

**LEGAL SERVICES BOARD CONSULTATION – THE LEVY: FUNDING
LEGAL SERVICES REGULATION**

CPS CORPORATE RESPONSE

- 1. Can respondents see any areas where our definition of “fair principles” could be improved?**

We have not identified any areas for improvement.

- 2. Are respondents content that the detailed mechanisms for the collection of the levy are detailed in individual Memoranda of Understanding between the Approved Regulator and the LSB? What might such memoranda usefully contain?**

Since Approved Regulators will have different structures it is appropriate that detailed mechanisms for the collection of the levy are agreed between the Approved Regulator and the LSB. As a result of these differing structures it is difficult to comment on what any memoranda should usefully contain.

- 3. We would welcome comments from the Approved Regulators on the timetable for the first year.**

Not applicable.

- 4. Are there other options in terms of timetabling we should consider?**

No doubt any particular issues will be raised by the Approved Regulators. However we wonder whether all Approved Regulators will be able to collect the levy through practice fee mechanisms between September to January this year without unduly onerous additional work and administration.

- 5. We would welcome views on what timetable the implementation costs should be recovered. We propose that the costs should be split 70% in the first year, 20% in the second year and 10% in the third year. Do respondents agree with this approach to cost recovery of the LSB and OLC implementation costs?**

We understand the reasoning for staging payment of the implementation costs. Whilst the division proposed may not be ideal for all Approved Regulators, given that running costs will be at their lowest in the first year the staging of the payments proposed seems acceptable.

6. Do respondents agree that there are no suitable metrics for the assessment of regulatory risk to enable it to be used as an apportionment tool for the LSB costs in the short term?

We have not identified any suitable metrics.

7. Do respondents agree that there are no suitable metrics for the assessment of volume activity to enable it to be used as an apportionment tool for LSB costs to March 2010?

We have not identified any suitable metrics.

8. We would welcome views on the apportionment of costs based on the number of authorised persons and whether 1 April is a suitable date at which numbers of authorised persons are defined?

We note that the recommendation is that *in the short term* the costs of implementing and running the LSB should be apportioned on a per capita basis. We feel that such a system is the most straightforward of those identified and have no comments on whether 1st April is a suitable date at which the number of persons identified are defined. As the consultation points out no date will be ideal for all Approved Regulators but given that this is, again, a short term measure future consideration can be given to any difficulties in the light of experience.

9. Are there options other than those canvassed in this paper for the recovery of implementation costs which should be explored further?

We have not identified any other options.

10. Do respondents agree that apportionment based on numbers of authorised persons in relation to OLC costs does not fit the fairness principles set out in Chapter 3?

We agree that apportioning the costs of implementing the OLC based on the numbers of authorised persons is unlikely to be targeted or proportionate and therefore will not fit the fairness principles.

11. We would welcome views on the suggested approach of collection of implementation costs for the OLC based on the number of complaints?

We can see the rationale in collecting implementation costs based on the number of complaints Approved Regulators receive. We also believe it to be

appropriate that those Approved Regulators whose members generate less than 0.1% of the complaints are not charged for the implementation costs.

12. Are there any options other than those canvassed in the paper which should be explored further for the apportioning of the implementation costs of OLC?

We have not identified any other options.

13. We would welcome views on possible different approaches that might be adopted in the medium term?

We do not feel able to comment on different approaches for the medium term until we see how the current proposals, or those finally adopted, work in practice. Of particular relevance will be how Approved Regulators pass on the costs to their members for example whether they pass on the cost to their members on a pro-rata basis as envisaged at paragraph 5.22 or whether they apportion the fee differently between different classes of their membership as referred to in paragraph 5.23.

14. Are respondents content with the proposed longer-term timetable for collection set out in Chapter 3?

We assume this question should refer to the longer-term timetable set out in Chapter 4 (paragraph 4.5).

We have no comments to make in relation to the longer term timetable. What will be important is that Approved Regulators are given the maximum possible notice of when any collection will take place and how much will be collected. Ideally this should be in sufficient time to allow the Approved Regulators to inform its membership of their individual contributions in good time for them to incorporate this into any financial planning.