



**General Council of the Bar**

**PCF Application and Budget Submission 2016/17**

David Botha, Director of Finance.

The General Council of the Bar  
2016/17 PCF and BSB & Bar Council budget submission

<b>Contents</b>	<b>Description</b>	<b>Page</b>
<b>Summary</b>	Bullet pointed overview of PCF proposals and the budget	<b>2</b>
<b>Proposed Practising Certificate fees 2016/17</b>	Schedule of fees & forecast of collections	<b>4</b>
<b>Financial Risk and Mitigation Steps</b>	Identification of the key financial risks present and the steps taken to address them.	<b>5</b>
<b>Setting and Managing Budgets</b>	Description of the Bar Council budgeting process and in-year budget management.	<b>6</b>
<b>PCF and Budget Consultation and Response</b>	Consultation process & responses	<b>8</b>
<b>Bar Council Budget Proposals</b>	Link to Bar Council budget papers.	<b>9</b>
<b>Approved BSB Budget</b>	BSB Budgeting process	<b>9</b>
<b>Allocation of PCF to non-regulatory Permitted Purposes</b>	Review of non-regulatory Permitted Purposes activities	<b>9</b>
	Description of non-regulatory Permitted Purposes by function	<b>10</b>
	Costs of non-regulatory Permitted Purposes Activities	<b>14</b>
<b>Application of PCF to Permitted Purposes</b>	S51 analysis showing how funding is applied to Regulatory and Representational activities.	<b>15</b>
<b>Social Impact Analysis</b>	Explanation of the expected impact of these proposals on different groups.	<b>15</b>
<b>Next Steps</b>	Communication with the profession	<b>16</b>

## 1. Summary

### Practising Certificate Fees (PCF)

- The fee for each income band is increased by 1.25%.
- We are incorporating the LSB/OLC levy, previously charged as a separate fee, into the PCF.
- Total PCF to be collected is £11.3m (£10.8m) including £755k (£800k) towards LSB & OLC recharges. We expect to collect £10.5m towards the £10.4m 2016/17 operating budgets for Bar Council and BSB, the balance being a small collection contingency.
- The amount of PCF applied to regulatory purposes is £6.7m (£5.8m) and representative Permitted Purposes is £3.7m (£3.5m).
- PCF and budget proposals were subject to a 4-week consultation period.
  - Proposals were published on Bar Council website, signposted in the regular communications with profession.
  - A structured survey was distributed to encourage feedback from profession.
  - Survey responses were disappointingly low and statistically not relevant. No changes are considered necessary.

### Key Features of Bar Council and BSB budget

- The budget PCF collection target is £10.4m (for regulatory and Permitted Purposes excluding LSB & OLC recharges). We plan for a small contingency in collections.
- Increase in regulatory share of PCF is due to a sharp fall in regulatory non-PCF income offset by a 5% cost reduction in regulatory direct operating costs.
- We plan for underlying representative Permitted Purposes operating costs to be flat year-on-year.
- Non-PCF funds are applied to activities allowed under Permitted Purposes to limit the rise in PCF.
- Non-PCF representation income rises consistent with the strategic aim of diversification of income sources and minimising impact on PCF.

### Risks

- There is some small uncertainty in the earned income profile for barristers (i.e. how many barristers will declare in each income band). We researched detailed data for most of the Bar to be confident in the upwards progression of declarations (as a whole) into higher income bands.
- There is some uncertainty in how many intend to seek a practising certificate to practise ongoing as we are unable to accurately predict if the number of barristers seeking certificates will continue to increase or will decrease. We have mitigated this risk by forecasting that practising certificates issued will remain flat.
- Non-PCF regulatory fee income for waivers and charges is demand led and difficult to predict. We have mitigated this risk by working on the low side of the estimates.

The General Council of the Bar  
2016/17 PCF and BSB & Bar Council budget submission

- The financial effects of commercial income risks (arising in Representation and Services activity) are mitigated by the imposition of a 5% cost reduction contingency target as well as a planned response to larger falls in commercial income.

**Table 1 - 2016 PCF Fee Structure**

Income Band	Earnings	2015 Renewals			2016 Renewals			New PCF
		PCF	LSB Levy	Combined	PCF Fee Increase*	GCB PCF element	LSB Levy element	
					1.25%			
Band 1	0-30k	£ 100	£ 9	£ 109	£ 1	£ 101	£ 9	£ 110
Band 2	30k-60k	£ 200	£ 18	£ 218	£ 2	£ 202	£ 18	£ 220
Band 3	60k-90k	£ 400	£ 36	£ 436	£ 5	£ 405	£ 36	£ 441
Band 4	90k-150k	£ 725	£ 69	£ 794	£ 9	£ 734	£ 69	£ 803
Band 5	150k-240k	£ 1,100	£ 105	£ 1,205	£ 14	£ 1,114	£ 105	£ 1,219
Band 6	240k+	£ 1,500	£ 133	£ 1,633	£ 19	£ 1,519	£ 133	£ 1,652

## 2. Proposed Practising Certificate Fees 2016/17

### Arrangements for collecting Practising Certificate Fees

In 2015, Bar Council implemented a change to the basis of setting fees for individual barristers from one based on seniority (years from Call) to one based on earnings as a barrister. This implementation was successful and no changes to the banding structure are proposed for 2016.

Bar Council has historically maintained two levies: the PCF, to collect Regulatory and Permitted Purposes income and the separate compulsory LSB/OLC levy to cover the combined LSB & OLC recharges required under LSA 2007 section 51(4) (b).

We propose two changes to the PCF arrangements to increase collections and simplify the fee structure:

1. PCF fee levels will rise 1.25% to meet financial needs.
2. We will simplify the PCF structure by incorporating the LSB/OLC levy into the main PCF, after the 1.25% fee increase is applied.

Operationally there are no other changes:

- Timing of the cash collections and their application towards costs remain unchanged: the PCF collected in February and March 2016 will be used to pay 2015/16 recharges from LSB & OLC and the remaining PCF collected will be carried over for the 2016/17 budget year.
- The accounting treatment in year-end accounts will remain unchanged and the LSB/OLC element of the levy will be shown separately as a non-operating activity.

The result of these two changes is to increase the compulsory fee that a barrister pays by between 0.9% and 1.2% against the combine values paid in 2015 (Table 1).

Finally, during 2016 we intend to consult with the profession and chambers on modifying and withdrawing the bulk payment discount facility that Bar Council operates which historically has facilitated the collection of PCF via chambers and employers. We will propose that this apply to 2017 PCF collections.

### 2016 Forecasted PCF Collection

Table 2 on page 6 shows the forecast for PCF collections.

We will open for online renewals on 1 February 2016 via our web portal, Barrister Connect. We expect to collect £11.3m of PCF after any bulk payment discounts have been applied. We will contribute £0.755m towards LSB & OLC and so will have £10.5m left vs a £10.4m target giving an £80k contingency, 0.8%.

Shortfalls in fees vs target may, at Bar Council's discretion, be met by:

1. designated PCF reserves;
2. other reserves;

3. cost reductions targeted at non-Permitted Purposes activities (enabling more commercially driven surplus to be put towards permitted purposes activities); or,
4. cost reductions applied to Permitted Purposes activity (including its support costs) to reduce the need for PCF funding.

**Table 2 - Forecasted PCF Collections (Feb/March 2016)**

Banding	No of Barristers recorded in 2015		PCF Fee raised (2015 declared profile against 2016 fees)
	Employed	Self Employed	
Band 1	303	1,727	£223,300
Band 2	1,030	1,745	£610,500
Band 3	788	2,176	£1,307,124
Band 4	374	2,907	£2,634,643
Band 5	131	1,581	£2,086,928
Band 6	100	2,366	£4,073,832
	<b>2,726</b>	<b>12,502</b>	<b>£10,936,327</b>
	404 Unbanded barristers @ average		£290,142
	<b>Total (like-for-like basis)</b>		<b>£11,226,469</b>
	Effect of increased earnings within the profession		£275,000
	Bulk Payment Discounts		<b>(£226,000)</b>
	<b>Total</b>		<b>£11,275,469</b>
	LSB Costs		<b>(£349,334)</b>
	OLC Costs		<b>(£405,964)</b>
	<b>Residue (towards 16/17 Budget)</b>		<b>£10,520,171</b>
	16/17 Budget Target		£10,441,000
	Contingency		£79,171
			0.8%

### 3. Financial Risk & Mitigation Steps

#### PCF collection risk

The uncertainty within this forecast arises mainly from the:

- extrapolation of incomplete earnings data for the Bar
  - possible change in the total number of practitioners seeking practising certificates in 2016.
- and we have undertaken research to understand and so mitigate these risks.

We have confidence that the earnings profile for barristers as a whole has increased and that therefore additional PCF would arise from progression of barristers from lower to higher bands.

- We have reviewed comparable year on year earnings data for self-employed barristers and identified that there were greater fee earnings overall and that, when returns for individual income bands were compared, there was clear indication of movement into the next higher band.
- We researched public records and used our Committee structures to investigate the change in earnings for the employed Bar. This identified that broadly earnings levels and numbers of barristers should be at least as high as the prior year.

The precise number of barristers seeking Practising Certificates in 2016 is unknown but historically variations have been small and recently there has been a consistent small upwards trend in the number of barristers registered each year. The budget forecasts anticipate that the total number of practising certificates in issue remains constant at September 2015 levels although subsequently there have been recent increases due to those completing pupillage and registering for the first time. This provides a further small contingency.

### Other financial risks

The 2016/17 budget was approved as part of a three year financial plan that includes future rises in PCF, cost reductions arising from investments into new systems and expectations of changes in other funding including regulatory non-PCF income.

The Bar Council maintains financial reserves in order to fund working capital and to provide a financial damper to smooth or cushion financial impacts. The Bar Council operates a reserves policy to maintain sufficient reserves for these purposes.

The Finance Committee agreed to allow the level of retained reserves to drop in order to allow PCF to be increased smoothly over a period rather than as a larger increase this year.

### Outcomes

These assumptions were scrutinised by the Finance Committee as part of the budget discussions. It was agreed that there was sufficient confidence in the level of PCF collectable and that there were other mechanisms available to manage any reasonable adverse financial impact to need only a 1.25% rise in practising certificate fees with potential further fees rises the following year.

## 4. Setting and Managing Budgets - 2016/17

The following describes the steps in the Bar Council budget setting process and includes the independent process followed by the BSB.

### 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 representative objectives as articulated in their respective strategic and business plans.

The budget setting process for the 2016/17 budget followed a pattern similar to that for previous years and the overall controls set out within the Finance Manual remain unchanged.

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

In October 2015, the Finance Committee (FC) agreed the parameters of an overall high level budget that met the regulatory need and the financial provisions required in the medium term. This budget included:

- PCF fee increases
- Growth in non PCF income areas;
- Maintaining costs at current levels with contingency plans to reduce if commercial income fell.

The proposals were passed to the Bar Council for approval at their meeting in November 2015 and consultation with the profession started shortly afterwards. That consultation completed on 16 December and the results are shown in Section 5.

### **Next steps in budget setting**

The high level budgets represent limits on resources and spend for the next stage of detailed planning. Detailed cost centre budgets will be set by relevant managers alongside their operating plans to fit within the agreed financial envelope. These plans include contingency plans to mitigate against the risk of shortfalls in income. This planning process ends in February with review meetings between the Executive and Directors to scrutinise the detailed budgets.

In parallel with this, the BSB maintain a continuous review of their financial needs and will present any revisions to the budget for review by BSB committees and consideration for approval by the Finance Committee.

The combined detailed budget package 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.

### **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 members of the Bar Council Executive. The Treasurer exercises overall budgetary control. The Officers, Chief Executive, Director-General 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 and delivery of non-PCF income, 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 Bar Council Officer, Bar Council member, the BSB, committee chairman/member, or Bar 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. Those policies are consistent with those presented in prior years and so are not reproduced here.

## **5. PCF and Budget Consultation and Response**

### **Consultation Process**

These PCF proposals and supporting explanatory materials were put forward to the profession for 4 weeks between 18 November and 16 December 2015.

The consultation exercise built upon the lessons learned from consultations in previous years:

- We presented to and discussed the budget proposals with The Bar Council, the body that represents the profession, on 7 November 2015.
- We prepared and published papers describing the PCF proposals and the annual budget proposals on our website drawing attention to them via social media and emails to the whole profession.
- We provided a survey to facilitate both a structured and free text responses from the Bar and drew attentions to this in several of our regular communications with the profession.

### **Consultation Responses**

The 115 members of Bar Council were provided the proposals and it was considered and discussed in a meeting on 7 November. Questions were raised on the risks inherent in the commercial proposals, the contingency plans that come into effect and the risks embedded in the defined benefit pension scheme. The minutes of this meeting are available on the Bar Council website. The proposals were approved unanimously.

A structured survey was sent to all barristers with an email address and inviting a combination of yes/no answers and qualitative responses regarding the PCF and budget proposals.

The level of responses was low (21 vs 42 the prior year) and was not representative of the profession. The main qualitative comments, as expressed by 8 out of 14 respondents, was that costs should be reduced further, presumably to allow the PCF to reduce.

Therefore, as these results cannot be considered as significant or representative, no changes to the proposals for PCF and budget are considered necessary.

## **6. Budget proposals for 2015/16 Financial Year.**

The budget proposals as approved by the Bar Council and presented during consultation are available [here](#).

## **7. 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 2016/17 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 will be published on the BSB website where 2016/17 is the first year of the new strategic plan period. The BSB operating plan for 2016/17, including references to the budget, will be published on the BSB website at the start of the new financial year.

### **Indirect Costs**

Provisions for other corporate expenditure were then added by both allocation and apportionment including:

- Resources Group costs that support BSB (eg office and IS costs)
- Contingencies
- Other shared liabilities and provisions including the contribution or impact on reserves to form the aggregate BSB budget and for the purposes of determining the PCF allocation.

## **8. Allocation of PCF to Permitted Purposes for non-regulatory activities**

### **Introduction**

We have reviewed the representational activities of the Bar Council to determine the extent to which these 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 taken into account in the budget setting process.

## Outcomes

The Bar Council representative function supports the Permitted Purposes including 51(4) a), c), d), e) and f) and work is carried out by barrister led committees and/or working parties and panels in specialist areas supported by our staff working through four core teams. Descriptions of these activities are included in section 8.1.

Direct costs for activities outside of Permitted Purposes are budgeted for separately within the Services function and analysis of this is outside the scope of this paper. However a proportion of the staffing resource within the representation teams supports non Permitted Purposes activity and so needs independent funding. Table 3 shows the proportion of representation team resources applied towards each Permitted Purpose and Table 4 shows the value of the relevant budget proposals analysed between permitted and other purposes.

Bar Council has chosen to restrict the amount of PCF that we are prepared to seek for representation purposes and so has funded some Permitted Purposes activity, that otherwise may be funded by PCF, by other means including surpluses from commercial activity and the Bar Representation Fee. These results are described in Section 10 and in Table 5.

## 8.1 Description of Representative Activity by Function

### Equality, Diversity and Corporate Social Responsibility

This work of the Equality, Diversity and Corporate Social Responsibility team covers:

- Matters to do with the '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'.
- 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 the Bar Council's Pupillage Gateway Service & support for the National Bar Mock Trial Competition.

### Outside of permitted purposes

Up to 10% of the time of the relevant team is allocated towards supporting Pro Bono activity, Wellbeing, Silk & Judicial Mentoring and Social Mobility projects.

### European Activities (Brussels)

The Bar Council maintains effective two-way communication between the institutions of the

EU and the Bar Council. This work is led by the Bar Council's European Law Committee, the Bar and the BSB. These arrangements enable 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.

All activities are considered to be within Permitted Purposes.

### **International**

The International Team serves to advise the Bar Council on international developments of relevance to the Bar, to promote the interests of the Bar to international organisations and other legal professions and to lead the support of the international rule of law. It also acts to maximise international business opportunities for the Bar.

- To provide policy expertise and intelligence to the organisation across the range of international interests of the Bar including trade, rule of law and international issues.
- To ensure that the Bar and the Bar Council's positions are effectively put forward in international organisations (e.g. the Council of Bars and Law Societies of Europe, the International Bar Association)
- To support the development of the international rule of law by interesting and engaging the profession in relevant activities (e.g. through lectures and other educational means) and by providing Bar expertise to bar associations and other lawyers' organisations overseas (e.g. by taking part in capacity building and other training projects abroad).

### **Outside of permitted purposes**

On occasion the activity has an ancillary purpose to create opportunities for business development including initiating international business development projects, overseas marketing missions, organisation of or attending business conferences, promotional publications or networking events with incoming delegations of foreign lawyers. These activities generate fees which pay for the incremental costs arising and may also subsidise the permitted purposes activity. Overall, up to 20% of the resources of the International function are funded by other sources.

### **Law Reform and Regulatory Issues**

The Regulatory Issues and Law Reform team is responsible for engaging with the approved regulators on issues that affect the profession. The main areas of work include the following, all of which fall within the Permitted Purposes:

- Education and provision of leadership to the profession on key regulatory changes. These include communication with LSB and BSB, the monitoring of changes to the regulatory

environment for barristers and chambers and educational work on practical issues on establishing entities.

- Monitor and respond to consultations that impact on the administration of justice. This includes coordination of Law Reform Committee (LRC) led responses to consultations on legislative matters, coordination of surveillance and privacy working group and sentencing working groups, both of which influence legislation, contributions of LRC to the Law Commission's programmes of law reform, raising awareness of current law reform issues through its annual lecture delivered to some 200 law students, barristers and judges and, fostering an interest in law reform amongst law students and aspiring barristers through LRC's annual law reform essay competition.

### **Legal Affairs, Practice and Ethics**

The Legal Affairs, Practice and Ethics team leads on policy relating to legal affairs and practice, including issues focused on access to justice and the administration of justice. The team is also leads on policy and services related to the Bar's ethical standards and obligations, which includes management and provision of the Ethical Enquiries Service.

#### **Outside of permitted purposes**

Some activities are considered outside of Permitted Purposes:

- Organising and hosting Young Bar wellbeing seminar & annual dinner
- ADR market research
- International weekend
- Lobbying government and BSB on issues where the interests of the Bar are involved

Up to 10% of the resources are engaged in this work and so 10% funding is sought outside of PCF.

### **Remuneration and the Employed Bar**

The Bar Council Remuneration and Employed Bar Team include working:

- To further the interests of all barristers to ensure that they are paid fairly for the work that they do
- To enable access to justice, through legal aid or other funding arrangements
- To assist the Employed Bar with its particular needs
- All of this activity is considered within Permitted Purposes.

### **Communications Function**

The work of the Communications function includes:

- Activities on behalf of the Approved Regulator function and complementary to the BSB regulatory communications function.

- 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.

### 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, 20% of the activities and resources are funded independently.

### Corporate Function

This consists of the leadership and support of the Approved Regulator and the representative function. Some part of this activity is consistent with the management of commercial business activity and so outside of Permitted Purposes. Up to 10% of the total costs are funded independently.

**Table 3 – Extent of Permitted Purposes for Representational Activities**

Representative Function Area	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	Promoting the protection by law of Human Rights and fundamental freedoms	Promotion of relations between AR and national, international bodies, governments or legal reps	<b>Permitted Purposes Subtotal</b>	Not in scope of pp
	51(4)(a)	51(4)(i)	51(4)(a)(ii)	51(4)(c)	51(4)(e)	51(4)(f)	(Max 100%)	Other
<i>Equality, Diversity &amp; CSR</i>	30%	30%	30%				<b>90%</b>	10%
<i>EU Law</i>						100%	<b>100%</b>	
<i>International</i>						80%	<b>80%</b>	20%
<i>Law Reform and Regulatory Issues</i>	15%	15%	15%	40%	10%	5%	<b>100%</b>	
<i>Legal Affairs, Practice and Ethics</i>	10%	30%	30%	15%		15%	<b>90%</b>	10%
<i>Remuneration &amp; Employed Bar</i>	15%	15%	15%	50%		5%	<b>100%</b>	
<i>Communications</i>	20%			30%		30%	<b>80%</b>	20%
<i>Corporate</i>	15%	15%	15%	15%	15%	15%	<b>90%</b>	10%

## 9. Application of PCF to Permitted Purposes - s51 analysis

Table 4 shows the split of costs between type for each individual representational and AR function using the splits in Table 3.

In 2016/17, the total representative costs are planned to be £4,356k of which £3,930k are for Permitted Purposes and £426k are for other purposes (Table 4).

**Table 4 - Breakdown of Representative Costs between Permitted and Other Purposes**

	2016/17 Budget				Max Permitted Purposes ("P.P.")	Permitted Purposes Activities	Other Purposes
	Direct Costs	Support Costs	Contribution	Total Costs			
	£000	£000		£000			
<b>Analysis of Representative Permitted Purposes Costs</b>							
Approved Regulator: Corp.	883	554	187	1,624	90%	1,462	162
Donations	240	-	-	240	100%	240	-
<b>Approved Regulator Subtotal</b>	<b>1,123</b>	<b>554</b>	<b>187</b>	<b>1,864</b>		<b>1,702</b>	<b>162</b>
<b>Representation:</b>							
<i>Equality, Diversity &amp; CSR</i>	132	83	22	237	90%	213	24
<i>EU Law</i>	103	65	17	185	100%	185	-
<i>International</i>	276	173	46	495	80%	396	99
<i>Law Reform &amp; Regulatory Issues</i>	205	129	34	368	100%	368	-
<i>Legal Affairs, Practice &amp; Ethics</i>	213	134	36	383	90%	345	38
<i>Remuneration &amp; Employed Bar</i>	172	108	29	309	100%	309	-
<i>Communications</i>	287	180	48	515	80%	412	103
<b>Subtotal Representation</b>	<b>1,388</b>	<b>872</b>	<b>232</b>	<b>2,492</b>		<b>2,228</b>	<b>264</b>
<b>Total</b>	<b>2,511</b>	<b>1,426</b>	<b>419</b>	<b>4,356</b>		<b>3,930</b>	<b>426</b>

Table 5 shows the breakdown of the type of activity and the source of funding applied to it. Bar Council has chosen to limit the amount of PCF that is sought and has applied funding from other sources towards Permitted Purpose activities. In total, PCF of £3,687k is applied to Permitted Purposes (£1,702k to AR and £1,985k to representational areas). A further £670k of independent funding is applied including £426k to fund non Permitted Purpose resources and £243k towards representational Permitted Purposes activities. This acts as a subsidy and reduces representational PCF needs by over 10%. Regulatory areas are funded entirely by PCF or regulatory fees and charges.

The General Council of the Bar  
2016/17 PCF and BSB & Bar Council budget submission

**Table 5 - Allocation of Funding Summary**

	Regulation (BSB)	Approved Regulator		Representation		Services	Total
<b>Total costs breakdown by source</b>							
Direct Costs	5,213	1,123		1,388		1,356	9,080
Share of Resources Group	2,960	554		872		770	5,156
Contribution/(Loss)	(222)	187		232		(484)	(287)
<b>Total Costs requiring funding</b>	<b>7,951</b>	<b>1,864</b>		<b>2,492</b>		<b>1,642</b>	<b>13,949</b>
Analysed between Type:	Regulatory	Permitted Purposes	Other Purposes	Permitted Purposes	Other	Other	
Permitted Purposes	<b>7,951</b>	<b>1,702</b>	<b>162</b>	<b>2,228</b>	264	1,642	<b>13,949</b>
<b>Funded by:</b>							
							<b>Total</b>
<b>1) PCF</b>	6,754	1,702	0	1,985	0	0	<b>10,441</b>
<b>2) Direct Income</b>							<b>0</b>
Inns Subvention	250						<b>250</b>
Regulatory Fees & Charges	947						<b>947</b>
Bar Representation Fee						1,177	<b>1,177</b>
Services						1,135	<b>1,135</b>
Other Administrative Income						130	<b>130</b>
<b>Subtotal Direct Income</b>	<b>1,197</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,442</b>	<b>3,639</b>
<b>3) Cross Funding from Commercial Activities</b>			162	243	264	(670)	<b>(0)</b>
<b>Total Funding</b>	<b>7,951</b>	<b>1,702</b>	<b>162</b>	<b>2,228</b>	<b>264</b>	<b>1,772</b>	<b>14,080</b>

## 10. Social Impact Assessment

We have considered the impact of the change in PCF on different component groups of the Bar.

The 1.25% increase in fee levels has been applied to all income bands. In theory this has a disproportionately larger affordability impact on those in lower income bands against the higher bands. With BAME, disabled and female barristers representing a statistically greater proportion of those lower income bands than their overall representation within the profession, there may be a perception that those groups would be affected more significantly than other areas.

The absolute value of the increase for the lowest two incomes bands is £1 or £2 per annum and so is not regarded as a significant cost increase. Therefore, we consider that there is a marginal adverse diversity impact of the change in PCF.



The change in LSB/OLC levy has no impact on the overall fees paid by any practitioner and so would have no incremental diversity impact.

## **11. Next steps and communication with the Bar**

Each year, in February and March, barristers needing a practising certificate are required to apply for one and pay the PCF. The Bar Council and BSB have a joint plan in place to communicate with Barristers and Chambers administrators to ensure that they have the information they need about the Authorisation to Practise (AtP) process. These communications have already begun for the 2016 round. They will continue through post, email and social media up to and beyond the opening of the AtP process on 1 February 2016.

**David Botha**  
**Director of Finance**  
**Bar Council**  
**December 2015**