicates other than a temporary impact there is a turnover impact due to pregnancy and maternity.

Gender reassignment: our most recent survey of the regulated community in 2023 saw 2% of respondents report that their gender identity was different than that assigned to them at birth. At the moment, we cannot assess whether there will be a differential impact on that group.

Evidencing impact

51) The evidence used to support the impact was the CLC Diversity Monitoring Research 2023, EDI data from research undertaken by the Bar Standards Board and Solicitors Regulation Authority and other sectors.

Recommendations

52) The Council recognises that the proposed Compensation Fund fee rate increase unlikely to impact the regulated community. For the reasons outlined at the beginning of this document, a fee increase is considered necessary and to the extent that it may impact some regulated professionals, it is considered justified in order to protect the Fund in the interests of consumers, the public interest and indeed the profession as a whole. In short, the equality impacts identified are justifiable for consumer protection.

Action & monitoring

53) The CLC is planning to undertake an EDI and workforce survey in autumn 2025 which will inform future assessments.

VI. Evaluation and monitoring

54) The CLC will monitor and evaluate the impact of the Fund contribution rate increase by

   a) Reviewing monthly management accounts

   b) Reviewing claims data and probable claim trends

   c) Reporting the financial position and the reserve levels quarterly to the ARC and Council

   d) Using the above data and trends to evaluate whether any further changes are needed in the following licensing year.

ANNEX A

Compensation Fund contribution rate table

COMPENSATION FUND (2025-26)				
Turnover Banding	**Compensation Contribution Payable**			
£0 – £100,000	£530			
£100,001 – £250,000	£530	plus	0.175%	of turnover in excess of £100,000
£250,001 – £500,000	£793	plus	0.167%	of turnover in excess of £250,000
£500,001 – £1,000,000	£1,210	plus	0.129%	of turnover in excess of £500,000
£1,000,001 – £2,000,000	£1,855	plus	0.126%	of turnover in excess of £1,000,000
£2,000,001 – £4,000,000	£3,115	plus	0.119%	of turnover in excess of £2,000,000
£4,000,001 – £8,000,000	£5,495	plus	0.084%	of turnover in excess of £4,000,000
£8,000,001 – £16,000,000	£8,847	plus	0.083%	of turnover in excess of £8,000,000
£16,000,001 and over	£15,463	plus	0.082%	of turnover in excess of £16,000,000