

Direction 175 issued under Part 3 of Schedule 4 to the Legal Services Act 2007 to the Council for Licensed Conveyancers (CLC)

1. This is a direction issued pursuant to paragraph 19(3) of Schedule 4 of the Legal Services Act 2007 (the “Act”).
2. Unless stated otherwise, words in this direction are used as they are defined in the Act.
3. In accordance with paragraph 19(3) of Schedule 4 to the Act, the Legal Services Board has directed that the following alterations by the CLC to its regulatory arrangements be treated as exempt alterations for the purposes of paragraph 19(2)(c) of Schedule 4:

CLC Compensation Fund contributions for the practising year 2021/22

Proposed changes

1. The CLC is proposing to alter the bandings used to calculate Compensation Fund contribution rates. The existing bandings for calculating CLC practices’ contributions to the Compensation Fund have been in place since 2010.
2. The proposal is to increase from four bands to nine bands of income and to make changes within the existing bandings and fee rates. This is to align Compensation Fund contributions with new bandings used to calculate the practising fees payable based on the turnover of fee payers, following a review by CLC.
3. The proposed Compensation Fund contribution for 2021/22 is as follows:

Turnover Banding		Compensation Fund contribution			
From	To	Minimum Fee in Band			
£0	£100,000	£500			
		Minimum Fee in Band			On Turnover in excess of
£100,001	£250,000	£500	plus	0.165%	£100,000
£250,001	£500,000	£748	plus	0.158%	£250,000
£500,001	£1,000,000	£1,143	plus	0.122%	£500,000
£1,000,001	£2,000,000	£1,753	plus	0.118%	£1,000,000
£2,000,001	£4,000,000	£2,933	plus	0.112%	£2,000,000
£4,000,001	£8,000,000	£5,173	plus	0.079%	£4,000,000
£8,000,001	£16,000,000	£8,333	plus	0.078%	£8,000,000
£16,000,001	and over	£14,573	plus	0.077%	£16,000,000

Reason for exemption direction

4. While there is a change to the bandings, the overall impact on CLC practices is minimal. The total change in collection is expected to be an increase in the funds collected of £1,523 across all firms.
5. We are satisfied overall that the proposed contributions provide CLC with sufficient reserves for its Compensation Fund. We note that the reserves will be slightly below the total target level of reserves at the end of this year but accept CLC's explanation that this is within tolerance. The total available reserve will be within the operating reserve level and additional funds may become available should any funds set aside for the contingency reserve not be required for grants from the Compensation Fund.
6. We noted last year that the consultation on the CLC's Compensation Fund contributions received no responses. We set an expectation that the CLC needed to demonstrate meaningful and effective consultation when it applied for approval for its Compensation Fund contributions this year.
7. CLC consulted on its proposal to adjust the bandings for Compensation Fund contributions this year. However, it explained that responses to the questions it posed were limited. It also explained that while the bandings were being changed the proposal was expected to maintain current contributions for almost all practitioners.
8. A copy of the alteration was submitted to the Board on 10 September 2021.
9. This direction is to be deemed made on and effective from **1 November** 2021.

For and on behalf of the Legal Services Board
1 November 2021