
**DIRECTION UNDER S106 OF THE
CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014**

1. The Licensed Taxi Drivers Association Limited (the Society) is a society registered under the Co-operative and Community Benefit Societies Act 2014 (2014 Act) with registration number 21472R. The Society was registered on 4 July 1975 and carries on a business, industry or trade for its members who are taxi drivers principally in London. Accordingly, the Society is registered to meet the condition in s2(2)(a) of the 2014 Act: that the society is a bona fide co-operative society (Condition for Registration). In its latest annual return and accounts (AR30) submission, for their financial year ending 30 September 2020, the Society gave a figure of 8,847 members.
2. In this direction we set out:
 - a. The background leading up to, and including, the special meeting (Special Meeting)
 - b. Points made from the costs submissions from the Applicants and Council of Management (Parties)
 - c. Points made on our draft costs direction, issued on 20 April 2022.
 - d. Our decision on apportionment on costs and the reasons for it

Background

3. Historically, the Society's governance has operated on the system whereby each member is placed into a 'branch'. Each branch then sends a voting delegate(s) to the general meeting of the Society. Those voting delegates then vote on the matters before the special meeting. The voting delegates are chosen at meetings of the branch members. Meetings took place in person with voting conducted by a show of hands. Delegate voting systems like this have not historically been uncommon in co-operative societies, and the 2014 Act itself gives some recognition to the practice of delegate voting. Over time, the number of branches in the Society has reduced. There is a dispute within the Society over the exact number of branches. However, it appears agreed that for some period there existed three branches, consisting of a Suburban Branch, a North London Branch, and a South London Branch. With any delegate voting system, its democratic integrity is dependent on the number and size of delegate-electing constituencies (in this case, branches) being equitably arranged. By May 2019, it had been argued that there were now two branches – a Suburban Branch, and a Central Branch – with the former containing approximately 7% of the Society's membership, and the latter 93%.
4. Members of the Society elect a 'Council of Management' (CoM). For the purpose of the 2014 Act, the CoM is the Committee. Legally, the members of the CoM are the directors of the Society.

Disputes

5. As is not uncommon with organisations of large memberships, there is not unanimity amongst members on matters of the running of the Society and its strategy. It is fair to say that the disagreements between some members, and some members and the CoM, amount to disputes between them. We note that there is interaction between both Parties in relation to member expulsions.
6. Accusations have been made by both Parties with respect of the conduct of each. We do not detail those here. Our process here, and subsequently, has not been tasked with resolving those disputes. And we do not comment on the merits or otherwise of respective allegations made by both Parties. Needless to say, they exist, and are a context in which this process has operated.

Rule amendments

7. The CoM have sought on several occasions to change the governance of the Society. Rather than operate a delegate voting system, the CoM proposed voting move to be based on 'one-member-one-vote' of all members as is common in many societies. That rule amendment was first submitted to us on 31 October 2018. Subsequent correspondence taking place between 16 November 2018 and 26 June 2019 established to us that the rule amendment was not properly made.
8. We concluded the rule amendment was not properly made because, in correspondence with the Society, it became clear to us the delegate from only one branch, the Suburban Branch, had been permitted to vote on the purported rule amendment. The Society contested that it had the power to suspend branches and that consequent of exercising this power, branch delegates (if elected and in place) would not be able to vote at a general meeting. The Society's rule 44 required rule amendments to be agreed by a majority of branches. This process also had the effect of disenfranchising the majority of the Society's members. Our final correspondence on that rule amendment was issued on 24 February 2020, confirming that there was no properly made rule amendment before us to register.
9. On 23 March 2021 we received the next rule amendment application from the Society following an annual general meeting of the Society held on 18 December 2020. On 14 June 2021 we determined that there was no properly made rule amendment before us to register. The Society had sought to rely on the temporary provisions of the Corporate Insolvency and Governance Act 2020 (CIGA). CIGA sought to make it possible for societies and companies to carry on running virtually during Covid-19 restrictions despite any barriers within society rules. CIGA provided for meetings of voting delegates. However, the Society instead purported to hold a meeting that had no standing under its rules, which resulted in it not being able to utilise the provisions of CIGA. We communicated on 14 June 2021 that there was not rule amendment before us to register.

Special Meeting

10. On 9 May 2019 we received an application under s106 of the 2014 Act to call a special meeting of the Society. The application was made by 121 individuals (the Applicants) who each signed to an agreement that they would fund up to £5 each (£605 in total). On 31 May 2019 we issued a direction to the Applicants to disclose details of application to the Society. This notification was

given on 7 June 2019. On 14 June 2019 we wrote to the Society asking for their comments on the application by 25 June 2019.

11. On 16 August 2019 we outlined to both parties that we were minded to call a special meeting of the Society. A preliminary meeting took place between the Applicants, CoM and us on 13 September 2019 to discuss the process and agenda for the meeting.
12. There were a number of practical and logistical considerations in the calling of the special meeting – noting in particular the branch and delegate structure. We were of the view that the special meeting process must be demonstrably free and fair and designed to maximise participation.
13. In our letter of 7 February 2020, we explained to the Parties that the agenda for the special meeting would cover future decision-making arrangements of the Society – these being rule amendments designed to ensure democratic member control. The Applicants had asked that we include the removal of the Council of Management on the agenda. We declined to do so for two reasons i) the future voting arrangements, once set by the special meeting, would enable members to do this should they so wish; and ii) the CoM had recently been elected by an all-member ballot.
14. In a letter of 26 May 2020, we set out to both parties our intended basis of proceeding with the special meeting. This was based on multiple meetings of each of the 3 branches.
15. Correspondence between all parties took place over 2020 with limited progress being made to determine issues on the number of branches, and other practical and logistical points relating to the special meeting.
16. Between February to May 2021, we carried out a procurement exercise to procure the services of an independent scrutineer to i) run online meetings; and ii) conduct a postal ballot of members with postal and online voting. We determined that the costs associated with holding multiple branch meetings of multiple branches was prohibitively expensive. We therefore revised the procurement exercise for a single online meeting and postal ballot. Members would be able to vote before or after the special meeting, either by post or electronically. Following the completion of that exercise, we appointed Civica Electoral Services as the independent scrutineer.
17. Subsequently, we invited both Parties to submit rule amendments they wished to go forward to the special meeting, along with up to two-sides of A4 setting out the rationale for their proposals. During 2021-2022 we reviewed numerous drafts of amendments and accompanying material from both parties and drafted and revised a letter to be sent from us to Society members. Each Party's submissions were shared amongst all parties for comment.
18. Under s106 it is the special meeting itself who appoints its chairperson. To facilitate the smooth running of the meeting both parties agreed and facilitated the appointment of independent external counsel to chair the meeting, subject to the agreement of members at the Special Meeting.
19. On 28 February 2022 ballot material was despatched to Society members – including the invite to the Special Meeting. The Special Meeting took place at 2pm on 8 March 2022, held online. The ballot closed on 18 March 2022, with the results issued to both Parties that day.

20. Members were presented with two sets of rule amendments – one from the Applicants, and the other from the CoM. The rule amendments differed in the intended future operation of the Society. Both contained options for one-member-one-vote arrangements for certain votes. The proposals of the Applicants contained provision for delegate voting under certain circumstances. The CoM's proposals did not retain delegate voting in any form.
21. The Special Meeting agreed the appointment of external counsel as the chairperson for the meeting. Representatives from the CoM and the Applicants, including their solicitors, presented their views to members. Members asked questions to both Parties and received answers as part of that meeting.
22. As part of the Special Meeting process, 8,140 members were balloted. Of these, 1,724 voted (21.2%). After deducting spoiled ballots, 1,705 votes were counted, from which 966 votes (56.7%) supported the CoM's proposals; and 739 (43.3%) the proposals from the Applicants.
23. As part of the special meeting process, both parties committed to undertakings to contain their communication on the Special Meeting to the material accompanying the ballot paper. We note that accusations were made from both Parties about the conduct of each – alleging breaches of the undertaking. We were not satisfied on the information before us that either Party could have been said to have breached their undertaking to us, and as such, did not release either Party from it.
24. On 20 April 2022 we issued a draft costs direction and invited, and received, comments from both parties by 12 May 2022.

Submissions on costs

25. Section 106 of the 2014 Act empowers us to direct the apportionment of certain costs to be met by: i) the applicants for a special meeting; ii) the society's funds; iii) the society's members, officers, former members or former officers. These costs are those 'expenses of and incidental or preliminary to' the special meeting.

26. The following summarises the costs claimed:

Party	Nature of costs	Amount (excl. VAT)
LTDA	Wrigleys	£70,428.50
LTDA	Robert Pearce QC	£8,768.28
LTDA	John Luckhurst	£6,443.50
	<i>Subtotal</i>	<i>£85,640.28</i>
Applicants	ACS Phase 1	£5,508.00
Applicants	ACS Phase 2	£15,656.00
Applicants	ACS Phase 3	£22,810.00
Applicants	ACS Disbursements	£920.90
	<i>Subtotal</i>	<i>£44,894.90</i>
Other	Counsel (Chair)	£3,000.00
FCA	Scrutineer	£19,529.64
	<i>Subtotal</i>	<i>£22,529.64</i>
	Total	£153,064.82

27. In first submissions, the CoM submit all costs should be met by the Applicants and/or us. The Applicants submit all costs should be met by the Society.

General points

28. Both Parties have included costs for the services of lawyers. We consider it to be reasonable on the part of both Parties that they sought legal advice throughout the process.

29. We note both Parties have made clear that the costs included are those of the Special Meeting process only, and do not include the other matters on which they are both engaged - in relation to disputes and member expulsions.

30. We now turn to the points made by each Party in their submission. For ease of summary and analyse, we look at the submissions by each Party in the following themes: legal fees, attributing causation, impact of the result, and finally other arguments made in their submissions.

Applicant Costs

Legal Fees

31. We note that those representing the Applicants have explained they have reduced their fee rate to a discount of “nearly 40% of our normal rates” and have also written-off “over £20,000 of time recorded during the last four years”. These costs are not therefore covered in their cost submissions but would otherwise be capable of apportionment.

Attributing causation

32. The Applicants have indicated at paragraph 4.3 that without the involvement of the Applicants “the Society would not have come to the attention of the FCA at all”. While we understand the sentiment being expressed, we do not accept that as a conclusion. We do not share the full characterisation set out by the Applicants. We do however accept that the actions of the CoM in relation to purported votes on rule amendments prior to the application for the special meeting were a direct and relevant reason leading to our decision to call the Special Meeting.

Impact of the result

33. The Applicants note that they secured 43% of the votes of the special meeting process, and that, consequently, this cannot be said to be a small minority of members supporting their proposals. Though it is clearly the case that most of those voting supported the rule amendments put forward by the CoM, we agree that 43% of the votes represents a large minority.

Other arguments made

34. We note the Applicant costs include costs prior to the submission of the application for the special meeting, described as being ‘Phase 1’, totalling £5,508.00 + VAT. We accept that s106(6) allows us to apportion costs “preliminary” to a special meeting. There will, with any special meeting application, inevitably be time between the receipt of an application and the calling – and happening – of a special meeting.

CoM Costs

Legal Fees

35. We note the CoM have incurred unquantified costs in terms of staff time within the Society and is not seeking to recover those costs.
36. We note the costs submission includes advice from Robert Pearce QC, including an Opinion on the powers of the FCA to call a Special Meeting and the limits of those powers. We note that no such Opinion has been shared with us during this process.
37. We are of the view obtaining legal advice during this process is appropriate. We note that, for the CoM, they sought advice from Wrigleys Solicitors LLP; Michael Demidecki & Co; and Robert Pearce QC. We understand Michael Demidecki & Co are regular advisors to the Society. Notwithstanding further details provided in the CoM’s response to our draft direction we do

struggle to see the proportionality in retaining services of two firms to advise on the special meeting process.

38. We note comments made by the CoM in response to our draft direction on the quality of the legal advice given by those representing the Applicants. We note the submitted application resulted in us calling a special meeting of the Society. We take at face value the position of the Applicants being that the legal advice supported them in their application. We do not comment on the quality of legal advice for either Party. That is a matter between parties and their representatives. While at various stages we have taken a different view on matters raised by those representing either Party, we do not see this as a judgement by us on the quality of the advice.

Attributing causation

39. We note that the CoM contest that they have been striving to amend the rules of the Society. The CoM could have done so had the provisions of the rules of the Society been followed in making those amendments. Had rule amendments been properly made by the CoM following the process set out in the Society rules, the probability of us calling a special meeting would have been lower. We do not agree with the CoM's suggestion (their para 9) that the approach adopted by the CoM previously was the correct approach. We are of this view because the previous approach disenfranchised most members from a vote on a rule amendment.

Impact of the result

40. The CoM's submission suggests that the outcome of the vote validates their position on costs. The CoM's proposals did secure the majority of votes cast. We do however note that given a swing of 6.8% on the vote would have changed the outcome, it can be argued that there are a significant percentage of members supporting the proposals put forward by the Applicants.

Other arguments made

41. The CoM suggest that the FCA erred in calling the Special Meeting. For reasons previously articulated, which we do not repeat here, we do not agree. We are satisfied that the statutory test for calling a special meeting was met, and that the actions in calling that meeting were reasonable and proportionate.
42. The CoM suggest that the rule amendments proposed by the Applicants i) opposed one person one vote for members; and ii) were "undemocratic". Neither of these statements is accurate. All Parties are aware that both sets of rule amendments, to some extent, included elements of one-member-one-vote arrangements. We had determined that both sets of rule amendments were capable of going forward to members for a co-operative society. While we note that the CoM did not support the governance arrangements suggested by the Applicants, this does not render them undemocratic. Properly run delegate voting structures with appropriately sized constituencies are in of themselves capable of being democratic.

Comments on draft direction

43. We issued a draft costs direction to Parties on 20 April 2022, inviting comments by 12 May 2022. We are grateful to both parties for their timely submission of comments. Those responses have been read in conjunction with the earlier submissions made.

44. Where issues are repeated, or dealt with earlier in this Direction, we do not comment again here.

Applicant comments

45. The Applicants do not agree with our view that “much (but not all) of that delay being caused by the non-agreement by the Applicants to the proposals tabled by us” and allege delay on the part of the CoM and FCA. We are asked therefore to reconsider the position we set out on the Applicant’s Phase 2 costs.

CoM Comments

46. Those representing the CoM provide comments on:

- Preliminary matters
- The application - including the suggested subject matter for the special meeting
- Phase 2 costs
- Democratic engagement and ‘free and fair and maximise participation’
- Delay by the FCA
- Financial position of the Society
- Expenses of the Chair
- Applicant Costs
- LTDA costs

47. These are split between three ‘threads’: i) position of the CoM in wanting one-member-one-vote; ii) allegations that the actions of the Applicants were malicious; and iii) allegations of a lack of transparency and irrational decision making and procedural unfairness on the part of the FCA.

48. Those representing the CoM also suggest an alternative appropriation of costs in paragraph 13.11 of their response.

49. The CoM note a number of preliminary matters. We do not intend to comment on the specifics of the points raised. The decision making on the special meeting was confined to the process in which both the Applicants and the Society were party to – including our initial direction to the Applicants to share details of the application with the Society, and the Society’s comments on that application.

50. It is alleged by the CoM that we failed to examine the question of intimidation. We received allegations from both Parties about the conduct of the other. We have seen evidence of inappropriate language from both Parties that would not be conducive to maximising member participation. From the outset, we were clear that we wanted to ensure there was a process that was demonstrably free and fair, and that would maximise participation. To that end, we appointed an independent scrutineer, and encouraged parties to agree on the appointment of an independent chairperson. We also provided equal opportunity for Parties to articulate their respective positions in the communications despatched with the ballot material.

51. We do not agree with the allegations made by the CoM in their third thread, and these are not evidenced. Throughout the special meeting process, communication has been maintained with all parties, in a manner consistent with the legislative frameworks under which we operate.

52. Other matters raised by the Applicants and CoM have been addressed in the detail that follows.

Decision and reasons

53. Having considered the submissions made by both Parties, we now move to set out the decision on the apportionment on costs, and the reasons for those decisions.

54. We have regard to: i) the reasons we called the Special Meeting; ii) the matters determined at the Special Meeting; iii) the financial position of each party; and iv) the arguments made by each Party in respect of that apportionment.

Reasons for the special meeting

55. We called this special meeting because it appeared to us that there was a lack of democratic member control within the Society. This appearance was supported by confirmation by the Society that most members had been excluded from voting on rule amendments in 2018, and the ongoing suspension of a branch(es) containing the majority of members. Despite making clear to the Society that, in order to amend its rules, it needed to follow the process set out in its rules, it again decided to not do so. The need for a special meeting could have been avoided had the Society conducted itself differently.

56. We note that there were strong differences of opinion on the governance arrangements of the Society. And that the Society had been unable to facilitate the agreement on revised governance arrangements itself. The special meeting process enabled these matters to be fairly and democratically put to members for their determination, and subsequent registration of rule amendments.

57. Points raised in response to our draft direction comment on the legitimacy of the special meeting vote by way of reference to previous ballots of members and subsequent surveys. A comparison between i) a yes/no indication of support on a single proposal; and ii) a vote between two competing proposals, do not make for a direct or relevant comparison. There was a divergence of views among the membership on the future governance of the Society which had not been articulated through previous exercises undertaken by the Society.

58. The CoM, in their response to the draft direction, note concerns around democratic engagement arising from allegations of intimidatory behaviour deterring or preventing members from meaningful participation in meetings. We note the CoM sought to address this, and one of the ways they did so was through the suspension of a large, merged branch. Taking steps to ensure meetings are safe and encouraging of participation is clearly a legitimate aim. We do not however share the view that the disenfranchisement of approximately 93% of a society's membership is a proportionate means of achieving that legitimate aim. And nor, in this instance, was it lawful.

59. We note the characterisation, in the response of the CoM to our draft direction, of the 'successful party' being the one whose resolution was approved by members. Section 106 provides that members can trigger the calling of a special meeting. The s106 power does not in of itself require

there to be competing resolutions, or indeed any resolutions, at a special meeting. We note that the CoM had not been successful in having its rule amendments agreed through a lawful process previously. We note that the Applicants demonstrated they had good reasons for requesting the meeting to be called. And we note that there was clearly a divergence of views among the membership on future governance arrangements. We consider the measure of success of the special meeting process to be in members being able to determine the future governance of the Society through a lawfully run process that was demonstrably fair maximised member participation. We expressed no preference between either set of rule amendment, and found both to be capable of meeting the requirements of the 2014 Act. While understandably each Party will have wished to have 'won' the vote, we do not consider that to be a success measure. We note no Party had managed to resolve this point prior to the calling by us of the special meeting of the Society.

60. The apportionment of costs is a decision taken on the specifics of any particular application. The result of the special meeting is of relevance. As is the process leading up and during the meeting itself. We have set out our reasons for our decision in this direction.

Matters determined at the Special Meeting

61. We note from the vote that a large number of members supported the proposals from the Applicants, though with proposals from the CoM securing more votes. It is clear though that there was a divergence of views within the membership on the desirability or otherwise of a branch delegate structure. And that it is right those views had the opportunity to be aired and considered. And, most importantly, voted upon by the membership.
62. It will undoubtedly always be the case that a large membership organisation has strong and differing views among its membership. The onus is however on a Society to facilitate the exchange of views and opinions within the operation of a structure of democratic member control.
63. In the CoM's response to our draft direction, commentary is made on the agenda of the special meeting. Section 107 (3)(b) of the 2014 Act provides that it is within the power of the FCA to determine the matters to be discussed at any special meeting. While we invite applicants for special meetings to indicate to us what agenda items are desired, that is not in of itself determinative of whether we will call a special meeting. The legislative test is instead defined in s106 of the 2014 Act. It includes a requirement that we need to be satisfied that there are "good reasons for requiring the...meeting" and that applicants do not have "malicious motives". We were satisfied on both points. We do not agree that the fact the final agenda differed from the requested agenda has a significant bearing on apportionment of costs in this instance.
64. Points have been raised on the appropriateness of a delegate voting system. We remain of the view that a well-managed democratic organisation can, and some do, operate delegate voting systems fairly. That this has not happened in recent years in this Society is not evidence that it cannot be so if members in the future decide that this is the arrangement they want. Members have however, through the special meeting process, agreed to move away from the delegate voting system to a system of 'one-member-one-vote'. We remain satisfied that a well-managed democratic process can ensure democratic member control through a one-member-one-vote system.

65. A number of allegations are made in paragraph 13.3 of the CoM's response to our draft direction. Again, it must be said that the fact branch meetings have had low attendance previously is not in of itself evidence that branch meetings must generate low attendance in perpetuity.

Financial position

66. The Applicants are a collection of 121 self-employed individuals who have accepted that they may incur costs associated with the special meeting, and, any costs are to be split between those 121 individuals. It is for the Applicants to facilitate any payment apportioned.

67. The Applicants had agreed in their application to pay £605. We note the CoM point to provisions of s106 of the 2014 Act, specifically s106(5), allowing us to require applicants to give security for the costs of a special meeting. That power is discretionary and was not used in this instance. The non-use of this power does not impact the decision on the respective apportionment of costs between Parties.

68. The Society is funded largely by subscriptions of its members. We are mindful that, ultimately, any apportionment of costs to the Society is a burden on the members of the Society collectively.

69. The Society's accounts for the year ending 30 September 2020 show an accumulated fund of £20,062,193 for the consolidated group. We appreciate, as has previously been articulated by the Society, that it is meeting large expenses in its work representing its members and the taxi trade.

70. We note comments made by those representing the CoM, in response to our draft direction, that of that approximately £20m, approximately £16.5m represents interest in freehold property and is therefore not cash available for use. We assume the remainder is available for use.

71. The CoM have suggested that the FCA meet some of the expenses of this process. We are an industry-funded body, collecting fees from those we regulate to cover our expenses. We previously charged a periodic fee to societies to cover the costs of the mutuals registration function. We no longer do so. Our expenses here, and in other mutuals work, are in effect funded by other firms. We have previously outlined that we do not intend to recoup the costs of staff time. But instead, to apportion only the direct external expenses. We do not see any merit in passing on the costs of this process to other firms.

72. This suggestion is made again in the CoM's response to our draft direction. Specifically, at paragraph 4.11 it is suggested that the CoM know that participation would have been lower had we followed our earlier approach and called special meetings of branches. It is not clear on what basis the CoM are able to conclude this. We consider our approach of seeking to follow a format closely aligned to the rules of the Society to be a reasonable one. The need to change this approach was in part a reflection of the historic management of the Society under its rules which led to a position of difficulty in adopting a process closely aligned to them.

73. Other factors triggering the change of approach included the costs quoted by the independent scrutineer. We consider it reasonable to have only made a decision on that expense once in receipt of a quote for it. That quote followed a public procurement process. Having tried to follow one process we consider it reasonable to change to a different approach where that ceased to have traction.

74. We note too that we are in fact meeting some costs. Several FCA staff have spent considerable time on this application over several years. On the balance of this direction as a whole, we have decided at this stage that we will not apportion those cost to either Party but will instead meet those costs ourselves.
75. Our other alternative option would be to bill those costs to the mutual societies population more generally. We do however have another option at our disposal – to utilise the provisions of s106 to apportion costs between the Applicants and the Society.

Decision

76. Having considered initial comments, and comments on our draft direction, our decision is that: costs are to be split between the Applicants and the Society in the manner set out below.
77. The totality of the costs of the Special Meeting itself, are to be met out of the Society's funds. The Society is also to meet the totality of its own legal costs.
78. We saw merit in granting the application for the Special Meeting, for the reasons previously outlined. The Applicant legal expenses described by them as 'Phase 1' directly contributed to the calling of the Special Meeting and are to be met by the Society.
79. We consider that during the period the Applicant's Solicitors describe as 'Phase 2', delay in the process was incurred, with much (but not all) of that delay being caused by the non-agreement by the Applicants to the proposals tabled by us. We note the Applicant's do not agree with this characterisation. However, on balance, we remain of the view that follows. We consider that the Applicants should meet 50% of those fees – at a total of £7,828+VAT. The remaining 50% is to be met by the Society.
80. This leaves the remainder of the Applicant's legal costs, including disbursements. Having accepted that it was appropriate for parties to use the services of lawyers and noting that the Society was represented by lawyers throughout the process, we consider that in the interests of fairness, the costs of the remainder of the Applicant's legal costs should be met by the Society.
81. We are apportioning the Applicant legal costs as detailed in their submission (set out below) and are not including the written-off fees or discounted rate. The decision to write-off the fees and/or reduce the fee rate is a decision already taken by the Applicant's solicitors.
82. The Applicants are hereby directed to meet the expense of the following:
- a. 50% of the Phase 2 costs at: £7,828 + VAT.
83. The Society is hereby directed to meet the expense of the following:
- a. FCA scrutineer appointment costs: £19,529.64 + VAT
 - b. Counsel Chairperson cost: £3000 + VAT
 - c. The totality of their own legal costs, given as: £85,640.28 + VAT
 - d. The Applicant legal costs of:
 - i. All of Phase 1: £5,508 + VAT
 - ii. 50% of Phase 2 at: £7,828 + VAT
 - iii. All of Phase 3: £22,810.00 + VAT.


iv. Disbursements: £920.90.

84. The Society is to meet these costs out of its funds (s106(6)(b)). We are not apportioning any costs directly to the Society's members, officers, former members, or former officers, individually. Though we accept that ultimately these fees will have been paid by the membership over time.
85. The costs to be met by the Applicants are to be paid by the 121 applicants – as facilitated by those coordinating that application.
86. This direction is now finalised. There are practical matters for each Party to attend to:
- a. Society to liaise directly with the Chambers of Counsel to pay that invoice.
 - b. FCA to set out to the Society the method of payment
 - c. Applicant Solicitors to set out to the Society the method of payment
 - d. Applicant Solicitors to set out to the Applicants the method of payment
87. Each Party will need to set out its payment terms. However, we consider it appropriate to direct that payment should not be demanded within a period of less than 30 days following confirmation of payment method.

Enforcement

88. Section 141 of the 2014 Act provides for any costs or expenses ordered or directed by the FCA to be paid by any person under this Act to be recoverable summarily as a civil debt. We consider these costs to fall within this category.
89. Section 127(1)(a) provides that a person commits an offence if that person "fails to do anything...that the person is by this Act required to do". Accordingly, we consider any breach of this direction, being issued under s106(6) of the 2014 Act, could be an offence under s127 of that Act.

On behalf of the FCA:


ANDREW FREEMAN
Head of Department

26 May 2022