



**Council for Licensed Conveyancers
Application to the Legal Services Board
Under s.51 Legal Services Act 2007
For Approval of
Licence and Practice Fees Rates
August 2011**

Summary

1. Subject to approval of the LSB, the CLC has determined (as set out in the CLC Fees Framework 2011 at Annex 1) that the regulatory fees payable for the year commencing 1 November 2011 are as follows:
- Licensed Licence Fees payable by licensed conveyancers remain unchanged at £400;
 - Base Rate Practice Fee payable by each CLC Practice is reduced from 2.0% to 1.3% of turnover applying the current tiers as follows:

Turnover Banding			Practice Fee payable				
			Minimum Fee in Band				
Between	0 and	£100,000	£1,000	or	1.4%	Of Turnover	Whichever is the greater
			Minimum Fee in Band			On Turnover in excess of	
Between	£100,001 and	£500,000	£1,400	plus	1.3%	£100,000	
Between	£500,001 and	£3,000,000	£6,600	plus	1.1%	£500,000	
Over	£3,000,000		£34,100	plus	1.0%	£3,000,000	

- Compensation Fund contribution payable by each CLC Practice is set at 0.4% of turnover applying the current tiers as follows:

Turnover Banding			Compensation Fund contribution			
			Minimum Fee in Band			
Between	0 and	£100,000	£500			
			Minimum Fee in Band			On Turnover in excess of
Between	£100,001 and	£500,000	£500	plus	0.4%	£100,000
Between	£500,001 and	£3,000,000	£2,100	plus	0.3%	£500,000
Over	£3,000,000		£9,600	plus	0.2%	£3,000,000

- the other fees levied by the CLC remain unchanged (as set out at paragraph 19).

Introduction

2. The CLC consulted with the profession in February 2010 about changes to the way in which the CLC should recoup its regulatory costs. Its aim was to introduce a new structure of regulatory fees to align its approach with the relevant requirements in the Legal Services Act 2007 and to enhance transparency and accountability to the relevant key stakeholders. The CLC's view was that Practices with higher levels of turnover paid proportionately more than Practices with lower levels of turnover. The proposals made in the Consultation Paper sought to adjust that imbalance. The CLC's preferred position was that each Practice makes a contribution to the costs of the CLC directly in proportion to the level of regulatory supervision required for each Practice and more generally for the risk of default each Practice poses.
3. However, the CLC recognised that a proper balance could only be achieved in the medium term if significant financial pressure on some sectors of the profession were to be avoided. The CLC proposed that the new structure of regulatory fees should consist of the following:
 - 1) Licence fee (a fixed sum);
 - 2) Practice fee (as a percentage of turnover subject to a minimum fixed sum); and
 - 3) Contributions to the Compensation Fund (as a percentage of turnover subject to a minimum fixed sum) to be applied solely for purposes relating specifically to the CLC's Compensation Fund.
4. The CLC proposed that the Practice Fee and contributions to the Compensation Fund should be subject to tiered banding as follows:

Turnover £		Banding
From	To	
0	100,000	110% Base Rate
100,001	500,000	Base Rate
500,001	3,000,000	80% Base Rate
3,000,000	and over	70% Base Rate

5. Following the end of the Consultation Period and having assessed funding requirements, the CLC determined that for the 2010-2011 licence year the fees payable by licensed conveyancers should be fixed at £400 per licence (as compared to the previous rates of £880 for Managers and £480 for employed licensed conveyancers), that the Base Rate for the Practice Fee should be fixed at 2.0% and that there should be a nil contribution to the Compensation Fund.

Setting the CLC's Budget

6. The CLC's Corporate Strategy 2011-2013 and its Business Plan 2011¹ have been determined by the regulatory objectives, and are consistent with the approach developed by the Legal Services Board. The Corporate Strategy 2011-2013 has assumed that the CLC will be

¹ Accessible under About Us at www.clc-uk.org

successful in its applications to become a licensing authority and a regulator of litigation and advocacy services later in 2011. Its plans include preparing for and discharging those new responsibilities. The CLC has identified the following strategic priorities which have informed the development of the CLC's budget.

- 1 Developing and delivering innovative and excellent regulatory services;
- 2 Deepening its understanding of the markets that it regulates;
- 3 Strengthening and growing its regulated community;
- 4 Building its capability and capacity.

7. The CLC's annual budget is determined as follows:

- Consider resource needs to meet the strategic priorities and business plan objectives.
- Arrange meetings with directors to discuss their budget requirements.
- Calculate staff, member, contractor, service and supplier requirements in detail.
- Include known commitments e.g. payments to LSB.
- Include known exceptional and ad hoc items.
- Calculate fees, charges and other income necessary to meet expenditure requirements.
- Compare with previous years to establish trends and identify any anomalies.
- Forward draft budgets to the Director of Corporate Services for agreement, then submit to the Senior Management Team for approval.
- Table at Audit Committee for challenge and subsequent approval.
- Table at Council meeting for challenge and subsequent sign off.
- A review is undertaken after six months and on other occasions depending on circumstances e.g. credit crunch, to ensure that budgets remain realistic.
- A review of budgetary control arrangements completed by CLC's Internal Auditors in July 2009 reported reasonable assurance.
- External Auditors review and sign off the Annual Report and Accounts. Before signing off the Annual Report and Accounts for the previous year, the External Auditors review the following two years budget (2011 and 2012), ensuring reasonableness in their opinion based on previous years actuals and known future income and expenditure

- It is a standing agenda item for auditors to have confidential discussions with the Audit Committee with no staff present.
8. The provisional budget for 2012 at Annex 2 (determined in accordance with the process set out at paragraph 7) balances the CLC's need to provide an effective system of regulation which protects and promotes the interests of consumers with the need for the CLC to move forward with those it regulates to take advantage of the opportunities and to meet the challenges of the new regulatory framework.

Setting the rates

9. Applying the charging structure agreed following the 2010 Consultation (as summarised at paragraphs 2-5) the CLC has determined that for the year commencing 1 November 2011:
- Licensed Licence Fees payable by licensed conveyancers remain unchanged at £400
 - Base Rate Practice Fee payable by each CLC Practice is reduced from 2.0% to 1.3% of turnover with Fees applying the current tiers as follows:
 - Compensation Fund contribution payable by each CLC Practice is set at 0.4% of turnover applying the current tiers as follows:
 - the other fees levied by the CLC remain unchanged (as set out at paragraph 19).
10. Examples of the effect the changes in the Practice Fee rates and Compensation Fund contributions will have on practices are set out below:

Illustrations 2011-2012							
Turnover	2010-2012		2011-2012			Variance £	Variance %
	Current PF 2		Proposed PF 2.3	Proposed CF 0.4	Total Proposed		
30,000	1,200		1,000	500	1,500	300	125
50,000	1,200		1,000	500	1,500	300	125
150,000	3,200		2,050	700	2,750	-450	86
550,000	11,000		7,150	2,250	9,400	-1,600	85
1,500,000	26,200		17,600	5,100	22,700	-3,500	87
3,500,000	57,200		39,100	10,600	49,700	-7,500	87
15,000,000	218,200		154,100	33,600	187,700	-30,500	86

11. In setting these rates the CLC has not consulted specifically with non-commercial bodies including local government on the basis that the changes in arrangements have a neutral effect on their regulatory costs. Further, the CLC does not regulate any non-commercial body which undertakes either conveyancing or probate services.

12. The CLC's ambition continues, subject to annual review, to be to reduce the regulatory costs as a percentage of turnover payable by CLC regulated practices. Clearly, one of the outcomes of the planned extension in regulatory scope and a successful application to become a licensing authority regulating Alternative Business Structures is an increase in turnover of the regulated population. The CLC also anticipates that the CLC's contribution to the costs of the LSB and of the OLC will show a downward trend over the next two to three years.
13. The provisional expenditure budget for 2012 has been developed with these issues in mind. Annex 2 shows the expenditure budget for 2011, the revised expenditure budget for 2011 and the expenditure budget for 2012. The comments explain the variances between the expenditure budget for 2011 and the revised expenditure budget for 2011. The expenditure budget for 2012 follows closely the revised expenditure budget for 2011. The changes shown in percentage and monetary terms compare the revised expenditure budget for 2011 with the expenditure budget for 2012.
14. The budgeted total funding requirement for 2012 is £2,555,000. It is estimated that setting the Practice Fee at 1.3% (as determined by Council) will generate an income of £1,148,000 based on the turnover of those practices currently regulated by the CLC. Taken with the Licence Fee Income and Other Income there will be a Total Budgeted Income of £1,934,000, leading to a budgeted shortfall of income against expenditure of £621,000.

Operations	
	1.3% current
	£000s
Practice Fee	1,148
Licence Fee	456
Other Income	330
Total Income	1,934
Total Funding Req	<u>2,555</u>
Surplus(shortfall)	(621)

15. The net result is a reduction in the CLC's Reserves on Operations. The CLC is satisfied that the level of reserves (after this reduction) will be in excess of two months expenditure which the CLC is satisfied is appropriate and prudent.
16. The shortfall between the total funding requirements of the Compensation Fund against the budgeted total income will also be met from reserves.

Compensation Fund	
	0.4 current
	£000s
Contribution	331

Other Income	50
Total Income	381
Total Funding Req	531
Surplus(shortfall)	(150)

17. The net result is a reduction in the CLC's Reserves on the CLC's Compensation Fund. The CLC is satisfied that the level of reserves (after this reduction) is sufficient to meet the expectations of, and provide confidence to, clients, as well as the mortgage lenders. The level of reserves required is calculated annually and a minimum level of £2,000,000 in reserves was set for 2010.
18. Over the coming months the CLC will be considering the steps it can take to develop a risk based fee structure to reflect the risk profile of entities, including the work undertaken. Assuming significant progress is made, it is likely that the CLC will be consulting on draft proposals in the first half of 2012.
19. The other Fees chargeable in are as follows:

		Fee	Paragraph	Regulatory Arrangements
1.	Probate Licence	£75	3(a)(ii)	Licensed Conveyancer – Licensing Framework
2.	First Manager Licence	£150		
3.	Duplicate licence	£50	17 & 25	Licensed Conveyancer – Licensing Framework
4.	Amendment to licence	£75	27	Licensed Conveyancer – Licensing Framework
5.	Failure to submit Accountant's Report in time	£100	16.2	Accounts Code and Guidance

Permitted Purposes

20. Since it has an exclusively regulatory function none of the costs the CLC incurs fall outside permitted purposes as prescribed at rule 6 LSB Practising Fee Rules 2009. The CLC does not incur expenditure related to the following sub-paragraphs of rule 6:
- the provision of services free of charge (sub-paragraph (d));
 - the promotion of the protection by law of human rights and fundamental freedoms (sub-paragraph (e)); or

- the promotion of relations between the Approved Regulator and relevant national or international bodies, governments or the legal professions of other jurisdictions (sub-paragraph (f)).
21. The CLC participates to a limited extent in law reform and legislative process (sub-paragraph (c)), but more as part and parcel of developing its regulatory framework and does not have a budget dedicated to that activity. The CLC understands the importance of increasing public understanding of the citizen's legal rights and duties (sub-paragraph (g)). The Outcomes Focused approach to regulation (coming into force on 6 October 2011) ensures that entities regulated by the CLC act in the best interests of clients (OP3) and that clients have the information they need to make informed decisions.
 22. The CLC is required to pay the levy towards the costs of the Legal Services Board and the Office for Legal Complaints (sub-paragraph (b)).
 23. Aside from the contributions it makes to the levy (paragraph 22) the entirety of the costs incurred by the CLC relate directly to:
 - (a) the regulation, accreditation, education and training of applicable persons and those either holding themselves out as or 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;

Contingency Arrangements

24. Paragraph 1 CLC Compensation Fund Operating Framework expressly reserves to the CLC the right to make a specific levy. It is envisaged that this will only be required when it is anticipated there is likely to be a substantial payment(s) out of the Compensation Fund. The last time the CLC directed the payment of such a levy in addition to the annual contribution was in the mid 1990s. For this purpose, the CLC reserves the right to transfer the balance (assuming sufficient funds were available) out of the Practice Fees or Licence Fees collected in the first instance before approaching the profession to recoup those monies at an appropriate stage. This approach reduces the costs associated with the collection of a special levy outside the normal cycle for collection of regulatory fees.

Applicability of the Regulatory Objectives

25. The CLC considers that the income generated by these proposals and the way in which contributions are determined are sufficient to ensure that it is able to continue to act in a way which is compatible with the regulatory objectives. There are tensions between the different objectives. For example, protecting and promoting the public interest, protecting and promoting the interests of consumers and promoting and maintaining adherence to the professional principles imply a greater need for resources. Improving access to justice and promoting competition in the provision of legal services suggest a requirement to reduce the cost of

regulation (and therefore the financial overheads of individual practices) so that there are more practices offering legal services and the fees they charge can be reduced. The CLC has sought to take these factors into account in determining the fee structure which is the subject matter of this application.

26. The CLC's experience is that those Practices with less turnover have tended to ask for or require greater regulatory attention when compared to the fees they have paid than those practices with more turnover which have tended to have more developed systems of accountability. The increase in the minimum fee from £1,200 to £1,500 (minimum Practice Fee contribution of £1,000 plus a minimum Compensation Fund contribution of £500) is a reflection of the greater attention which the CLC continues to give to practices with less turnover. Whilst it is in the interests of the wider community that there should be an independent strong, diverse and effective legal profession, the CLC is clear that it should so far as possible minimise the risk that one sector of the profession in effect subsidises another sector. As explained at paragraph 21, the CLC is taking steps to address the need to increase public understanding of the citizen's legal rights and duties.

Better Regulation Principles

27. In setting the charges payable by the profession the CLC has taken full account of the better regulation principles, namely that the CLC's regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed:
- They are transparent in that:
 - the way in which charges have been determined is consistent with the 2010 Consultation Process to which all members of the profession had an opportunity to contribute; and
 - an explanation of the structure of charges and details of the budget which has determined the income required will be published to the profession.. A draft of the information to be published to the profession is at Annex 3.
 - In setting out the charging structure in this way the CLC has shown itself fully accountable to the profession it regulates, to consumers and to its other stakeholders.
 - The way in which the charging structure has been determined is proportionate to (and targeted towards) the risks it perceives as being generated by different elements of the profession. No concluded view has been reached about the charging structure and as set out at paragraph 18 the CLC will be considering the steps it can take to develop a risk based fee structure.

Matters arising from LSB Decision Notice of 27 September 2010

28. At paragraph 17 of its Decision Notice dated 27 September 2010 the LSB stated:

We have noted that while the CLC have clearly stated that the costs of intervention, inspection and monitoring of practices should not be paid from the Compensation Fund, They are not at this time proposing to amend the Council for Licensed Conveyancers' Compensation Fund Rules 2009 to remove this from the list of items to which money from the Fund may be applied (Rule 12(g) of the CLC Compensation Fund Rules 2009). We understand that this will be considered as part of a wider consultation that the CLC will be undertaking as part of its preparation to apply to become a licensing authority.

29. The CLC has now amended its regulatory arrangements to take account of the issue raised. The CLC's Compensation Fund Operating Framework is due to come into force on 6 October 2011. Paragraph 6 of the Operating Framework (the equivalent of rule 12 of the Compensation Fund Rules 2009) does not contain any entitlement for the CLC to apply monies from the Compensation Fund in payment of the costs of intervention, inspection and monitoring of practices.
30. At paragraph 18 of its Decision Notice the LSB expressed an expectation that the CLC should monitor the effect of the new fee arrangements on smaller firms. The CLC has monitored this effect. In particular, it has tracked the reasons practices have closed since the new fee arrangements have come into force. It does not appear that any closures have resulted from any increase in regulatory costs charged by the CLC.

Annex 1



The CLC Fees Framework 2011

Made 2011 by the Council for Licensed Conveyancers with the approval of the Legal Services Board in accordance with s.14, 32 and 38 Administration of Justice Act 1985 and s.51 Legal Services Act 2007.

CITATION, COMMENCEMENT AND REVOCATION

1. This Framework may be cited as the CLC Fees Framework 2011 and shall come into force on 1 November 2011 on which date the Council for Licensed Conveyancers' Fees Rules 2010 shall cease to have effect.
2. "CLC Body" is a Recognised Body or a Licensed Body regulated by the CLC.

LICENSED CONVEYANCERS

3. The fees payable as provided by the CLC Licensed Conveyancers – Licensing Framework shall be as follows: -
 - (1) under paragraph 3(a)(ii) for the issue of a licence:

for the first time, or where such a licence is not in force at the time of the application (and has not been in force for at least 12 months prior to that date): £150;
to provide Conveyancing Services: £400
to provide Probate Services: £75;
 - (2) under paragraph 17 and 25 for an amendment to a licence: £75;
 - (3) under paragraph 27 for a duplicate licence, where chargeable: £50.
4. The additional fee of £100 is payable for failure to submit an Accountant's Report within the time limited paragraph 16.2 of the Accounts Code and Guidance.

CLC BODIES

Practice Fee

5. The fee payable by a CLC Body as provided by

- (1) paragraph 5(a)(ii) of the CLC Recognised Bodies – Recognition Framework; and
- (2) paragraph 7.10 of the CLC Licensed Body (ABS) Licensing Framework

shall be the turnover declared by the CLC Body for the purpose of determining the applicable annual premium payable in accordance with 10.1 of the CLC Professional Indemnity Insurance Code & Guidance as follows:

Turnover Banding			Practice Fee payable				
			Minimum Fee in Band				
Between	0 and	£100,000	£1,000	or	1.4%	Of Turnover	Whichever is the greater
			Minimum Fee in Band			On Turnover in excess of	
Between	£100,001 and	£500,000	£1,400	plus	1.3%	£100,000	
Between	£500,001 and	£3,000,000	£6,600	plus	1.1%	£500,000	
Over	£3,000,000		£34,100	plus	1.0%	£3,000,000	

Compensation Fund Contribution

6. The Compensation Fund contribution payable by a CLC Body as provided by
 - (1) paragraph 5(a)(iv) of the CLC Recognised Bodies – Recognition Framework; and
 - (2) paragraph 7.11 of the CLC Licensed Body (ABS) Licensing Framework

shall be the turnover declared by the CLC Body for the purpose of determining the applicable annual premium payable in accordance with paragraph 10.1 of the CLC Professional Indemnity Insurance Code & Guidance as follows:

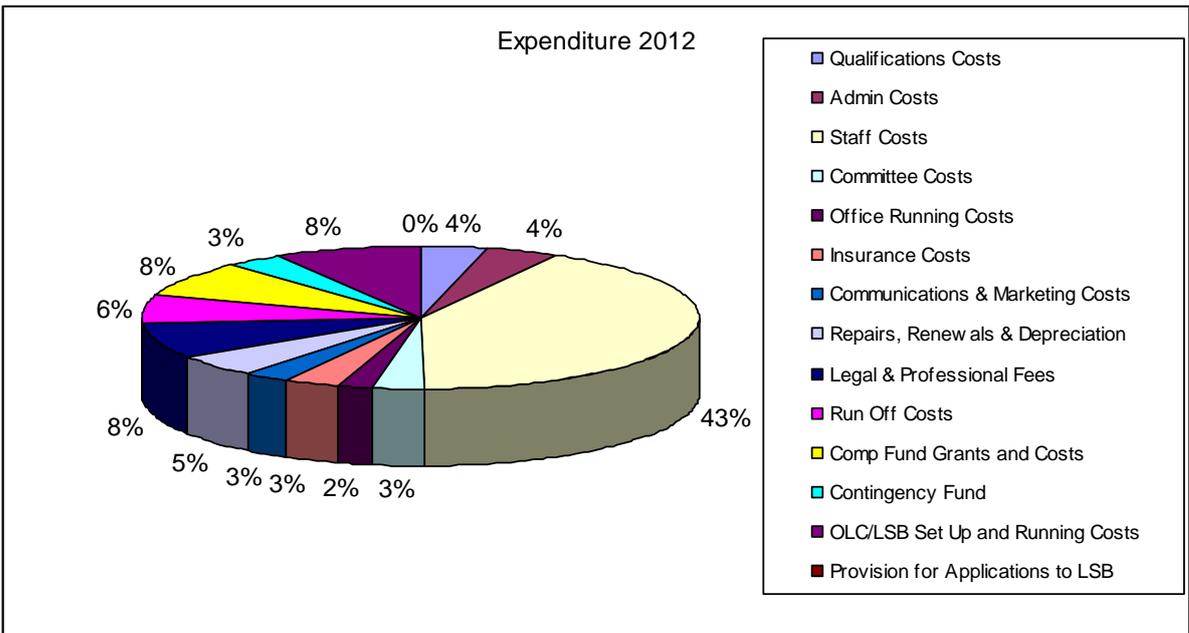
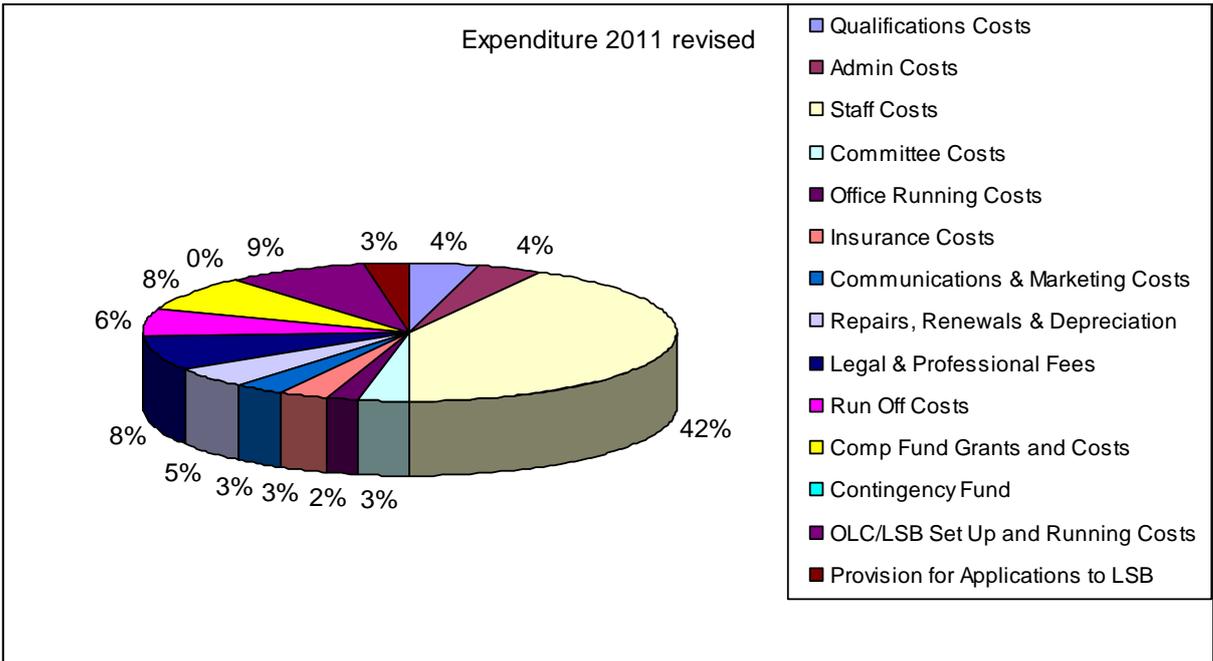
Turnover Banding			Compensation Fund contribution			
			Minimum Fee in Band			
Between	0 and	£100,000	£500			
			Minimum Fee in Band			On Turnover in excess of
Between	£100,001 and	£500,000	£500	plus	0.4%	£100,000
Between	£500,001 and	£3,000,000	£2,100	plus	0.3%	£500,000
Over	£3,000,000		£9,600	plus	0.2%	£3,000,000

WAIVER

7. The CLC may in writing waive or vary any of the provisions of this Framework and may revoke any waiver in any particular case.

**Annex 2
CLC Budget 2011-2012**

Expenditure	2011	2011 revised	2012	Change	Change	Commentary on changes to 2011 Budget
Qualifications Costs	5,200	114,500	114,500	0	0.0%	Now includes Qualifications costs of £103,000
Admin Costs	119,200	116,800	122,300	5,500	4.7%	No significant change
Staff Costs	965,500	1,182,000	1,200,500	18,500	1.6%	More Operations staff re ABS and now includes Qualifications salaries
Committee Costs	96,200	85,200	85,200	0	0.0%	Lower travel & subsistence costs
Office Running Costs	55,800	54,800	57,000	2,200	4.0%	No significant change
Insurance Costs	90,000	90,000	95,000	5,000	5.6%	No significant change
Communications & Marketing Costs	91,700	80,000	80,000	0	0.0%	Lower than anticipated
Repairs, Renewals & Depreciation	172,250	137,500	147,500	10,000	7.3%	Lower than anticipated
Legal & Professional Fees	113,500	228,500	229,000	500	0.2%	Higher this year re insurance/broker issues and ongoing
Run Off Costs	249,000	180,000	180,000	0	0.0%	Claims significantly lower than anticipated
Comp Fund Grants and Costs	205,000	236,000	235,000	-1,000	-0.4%	Intervention costs have increased because of interventions into two Practices
Contingency Fund	81,000	0	100,000	100,000	-	No contingency remaining
OLC/LSB Set Up and Running Costs	337,206	245,000	315,000	70,000	28.6%	Latest estimate higher than anticipated
Provision for Applications to LSB	75,000	75,000	0	-75,000	100.0%	No significant change
Provision for NARIC	0	0	0	0	-	
Less: Qualifications Management Charge	-81,654			0	-	Qualifications costs now included in expenditure
Total Expenditure	2,574,902	2,825,300	2,961,000	135,700	4.8%	



Annex 3
Information to the profession
CLC regulatory charges
2011-2012

1. This notification sets out the CLC's determination about:
 - The licence and practice fee structure and the way in which Compensation Fund contributions payable by licence holders will be applied; and
 - the licence and practice fees and the contribution the CLC has determined are payable for the licence year starting on 1 November 2011. .

The CLC's licence and practice fee structure, and contributions to the CLC Compensation Fund

2. The CLC consulted with the profession in February 2010 about changes to the way in which it proposed to charge the profession. Those changes were introduced with effect from 1 November 2010 and provided in summary that:
 - all licensed conveyancers should pay the same licence fee of £400 (as against the previous arrangement position where Managers paid £880 and employed licensed conveyancers pay £480). This underlines the fact that licensed conveyancers whether Managers or in employment are equally qualified to provide the legal services they are licensed to provide. It also reflects the fact that the costs of regulating licensed conveyancers are broadly the same.
 - CLC regulated practices should pay a Practice Fee to meet the costs incurred by the CLC in regulating entities.
 - the Compensation Fund contribution should be set at a level which meets the costs of grants and the direct costs of the maintenance, management and administration of the Compensation Fund, rather than the broader function of protecting the fund which in the view of the CLC is one of the most important outcomes of regulating CLC regulated practices. These costs are now be met by the Practice Fee.
3. Accordingly, in the year commencing 1 November 2010:
 - All licensed conveyancers paid a licence fee of £400;
 - All CLC regulated practices paid a Practice Fee of based on a tiered fee structure of 2%;
 - The CLC determined that the Compensation Fund contribution payable by each practice should be set at nil on the basis that the Compensation Fund had sufficient reserves to justify a nil contribution.

Licence and Practice Fee and Compensation Fund contributions payable for year starting 1 November 2011

4. The CLC Fees Framework 2011 is at Annex [numbered].
5. The CLC has determined that for the year commencing 1 November 2011:

- Licence Fees payable by licensed conveyancers remain unchanged at £400;
- the Base Rate Practice Fee payable by each CLC Practice is reduced from 2.0% to 1.3% of turnover with Fees applying the current tiers set out in the CLC Fees Framework 2011;
- the Base Rate of the Compensation Fund contribution payable by each CLC Practice is set at 0.4% of turnover applying the current tiers set out in the CLC Fees Framework 2011;
- the other fees levied by the CLC remain unchanged (as set out at paragraph 14).

6. Examples of the effect the changes in the Practice Fee rates and Compensation Fund contributions will have on practices are set out below:

Illustrations 2011-2012							
Turnover	2010-2011	2011-2012			Variance £	Variance %	
	Current PF 2	Proposed PF 2.3	Proposed CF 0.4	Total Proposed			
30,000	1,200	1,000	500	1,500	300	125	
50,000	1,200	1,000	500	1,500	300	125	
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550,000	11,000	7,150	2,250	9,400	-1,600	85	
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7. The CLC's ambition continues, subject to annual review, to be to reduce the regulatory costs as a percentage of turnover payable by CLC regulated practices. Clearly, one of the outcomes of the planned extension in regulatory scope and a successful application to become a licensing authority regulating Alternative Business Structures is an increase in turnover of the regulated population. It also anticipates that the CLC's contribution to the costs of the Legal Service Board and of the Office for Legal Complaints (which continue to account for a significant percentage of the CLC's total regulatory costs) show a downward trend over the next two to three years.
8. The CLC's Corporate Strategy 2011-2013 and its Business Plan 2011² are determined by the regulatory objectives, and is consistent with the approach developed by the Legal Services Board. The provisional expenditure budget for 2012 (at Annex [numbered]) has been developed in the light particularly of the Corporate Strategy. Annex [numbered] shows the expenditure budget for 2011, the revised expenditure budget for 2011 and the expenditure budget for 2012. The comments explain the variances between the expenditure budget for 2011 and the revised expenditure budget for 2011. The expenditure budget for 2012 follows closely the revised expenditure budget for 2012. The changes shown in percentage and monetary terms compare the revised expenditure budget for 2011 with the expenditure budget for 2012.

² Accessible under About Us at www.clc-uk.org

9. The budgeted total funding requirement for 2012 is £2,555,000. It is estimated that setting the Practice Fee at 1.3% (as determined by Council) will generate an income of £1,148,000 based on the turnover of those practices currently regulated by the CLC. Taken with the Licence Fee Income and Other income there will be a total budgeted income of £1,934,000, leading to a budgeted shortfall of income against expenditure of £621,000. The shortfall will be funded from reserves.

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Practice Fee	1,148
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Total Funding Req	<u>2,555</u>
Surplus(shortfall)	(621)

10. The net result is a budgeted reduction in the CLC's Reserves on Operations though the CLC is satisfied that the level of reserves will be in excess of two months expenditure which the CLC is satisfied is appropriate and prudent.
11. The shortfall between the total funding requirements of the Compensation Fund against the budgeted total income will also be met from reserves.

Compensation Fund	
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Contribution	331
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Surplus(shortfall)	(150)

12. The net result is a reduction in the CLC's Reserves on the CLC's Compensation Fund. The CLC is satisfied that the level of reserves (after this reduction) is sufficient to meet the expectations of, and provide confidence to, clients, as well as the mortgage lenders. The level of reserves required is calculated annually and a minimum level of £2,000,000 in reserves was set for 2010.
13. Over the coming months the CLC will be considering the steps it can take to develop a risk based fee structure to reflect the risk profile of entities, including the work undertaken. Assuming significant progress is made, it

is likely that the CLC will be publishing a Consultation Paper in the first half of 2012.

14. The other Fees chargeable are as follows:

		Fee	Paragraph	Regulatory Arrangements
1.	Probate Licence	£75	3(a)(ii)	Licensed Conveyancer – Licensing Framework
2.	First Manager Licence	£150		
3.	Duplicate licence	£50	17 & 25	Licensed Conveyancer – Licensing Framework
4.	Amendment to licence	£75	27	Licensed Conveyancer – Licensing Framework
5.	Failure to submit Accountant's Report in time	£100	16.2	Accounts Code and Guidance