

Fee policy 2022/23

6 September 2022

Practising certificate and periodic fees

The below information relates to the 2022/23 practising certificate renewals.

The fees were sent to the Legal Services Board on 25 July 2022 .

Read information regarding fees payable when setting up a new firm.

[\[https://www.sra.org.uk/solicitors/firm-based-authorisation/authorisation-recognition/\]](https://www.sra.org.uk/solicitors/firm-based-authorisation/authorisation-recognition/)

Fee calculator 2022/23 [\[https://www.sra.org.uk/mysra/fees/fee-calculator-2022-2023/\]](https://www.sra.org.uk/mysra/fees/fee-calculator-2022-2023/)

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What are mandatory practising fees?

The majority of our funding comes from annual fees set each year. We can charge these fees to individuals (eg practising certificate fee) as well as to firms (recognised bodies and licensed bodies). These are mandatory and must be paid in order for individuals and firms to practise.

We are also required to provide a Compensation Fund and to seek contributions from individuals and firms to meet the cost of claims and running the Fund.

Our powers to charge fees are mainly contained in the Solicitors Act 1974 and the Administration of Justice Act 1975, as amended by the Legal Services Act 2007. Our powers to set fees for alternative business structures (ABS) are contained in the Legal Services Act 2007.

Fee calculator 2022/23 [\[https://www.sra.org.uk/mysra/fees/fee-calculator-2022-2023/\]](https://www.sra.org.uk/mysra/fees/fee-calculator-2022-2023/)

What do the fees pay for?

The income from practising fees can only be used for certain purposes.

These are:

- regulatory activities (the total costs of the SRA)
- non-regulatory activities provided by the Law Society which are Permitted Purposes under the Legal Services Act (eg Law reform activities)

- levies required to be paid under the Legal Services Act
- part of the cost of the Legal Services Board (LSB)
- part of the costs of the Legal Ombudsman
- full cost of the Solicitors Disciplinary Tribunal (SDT)
- part of the cost of the Office for Professional Body Anti-Money Laundering Supervision (OPBAS)

All of these costs make up the total funding requirement which needs to be met by regulated individuals and firms, including ABS.

How we will spend our funds in 2022/23

Area	Percentage
Staff costs	48%
SQE	11%
External disciplinary and enforcement legal costs	5%
Interventions	8%
Other costs, such as ICT, research programmes and overhead costs	18%
Property costs	4%
Projects	6%

How do we set the fees?

The current split for determining fees is:

- a 60/40 firm/individual split of practising fees
- a 50/50 firm/individual split of compensation fund contributions
- including a discount for statutory maternity or adoption leave, or a period of leave equivalent to statutory maternity leave on practising certificates and registrations

The eight principles for setting fees are to:

- be fairer to fee payers
- be efficient and economical to administer
- make sure a predictable income to meet the cost of regulation

- be stable - charges should not vary considerably year on year
- be as simple as possible - to enable the regulated profession to predict their likely fees
- be based on data that can be verified
- make sure that, where possible, the costs of processes that are not of general application should be borne by those making such application, as far as possible, on a cost recovery basis
- take some account of ability to pay, in particular in relation to small and new businesses, charitable and not-for-profit organisations, and not be a deterrent for new entrants

The fees were approved by the Law Society Council on 24 August 2022 and our SRA Board on 19 July 2022 as part of our budget proposals. These have now been sent to the Legal Services Board and were approved on 24 August 2022.

You can renew your practising certificates or registrations and pay your firm's periodic fee between 1–31 October 2022.

Feedback

If you have any comments on the fee-setting process, please contact us [<https://www.sra.org.uk/contact-us>] .

Individual fees

Every solicitor seeking a practising certificate (PC) and every European (REL) or foreign lawyer (RFL) seeking to register is required to pay an annual fee.

Practising certificates

The practising certificate renewal fee for 2022/23 is £316.

This includes the regulatory fee of £286 and a compensation fund contribution of £30

For practising certificates issued part way through the year the fee will be pro-rated.

Period	Fee
January – March	£256
April – June	£197
July – October	£137



Each of the above fees includes a compensation fund contribution of £30.

Registered foreign lawyers

The registration renewal fee for registered foreign lawyers for 2022/23 is £316.

This includes the regulatory fee of £286 and a compensation fund contribution of £30

For registrations issued part way through the year the fee will be pro-rated.

Period	Fee
January – March	£256
April – June	£197
July – October	£137

Each of the above fees includes a compensation fund contribution of £30.

Registered European lawyers

The registration renewal fee for registered European lawyers for 2022/23 is £316.

This includes the regulatory fee of £286 and a compensation fund contribution of £30.

For registrations issued part way through the year the fee will be pro-rated.

Period	Fee
January – March	£256
April – June	£197
July – October	£137

Each of the above fees includes a compensation fund contribution of £30.

Reduced fees

You are entitled to a reduced fee if you are on statutory maternity leave (or equivalent) or started a period of statutory maternity leave (or equivalent) during the 2021/22 practising year.

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Period	Fee
October - December	£197
January – March	£167
April – June	£137
July – October	£107

Each of the above fees includes a compensation fund contribution of £30.

The registration fee for RFLs based at an office outside of England and Wales is £130. This is a regulatory fee of £100 and a compensation fund contribution of £30.

All above fees include an application handling fee of £48. Dates ranges quoted apply to the date that the practising certificate is issued.

All practising and registration certificates will be issued with an expiry date of 31 October 2023.

Compensation Fund

Each practising certificate or registration fee contains a contribution to the Compensation Fund. This does not include Crown Prosecutors who are exempt from making the contribution. If you need to request an exemption, please contact us [<https://www.sra.org.uk/contact-us>] .

Firm periodic fees

Every authorised body must pay an annual periodic fee.

To calculate the 2022/23 periodic fee, we will take the turnover figure you gave us on the 2021/22 application. This will be based on the last closed accounts prior to 31 October 2021 (eg Apr 2020 – Mar 2021).

Fee bands

The periodic fee is calculated using this table and the formula:

$$\text{Fee} = (T - C) \times B + D$$

Turnover Band (T)	Turnover Range (A)	Pay %* of Turnover within band (B)	Minimum Turnover in band (C)	Minimum Fee in Band (D)
A	£0 - £19,999	0.72%	£0	£100
B	£20,000 -	0.43%	£20,000	£244



	£149,999			
C	£150,000 - £499,999	0.41%	£150,000	£803
D	£500,000 - £999,999	0.40%	£500,000	£2,238
E	£1,000,000 - £2,999,999	0.38%	£1,000,000	£4,238
F	£3,000,000 - £9,999,999	0.26%	£3,000,000	£11,838
G	£10,000,000 - £29,999,999	0.22%	£10,000,000	£30,038
H	£30,000,000 - £69,999,999	0.20%	£30,000,000	£74,038
I	£70,000,000 - £149,999,999	0.18%	£70,000,000	£154,038
J	£150,000,000 +	0.06%	£150,000,000	£298,038

*Percent is equivalent to 'divided by 100' (eg 0.49% = 0.0041)

Using the table above to calculate the firm fee based on the firm's turnover (T)

1. Identify the turnover value (T) and which corresponding band the turnover falls into from column A.
2. Subtract the figure in the corresponding column C from T for that turnover band.
3. Multiply this figure by the corresponding percentage in column B.
4. Finally add this figure to the corresponding figure in column D.
5. Firm fee then needs to be rounded to the nearest pound (i.e. if less than 50p then round down and if equal to or more than 50p then round up) Formula: $(T - C) \times B + D$

Examples

Example 1

A firm with a turnover of £0:

$$(\pounds 0 - \pounds 0) \times 0.72\% + \pounds 100 = \pounds 100$$

Example 2

A firm with a turnover of £200,000:

$$(\pounds 200,000 - \pounds 150,000) \times 0.41\% + \pounds 803 = \pounds 1,008$$

Example 3

A firm with a turnover of £813,421:

$$(\pounds 813,421 - \pounds 500,000) \times 0.40\% + \pounds 2,238 = \pounds 3,492$$

Example 4

A firm with a turnover of £279,123,528:

$$(\pounds 279,123,528 - \pounds 150,000,000) \times 0.06\% + \pounds 298,038 = \pounds 375,512$$

Overseas branches

An additional fee of £200 will be payable for each branch office outside England and Wales.

Compensation Fund

Every authorised body that has held or received client money during the period 1 November 2021 to 31 October 2022 must contribute £690 to the compensation fund along with their periodic fee.

For new firms, the compensation fund fee is payable if the firm intends to hold or receive client money during the 2022/2023 practising year. Client money is as defined in the SRA Accounts Rules. If you have queries regarding the definition of client money, please speak to our Professional Ethics Guidance team.

New firm fees

Find out more about the authorisation costs for a new firm

[<https://www.sra.org.uk/solicitors/firm-based-authorisation/>] .

Turnover explained

What is turnover?

Turnover refers to a firm's total gross fees arising from work undertaken from offices in England and Wales.



Which turnover figure is used for the periodic fee?

To calculate the 2022/23 periodic fee, we will take the turnover figure declared on the 2021/22 application which will be based on the last closed accounts prior to 31 October 2021 (eg Apr 2020 – Mar 2021).

We will use closed accounts where possible. A firm has until 30 September 2022 to tell us if their turnover figure has changed.

What if my firm is a new firm?

For firms authorised during the 2021/2022 practising year, we will use the first twelve months' estimate.

What if my firm is a successor firm?

Where a firm's entity or structure has changed during the practising year, we will use the turnover figure provided when we were notified of the change.

We consider a firm's entity or structure to have changed where there is, for instance, a merger, acquisition or split.

Which figure do I need to provide in this year's application?

You will need to provide the most recent turnover figure available. The figure should cover a 12 month period prior to 1 November 2022. For instance, 1 February 2021 - 31 January 2022.

Please note, the turnover figure you give us in this year's bulk renewal application will be used to calculate next year's periodic fee.

What should I do if my turnover figure is an estimate?

If the figure you are going to provide is an estimate, we will accept this. You can contact us at a later date once you have received the closed accounts.

Definitions

Closed accounts

Closed accounts are defined, in order of preference, as:

- an audited set of financial statements
- an unaudited set of financial statements signed off by an accountant
- a submitted tax return for the year.

Gross fees

Gross fees includes:

- all professional fees of the firm including remuneration, retained commission, and income of any sort whatsoever of the firm (including notarial fees).

Work in Progress (WIP) should be included.

Gross fees does not include:

- interest, reimbursement of disbursements, VAT, remuneration from a non-private practice source, dividends, rents, and investment profit.

Successor turnover

Successor turnover is relevant where firms have changed through, for example, an acquisition, merger or split. Certain firms affected are required to submit a notice of succession to us with an agreed apportionment of turnover among the affected firms.

As guidance, successor turnover should be calculated based on the turnover figures for each of the affected firms.

If a firm has succeeded to the whole or a part of one or more firms (eg through merger or acquisition), successor turnover will be calculated by combining the appropriate proportion of the turnover figure for each of the affected firms which has become part of the successor practice:

- In a simple merger between firms A and B, combine the turnover figures for each firm.
- In a merger of one firm (firm A) with part of another firm (eg one third of firm B), firm A should add the corresponding proportion of firm B's turnover figure to its turnover figure (eg firm A's turnover figure + third of firm B's turnover figure)

For a firm which has split or ceded part of their practice to another firm and wishes this change to be reflected in a successor turnover figure, the successor turnover figure will be a proportion of the turnover figure, as long as it is clear how the turnover figure for such a firm is to be distributed between the successor firms. 100% of the turnover figure must be accounted for between the successor firms. For example:

- In a merger of firm A with one third of firm B, firm B's successor turnover figure will be two thirds of its turnover figure, Firm A's will be its turnover figure plus one third of B's turnover figure.
- Where firm A and one third of firm B become new firm C, firm A's turnover will be £0 (closed) and B's turnover will be two thirds of its turnover figure.

Firm C's successor turnover figures will be the combination of A's turnover figure and one third of firm B's.

In a case where all successor firms agree in the notice of succession on the apportionment of 100 percent of the turnover figures, then we will accept the successor turnover figures.

In the case where all successor firms are unable to agree the apportionment of 100 per cent of the turnover figures, then we will treat the notice of succession as an application for it to determine the turnover figures for the purpose of determining renewal fees. We will determine this apportionment based on the information available and its decision will be final. Firms will not be able to renew recognition without an appropriate successor turnover figure being determined, as this is necessary to calculate the appropriate firms' fees.

Fee policy

The annual practising fees are set with agreement from the Legal Services Board under Section 51 of the Solicitors Act 1974.

Feedback

If you have any comments on the fee-setting process, please contact us

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