



The General Council of the Bar

PCF Application and Budget Submission 2015/16

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Bar Council
2015/16 PCF and Budget Submission

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1. Summary

Practising Certificate Fees (PCF)

- The quantum of PCF required for 2015/16 is slightly lower from that sought for 2014/15 at £9.3m.
- Average PCF per barrister is consistent at £602 (£607 in 2014/15).
- Regulatory PCF allocation is £5.8m and Representative Permitted Purpose PCF allocation is £3.5m
- The new income based method of determining the PCF for individual barristers will be introduced for 2015/16 year.
- New approach on consultation with the profession to improve understanding of PCF
- The response rate to consultation was low and so statistically unhelpful. The responses received did however show understanding of PCF levels and allocation to Regulatory and other Permitted Purpose.

LSB/OLC Levy

- The collection target rises from £502k to £876k following the utilisation of prior year's collection residue in 2014.
- The average levy accordingly increases from £32 to £57 per barrister.
- The basis of charging fees to individual barristers changes in line with the change in PCF charging methodology.

Key Features of Bar Council and BSB Budget

- The quantum of PCF collected remains level in cash terms in line with Bar Council strategy.
- Non PCF income to the BSB rises.
- Non PCF income to the Bar Council rises in line with Bar Council strategy to diversify sources of income.
- Significant cost reductions targets are incorporated into business plans and budgets.
- A target surplus is specified to fund shared defined benefit pension scheme costs and expected property liabilities.

Risks

- Financial uncertainty in the PCF collection forecast due to uncertainty in the income profile of the barrister community is managed through in year surplus and reserves
- Non-PCF income carries risk
 - Regulatory Fee income for waivers and charges is demand led and difficult to predict.
 - Entity regulation activity is new in 2014/15.
- Financial risks are managed through an in-year contingency that enables medium term liabilities to be met even if higher risk income targets are missed, through corporate reserves for the long term and by developing a more efficient cost management contingency plan for the short to medium term.

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2. 2015/16 PCF & LSB/OLC Levies

Change to Basis of PCF and LSB/OLC Levy

The change in the methodology for charging the PCF to individual barristers PCF was approved by LSB in October 2013 and implementation was deferred until 2015.

In order to validate the PCF fee structure, the Bar Council has extrapolated barrister earnings information obtained from the Bar Mutual Indemnity Fund (BMIF), for the self-employed barrister community only, added estimates of the employed barrister earnings profile and then adjusted for year-on-year changes to reflect economic and other trends. These adjustments include a reduction in the numbers of barristers practising (estimated to be between 1% and 2% per year for the next 5 years).

Forecast Collection

The projected PCF collection is £9.3m, after taking into account the effect of bulk payment discounts for larger chambers and employers, which is the level required to meet the funding requirements for BSB and the representative permitted purposes.

The projected LSB/OLC levy is £876,000 using the same income band distribution and with a similar pricing profile. A specific contingency of £35k is built in to handle the uncertainties inherent in the revised computation. Surpluses are held over and offset against future LSB/OLC recharges.

Forecast PCF and LSB/OLC Levy Income

Income Bands	Estimated number of Barristers by band	Proposed PCF	PCF Collected	Proposed LSB/OLC Levy	LSB/OLC Levy Collected
Up to £30,000	2,531	£ 100	£253,100	£ 9	£22,779
£30,001 to £60,000	2,821	£ 200	£564,200	£ 18	£50,778
£60,001 to £90,000	2,962	£ 400	£1,184,800	£ 36	£106,632
£90,001 to £150,000	3,235	£ 725	£2,345,375	£ 69	£223,215
£150,001 to £240,000	1,656	£ 1,100	£1,821,600	£ 105	£173,880
Over £240,001	2,248	£ 1,500	£3,372,000	£ 133	£298,984
Gross Value Collected	15,453		£9,541,075		£876,268
Bulk Payment Discounts - estimated 2.5%			(£238,527)		£0
Projected Collections	2015/16		£9,302,548		£876,268
<i>Prior Year Actuals</i>	<i>2014/15</i>		<i>£9,499,000</i>		<i>£502,000</i>
Average levy payable	2015/16	£602		£57	
	2014/15	£607		£32	

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Risk & Mitigation

The uncertainty within this forecast arises from the:

- extrapolation of existing incomplete data and
- estimating the effects of changes on overall barrister numbers when there are complex interactions between barrister numbers, status of the practitioner, earnings levels and year on year trends in earnings distribution.

The Finance Committee judged that the financial risk in the PCF forecast is mitigated through building in a contingency within the projected year end surplus and the reliance on Bar Council reserves as a fallback option. A small contingency is built into the LSB/OLC income projections to mitigate against the same estimation risks and the possible adverse variation in actual charge to Bar Council.

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3. Setting and Managing Budgets - 2015/16

The following describes the steps in the Bar Council budget setting process and includes the process followed by the BSB. Additional material on responsibilities and policies is drawn from the Finance Manual.

Building the Budget

It is the Chief Executive's responsibility to ensure that an annual budget is drawn up for each financial year. This responsibility is discharged through the Director-General of the BSB and other Directors, supported by the Director of Finance.

Annual expenditure is driven by regulatory (BSB), Approved Regulator and other representative objectives as articulated in strategic and business plans.

The budget setting process for the 2015/6 budget followed a pattern similar to that for the prior year.

The regulatory budget was prepared based on the draft annual plan in the context of the existing strategic plan for BSB, was scrutinised by the BSB Planning, Resources & Performance (PRP) committee and approved by the Bar Standards Board in early September.

In late September 2014, the Finance Committee (FC) agreed the parameters of an overall Bar Council budget that enabled the organisation to meet the regulatory need and the financial provisions required in the medium term. This budget included:

- Maintenance of total PCF at 2014/15 levels
- Growth in non PCF income areas;
- Cost reductions to improve efficiency.

These were tested internally by Finance Committee and then, together with the BSB budget, were recommended by Finance Committee for approval by Bar Council. That approval was obtained in November and the consultation with the profession started shortly afterwards. That consultation completed on 12 December and the results are shown in chapter 5.

Next steps in budget setting

Detailed cost centre budgets will be set by relevant managers to develop a budget plan that fits within the agreed financial parameters. This process ends in January with review meetings involving the Directors to scrutinise the detailed budgets.

In parallel with this, the BSB will review the budget and recommends any revisions, for review by the PRP and the BSB, to identify necessary changes since the original approval.

The combined package of budget is brought to Finance Committee for review in February. The Finance Committee may refer back any parts of the budget to relevant parties for further consideration and if necessary the identification of priorities between proposed expenditure and possible areas of savings.

Budgetary Control

The budgetary control measures are laid out in the Finance Manual and are implemented by the Director of Finance, working with the Director General of the BSB, PRP, and other

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members of the Bar Council Executive. The operation of the Finance Manual is overseen by the Finance Committee.

The Treasurer exercises overall budgetary control. The Officers, Chief Executive and Directors have overall responsibility for the control of funds within their budgetary allocations and for the financial control and formal approval of expenditure.

Each budget holder has the responsibility for monitoring expenditure, keeping his or her respective line manager fully informed of current spending and, in advance, of any future commitments or proposed activity likely to lead to budget allocations being exceeded. All orders and liability to incur expenditure must be made within approved levels of delegated authority and in accordance with approved policies.

No Council Officer, Council member, the BSB, committee chairman/member, or Council employee has any authority to exceed the approved budget.

The policy with regard to over spending, under-spending and virement is detailed within the Finance Manual and, at the time of writing, those policies are consistent with those presented in prior years and so are not reproduced here. They are available on demand.

4. Reserves and Contingency

The 2015/16 budget is part of the financial planning forecast for the next three years that takes into account the projected operational needs for the BSB and Bar Council. This includes recognition of short and medium term risk and liabilities that prudent financial planning requires. The Finance Committee considered these risks and liabilities in its review of the plans in September and the recommended budget that was subsequently approved by Bar Council, addresses them.

In summary, the budget delivers income of £14.8m and costs of £13.4m that combine to give a surplus of £1.4m for the year. This surplus will be used to support the following:-

1. Funding the closed final salary pension scheme

An estimated £254k is required, on top of existing provisions used this year, for three years to fully fund the closed final salary pension scheme. This cost will be met from planned operating surpluses, and is therefore met from both PCF and other income sources.

2. Anticipating office move costs.

We estimate a fund of £2m is needed to manage the exit from the existing office lease, due in 2019, and the transition to new facilities. It is prudent to spread the cost of this provision over several years to build a cash reserve for it, rather than impose a significant financial shock to the profession closer to the event. The provision is £0.4m.

3. General Contingency

The level of general contingency was set and approved at £694k. The amount is budgeted for and, for the purposes of s51 reporting requirements and PCF allocation, is allocated and apportioned across the organisations cost areas. In practice, this contingency remains held centrally and distributed according to the budget management rules approved by Finance Committee.

The contingency is necessary to mitigate against the perceived income risks within PCF, uncertainty in the projected BSB fee income and as a hedge against expenditure increases during the year.

Unspent contingency is treated as part of general reserves at the year-end and so is considered as part of moderating the PCF needs in future years, the acceleration of the specific provisions above and for inward investment as required.

4. Meeting Reserve Policy Targets

£38k of the 2015/16 in-year surplus is notionally earmarked for general reserves to top up to 4 months cover as per the current policy.

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The Reserves policy for Bar Council requires the organisation to maintain general reserves at the higher of £3.0m or four months operating costs. This policy was reviewed by Bar Council Finance Committee which judged it to be sufficient, subject to the above specific provisions being made. This policy is unchanged on prior years and is available on demand.

The forecast Bar Council general reserves is shown below:

	2014/15 Forecast (£000's)	2015/16 Budget (£000's)
Opening Reserves	3,903	4,503
In Year Surplus	600	1,386
Contingency for risk	Nil	(694)
Allocation to Pensions Fund	Nil	(254)
Allocation to Property Fund	Nil	(400)
Closing Reserves	4,503	4,541
Target	4,541	4,541
Difference (shortfall)	(38)	0

5. PCF and Budget Consultation and Response

5.1 Consultation Process

These PCF proposals and supporting explanatory materials were put forward to the profession in early November 2014 and this consultation closed on 12 December 2014.

The consultation exercise was changed from previous years to increase engagement with the profession by increasing the number of channels used to share information. These changes included:-

- Encouraging greater direct engagement from Bar Council representative members with their respective constituencies.
- Presentations of proposals to circuits and chambers by CEO and other Directors.
- Webinar presentation by Treasurer and Treasurer-elect to complement more detailed, traditional papers.
- Personal invitation to all barristers to participate in a structured survey to test the effectiveness of the consultation material provided.

5.2 Consultation Responses

Presentations

The proposals were presented to over 20 chambers across the country with over 160 practitioners attending the Q&A sessions. Further visits to Circuits committees were also made. The presentations actively promoted the opportunity to respond to the consultation exercise and feedback on the proposals.

No comments or challenges were made about the PCF proposed although concerns were made about the total cost of regulation. Practitioners were generally supportive of the strategy and business plans for the Bar Council.

Webinar, papers and survey.

The webinar highlighted the change of basis of the PCF, the level that had been set and the apportionment of PCF between regulatory and permitted purposes. The supporting papers provided further detail about the budget and expenditure areas.

The survey was sent to all barristers with an email address and inviting a combination of yes/no and qualitative responses regarding the webinar and other materials. 47 responses were received.

The yes/no answers indicated that practitioners understood the setting and allocation of PCF. The qualitative comments ranged from the preferred priorities for Bar Council to expressions of concern at the cost of regulation.

The Finance Committee considered the responses at its meeting on 16 December and decided that no changes were required.

6. Budget proposals for 2015/16 Financial Year.

6.1 The following material is extracted from the budget paper provided to and approved by Bar Council in November 2014.

Budget Proposals for 2015/16 Financial Year

Introduction

In September 2014, the Finance Committee considered the parameters to establish a budget for 2015/16 for Bar Council that meets the organisation's short and medium term needs and which allows it to apply to the Legal Services Board to approve the Practising Certificate Fee (PCF).

The business has reviewed these parameters and prepared a budget proposal for Finance Committee to scrutinise and approve. That approval was given on 28 October 2014.

This budget is submitted for consideration by Bar Council to allow the organisation to proceed with the consultation process with the profession.

Executive Summary

In summary, the budget delivers income of £14.8m and costs of £13.4m that combine to give a surplus of £1.4m.

This surplus provides for an in-year contingency and contributions towards medium term financial needs:

- An in-year contingency of up to £500k to protect against risks and to provide flexibility.
- This enables us to build provisions to fully fund the closed defined benefit pension scheme and for a move from the current office facilities when the lease expires in 2019. We expect to provide £2.6m over up to 5 years to cover these risks in addition to the general reserves that we maintain as part of good practice and policy.

Income will rise £631k from 2014/15 expected outturn and up £80k from 2013/14 final values:

- The proposed budget maintains the PCF collections target at £9.3m, taking into account a predicted 1% reduction in the number of barristers applying and the change to setting fees on an income basis rather than by year of call.
- The practising certificate fees are the same as those previously approved by Bar Council and agreed by LSB in the 2013 application to change the basis of charging. These are shown in Appendix B.
- The Inns' subvention income will reduce to £556k in 2015/16, will reduce further in 2016/17, ending in March 2017.
- The organisation intends to increase other forms of income to offset this reduction, including efforts to increase Bar Representation Fee subscriptions, the provision of

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training and events for barristers and additional fees and charges for applications for regulatory waivers and entity regulation.

- The organisation expects to allocate 63% i.e. £5.8m (63% £5.9m in 2014/15) of the PCF income to regulatory activities and 37%, ie £3.5m (£3.5m in 2014/15) to representative permitted purposes.

Operating expenditure will reduce £145k from the 2014/15 forecast, down £1.3m from 2013/14 actuals.

- Staffing costs will reduce by £58k with headcount declining slightly.
- Non-staffing costs will reduce by £87k following agreement of cost reductions targets embedded in the detailed budgets.
- Additional spend will arise from the increase in income-earning activities but the organisation expects to improve margins in these areas to ensure a positive contribution to the funding of the business.

The Bar Council is asked to approve the budget total as presented in section 6.3 and to agree the PCF fees as outlined in Section 2.

Detailed Assumptions by Division

Income Assumptions

Representation, Policy and Services (RP&S) – Non PCF income will rise to £2.8m, up £505k on 2014/15 outturn.

- RP&S projects £405k of new income, predominantly from extending and expanding commercial services activities, but we will also build on emerging new services including international work. This will have a beneficial effect on contribution to overheads of £144k.
- £100k from new Bar Representation Fee subscriptions, equivalent to approximately 1,000 barristers.

Bar Standards Board – Direct income will rise to £2.1m, up £554k on 2014/15 outturn.

Income growth is included in:

- Qualifications. An increase of £310k to £592k driven by fee increases on 2014/15 activity levels.
- Entity Regulation is projected to earn income of £258k following start up in Q4 2014/15.
- No change in the level of BCAT and BPTC fee income from 2014/15 forecasts are expected.

Expenditure Assumptions

RP&S (including corporate) – £4.0m, up £69k from 2014/15 Q2

Expenditure plans include:

- Improvements in the margin earned from existing services activities of £180k.

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- Additional costs of events linked to the revised income targets of £336k. This represents an effective 30% margin on the new income.
- Headcount remains unchanged.

Resources Group (formerly Central Services) - Down £348k on 2014/15 Q2 to £4.0m.

- Embedding target cost reductions in 2015/16 budget and not repeating the one off 2014/15 expenditure incurred.
- An estimated £50k increase in depreciation charges following IS investments in 2014/15.
- Staffing levels remain unchanged.
- Project costs are planned to be £50k lower at £250k for the full year.

BSB – Up £11k on Q2 2014/15 to £5.2m.

- Staffing costs are down £117k following small headcount reductions across several areas and a change to the basis of resourcing external resources. This produces a corresponding increase in non-staffing costs.
- Non-staffing costs are up £128k following the rollout of entity regulation and the flip side of the change highlighted to the resourcing model.

Next Steps

The organisation will start a consultation process on the budgets in early November. After gathering and considering any feedback, we will apply to LSB for approval of the practising certificate fees in December. The Finance Committee will monitor the development of detailed budget plans for the organisation over the period December to February.

David Botha
Finance Director
October 2014

6.2 Total Bar Council Budget 2015/16

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	Last Year - 2013/14 Actuals					This Year - 2014/15 Revised Budget					This Year - 2014/15 Q2 Forecast					Next Year - 2015/16 Budget					Variance to Q2 Fcst		
	Total	BSB	RPS	RG	Other	Total	BSB	RPS	RG	Other	Total	BSB	RPS	RG	Other	Total	BSB	RPS	RG	Other		Total Budget	
PCF Income	9,396	5,863	3,498			9,361	5,939	3,543			9,480	5,826	3,474			9,300	5,826	3,474			9,300	(180)	
Inns Subvention	1,137	804				804	804				804	556	0			556	556	0			556	(248)	
BRF	1,285		1,287			1,287		922			922		1,022			1,022		1,022			1,022	100	
Fees, Charges & Services	2,710	1,843	1,225			3,068	1,566	1,284			2,850	2,120	1,689			3,809	2,120	1,689			3,809	959	
Other	205		126			126		126			126		126			126		126			126	0	
Subtotal Direct income	4,200	1,843	2,638	0		4,481	1,566	2,332	0		3,898	2,120	2,837	0		4,957	2,120	2,837	0		4,957	1,059	
Income Total	14,733	8,510	6,136	0	0	14,646	8,309	5,875	0	0	14,182	8,502	6,311	0	0	14,813	8,502	6,311	0	0	14,813	631	
Staffing	7,996	3,839	2,633	1,275	85	7,832	3,792	2,627	1,429	7,848	16	3,675	2,707	1,285	123	7,790	3,675	2,707	1,285	123	7,790	(58)	
Expenses	3,680	999	1,258	822		3,079	909	1,339	874	3,122	43	1,116	1,328	720		3,164	1,116	1,328	720		3,164	42	
Projects	768	476	0		100	576	528	0	300	828	252	449		250		699	449		250		699	(129)	
Facilities	1,847			1,431		1,431			1,244	(188)				1,194		1,194			1,194		1,194	(50)	
Depreciation	400			531		531			531	0				581		581			581		581	50	
Subtotal Direct Spend	14,691	5,314	3,891	4,059	185	13,449	5,229	3,966	4,377	13,572	123	5,240	4,035	4,029	123	13,427	5,240	4,035	4,029	123	13,427	(145)	
Cross Allocation (Resources Grc)	0	2,358	1,701	(4,059)		0	2,564	1,813	(4,377)	0	123	2,383	1,769	(4,029)	(123)	(0)	2,383	1,769	(4,029)	(123)	(0)	(0)	(145)
Total Spend	14,691	7,672	5,592	0		13,449	7,793	5,779	0	13,572	123	7,623	5,804	0	0	13,427	7,623	5,804	0	0	13,427	(145)	
Surplus in the year	41	838	545	0		1,197	515	95	0	610	(588)	878	508	0	0	1,386	878	508	0	0	1,386	776	
Surplus % of income	0.3%	9.8%	8.9%			8.2%	6.2%	1.6%		4.3%		10.3%	8.0%			9.4%	10.3%	8.0%			9.4%		

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6.3 Approved BSB Budget

The total BSB budget is combination of direct costs of BSB and indirect costs: a share of the shared costs and other provisions for the year.

Direct Costs

The BSB board approved the 2015/16 budget based upon the approved strategic and annual operating plans for the BSB and the scrutiny of the PRP committee. The subsequent regulatory budgets were presented to Finance Committee and Bar Council without amendments.

The BSB strategic plans are available on the [BSB website](#) where 2015/16 is year three. The BSB operating plan for 2015/16, including references to the budget, will be published on the BSB website in the new financial year.

The full link to this strategic plan is below:

https://www.barstandardsboard.org.uk/media/1513213/bsb_strategic_plan_final_20.6.13.pdf

Indirect Costs

Provisions for other corporate expenditure were then added by both allocation and apportionment to include:-

- Resources Group costs that support BSB (eg office and IS costs)
- Contingency
- Other shared liabilities and provisions

to form the aggregate BSB budget and for the purposes of determining the PCF allocation.

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7.1 Summary of costs by source and funding

The schedule below indicates the source of

- costs for each of the key organisation areas and the source of funding for those areas.
- funding for the share of central costs (eg facilities), provisions and planned contingency.

Allocation and Funding Summary

Total costs breakdown by source

	Regulation (BSB)	Approved Regulator	Representation (inc Permitted Purposes)	Total Spend
Direct Costs	5,240	947	3,088	9,275
Share of Resources Group	2,383	426	1,343	4,152
Provisions	385	70	197	653
Contingency	493	-	239	733
Subtotal	8,502	1,444	4,868	14,813

Total costs funded by:

				Total Income
Direct Income				
Services			1,689	1,689
Regulation	2,120			2,120
Bar Representation Fee		116	906	1,022
Inns Subvention	556			556
Other		126		126
PCF	5,826	1,202	2,272	9,300
Total Income	8,502	1,444	4,868	14,813

Funding of shared and central costs & provisions

Relevant Costs	3,262	497	1,779	Total 5,538
Direct Income				Total
Services			618	618
Regulation	813			813
Bar Representation Fee		40	331	371
Inns Subvention	213			213
Other		43		43
PCF	2,235	414	831	3,480
Subtotal Funding	3,262	497	1,779	5,538

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7.2 Detail of PCF allocation across Regulatory and Permitted Purposes by department/function (s51 statement).

Allocation of PCF to Regulatory and Permitted Purposes - s51

	Year		Income				Max Permitted Purposes ("P.P.") Max %	PCF Applied £000	Check for zero
	2015/16 Expend. £000	Sub.- Analysis £000	Directly Attribut. (Income) £000	Inns Contribs. (Income) £000	BRF (Income) £000	Other (Income) £000			
Expenditure/Costs:									
(A) Regulation:									
<i>Professional Conduct Assessments</i>	3,004			455				2,549	0
<i>Education and Training Qualifications</i>	680		162					518	0
<i>Regulatory Policy</i>	1,262		1,107	101				54	0
<i>Entity Regulation</i>	786		593					194	0
<i>Supervision</i>	1,052							1,052	0
<i>Equality and Diversity</i>	318		258					60	0
	1,133							1,133	0
	267							267	0
Total Regulation (BSB)	8,502		2,120	556	-	-	100%	5,826	0
(B) Permitted Purposes:									
Approved Regulator: Corp.	1,210				116	126	80%	968	-
Donations: exc. Representative	234						100%	234	-
Approved Regulator Subtotal	1,444		-	-	116	126		1,202	-
Representation:									
<i>Professional Affairs</i>	736	-736							
<i>Training for the Bar</i>		168					100%	168	0
<i>Young Bar</i>		88				18	80%	70	0
<i>Professional Practice/Ethics</i>		82					100%	82	0
<i>Alternative Disputes Resolution</i>		53				8	85%	45	0
<i>Social Mobility</i>		38					100%	38	0
<i>IT Panel</i>		76				11	85%	65	0
<i>Employed Bar</i>		61				12	80%	49	0
<i>Legal Services</i>		55				11	80%	44	0
<i>Law Reform</i>		59					100%	59	0
<i>Direct Access</i>		56				3	95%	53	0
<i>Remuneration</i>	654	-654							0
<i>Remun.(Policy)</i>		370				74	80%	296	0
<i>Remun.(Fees Collection)</i>		284					100%	284	0
<i>International</i>	527					105	80%	422	0
<i>Europe</i>	175						100%	175	0
<i>Communications</i>	564					141	75%	423	0
Representation:	2,656	-	-	-	383	-		2,272	- 0
Total Permitted Purposes	4,100		-	-	499	126		3,474	- 0
(C) Member Services:									
<i>Services</i>	2,212	0	1,689		523		0%		0
Total Bar Council	14,813	0	3,809	556	1,022	126		9,300	- 0
Total Income			14,813						

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7.3 Allocation of PCF to permitted purpose for non-regulatory activities

Introduction

The Bar Council has undertaken a review of its non-regulatory activities in order to assess the extent to which they fall within the “permitted purposes” described by section 51 of the Legal Services Act 2007 and so may be funded by PCF.

The rationale set out here has been considered as part of the budget setting process to determine the outcomes in table A on page 18.

Outcomes

In 2014/15 we undertook a restructure of the representation function and created a clearly defined split between representational activities and member services. This enables us to be clearer in our strategy as to the purpose to which permitted purposes funding is put.

The Bar Council representative function supports the Permitted Purposes set out in section 1(1) of the Legal Services Act 2007. The activities undertaken include the promotion of the rule of law at home and abroad, improving access to justice for all, ensuring the highest standards of professional practice and training in the public interest, expanding public awareness of citizens’ legal rights and duties, the protection of human rights and fundamental freedoms, building I relationships with international bodies and legal associations as well as promoting awareness of the values of the maintenance of the rule of law, contributing to reform of the law and participation in the legislative process. This work is carried out by our staff working through and alongside barrister led committees and/or working parties for each area.

The proportion of Bar Council representative activity and resources directed towards Permitted Purposes are set out in Table A and the detailed activities set out beneath that.

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Table A - Proportion of representative resources in support of permitted purposes

Theme of work		Regulation, accreditation, education & training of authorised persons	Maintaining and Raising of professional standards	Practical Advice and support on practice management	Law Reform and related legislative process	Promotion of relations between AR and national, international bodies, governments or legal reps	Permitted Purposes Subtotal	Not in scope of pp
		51(4)(a)	51(4)(i)	51(4)(a)(ii)	51(4)(c)	51(4)(f)	(Max 100%)	Other
1	<i>Training for the Bar</i>	80%	20%				100%	
2	<i>Young Bar</i>	20%		20%	20%	20%	80%	20%
3	<i>Professional Practice & Ethics</i>		10%	90%			100%	
4	<i>Alternative Disputes Resolution</i>	25%	25%	35%			85%	15%
5	<i>IT Panel</i>	21%	21%	21%		22%	85%	15%
6	<i>Employed Bar</i>	20%		20%	40%		80%	20%
7	<i>Legal Services</i>	16%	16%	16%	16%	16%	80%	20%
8	<i>Law Reform</i>	10%			90%		100%	
9	<i>Direct Access</i>	30%	30%	35%			95%	5%
10	<i>Remuneration Policy</i>	10%		25%	25%	20%	80%	20%
11	<i>Fees Collection</i>			100%			100%	
12	<i>International</i>					80%	80%	20%
13	<i>Europe</i>					100%	100%	
14	<i>Communications</i>	15%			30%	30%	75%	25%
15	<i>Equality and Diversity</i>	50%		50%			100%	

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Description of Representative Activity by Theme

1. Training for the Bar

Training for the Bar activity is complementary to BSB's activities in education and training and acts in the public interest to promote public understanding and awareness of human rights and fundamental freedoms through:

- Promotion of the standards of the Bar and barristers to aspiring students
- Describing career path options for students and others including the achievement of professional qualifications
- Expectations of maintenance of professional standards ongoing
- Promotion of equality and social mobility including specific work with the Social Mobility Foundation's Annual Placement Scheme, work with the Inns of Court, work with the Sutton Trust, the 'Speak Up for Others' programme and its Pupillage Gateway Service
- Support for the National Bar Mock Trial Competition.

2. Young Bar

This work seeks to ensure that those new to practice, as well as those about to join the profession, have their perspective included in relevant consultations on law reform and administration of justice issues. This includes the participation in the law reform and legislative process, contributing towards maintaining and raising professional standards, and providing advice on the regulation, accreditation, education and training of applicable persons and the promotion of relations between the AR and relevant national and international bodies.

In addition, the specific additional activities aimed at the Young Bar undertaken include:

- i. to organise an annual conference, providing education and training, practical support and advice about practice management as well as covering certain areas of the legislative process
- ii. to organise seminars on legal issues

Outside of permitted purposes

There are occasions when activity focuses more on representing the interests of the Young Bar as a sector of the Bar rather than forming a contribution to the interests of the administration of justice more generally. In recognition of this, 20% of the expected resources have been designated as non-permitted purposes, funded independently.

3. Professional Practice/Ethics Committee (EC)

The principal activity under 'Ethics' is to offer guidance to members of the profession in matters relating to the Handbook. This guidance is provided through the medium of the Bar Council's

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website (approximately 200 documents including FAQs), and through the ethical enquiries helpline (handling several hundred written and telephone enquiries per month).

The EC also responds to consultations from the BSB and other relevant bodies in relation to matters relating to the Code of Conduct.

4. Alternative Dispute Resolution

The Alternative Dispute Resolution Committee (ADRC) seeks to improve the provision of education and information in relation to the use and benefit of mediation to the consumer and to the Bar practising in this area. In doing so, the committee encourages alternative avenues for consumers to access justice and seek redress, in turn creating broader consumer choice, promotes competition within a diverse legal profession and seeks to enhance the maintenance and raising of professional standards in part through practical support and advice offered to barristers.

Outside of Permitted Purposes

An aspect of the work of ADRC promotes ADRC as an alternative work stream for the benefit of barristers. We estimate the use of resources to be less than 15% of the total and so fund this part independently.

5. Information Technology Panel

The work of the panel is on promoting the maintenance and strengthening of professional standards through:

- the provision of guidance in relation to relevant legislation (such as the Data Protection Act)
- good IT practice and information security
- membership of and relationship-building with other relevant national bodies such as ITAC, the HM Courts and Tribunals Service, other government bodies and suppliers of IS services to those supporting the IT infrastructure of the justice system such as listing software suppliers
- Providing training and educational activities to members of the profession.

Outside of Permitted Purposes

There is a small element of the IT Panel's work which includes advice to the Bar on the use of IT for commercial and marketing activities. We anticipate funding 15% of the resources independently.

6. Employed Barristers

The principal work activity is to respond to consultations initiated by the Government, EU, the Law Commission and other bodies on matters of law reform and legal practice, offering the particular perspective of barristers in employed practice. We also organise an annual conference and seminars for members of the employed Bar to provide practical support and advice and raise awareness of the importance of law reform issues in legal circles.

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Outside of permitted purposes

We recognise that a small proportion of the effort for the conference and publications produced may be considered lobbying in the interests of the Employed Bar rather than providing an Employed Bar perspective in the interests of the administration of justice more generally. Therefore we seek to fund 20% of the resources outside of the PCF.

7. Legal Services

In this area, the activities undertaken support participation in the law reform and legislative process; contribute towards maintaining and raising professional standards and the provision of advice on the regulation, accreditation, education and training of applicable persons. These activities include:

- responding to consultations from Government and others on matters which affect the administration of justice, rights of audience for people other than barristers and matters affecting the Bar generally
- engaging with government and other external bodies about the way in which the Bar practises and in providing advice about the justice system generally
- issuing of guidance to the Bar on good practice
- monitoring the work of other internal groups and committee's whose activities can be classified as being within the permitted purposes
- Encouraging and ensuring liaison and discussion between the Bar and other agencies in the justice system and that the Bar should make a significant contribution to the administration of justice in the interests of the public and consumers.

Outside of Permitted Purposes

A small number of projects are geared towards the development of the work of the Bar or protecting the interests of the Bar and we recognise this by funding 20% of the resources independently.

8. Law Reform

The principal activity is to respond to consultations from the Government, EU, the Law Commission and others on matters relating to law reform issues. This participation in the legislative process has a clear public interest. Other activities include promoting the awareness of law reform issues and the maintenance and raising of professional standards through an annual lecture, seminars and an essay competition open to students and pupils in chambers.

9. Direct Access

In this work area, the activity is to:

- Explain and interpret the practical application of the regulatory framework governing the public and licensed access schemes to both the Bar and consumers. It promotes

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the public interest and the interest of consumers, encourages a diverse and competitive legal profession, promotes consumer choice and value for money services and encourages access to justice more generally

- Provide practitioner input and support to the regulatory processes that review and update that regulatory framework
- Provide practical support and guidance to barristers participating or considering participating in the schemes and, as such promotes the maintenance and raising of professional standards in this area.

Outside of permitted purposes.

We recognise that a small element of this work may be construed as active promotion of the schemes as an alternative strand of income for barristers (such as some of the advice covered in occasional publications). We plan to cover 5% of the funding from independent sources.

10. Remuneration (Policy)

Remuneration (Policy) activities include:

- Providing legal, policy and economic analysis and advice to Government and Parliamentarians on primary and secondary legislation (including measures relating to the remuneration of the profession from public funds)
- Communicating to the profession about remuneration matters including changes in Government policy (including tax and benefits matters) and offering practical support and guidance in relation to how these changes might affect the management of their practices
- Providing education and training to the profession (and those who support it e.g. barristers' clerks and practice managers) on remuneration matters including changes in Government policy
- Providing guidance to the profession and other interested parties on remuneration matters affecting the profession (for example, through a telephone helpline which specifically addresses remuneration, tax, funding and fees issues)
- Responding to requests from, and consultations initiated by, Government Departments and related bodies on the development of public policy affecting the remuneration of legal services providers including barristers, including the provision of advice on legal aid contracts and related procedures of the Legal Services Commission.

Outside of permitted purposes

We recognise there are occasions when the Remuneration Team is acting in furthering the interests of the Bar: for example, during conference and events, we offer guidance to how to win work, the best fee arrangements and the optimum tax positions. We estimate that up to 20% of the resources are spent in this way and so seek this funding from independent sources.

11. Remuneration (Fees Collection)

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The Fees Collection activity is entirely within permitted purposes:

- Operation of the Withdrawal of Credit Scheme in cases in relation to fees disputes between solicitors and barristers. Barristers who are owed money by solicitors and who have sent the standard letters and not received a satisfactory response, can report the matter to the Bar Council. The Bar Council will contact the firm to ask for an explanation for the delay in payment and then consider whether to make a Direction against the firm. The effect of a Direction is that no member of that firm may instruct a barrister in a privately funded matter unless the fees are paid in advance or the work is done *pro-bono*
- Operation (with the Law Society) of the Joint Tribunal Service. The Tribunal hears disputes between barristers and solicitors regarding the amount of fees charged.

12. International

The international activity of the Bar Council is focused on the promotion of relations with relevant international bodies, governments or the legal bodies of other jurisdictions. There is a strong public as well as consumer interest in this activity.

The promotion of legal services has been recognised as a key element of the Government's growth strategy which is helping to attract overseas business to lawyers in England and Wales (contributing to the strength of the City of London as a leading global financial and professional services centre).

This work also promotes the virtues and the values of our common law system and emphasises the high quality of our judiciary and the justice system. The Bar Council's overseas missions fulfil an educational purpose by informing foreign lawyers about English law and help to improve knowledge sharing through building and maintaining effective relationships. In addition, a number of events are arranged with legal bodies and associations in the local jurisdiction to facilitate exchanges of information about legal developments in areas of mutual interest to the countries concerned.

Incoming delegations from foreign bar associations to England and Wales fulfil similar objectives. It is considered to be in the wider public interest to raise standards in the legal profession world-wide in these ways. Such activities are supported by the production of publications, which are designed to educate foreign lawyers about English law, the holding of the Bar Council's annual International Rule of Law Lecture (designed to advance debate about and interest in the rule of law within the legal profession), our membership in the International Criminal Bar Association which supports those practising before the international criminal tribunals and support for an annual UN Association lecture.

The Bar Council's active engagement in the work of the International Bar Association (IBA), the Commonwealth Lawyers Association and the Council of Bars and Law Societies of the European Union (CCBE) is designed to influence the development of international aspects of the regulation of the legal profession and law reform in the public and the consumer interest. This work is carried out in close liaison with the BSB and covers, for example, the development of IBA Principles for the Conduct of the Legal Profession and the reform of the EU lawyers'

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directives. The Bar Council is also involved in international Exchange Schemes for lawyers, where overseas' lawyers visit this country in order to learn about English law and professional standards and English barristers spend time abroad gaining practical legal experience,. These are run in cooperation with foreign bar associations and help to maintain and strengthen our international links and promote respect for the UK legal profession and for the Rule of Law.

The Bar Council's involvement in the planning and organisation of the annual Opening of the Legal Year activities in London reinforces the above, through a series of set-piece, high profile events which are designed to forge and develop links with foreign and international bar associations.

Outside of permitted purposes

We recognise that on occasion the promotional activity has an ancillary purpose which is to create opportunities of business development. Overall up to 20% of the resources may be spent on these activities and so 20% of the total will be funded independently of PCF.

13. European Activities (Brussels)

The Bar Council continues to maintain a physical presence in Brussels, occupying shared office space, in order to facilitate effective two way communication between the institutions of the EU and the Bar Council (through its European Law Committee), the Bar and the BSB. This enables the Bar Council to:

- Capture the output of the EU institutions that might have a bearing on the reform and development of English law, the administration of justice in England and Wales and the consumer as well as the public interest.
- Draw attention to EU-wide consultation exercises and related initiatives
- Communicate the views of the Bar of England and Wales on a wide range of legal matters affecting the development of EU law and justice including matters of family law, administration of estates, contract law and IP.

14. Communications Function

The work of the Communications function includes:

- The Approved Regulator function and complements the BSB regulatory communications function. This includes, for example, the communications effort to generate awareness within the profession about changes and obligations (such as the 'authorisation to practice' regime) created by the implementation of the Legal Services Act 2007.
- Support for the public and consumer interest including the promotion of standards and good practice, publicising practical guidance, promoting entry to the Bar, advocating greater social responsibility by the Bar (in particular working in conjunction with the Inns of Court and government in relation to the 'social mobility agenda'), publicising training events and *pro bono* work and supporting the promotion of events such as the Schools Mock Trial competition.

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Outside of permitted purposes

Some activities undertaken are similar to the lobbying of government, opinion-formers and others in the interests of both the Bar and the public interest. For that reason, 25% of the activities and resources are funded independently.

15. Equality and Diversity and Social Mobility

This theme of work is entirely within the Permitted Purposes and includes:

- 'training' and 'education' of barristers and those wishing to become barristers (section 51(4)(a));
- promoting the objectives of the Equality Act 2010 to which the Bar Council as an approved regulator is subject including:
 - 'advance equality of opportunity between people from different groups') (section 51(4)(a)(ii));
 - 'eliminate unlawful discrimination and other conduct prohibited by the Equality Act'
 - 'advance equality of opportunity between people from different groups').

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8 Social Impact Assessment

The assessment is considered in two parts:

- 8.1 The effect of maintaining the level of PCF is neutral - the level of PCF in aggregate and the average fee per practitioner is unchanged - so we expect no segment of the Bar to be affected adversely or positively by maintaining this level..
- 8.2 The effect in the change in basis of the PCF is as presented in the original BSB submission in September 2013 and reproduced here:-
- 8.2.1 The proposed changes will have a neutral impact on the majority of the regulatory objectives. The BSB has not identified any significant adverse impact on any of the regulatory objectives as a result of altering the way in which the PCF is calculated. Indeed, there is likely to be a positive impact on the regulatory objective of encouraging an independent, strong, diverse and effective legal profession.
- 8.2.2 Anonymised data obtained from the BMIF, plus data garnered from the Biennial Surveys of the Bar 2011 and 2013 and annual exit surveys indicate that there is a higher proportion of women, BAME and disabled practitioners amongst the less well remunerated members of the profession as compared to their % representation in the practising profession as a whole. An income based PCF is, therefore likely particularly to help the latter groups, promote retention and facilitate the Bar Council's and BSB's equalities objective of promoting diversity. Moreover, a fee calculated on the basis of historic income, as opposed to level of seniority, will assist practitioners seeking to return to their practice after a career break, for example, to raise a family.
- 8.2.3 As women and BAME groups represent a higher proportion of the employed Bar than they do as a percentage of the profession as a whole, any decision to align the PCF paid by the self-employed and employed members of the Bar could theoretically penalise both a higher percentage of women than men as well as those in BAME groups as compared to the white ethnic group. Understanding the implications for this group is complicated by the fact that, for the majority of employed barristers, respective employers pay the PCF on the individual's behalf. However, in the above income based model it is likely that the majority of employed practitioners will be in the two lowest income bands and the majority should, therefore, actually benefit from the change.
- 8.2.4 The extant banding arrangements, which relate the PCF paid to years of Call, benefit, in general, the younger members of the profession at the expense of older members of the profession. An income based PCF removes this inequality.
- 8.2.5 The Bar Barometer 2012 indicates that over the previous 5 years the overall numbers of males obtaining pupillage is slightly higher than females (1204 v 1127). This is the group most likely to be affected by the increase in the lowest core fee from the current £80 to £100. The ethnic profile for those who obtained pupillage in the same period indicates that there is a higher percentage of BAME circa 16% in 1-4 years of Call group as compared to the 11% in the profession as a whole. Consequently, the proposed minimum fee of £100 will have a minor adverse diversity impact.

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9. Next Steps & Communication with the Bar

The Authorisation to Practise (AtP) is the process operating during the period between February and end of March during which practitioners renew their Practising Certificates and pay the new PCF and LSB/OLC levy.

The Bar Council and BSB have a joint communication plan to the Barristers and Chambers administrators in respect of AtP to provide them with the information they need on the process, actions necessary and the fees payable to ensure that they can make adequate preparations and that the process operates smoothly.

These communications have begun and further engagement will follow through January. We will, subject to LSB approval of the PCF, open this renewal window on 2nd February advising barristers of this through post, email and social media.