



General Council of the Bar

PCF Application and Budget Submission 2018/19

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The General Council of the Bar
2018/19 PCF submission and BSB & Bar Council budget

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Summary

Practising Certificate Fees (PCF)

- The 2018/19 General Council of the Bar (GCB) PCF funds three activities:
 - the s51 permitted purposes operating costs of Bar Council and Bar Standards Board;
 - the LSB/OLC recharges for 2017/18, and
 - funding for the legacy defined benefit pension scheme.
- GCB expects to meet these obligations from the existing PCF fees levels so no increase in PCF prices is proposed. We expect the amount of PCF collected will increase owing to:
 - underlying growth in fees earned across most of the profession and steadily growing profession. Individuals earning higher fees will tend to declare higher band PCF;
 - a change to payment arrangements that reduces the discount offered for making collective payments on behalf of larger chambers and employers.
- PCF collections are forecast to be £13.5M in 2018 (£12.8M actuals 2017) and will be allocated according to the table below:

Table 1	2016/17 Actuals	2017/18 Actuals	2018/19 Proposed
Permitted purposes (Bar Council and BSB)	10,154	10,790	11,423
LSB/OLC Levy	786	718	790
Legacy DB Pension Scheme	0	1,300	1,300
Total	10,940	12,808	13,514

Key Features of the GCB budget proposition

- The PCF applied to Bar Council and BSB activities is used as follows:
 - Bar Council representative permitted purposes will be £3.0M (£3.0M 2017/18 budget). 2018/19 operating costs will be level with those in the 2017/18 budget.
 - BSB regulatory purposes will be £7.2M (£7.3M 2017/18 budget). Other regulatory funding is up £0.3M to £1.2M (£0.9M 2017/18 budget). 2018/19 operating costs are level with the 2017/18 budget.
 - A project to secure new shared office facilities following the lease expiry on current premises in 2018/19. £1.2M will be allocated in 2018/19 (nil 2017/18).
- Other PCF allocations remain consistent with the latest LSB/OLC forecasts and the defined benefit pension scheme deficit recovery plan approved in 2017.

Proposed Practising Certificate Fees 2018/19

Arrangements for setting Practising Certificate Fees

6. The arrangements for setting practising certificate fees based on earnings at the Bar were established in 2015 and amended in 2016 to incorporate the LSB/OLC levy into a single PCF. No changes to PCF arrangements are proposed this year.

2018 PCF Fees and Collection forecasts

7. We forecast that we will collect and use practising certificate fees of £13,514k from 16,100 barristers at an average fee paid of £850 as outlined in Table 2.

Table 2 - Forecast PCF Collections

	2018 Average PCF	Number of barristers	2018 PCF collections
2018 Fcst	£850	16,100	£13,687,332
		Bulk payment discount	-£140,000
		PCF Collected	£13,547,332
Breakdown of usage		2017/18 Budget	2018/19 Budget
BC & BSB Operating costs		£10,276,000	£10,188,000
Office Move		£0	£1,235,000
LSB/OLC Levy		£768,000	£791,000
Defined Benefit Pension scheme		£1,300,000	£1,300,000
Total		£12,344,000	£13,514,000
Contingency		£87,915	£33,332

Allocation of PCF to Permitted Purposes

8. Table 4 below shows the allocation of PCF to regulatory and representative permitted purposes activities and to the shared property project.
9. All BSB activity is permitted purposes.
10. All costs associated with the project to secure and operate a new office facility in 2018/19 are regarded as permitted purposes. Note that the allocation of operating costs for the new facility beyond 2018/19 will be apportioned between permitted purposes and non-permitted purposes on an appropriate basis.
11. In 2018/19, the level of PCF applied to Bar Council representative permitted purposes activities falls to £2,968k (down 2%). Further details of the functional split of representative permitted purposes are shown on pages 14 to 19.
12. Costs of representation will be £3,965k (down 0.6%, down £25k on 2017/18 budget). The element of this that is permitted purposes is £3,576k (down £12k). The application of non-PCF income to permitted purposes remains at £445k.

Table 4 - s51 Report on 2018/19 Allocation of PCF to Permitted Purposes

	Regulation (BSB)	Representation	Services	Property Project	Total	
Total costs breakdown by source						
Direct Costs	5,211	2,765	939		8,914	
Share of Resources Group	3,367	1,200	385		4,952	
Project Spend				1,312	1,312	
Spend for which funding is required	8,578	3,965	1,324	1,312	15,178	
Analysed between Type:	Regulatory Permitted Purposes	Other Permitted Purposes	Other Purposes			
Permitted Purposes	8,578	3,576		1,312	13,466	
Not Permitted Purposes		389	1,324	0	1,713	
	100%	90%	10%		15,178	
Funded by:						
PCF	7,220	2,968	0	0	1,235	11,423
Direct Income						
Regulatory Fees & Charges	1,157					1,157
Services To Members			1,790			1,790
Other Contributions		250				250
Other Administrative Income		0	157			157
Subtotal Direct Income	1,157	250	157	1,790	0	3,354
Cross Subsidy from Services to Members	0	245	200	(445)	0	0
Total Funding	8,377	3,463	357	1,345	1,235	14,777
Surplus/(Loss)	(201)	(113)	(32)	22	(77)	(401)
Impact on Reserves analyses between source:						
Permitted Purposes	(201)	(113)			(77)	(391)
Other General Reserves			(32)	22		(11)
						(401)

PCF Application: 2018/19 operating budgets for Bar Council and BSB

13. The operating budget proposals for 2018/19 for the whole of the organisation are summarised below along with the outlook beyond 2018/19. Details of BSB and Bar Council's budgets follow in separate sections.

Budget Summary

14. GCB plans for a £15.2M total expenditure budget for 2018/19, £1.3M higher than the 2017/18 budget level (Table 5). This will be funded by a £14.8M combination of PCF and non-PCF income. We will make a loss of £0.4M to be funded by reserves. The impact on reserves will be mitigated by surpluses expected in future years negating the need to raise PCF in 2018/19.
15. These plans allow Bar Council and BSB to deliver their respective strategies with planned expenditure levels within 2017/18 plans.
- BSB direct costs are level with 2017/18 budgets and consistent with the BSB strategic plan.
 - Bar Council direct costs are level with 2017/18 budgets.
 - no significant headcount changes are planned.
 - overhead costs fall slightly reflecting the improved efficiency arising from returns on investments in shared information systems during 2016 and 2017.
16. The organisation will also be able to secure a lease on a new office property during 2018 enable an office move to be completed before March 2019. Project costs of £1.3M will be incurred including:
- one off costs covering fees and the costs of transition;
 - dual running costs from operating two properties at the same time.
 - A share of the £0.6M capital costs of fitting out the facility will be recovered from PCF through future depreciation charges.

Table 5 - 2018/19 Income and Expenditure Budget Proposals

	Bar Council	BSB	Subtotal Operating costs	Property move costs	Total
PCF Income	2,968	7,220	10,188	1,235	11,423
Non-PCF Income	2,197	1,157	3,354	0	3,354
Total Income	5,165	8,377	13,542	1,235	14,777
Direct Costs	3,703	5,211	8,914	-	8,914
Overheads	1,585	3,367	4,952	1,312	6,264
Total	5,288	8,578	13,866	1,312	15,178
Surplus/(Loss)	(123)	(201)	(324)	(77)	(401)

Financial and PCF Outlook beyond 2018/19

17. Table 6 provides a summary of the financial outlook beyond 2018/19 with indicative funding and expenditure forecasts to 2021.
18. The PCF levels for operational activities need not increase within the period of the financial forecast. We anticipate:
 - The level of PCF collected will be maintained at least at 2018/19 levels as fees earned in the sector grow and the number of barristers increases slightly. PCF declarations data will be reviewed after renewal in 2018 and the results used to inform decisions on PCF levels for 2019 onwards.
 - Growth in non-PCF income for Bar Council and reductions in other costs over time consistent with emerging strategic plans.
19. Overheads will reduce slightly over time, although less than anticipated in 2017/18, as future property costs are likely to be higher than forecast in 2017/18. This arises from a decision to retain the “legal” London location for the office rather than move to an east London location.
20. We expect increased surpluses through to 2020/21 allowing reserves and cash levels to grow towards target levels. This change will provide more capacity for the organisation to absorb financial risk and so, once reserve targets are achieved, provides more freedom to consider reducing operating PCF in the future.

Table 6 - 2018/19 High level budget and indicative outyear proposition for GCB

Values in £000's

	2016/17 Actuals	2017/18 Forecast	2018/19 Budget	2019/20 Indicative Fcst	2020/21 Indicative Fcst
PCF	10,885	12,808	13,514	13,514	13,514
BRF	954	950	950	1,100	1,200
Contribution from Inns		250	250	250	250
Other Bar Council income	831	840	840	840	840
BSB Fees and Charges	1,442	1,280	1,157	1,007	779
Other Income	263	157	157	157	157
Total Income	14,375	16,285	16,868	16,868	16,740
Operating Spend	8,342	8,826	8,914	9,036	9,158
Overheads	5,011	5,173	4,952	4,952	4,952
Project Spend			1,312	300	-
Other spend	718	2,018	2,091	2,091	2,091
Total Spend	14,071	16,017	17,269	16,379	16,201
Surplus	304	268	(401)	489	539
	3%	3%	-2.4%	3%	4%
Reserves					
b/f reserves		3,000	3,268	2,867	3,356
Surplus/(Loss)		268	(401)	489	539
Reserves c/f	3,000	3,268	2,867	3,356	3,895

21. Current reserves targets are 4 months cover (1/3rd annual operating costs) and the joint Finance Committee are responsible for determining when the appropriate level of reserves has been achieved. That part of the PCF that is used for funding the DB scheme deficit will be reviewed separately as part of the triennial pensions reviews.

Approved BSB Budget

22. The total BSB budget is combination of direct costs of BSB and indirect costs; a share of the organisation's shared overhead and support costs. This is shown in Table 7.

Direct Costs

23. The BSB Board approved the 2018/19 budget bid and agree that it is entirely consistent with the approved strategic and annual business plans for the BSB. The budget proposals were scrutinised in detail by the BSB Planning, Resources and Performance Committee. The subsequent regulatory budgets were presented to Finance Committee and Bar Council and were approved without amendment.
24. The BSB business plans are published on the BSB website. The 2018/19 plan will be the third year of the 3-year strategic plan period; it will include reference to the budget and will be published on the BSB website in March 2018.
25. The direct expenditure controlled by BSB will be £5.2M; £4.3M staffing and £1M non-staffing; overall, level with 2017/18's budget plans.

	2017/18 Fcst	2018/19 Budget
PCF	7,245	7,220
Fees and Charges	1,280	1,157
Subtotal Funding	8,525	8,377
Governance, Exec, Support & Communication	1,509	1,499
Strategy and Policy.	984	989
Supervision and Authorisations.	1,404	1,431
Enforcement.	1,315	1,293
Subtotal Spend	5,212	5,212
Shared Overheads	3,043	3,367
Total Spend	8,255	8,578
Surplus/(Loss)	270	(201)

26. BSB expects to raise £1.2M (£1.3M forecast in 2017/18) of non-PCF funding. This funding is used to offset the amount of PCF that needs to be applied to pay for all regulatory expenditure. The level of fees and charges is lower than forecast in 2017/18. Forecasts are more conservative due to uncertainty around student numbers starting training courses during a period when the training structure is changing and uncertainty of the effects of leaving the EU.

Indirect Costs

27. The high-level plans for the overhead functions shared between Bar Council and BSB were identified. These plans include the costs of staffing, operations, capital expenditure plans in support of the strategic plans for both organisations.
28. The Bar Council's shared Resources Group Finance team has estimated the BSB's share of overheads at £3.3M, slightly higher than 2017/18 (£3.0M budget). Overheads are shared on the basis of average headcount and BSB's share of total average organisational headcount has risen, although the BSB headcount itself is relatively flat. Actual overheads allocations will depend on actual expenditure and average headcount in the year in question.

BSB Forecasts to 2020/21

29. 2018/19 is the last year of the BSB's current Strategic Plan, as part of the development of the next strategic plan the BSB has committed to a comprehensive review of priorities. This will include a revision of the financial and staffing models to reflect the new governance structures and the revised approach introduced by the LSB on regulator performance monitoring. The BSB is therefore currently unable to provide detailed forecasts past 2018/19. It would be imprudent to do so, given the potential for change in the regulatory priorities of the BSB arising from its review of its strategic objectives as part of the development of its next strategic plan.
30. A detailed strategic financial plan will be compiled as part of the strategy setting process and will be published in summary as part of the next strategic plan. Certain features will likely be carried over from existing financial strategy and these have been included in the high-level forecasts provided on page 6.

Approved Bar Council budget 2018/19

31. The budgets of Bar Council include those of the representation function, the activities and roles of the Approved Regulator, the independently funded Services function; which provides optional value-added services to the profession; and a share of the overheads and support costs for the business.
32. The direct expenditure budget of Bar Council will be £3.7M (£3.8M); £2.6M staffing and £1.2M non-staffing, and is £0.1M lower than 2017/18's budget plans. We estimate that a further £1.6M (£1.9M) of shared overheads will be allocated to Bar Council. The planned Representation budget is level with the 2017/18 budget.

33. Total funding for Bar Council will drop to £5.6M (£6.1M). The Services function will raise £1.8M (£2.3M in 2017/18 budget) from Bar Representation Fee (BRF) subscriptions and other services; the surpluses from these activities are used both to reduce the PCF burden and to enable BC to undertake activities outside of the permitted purposes. A further £0.3M of funds from third parties will be applied to representation activities.
34. The 2018/19 budget proposals for the Bar Council are shown in Table 8 below.

Bar Council Forecasts to 2020/21

35. Bar Council is currently reviewing its strategy alongside its commercial strategy and is not yet able to provide detailed strategic financial plans for 2018/19 onwards. However, certain key features will likely be carried over from existing financial strategy and have been included in the high-level forecasts provided on page 6.
- Non-PCF income is planned to grow to provide alternative funding and to mitigate against future risks to PCF.
 - Growth in expenditure is contingent on growth in funding.

	2017/18 Budget	2018/19 Budget
PCF	3,031	2,968
Representation Income	250	250
Fees for Services to the Profession	2,274	1,947
Subtotal Funding	5,555	5,165
Representation Direct Costs	2,695	2,765
Shared Overheads	1,295	1,200
Subtotal Representation	3,990	3,965
Costs of Services	1,050	939
Shared Overheads	576	385
Total Services	1,626	1,324
Subtotal Direct Bar Council Costs	3,745	3,704
Shared Overheads	1,871	1,585
Total Costs	5,616	5,289
Surplus/(Loss)	(60)	(124)

PCF Application: LSB and OLC recharges 2018/19

36. The forecast costs for 2018/19 are £791k, £23k higher than that planned in 2017/18 and £73k higher than paid in 2017. No changes to PCF fee levels are required to meet this target.

PCF application: update on the defined benefit pension scheme (DB scheme)

37. In 2017, GCB raised PCF by 12% to generate an additional £1.3M annually to make annual payments towards the agreed DB scheme deficit recovery plan and build a fund that would eliminate the scheme altogether in the long term. The first collections in 2017 raised £1.3M and the first recovery plan payments were made as expected.
38. No changes to PCF arrangements in respect of the DB scheme are needed in 2018. The DB scheme recovery plan is formally revised every three years with the next review taking place in 2018. This may affect recovery plan payments from 2020 onwards.
39. GCB aims to remove this £1.3M from the PCF altogether once the pension liability is discharged completely. The first stage of any reduction might be as early as 2020, subject to the current deficit being met but it is reasonable to expect some form of PCF arrangement to remain for perhaps 10 years.
40. GCB continues to treat and account for these funds separately from PCF collected for other permitted purposes. The movements and operation of the designated fund, the DB Pension Reserve, will be audited as part of the independent annual audit and published as part of the annual accounts.

Financial Risk & Mitigation Steps

41. The main budgetary risks are on PCF collection levels and uncertainty with most other forms of income.

Key Risks on PCF Collection levels

42. PCF collections levels cannot be forecast precisely: there is uncertainty in both the number of barristers that will seek renewal and in the income band that they will select, which affects the fees paid.

42.1 GCB is unable to predict precisely the number of barristers seeking certificates as this forecast is affected by the personal choices barristers make at that time, for instance, to retire, suspend their practise or to return to it after absence. Based on historic trends, the number of practising certificates expected to be issued has been forecast at 16,100 (16,080 renewed in 2017). This is consistent with the growth rate of membership of the profession over the past three years.

42.2 GCB has researched the trends of fee earned within the self-employed and employed Bars and identified that fee levels have risen approximately 5% over the 12-month period to December 2016. We have sufficient detailed information to expect this change to translate into a greater number of higher level PCF earnings declarations and high PCF collections.

43. Other sources of funding present financial risks:

- Non-PCF regulatory fee income for waivers and charges is demand led and difficult to predict. BSB have mitigated against this by working to the low side of the range of estimates.

- The financial effects of commercial income risks (arising mainly in Services activity) are mitigated by cost reduction contingency plans built in to the business planning process.
44. Unforeseen costs may arise from external sources including government activity or legal action.

Financial risk mitigation

45. GCB maintains financial reserves to fund working capital, investments and to provide a financial damper to smooth or cushion adverse financial issues. GCB operates a reserves policy to maintain sufficient cash reserves for these purposes.
46. Shortfalls in funding or unplanned costs may, at Bar Council's discretion, be met by:
- designated PCF reserves (for PCF funded activities only);
 - General reserves;
 - cost reductions targeted at non-Permitted Purposes activities (enabling more commercially driven surplus to be put towards permitted purposes activities);
 - cost reductions applied to Permitted Purposes activity (including its support costs) to reduce the need for PCF funding as agreed with BSB; and
 - other options will be considered to ensure best use of available cash resources during the year.

Setting and Managing Budgets 2018/19

47. The following section describes the steps in the Bar Council budget setting process and includes the independent and parallel process followed by the BSB. These steps have remained consistent with those used in previous years.

Building the high-level budget

48. It is the Chief Executive's responsibility as Accounting Officer, 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 Directors for Bar Council and BSB, supported by the Director of Finance.
49. Annual expenditure is driven by regulatory (BSB), Approved Regulator and representative objectives as articulated in their respective strategic and business plans.
50. The BSB regulatory budget was prepared to align with the Strategic Aims set out in the BSB's Strategic plan for 2016-19. Budget options were scrutinised by the BSB Planning, Resources & Performance (PRP) Committee and the final bid was approved by the BSB Board.
51. In October 2017, the joint Finance Committee (FC) agreed the parameters of an overall high-level budget that met all the regulatory needs and the combined organisational financial provisions required in the medium term. The proposals were then passed to the Bar Council for approval and consultation with the profession started shortly afterwards.

Next steps in budget setting

52. Detailed cost centre budgets that fit within the agreed high level financial parameters will be set by relevant managers. These budgets will include contingency plans to mitigate against

the risk of shortfalls in PCF and other income. The planning process concludes in February 2018 with scrutiny of detailed budgets by Executive and Directors.

53. In parallel with this, the BSB maintain a continuous review of their own financial needs and will present any revisions to the BSB budget for review by BSB own committees and Board.
54. The combined BSB and Bar Council detailed budget package will be brought to Finance Committee for review in February 2018. The Finance Committee may refer any parts of the budget to relevant parties for further consideration.

Budgetary control

55. 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, the BSB PRP and main Board committee, and members of the Bar Council Executive. 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.
56. 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.
57. The policy regarding 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.

PCF and budget consultation and response

Consultation Process

58. These PCF proposals and supporting explanatory materials were put before the profession between 28 November and 20 December 2017.
59. We followed a similar approach in this consultation to that used in previous years:
 - We presented to and discussed the PCF and budget proposals with the Bar Council, the elected representatives of the profession drawn from Specialist Bar Associations, the Inns of Court, Circuits and others, on 18 November 2017.
 - We prepared and published papers describing the PCF proposals and the annual budget proposals on our website drawing attention to them in the regular communications with the profession. These communications had a total circulation of over 31,000.

Consultation Responses

60. The 115 members of Bar Council approved the proposals unanimously. The minutes of this meeting will be available on the Bar Council website after approval at the next meeting.
61. No responses to the consultation were received. Given the steady state PCF proposals are consistent with the prior year's plan; which had been endorsed by the consultation responses

in 2016; a very low response rate was expected and Bar Council considers this outcome as consent to the proposals. The PCF and budget proposals will therefore continue as planned.

Allocation of PCF to non-regulatory Permitted Purposes activities

Introduction

62. 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 considered in the budget setting process.

Outcomes

63. The Bar Council representative function supports the Permitted Purposes including s51 (4) a), c), d), e) and f). As well as work delivered by Bar Council staff, barrister led committees and working parties in specialist areas are supported by our staff working through six core teams. These activities are grouped by one of 6 themes and described on pages 13-16.

64. . A proportion of the staffing resource within the representation teams supports non-Permitted Purposes activity and is funded independently. Table 11 shows the proportion of representation team resources applied towards each Permitted Purpose and Table 12 shows the value of the relevant budget proposals analysed between Permitted and other purposes. Direct costs for activities of the Services function that are completely outside of Permitted Purposes are budgeted for separately and analysis of this is outside the scope of this paper

65. Bar Council has again 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. These means include surpluses from commercial activity and the Bar Representation Fee. The value of these is shown as other income or as a cross subsidy in Table 4.

Description of Representative Activity by Function

Equality, Diversity and Corporate Social Responsibility

66. 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'; and
 - 'Advance equality of opportunity between people from different groups'.
- Promoting equality, diversity and inclusion (including social mobility). Specific programmes cover (i) access, (ii) retention and (iii) progression. Access programmes

include Bar Placement Schemes (with social mobility charity partners); e-mentoring, careers outreach, [Pupillage Fair/Gateway] and supporting barristers' work with schools, universities (e.g. CF's Bar Mock Trials) etc.

Outside of permitted purposes

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

European Activities (Brussels)

68. The Bar Council maintains effective two-way communication between the institutions of the European Union and the Bar Council. This work is led by the Bar Council's EU Law Committee. All activities are within Permitted Purposes. These arrangements enable the Bar Council to:

- capture the output of the EU institutions which have a bearing on the reform and development of the law in English and Wales, 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; and
- 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.

International

69. The International Team exists:

- 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 and 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, whether alone or with partners like the British Council or Royal Commonwealth Society).

Outside of permitted purposes

70. On occasion, the International Team's 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

71. 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, and in future Alternative Business Structures.
- 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 the 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

72. 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 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. The team also leads on issues for the young Bar which are of interest or relevance to that sector.

Outside of permitted purposes

73. Some activities are considered as falling outside of Permitted Purposes:

- organising and hosting Young Bar wellbeing seminar and annual dinner
- ADR market research
- International Weekend; and
- lobbying government and BSB on issues where the interests of the Bar are involved

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

Remuneration and the Employed Bar

75. 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 (for example, investigating the viability and case for establishing a Contingent Legal Aid Fund and engagement with the Ministry of Justice on the Advocates' Graduated Fee Scheme (AGFS)); and
- to assist the Employed Bar with particular needs.

Outside of permitted purposes

76. An estimated 5% of work would not be within the Permitted Purposes. This would include the management of the annual Employed Bar Awards to recognise the work of the Employed Bar.

Communications Function

77. 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 (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

78. Some activities undertaken are like the lobbying of government, opinion-formers and others in the interests of both the Bar and the public interest. Other activities include marketing certain services to members of the profession and chambers. For that reason, 25% of the activities and resources are funded independently of PCF.

Corporate Function

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

Application of PCF to permitted purposes

80. When preparing the Bar Council Representation costs budget, we have apportioned the total costs of the various functions between Permitted and other purposes according to the descriptions summarised in Table 9. The value of this apportionment is shown in Table 10.

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Table 9 – Proportion of representational activity that is for Permitted Purposes								
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	Permitted Purposes Subtotal	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 & CSR</i>	30%	30%	30%				90%	10%
<i>EU Law</i>						100%	100%	
<i>International</i>						80%	80%	20%
<i>Law Reform and Regulatory Issues</i>	30%	15%	15%	25%	10%	5%	100%	
<i>Legal Affairs, Practice and Ethics</i>	10%	30%	30%	20%		15%	95%	5%
<i>Remuneration & Employed Bar</i>	15%	15%	15%	45%		5%	95%	5%
<i>Communications</i>	15%			30%	15%	15%	75%	25%
<i>Corporate</i>	15%	15%	15%	15%	15%	15%	90%	10%

Table 10 - Analysis of Representative costs between Permitted and other purposes

	2018/19 Budget			Max Permitted Purposes ("P.P.")	Permitted Purposes Activities	Other Purposes
	Direct Costs	Support Costs	Total Costs			
	£000	£000	£000			
<u>Analysis of Representative Permitted Purposes Costs</u>						
Approved Regulator: Corp.	920	437	1,357	90%	1,221	136
Donations	240	-	240	100%	240	-
Approved Regulator Subtotal	1,160	437	1,597		1,461	136
Representation:						
<i>Equality, Diversity & CSR</i>	159	76	235	90%	211	24
<i>Policy Directorate</i>	197	93	290	100%	290	-
<i>EU Law</i>	132	63	195	100%	195	-
<i>International</i>	305	145	450	80%	360	90
<i>Law Reform & Regulatory Issues</i>	133	63	196	100%	196	-
<i>Legal Affairs, Practice & Ethics</i>	201	96	297	95%	282	15
<i>Remuneration & Employed Bar</i>	177	84	261	95%	248	13
<i>Communications</i>	301	143	444	75%	333	111
Subtotal Representation	1,605	763	2,368		2,115	253
Total	2,765	1,200	3,965		3,576	389
<i>2017/18 Budget</i>	<i>2,765</i>	<i>1,295</i>	<i>3,990</i>		<i>3,588</i>	<i>402</i>

Equalities Impact Assessment

81. We have considered the impact of the proposals to hold PCF unchanged on different component groups of the Bar. We consider that there is a very marginal adverse diversity impact of these proposals.
82. By freezing fees below the rate of inflation, there is likely to be a small benefit to individual members of the Bar relative to other costs; PCF will form a smaller part of the total cost burden. When combined with earnings growth at the Bar, in aggregate, it is likely that this beneficial effect is more pronounced, particularly for those on higher earnings.
83. However, earnings may be growing disproportionately in areas of the Bar and between higher and lower earners. 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 benefit proportionately less than other areas.

Next steps and communication with the Bar

84. The annual renewal period (AtP) for practising certificates opens in February and closes in 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, chambers and employer administrators to ensure that they have the information they need about the Authorisation to Practise (AtP) process.
85. The communication plan is underway from November and will continue through post, email and social media channels up to and beyond the opening of the AtP process on 1 February 2018.

David Botha
Director of Finance
Bar Council
December 2017