



## THE FACULTY OFFICE OF THE ARCHBISHOP OF CANTERBURY

### NOTARIES (PRACTISING CERTIFICATE) RULES 2012

#### Consultation Practice Fees 2020/21– July 2020

#### RESPONSE

#### The Consultation

The Faculty Office recently closed its consultation on the proposed practice fees for 2020/21.

For the reasons outlined in the consultation it is the intention of the Faculty Office to reduce the Contingency Fund contribution from £20 (in 2019) to £0 (in 2020). The Faculty Office felt this was appropriate given the now sufficient & proportionate balance in the Contingency Fund and the other financial demands imposed upon the profession as a result of the Covid-19 pandemic.

The Faculty Office also intends to increase the Practising Certificate Fee across all bands by £20, resulting in no net increase in the total fee from 2019/20.

The proposed fees are outlined in the below table:

Turnover	Practising Certificate Fee	Contingency Fund contribution	Total
Up to £15,000	£470	£0	£470
Up to £50,000	£580	£0	£580
Up to £150,000	£820	£0	£820
Up to £300,000	£1,020	£0	£1,020
Over £300,000	£2,270	£0	£2,270

#### The Response

The Faculty Office is grateful to all the notaries who took the time to respond to the consultation. A total of 64 responses were received (an increase from the 23 responses received in 2019).

67% of responders agreed with the proposed Practising Certificate Fees and 91% of responders agreed with the proposed reduction in the Contingency Fund contribution.

A more detailed breakdown of the responses received is annexed to this Consultation Response.

#### The banding system

Following extensive consultation with the profession the Faculty Office introduced a new banding system for calculating practising certificate fees in 2019. The system was designed to create parity

across the profession and to provide some level of certainty of the projected income for the Faculty Office enabling further financial planning to be undertaken.

A number of responders to the consultation in 2020 raised concerns about the fairness of the banding system. Some responders suggested that the bands were too coarse and suggested additional bands be added to improve the equity of the fees incurred.

As the banding system was only introduced in 2019 the Faculty Office considers that insufficient time has passed to properly test the new system and for relevant data to have been gathered.

The Faculty Office is grateful for these responses and wishes to assure the profession that these suggestions will be kept under serious review during the coming year and any necessary revisions made once the system has been sufficiently tested.

### The definition of turnover

A number of responders expressed a concern that there was a lack of clarity around the definition of turnover and whether this was to be exclusive or inclusive of disbursements. The Faculty Office wishes to reassure the profession that it has no intention of changing the definition of turnover as set out in its consultation in 2019.

Definition of notarial turnover: " all the fee income of the notarial practice (and whether or not notarial services) but excluding VAT and excluding disbursements and before deduction of expenses."

The Faculty Office definition of turnover is notarial fee income exclusive of disbursements and expenses.

### The impact of the Covid-19 pandemic

The Faculty Office is keenly aware that the Covid-19 pandemic will likely have an impact on the turnover of notaries across the profession. As part of this year's practising fees consultation notaries were asked to estimate the reduction in turnover caused by the Covid-19 pandemic.

76% of responders estimated a reduction in turnover caused by Covid-19 with estimates ranging from 10%-70% reduction in turnover.

Many responders reported that business had improved since the start of lockdown restrictions in March 2020 and were hopeful that this would continue. The Faculty Office was encouraged to see that 34% of responders were estimating no reduction or minimal in turnover and some were estimating a small increase.

The Faculty Office is grateful for these responses and trust that business continues to improve for the profession.

### The fees 2020/21

Based on the majority support for the proposed fees the Faculty Office has confirmed the practising certificate fees for 2020/21 as set out in the consultation:

<b>Turnover</b>	<b>Practising Certificate Fee</b>	<b>Contingency Fund contribution</b>	<b>Total</b>
Up to £15,000	£470	£0	£470
Up to £50,000	£580	£0	£580
Up to £150,000	£820	£0	£820
Up to £300,000	£1,020	£0	£1,020
Over £300,000	£2,270	£0	£2,270

### Next steps

The Faculty Office intends to submit an application to the LSB for approval of the fees for 2020/21 in the week commencing **Monday 17 August 2020**.

## ANNEX

### Practice Certificate fees Consultation 2020 – response data

- 64 notaries responded to the consultation (9% of profession)
  - 7/64 notaries made no comment on the practising certificate fees
  - 8/64 notaries made no comment on the contingency fund fees
  - 10/64 notaries made no comment on Covid-19 impact

#### Q1: Do you agree with the proposed fees?

- 38/57 agreed with the proposed fees (67% of responders)
- 19/57 disagreed with the proposed fees (33% of responders)
  - Of these 7/19 disagreed with the fee being used to pay down the notarial deficit particularly at the present time. (12% of responders or 37% of those against the proposal)
  - 5/19 cited the impact of covid-19 as a reason not to increase the fee (9% responders or 26% of those against the proposal)
  - 2/19 (4% of responders or 11% of those against the proposal) disagreed with the bands or banding system an additional 4 responders also suggested issues with the banding system and requested additional bands (9% of total responders).
  - 1/19 claimed the fee was just too expensive. (2% of responders or 5% of those against the proposal)

#### Q2: Do you agree the reduction in contingency fee?

- 51/56 agreed with the proposed reduction in contingency fee (91% of responders)
- 5/56 disagreed with the proposed reduction (9% of responders)
  - Of these 3/5 believed the fee should remain at £20 or be increased (5% of responders or 60% of those against the proposal)

#### Q3: Any estimated potential reduction in turnover due to Covid-19?

- 41/54 estimated a reduction in turnover due to Covid-19 (76% of responders)
  - Estimates ranged from 10% - 70% reduction
  - Some notaries had ceased work during the pandemic for age/underlying health concerns or caring responsibilities.
  - Many notaries reported that business was beginning to pick up and estimated were very dependent on whether there was a second wave of Covid-19 or local lockdown.
  - One notary believed there would be a cashflow issue but not a downturn in workload
- 13/54 estimated no reduction in turnover due to Covid-19 or a minimal loss in fees (i.e. within band) or an increase (24% of responders)
  - Some cited the postponement of notarial work due to restrictions and restrictions on travel leading to an increase in workload.
  - Many cited how ownership of their own premises enabled them to continue practising despite lockdown due to flexible workplace solutions (e.g. drive-thru etc).

#### Any other comments

- 4/64 responders were questioning whether renewal would be worthwhile in 2020. (6% of responders)
- 9/64 responders considered the bands to be unfair and many suggested adding additional bands. (14% of responders)
  - Suggestion of taking lower of turnover or gross fess taken between 1 Sept & 31 Aug
  - Suggestion of applying a flat % rate of turnover
  - Disappointment at £20 flat increase across bands
  - Queried why channel islands not on banding system
- 4/64 notaries requested further clarification be provided on definition of turnover (i.e. exclusive of disbursements) (6% of responders)
- Suggestion for notaries to be permitted to pay via instalments due to cashflow issues
- Suggestion that solicitor notaries would be hard hit