



Mr Chris Kenny
Chief Executive
Legal Services Board
One Kemble Street
London
WC2B 4AN

20 December 2013

Dear Chris,

2014 -15 Practising Certificate Fees ("PCF") Application for approval by the Legal Services Board

Please find attached the application made by the Bar Council for the Legal Services Board's approval of PCF levels for 2014 - 5, as required by s.51 of the Legal Services Act 2007. As Treasurer of the Bar Council, I, together with the Chairs of the Bar Council and the Bar Standards Board ("BSB"), am content that this application has been prepared in a manner that is consistent with the regulatory independence of the BSB.

I'm pleased to advise that the PCF fee and most others will not need to increase this year as a result of savings we are making in our own operation. However, we have reluctantly had to increase the LSB/OLC levy slightly to ensure that we raise sufficient funds to breakeven on expected spend. I have instructed our Head of Finance that we take steps to ensure in our communications to the profession, it is clear this change is due to our collection arrangements and are not as a result of changes in the LSB or OLC charges.

If your team have any queries about the application or require further information, they should contact David Botha, our Head of Finance, in the first instance. We understand that there will be a turn-round of up to four weeks on this application, so we are therefore expecting that we should have your clearance on this, all things being equal, by the last week of January 2014. Our aim is to despatch the individual PCF payment requests to the profession by mid-February 2013, in order to meet the 31 March due date.

THE BAR COUNCIL

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We look forward to receiving your approval of our application in due course.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Stephen Collier', written in a cursive style.

Stephen Collier
Treasurer

BAR COUNCIL BUDGET 2014/15

PRACTICING FEE CERTIFICATE APPLICATION TO LSB

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1.1 PCF and Other Fee Comparisons

Statutory Fees

PCF Fees for 2014/15 remain unchanged from those for 2013/14 and are sufficient to ensure the budget requirements can be met.

The LSB/OLC Levy will increase to ensure the expected commitments to LSB/OLC can be met. Last years' levy is shown in brackets below.

The Fee due depends on the seniority of the Barrister (the number of years' since Call) and whether they are self-employed or employed.

Self Employed Fees		
	Compulsory	
	PCF £	LSB/OLC Levy
QC	1,202	58 (42)
Junior (13 years' Call and over)	813	40 (29)
Junior (eight to 12 years' Call)	417	19 (14)
Junior (five to seven years' Call)	222	11 (8)
Junior (three to four years' Call)	80	4 (3)
Junior (one to two years' Call)	80	4 (3)

Employed Barristers Fees		
	Compulsory	
	PCF £	LSB/OLC Levy
QC	877	58 (42)
Junior (13 years' Call and over)	615	40 (29)
Junior (eight to 12 years' Call)	340	19 (14)
Junior (five to seven years' Call)	183	11 (8)
Junior (three to four years' Call)	80	4 (3)
Junior (one to two years' Call)	80	4 (3)

Voluntary Fees

All fees for 2014/15 remain unchanged from those for 2013/14.

The Fee due depends on the seniority of the Barrister (the number of years' since Call).

Self Employed Fees		
	Discretionary	
	BRF	Pro Bono
QC	150	30
Junior (13 years' Call and over)	100	30
Junior (eight to 12 years' Call)	100	30
Junior (five to seven years' Call)	100	30
Junior (three to four years' Call)	100	30
Junior (one to two years' Call)	50	30

Employed Barristers Fees		
	Discretionary	
	BRF	Pro Bono
QC	150	30
Junior (13 years' Call and over)	100	30
Junior (eight to 12 years' Call)	100	30
Junior (five to seven years' Call)	100	30
Junior (three to four years' Call)	100	30
Junior (one to two years' Call)	50	30

Calculation of PCF and LSB Levy Revenue for 2014/15 Budget

Group	Years of Call	Anticipated Membership Profile	2014/15 Budget		2014/15 Budget	
			PCF For 2014/15	PCF Raised	LSB/OLC Levy	LSB/OLC Levy Raised
Self	QC	1,544	£ 1,202	£ 1,855,888	£ 58	£ 89,552
Employed Barristers	Over 13	7,275	£ 813	£ 5,914,575	£ 40	£291,346
	8-12	2,028	£ 417	£ 845,676	£ 19	£ 39,208
	5-7	1,151	£ 222	£ 255,522	£ 11	£ 12,716
	3-4	446	£ 80	£ 35,680	£ 4	£ 1,848
	1-2	370	£ 80	£ 29,600	£ 4	£ 1,533
Employed Barristers	QC Over 13	18 1,997	£ 877 £ 615	£ 15,786 £ 1,228,155	£ 58 £ 40	£ 1,044 £ 79,975
	8-12	334	£ 340	£ 113,560	£ 19	£ 6,457
	5-7	165	£ 183	£ 30,195	£ 11	£ 1,823
	3-4	55	£ 80	£ 4,400	£ 4	£ 228
	1-2	58	£ 80	£ 4,640	£ 4	£ 240
Total Collected				£ 10,333,677		£ 525,970
Current level of Discounts and Waivers 9%				(£930,031)		
Anticipated PCF Collected			£ 9,403,646			
Budget			£ 9,360,000			
Variance			£ 43,646			
% Variance			0.5%			
Balance of funds available						£332,389
Expected Spend						-£857,813
Excess/(Shortfall)						£ 546

1.2 Computation of Forecasted Fee Income for 2014/15

BAR COUNCIL

2014 – 15 PCF APPLICATION TO THE LSB

2.1 SETTING AND MANAGING BUDGETS

2.1 2014budgetsettinglsb

The Annual Budget

It is the Chief Executive's responsibility to ensure that an annual budget is drawn up for each financial year, which is from 1 April to 31 March. Planned expenditure must conform to the functions of the Bar Council as both Approved Regulator and Representative body.

Annual expenditure is to be driven by regulatory and representative objectives as articulated in annual plans that should be prepared and agreed ahead of each financial year and considered in the context of the strategic plans.

While responsibility for the process of budgeting and the quality of the content rests with the Head of Finance, it is the responsibility of the Chief Executive and the Directors to oversee budget preparation in their respective areas of responsibility. This includes consultation with and approval from relevant Boards or Committees. We expect all to cooperate fully in the timely completion of budget bidding forms and in providing the Head of Finance with all financial, statistical and other relevant information necessary for the preparation of budgets, estimates and forecasts.

Building the Budget

The Budget is compiled from, and starts with, the individual budget bids of respective departmental budget holders aggregated into four main areas: the regulatory BSB, Representation & Policy, Corporate functions and the shared service of Central Services.

After screening by Head of Finance, Chief Executive, Directors and Treasurer during July, we prepare the first complete draft in September for approval by Finance Committee and review the plans during the balance of the year to ensure they remain valid. The FC 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.

Within this process, the BSB's executive prepares a business plan and budget bid to report to the Planning, Resources & Performance Committee for consideration and scrutiny in July. These are then signed off by the Bar Standards Board in September before being presented as a draft to the Finance Committee (FC).

Once approved by FC, the proposed Budget is submitted to Bar Council at the end of October. The budget proposals are offered for consultation with the profession in December and ratification by the LSB the following January.

The Chief Executive, on behalf of the Bar Council, is responsible for overseeing the submission, in accordance with LSB guidance, of the application for approval by the LSB of the proposed Budget and PCF levels.

Budgetary Control

The budgetary control measures are laid out in the Finance Manual. The Treasurer is to exercise 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 the Procurement Policy.

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 below.

Management of Unbudgeted Expenditure

Any requests for unbudgeted expenditure against the contingency budget must be consistent with the regulatory and representational business plans or objectives and will normally be expected to identify a financial offset.

Any request from the BSB for unbudgeted expenditure, i.e. expenditure beyond the annual total budget of the BSB should be approved by the PRP prior to submission to the FC. Any request from Representation & Policy or Corporate for unbudgeted expenditure up to £10k may be approved by the GMC. Unbudgeted Representative or Corporate expenditure in excess of that figure must gain the support of the GMC prior to submission to the FC. Unbudgeted expenditure within Central Services will, by definition be in support of a regulatory, representative or cross cutting activity and should be referred to the PRP, Board and/or GMC as appropriate and in accordance with the above detailed financial parameters

All approvals under £10k are to be reported at the immediately following FC meeting. It is the responsibility of the respective Directors to present the written case for unbudgeted expenditure.

In an emergency, power of approval is delegated by the FC to the Treasurer, for sums in excess of £10k but less than £20k only. The Treasurer shall make such informal consultation, if any, with members of the FC as he deems appropriate, and must report any such approval given at the next FC meeting.

Virement

Virement is the process of transferring financial resources that have been identified and agreed as attributable to a particular activity and related budget heading to a different existing or new activity.

We recognise that at the point at which budget bids are approved there is not always either sufficient data or absolute clarity of business priorities to be precise in identifying the associated financial requirements. Equally, events may arise which require alternative courses of action. In consequence, there may either be funds that become surplus to the original requirements and/or a need to identify additional funds in order to implement a new or revised objective. In such circumstances, virement becomes an option.

All proposals for virement must first be considered in the context of the individual Corporate, Central Services, BSB and Representational budget groupings and secondly against the overall Bar Council budget performance. Virement within the regulatory budget must be considered on its own terms. It may be that underspends in one area may be required as an offset elsewhere in order to avoid an overall budget overspend; however regulatory underspends must first be considered for attribution to regulatory priorities before they become available for wider attribution.

As resources are bid for, and approved, to meet specifically identified requirements, budget holders do not have the latitude to apply budgets for different purposes without further reference or approval. The BSB will submit its requests for virement within and between regulatory cost centres to its PRP committee for approval and such approvals will be reported to the FC at the next relevant meeting. Any requests for virement to fund additional staff must be brought to the FC for approval and in respect of the BSB will be made with the prior approval of the PRP committee.

The Chief Executive and Directors have authority to approve virement proposals up to £5,000. Any such bid must include an explanation as to how the associated underspend has arisen and/or why the activity for which funds were originally provided is no longer a priority and the associated short and long implications of the removal of funding. Given that there may be competing demands for virement funds, the FC should also be advised as to the revised order of departmental priorities and the implications of failure to fund the new or enlarged initiative.

Budget Overspends/Underspends and Unanticipated Additional Income

While budgeting is not an exact science and both over and under spends are to some degree inevitable, there is the expectation on all staff to remain within budget (see 'Budgetary Control' above). All significant variations (+/- 15% or £10k whichever is the lesser figure) to budgets require explanation. Quarterly reports on budget performance are to be rendered,

by the Chief Executive and Directors and in practice by the Head of Finance, to the FC. These reports are specifically to identify any significant variations, provide an explanation of both the cause and the implications of both over and underspends and to identify the latest full year out-turn . BSB reports are rendered to the PRP committee and noted by the FC. Unspent balances are not carried forward into the following financial year unless it is against an agreed programme of work that spans one or more financial years. The Head of Finance must be provided with a forecast spend profile for the activity in question by the respective budget holder which is to be updated thereafter on a monthly/quarterly basis as appropriate. This requirement is to be rigorously met at financial year end in order to support the validity of the annual Financial Statements.

There is no inherent right of the respective budget holder to have first claim on any unanticipated, additional or 'windfall' income. This does not preclude the respective Director from bidding to the FC to apply the windfall in support of a particular business objective. However, the permission of the FC will be dependent upon the wider obligations of the overall budget.

Income from the imposition of regulatory fines is not to be budgeted for in the same way as other fee and service provision income.

BAR COUNCIL
2013 – 14 PCF APPLICATION TO THE LSB
2.2 CONTINGENCY AND RESERVES

2.2 2014contingencyandreserves

Alongside the budget proposals submitted to FC in September, a number of financial risks were identified from all parts of the organisation that might crystalize between now and the end of the 14/15 budget year. The FC therefore discussed the level of general contingency included with the budget and the Reserves policy.

Contingency

The level of general contingency was reviewed by Finance Committee and a provision of £525k approved. The amount is budgeted for and, for the purposes of calculating the PCF, allocated and apportioned across the organisations cost areas. In practice, this contingency remains held centrally and, subject to approval under the budget management rules described in section 2.1, may be redistributed to meet requirements.

Reserves

The Reserves policy was judged to be sufficient for the foreseeable future and no changes were necessary. This policy is included in 2.3.

The budget proposals were agreed that would result in a modest increase in the size of general reserves to rebuild these towards the 4 month operating costs target and to build a specific reserve over time to offset the expected future cost of exiting and fitting out of alternative office facilities when the existing 289-293 High Holborn lease comes to an end, the “Sinking Fund”.

BAR COUNCIL
2014–15 PCF APPLICATION TO THE LSB
2.3 RESERVES POLICY

2.3 2014budgetreserveslsb

Importance of a Reserves Policy

Reserves are important as they enable the Bar Council to:

- Fund working capital;
- Fund any shortfall in anticipated income; &
- Fund unexpected expenditure that is necessary to fulfil a legal or other commitment in its role as an Approved Regulator.

A reserves policy demonstrates:

- Transparency and accountability to the Bar and Inns of Court, who provide the bulk of the Council's revenue;
- Good financial management; &
- The justification for holding the amount of the reserves.

Definition of Reserves for this purpose

The Reserves Policy statement will relate only to those funds that are freely available to spend in the furtherance of its representative and regulatory objectives, the Accumulated (General) Fund. Therefore, the following are excluded:

1. The Pensions Reserve – This is the notional funding deficit in respect of the Defined Benefit Pension Scheme, which is calculated and reported in accordance with FRS17.
2. The Revaluation Reserve – This is the book adjustment to state the carrying value of the investment portfolio to market value, as at the Balance Sheet date.
3. The Sinking Fund – a planned designated reserve to enable the anticipated cost of a future office relocation to be spread over the preceding years when the existing office lease ends in 2019.

Reserves Strategy

We will build and manage the level of each reserve including the Accumulated fund, through the surpluses on in-year operating activity set by FC during the budget process and monitored by FC ongoing.

Fixing the level of Reserves

The target level of Reserves will be set at £3.0M or the value of four months' operating expenditure, whichever is the greater. The level of Reserves will be reviewed annually.

BAR COUNCIL
2014-15 BUDGET APPLICATION TO LSB
2.4 RESPONSE TO CONSULTATION ON BUDGET

In October the budget proposals with the revised PCF were put to Bar Council members for discussion and to seek approval to continue. The document that follows was put out to consultation with members alongside a draft strategic plan for the organisation for the period 2014-17.

The response from Bar Council members is reported below and the points raised were addressed directly in that October meeting.

1. No increase in PCF was welcomed.
2. The risk management arrangements were clarified to explain the contingency.
3. The potential future PCF (2015-16) levels were queried and it was made clear that these were indicative only and not part of the budget submission.

During the consultation exercise, 63 unique views of the relevant webpages were made or downloaded over the period. No other responses were received as part of the consultation on the budget.

DRAFT STRATEGIC PLAN 2014-17 AND 2014-15 BUDGET

Please let us have your views on two documents that have very significant implications for the work of the Bar Council over the next few years. The draft Strategic Plan sets out the Bar Council's proposed direction of travel for the next three years, setting clear aims and objectives. It builds on the last Strategic Plan which covered the period 2011-14. The new Plan will shape the work of the Bar Council to help ensure that the justice system continues to develop, that the Bar as a whole continues to thrive, and that individual barristers have the help and support they need. We want to raise our game, to be more effective and efficient.

The draft Budget for 2014-15 is the first step along the way. We have developed it in parallel with the draft Strategic Plan. The headlines are:

- There will be no cash increase in the Practising Certificate Fee (PCF) next year; the sum to be raised from the PCF has been held flat
- We have included a realistic contingency to deal with in-year financial risks
- We are building back reserves consistent with a prudent reserves policy and to help meet know future challenges
- We are investing in developing our staff and systems, and
- We have achieved all this by cutting operational expenditure, and the cost of our accommodation through more efficient use of space.

In light of responses to this consultation we will be refining our detailed business plans for 2014-15, within the control totals we are now proposing. The Bar Council has agreed a new basis for charging the PCF based largely in income, following extensive consultation with the profession. The new arrangements will come into effect for 2015-16, so the methodology will be unchanged for 2014-16. We will issue guidance in due course on the details of the new arrangements. Please send any comments to David Botha (DBotha@BarCouncil.org.uk) by 17:00 on Friday 13 December 2013.

BUDGET PROPOSALS

Developing the Budget

1. We developed the 2014/15 budget during summer 2013 from bottom up analyses of business operations. The financial results have been scrutinised internally, challenged by our Finance Committee and approved by Bar Council.

Sources of funding

2. The Bar Council's main source of funding is the Practising Certificate Fee (PCF) received in March and governed by the terms of the Legal Services Act 2007. The organisation also seeks other forms of income, including charging fees and commercial services, which are used to offset the PCF.

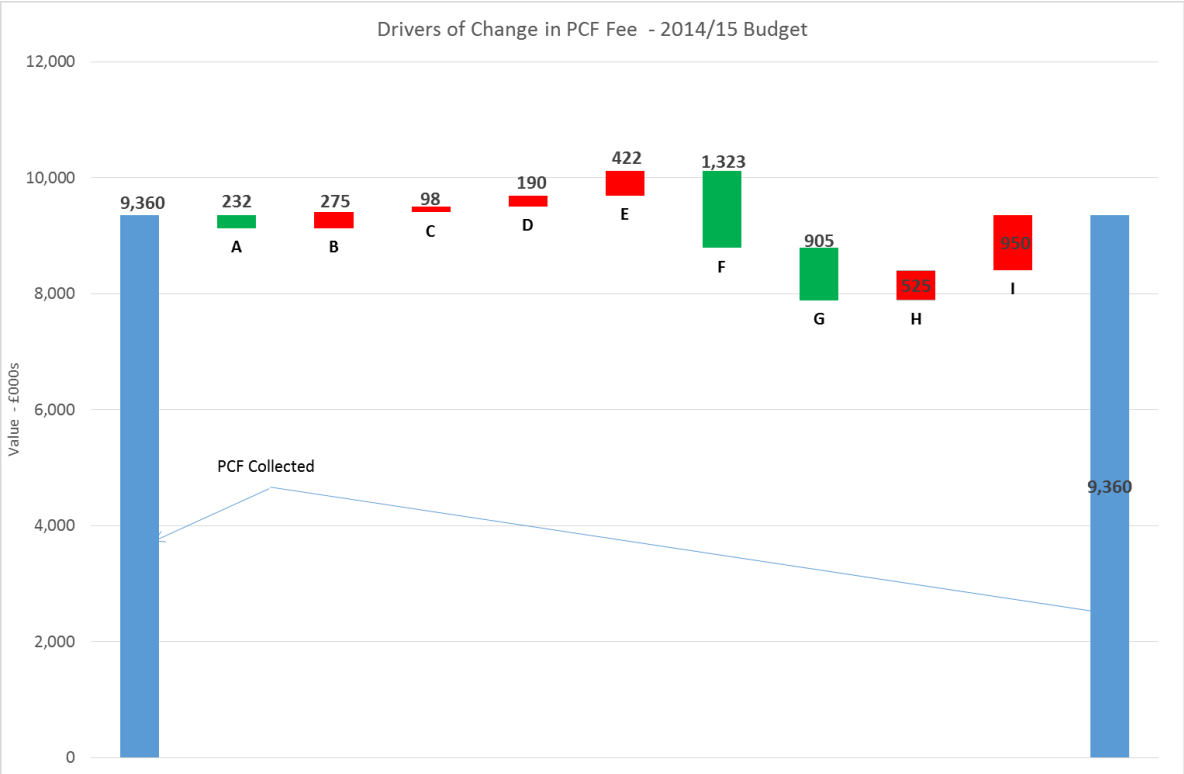
3. This paper describes the key features of the 2014/15 Budget: what drives changes in the PCF; the expenditure plans; our income expectations and the impact on reserves. Proposals reference the forecast outcome for 2013/14.

The impact on the PCF

4. We plan to collect the same amount from the PCF in 2014/15 as achieved in 2013/14 offsetting the increases arising with cost reductions in non-staffing areas. The points below reference Figure 1.
- We project our income, including the Bar Representation Fee (BRF) (formerly the Members' Services Fee (MSF)¹) and other charges but excluding the PCF, to climb 0.6% driven by new programmes and services. These reduce the PCF required by £232,000 (A).
 - We have kept headcount levels unchanged and have addressed historic pension and remuneration issues (B-E):
 - We have included the funding of the closed defined benefit scheme into our core operating costs and eliminated the separate levy (B)
 - Our pension auto enrolment requirements begin in April 2014 and will cost an additional £98,000 next year (C).
 - We have made provisions to raise salaries and reintroduce merit awards for the first time since 2011. This will cost up to £190,000 (D)
 - Staffing costs will increase next year by £422,000 representing the annualisation costs: a full 12 months of costs for roles that were vacant for some part of 2013/14 (E).
 - We expect to achieve cost reductions of £1,323,000 from investments in our infrastructure made this year and planned savings for next year (F).
 - We will complete the SPACE programme this year and plan to invest £100,000 next year - a reduction of £905,000 (G).
 - We have set aside a general contingency of £525,000 to address in year financial risks (H).
 - We intend to rebuild our reserves; the strategic buffer for large or long term financial challenges; to prudent levels as determined by our policies. We will designate a reserve of £625,000 towards the estimated £3.2m cost of relocation in 2019 and a £325,000 contribution to general reserves (I).

¹ Following extensive discussions with practitioners on all Circuits, the voluntary financial contribution towards the representative activity of the Bar Council has been renamed to more accurately reflect the activity it supports.

Figure 1 Drivers of the change in PCF collected from 2013/14 to 2014/15



Income

- 5. The main form of income for the Bar Council is the Practising Certificate Fee charged to members. The total level of fee required is calculated after taking into account all other forms of income including commercial services. The PCF has been set at a level that balances the budget, taking into account other income, with a modest surplus of 2%.
- 6. The key items of other income shown in Figure 2 include:-
 - 6.1. The BRF, formerly MSF, is the voluntary fee that barristers are invited to make that funds the representative activities of the Bar Council excluded from PCF funding and that provides access to benefits for those paying members. We expect to collect £1.287m in fees.
 - 6.2. Historically the Inns of Court have paid a subvention to fund aspects of work of the Bar Council. This is being phased out as part of a rebalancing of work between the BSB and the Inns. In 2014/15 income from the subvention will be £0.8m.
 - 6.3. Allowable fees and charges for specific purposes by the Bar Standards Board and services for members by the Representative function. These include £1.15m from Examination fees, and £0.98m from services to members including conferences and commissions.

Figure 2 - Other Income

OTHER INCOME

	2013/14 Forecast £000's	2014/15 Budget £000s	
Bar Representation Fee	1,188	1,287	8%
Inns of Court Subvention	1,136	804	-29%
Prof Affairs	36	30	-17%
International	54	18	-67%
Member Services	903	977	8%
Subtotal Representation	993	1,025	3%
Education	223	272	22%
Exams & Assessment	1,069	1,153	8%
Qualifications	297	323	9%
Other Regulation	137	418	204%
Subtotal Regulation	1,727	2,166	25%
Dividends	2	2	-2%
Interest	45	40	-11%
Accounting Services	24	33	36%
VAT Recovery	51	40	-22%
Room Hire	9	11	26%
Subtotal Central Services	131	126	-4%
Total Other Income	5,175	5,408	4%

Expenditure Budgets

7. Our operating expenses will reduce by £87,000 against 2013/14. When project costs are included, this reduction increases to £993,000. The expenditure plans are shown in Figure 3 with a visual summary in Figure 4.
8. These proposals embed provisions for known changes:
 - 8.1. The required funding of the closed defined benefit scheme into our core operating costs and eliminated the separate levy. This follows the plan agreed with Trustees in 2013 and will cost £275,000 next year increasing to £538,000 in 2015-2017.
 - 8.2. Our pension auto enrolment requirements begin in April 2014. We will enrol approximately 60 staff into the scheme with an estimated additional £98,000 in corporate pension contributions.
 - 8.3. We have made provisions to raise salaries by up to 2% and reintroduce merit awards for the first time since 2011. We have provided for £190,000 for this purpose.

We will propose an increase for Finance Committee and Bar Council to consider in the New Year.

8.4. Staffing costs will increase by £422,000 year on year representing the staffing annualisation costs: the additional costs from a full 12 months of costs for roles that were vacant for some part of 2013/14.

9. We have made substantial savings in our non-staffing expenditure that enables us to meet these staffing cost increases and maintain the overall PCF.

9.1. We will save £700,000 in lower rental charges, rates, utilities and associated office costs as a benefit of the SPACE programme, the 2013/14 office footprint reduction

Figure 3 - Summary of Expenditure changes

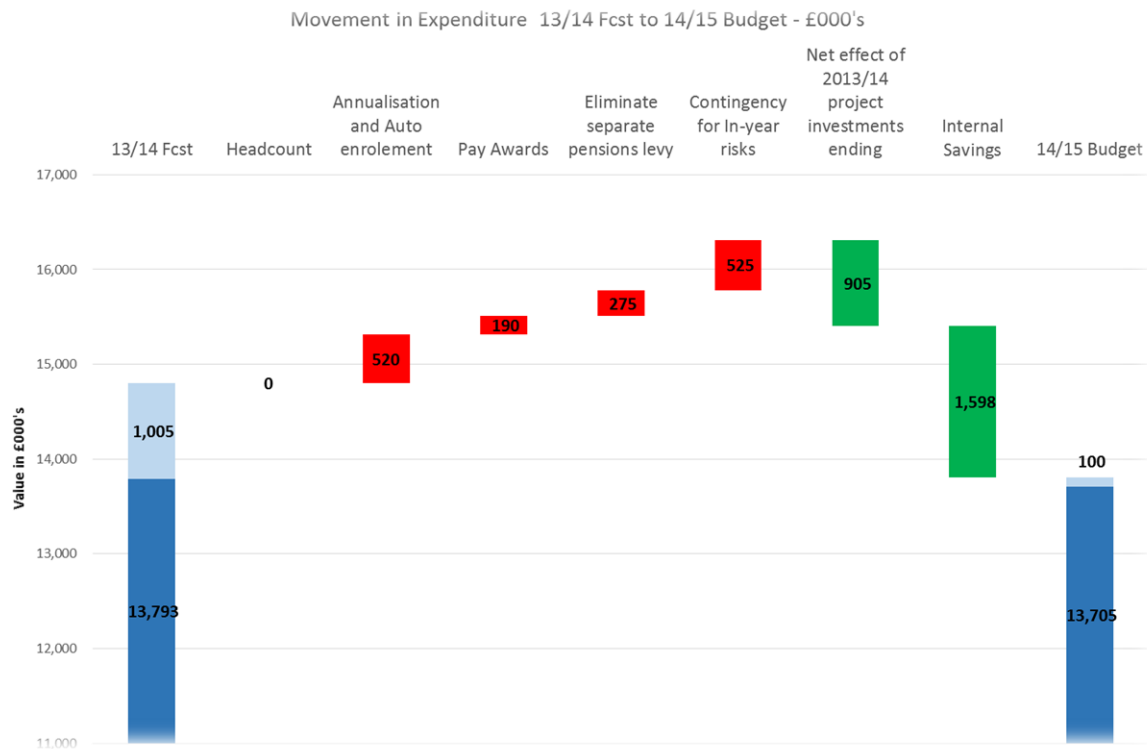
Operating Cost Budget		2013/14	2014/15	Change
		Forecast	Budget	
Representation	Staffing	1,614	1,845	231
	Expenses	1,073	1,066	(8)
	<i>Subtotal</i>	<i>2,687</i>	<i>2,910</i>	<i>223</i>
Regulation	Staffing	3,762	3,862	100
	Expenses	1,494	1,454	(40)
	<i>Subtotal</i>	<i>5,256</i>	<i>5,316</i>	<i>59</i>
Corporate	Staffing	601	656	55
	Expenses	326	317	(9)
	<i>Subtotal</i>	<i>927</i>	<i>973</i>	<i>46</i>
<i>Subtotal Staffing</i>		<i>5,977</i>	<i>6,362</i>	<i>385</i>
<i>Subtotal Expenses</i>		<i>2,893</i>	<i>2,837</i>	<i>(56)</i>
<i>Subtotal Services</i>		<i>8,870</i>	<i>9,199</i>	<i>329</i>
Central Services	Staffing	1,463	1,598	134
	Overhead Expenses	2,375	2,249	(126)
	Depreciation	1,085	661	(424)
<i>Subtotal Central and Shared services</i>		<i>4,923</i>	<i>4,507</i>	<i>(416)</i>
Total Operating Expenses		13,793	13,706	(87)

programme to surrender and vacate three floors of offices in March 2014. We also anticipate a per sq ft rent increase under the term of the lease.

9.2. We have sought and built in additional cost reductions in all divisions of between 5-10% of expenditure whilst ensuring that these do not impinge upon the quality of core services.

10. We have established a contingency of £525,000, shown as allocated across the divisions, but held centrally, to meet those financial risks that arise in year and to use against new programmes or projects and to allocate against any new programmes or activities

Figure 4 – 2014/15 Expenditure Summary



approved by the Finance Committee.

Movements in our Reserves.

11. General reserves will increase by £0.35m to £3.7m against a target of four months operating cost of £4.6m. In the event of a major financial incident, these reserves provide an opportunity for the managing committees to consider options.
12. An additional reserve designated for the expected office relocation in 2019 will build up by £625k each year smoothing the impact of the likely charge. Actual costs will be subject to market conditions at the time.

Figure 5

BAR COUNCIL
2014/15 BUDGET PROPOSAL
OPERATING RESULTS & RESERVES

2012/13 Actual £		2013/14 Budget £	2013/14 Forecast £	vs LY	2014/15 Budget £	vs fcst	2015/16 Plan £	vs plan	2016/17 Plan £	vs plan
Income:										
8,126,000	PCF	8,953,700	9,360,000		9,360,000					
1,253,800	MSF	1,195,000	1,188,100	12.5%	1,287,000					
9,379,800	Professions	10,148,700	10,548,100	12.5%	10,647,000	0.9%	11,448,882	7.5%	11,681,401	2%
1,441,600	Subventions	1,000,000	1,136,084	-21.2%	803,800	-29.2%	414,000	-48.5%	0	-100%
950,500	Representation	1,001,600	993,153	4.5%	1,025,000	3.2%	1,025,000	0.0%	1,025,000	0.0%
1,365,100	Regulation	1,754,700	1,726,552	26.5%	2,165,725	25.4%	1,873,068	-13.5%	1,949,700	4.1%
212,200	Central Services	140,000	130,991	-38.3%	126,000	-3.8%	126,000	0.0%	126,000	0.0%
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13,349,200	Total Income	14,045,000	14,534,880	8.9%	14,767,525	1.6%	14,886,950	0.8%	14,782,101	-0.7%
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Expenditure:										
925,769	Corporate	930,804	926,744	0.1%	1,014,601	9.5%	1,012,166	-0.2%	1,012,495	0.0%
2,659,540	Representation	2,819,779	2,686,805	1.0%	2,734,664	1.8%	2,727,287	-0.3%	2,728,284	0.0%
4,462,704	Regulation	5,434,098	5,256,322	17.8%	5,332,553	1.5%	5,394,731	1.2%	5,206,803	-3.5%
5,354,886	Central Services	4,959,320	4,923,155	-8.1%	4,623,873	-6.1%	4,610,900	-0.3%	4,612,653	0.0%
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13,402,900	Total Expenditure	14,144,000	13,793,026	2.9%	13,705,691	-0.6%	13,745,084	0.3%	13,560,235	-1.3%
-53,700	Trading Surplus	-99,000	741,854	-1481.5%	1,061,834	43.1%	1,141,866	7.5%	1,221,866	7.0%
-207,000	Barco Trading	98,700	-123,400	-40.4%	-50,000	-59.5%	40,000	-180.0%	60,000	50.0%
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-260,700	Consolidated	-300	618,454	-337.2%	1,011,834	63.6%	1,181,866	16.8%	1,281,866	8.5%
0	Reinvestment projects eg SPACE	0	1,005,018		100,000	-90.0%	200,000	100.0%	300,000	50.0%
-----		-----	-----		-----		-----		-----	
-260,700	Contribution to Reserves	-300	-386,564	48.3%	911,834	-335.9%	981,866	7.7%	981,866	0.0%
	Reserves b/f	3,833,000	3,833,000		3,446,436		4,358,270		5,340,136	
	Reserves c/f	3,832,700	3,446,436		4,358,270		5,340,136		6,322,002	
	General Reserves	3,832,700	3,446,436		3,733,270		4,090,136		4,447,002	
	Sinking Fund				625,000		1,250,000		1,875,000	
	Total Reserves	3,832,700	3,446,436		4,358,270		5,340,136		6,322,002	
	Reserves Policy Target (4 months)	4,714,667	4,597,675		4,568,564		4,581,695		4,520,078	
	Excess/(Shortfall) vs policy	(881,967)	(1,151,239)		(835,294)		(491,559)		(73,076)	
	Excess/(Shortfall) in months				< 1 month		< 1 month		< 1 month	

BAR COUNCIL

2014/15 BUDGET

3.1 ALLOCATION OF PCF TO REGULATORY AND PERMITTED PURPOSES EXPENDITURE

	Year 2014/15 Expend. £000	Sub.- Analysis £000	Directly Attribut. (Income) £000	Inns Contribs. (Income) £000	Permitted Purposes ("P.P.")* %	Recoup P.P. via PCF £000	MSF (Income) £000	Finance/ Other (Income) £000	Year 2014/15 (Income) £000	Recog. Gain for Year £000
(A) Regulation:										
<i>Disciplinary</i>	3,575		0	-478		-3,097				0
<i>Educ. Stds.</i>	819		-272	-326		-221				0
<i>Exams. & Assess.</i>	1,100		-1,153			52				0
<i>Qualifications</i>	747		-323			-424				0
<i>Professional Practice/Ethics</i>	900					-900				0
<i>Quality</i>	854					-854				0
<i>QASA</i>	405		-318			-87				0
<i>Entity Regulation</i>	432		-100			-332				0
	8,833		-2,166		100%					
(B) Permitted Purposes:										
Approved Regulator: Corp.	1,438	-240	-118		80%	-954		-126		0
Donations: exc. Representative		240			100%	-240				0
	1,438	0								
Representation:										
<i>Professional Affairs</i>	978	-978								
<i>Training for the Bar</i>		221			100%	-221				0
<i>Young Bar</i>		116	-23		80%	-93				0
<i>Professional Practice/Ethics</i>		109			100%	-109				0
<i>Alternative Disputes Resolution</i>		71	-11		85%	-60				0
<i>Social Mobility</i>		50			100%	-50				0
<i>IT Panel</i>		102	-15		85%	-86				0
<i>Employed Bar</i>		81	-16		80%	-65				0
<i>Legal Services</i>		74	-15		80%	-59				0
<i>Law Reform</i>		79			100%	-79				0
<i>Direct Access</i>		75	-4		95%	-71				0
<i>Remuneration</i>	884	-884				0				0
Remun.(Policy)		501	-100		80%	-401				0
<i>International</i>	586		-117		80%	-469				0
<i>Europe</i>	104				100%	-104				0
<i>Communications</i>	583		-146		75%	-437				0
	3,135	-385	-565							
(C) Member Services:										
Remun.(Fees Collection)		384	-384		0%					0
Member Services	1,362		-76		0%		-1,286			0
	4,497	0	-1,025							
Total: Core activities	14,768		-3,191							
LSB/OLC										0
	14,768									
Income			-3,191	-804		-9,361	-1,286	-126	-14,768	
Directly attributable: 2014/15			-3,191	-804				-126	-4,121	
Due from the Bar: 2014/15						-9,360	-1,287		-10,647	
Budget: 2014/15			-3,191	-804		-9,360	-1,287	-126	-14,768	
Difference (rounding)			0	0		1	-1	0	0	

*See Section 3.3 for Permitted Purposes for non regulatory activities

BAR COUNCIL

2014/15 BUDGET

3.2 FUNDING OF CENTRAL SERVICES BY INCOME SOURCE

The following schedule shows the allocation and funding of central budgetted activities (Central Services and provisions) to the three areas shown in 3.1.

A. Allocation of centrally budgeted items to business areas and funding source.

	Corporate	Represent- ation	Regulation	Central & Shared Costs	<i>Allocation of Shared costs</i>	Total Revised Allocation
Corporate	941				497	1,438
Representation		2,511			1,986	4,497
Regulation			4,902		3,930	8,833
Central (Shared) Services				4,331 -	4,330	-
Central Provisions				2,083 -	2,083	-
Subtotal	941	2,511	4,902	6,413	0	14,768
Funded By:						
Direct Income						Total Income
Representation	(77)	(506)		(442)		(1,025)
Regulation			(1,202)	(964)		(2,166)
MSF		(718)		(568)		(1,286)
Inns Subvention		0	(446)	(358)		(804)
Other	(82)			(44)		(126)
PCF	(782)	(1,287)	(3,254)	(4,038)		(9,361)
Total Income	(941)	(2,511)	(4,902)	(6,413)		(14,768)

B. Funding of Central Services and Provisions within business areas

Direct Income						Total Central
Representation	(41)	(401)				(441)
Regulation			(964)			(964)
MSF		(568)				(568)
Inns Subvention			(358)			(358)
Other	(44)					(44)
PCF	(413)	(1,017)	(2,608)			(4,038)
Subtotal	(497)	(1,986)	(3,930)			(6,413)
Total as per 3.1	(1,438)	(4,497)	(8,832)			
Grand total			(14,768)			

BAR COUNCIL

2014-15 BUDGET APPLICATION TO LSB

3.3 APPLICATION OF PCF TO PERMITTED PURPOSES OF NON-REGULATORY ACTIVITIES

Introduction

As part of its annual budget-setting process, the Bar Council has considered section 51 of the Legal Services Act 2007 alongside its planned non-regulatory activities in order to assess the extent to which they fall within the “permitted purposes” of the Act. In considering this, there has been analysis of historic allocation (for example, as previously allowed on the basis of section 46 of the Access to Justice Act 1999) and a rigorous test as to whether the previous rationale used in previous budgets remains valid and the extent to which it may have changed. This papers set out the revised rationale.

Generally

In summary, the work of the Bar Council which is not of a regulatory nature is nonetheless designed to support the regulatory objectives set out in section 1(1) of the Legal Services Act 2007. The activities which flow from this work are weighted towards 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 international relationships and promoting awareness of the values of the maintenance of the rule of law as well as contributing to reform of the law and participation in the legislative process.

Activity which could be described as a ‘trade union’ function (in particular the making of representations about rates of remuneration, which is undertaken in the interests of barristers as well as the public interest) is undertaken mainly by a number of Specialist Bar Associations (SBAs), notably the Criminal Bar Association and the Family Bar Association, on behalf of their members. Although the Bar Council provides certain administrative and other support services to some of the SBAs (under agreements with the Member Services Department, to which no amounts from the PCF may be applied), it is the SBAs which take the lead on making representations on remuneration and related matters on behalf of their members and in order to represent their particular interests, rather than the Bar Council itself.

The fact that there is not a higher percentage of Bar Council work attributable to permitted purposes reflects the fact that there are occasions when the representational or “trade union” work of the Bar Council is undertaken for the benefit of the Bar *as a whole* (rather than for a particular section of members’ interests) and in the interests of the administration of justice. A summary of the percentages customarily attributed by the Bar Council to amounts from the Practising Certificate Fee (PCF) is set out in the following table.

Committee/Functional Area	%age attributable to PCF income
Professional Practice	100
Training for the Bar	100
International	80
Europe / Brussels Office	100
Employed Barristers	80
Young Barristers	80
Remuneration (Policy)	80
Remuneration (Fees Collection)	0
Law Reform	100
Legal Services	80
Access to the Bar	95
Alternative Dispute Resolution	85
IT Panel	85
Social Mobility	100
Communications	75

A detailed explanation of permitted purposes in relation to each of the relevant functional areas or representative committees follows below.

Professional Practice Committee

The work of the Professional Practice Committee (PPC) remains **100% within the Permitted Purposes** and in particular section 51(4)(a)(ii) namely “the giving of practical support, and advice about practice management, in relation to practices carried on by such persons”. This has been the percentage allocated in the past and it remains applicable. There is also a strong consumer/public interest element to this work. The promotion of best practice, advice and guidance as to proper conduct in practice is designed with this objective in mind. Work undertaken in this area is often directly complementary to the work of the Bar Standard’s Board (BSB). There is a good working relationship in particular with the BSB’s Standards Committee which sees and approves all PPC guidance which offers interpretation of the Code of Conduct. The PPC’s principal activity is to offer guidance, both orally and in writing, to members of the profession in matters relating to the Code of Conduct. This guidance is provided through the medium of the Bar Council’s website (approximately 200 documents including FAQs), and through the ethical enquiries helpline (handling approximately 600 enquiries per month).

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

The PPC also assists other committees or the Inns with relevant events. For example, for the PPC regularly provides practitioner members for Code of Conduct sessions run by the International Committee and the Young Barristers' Committee.

Training for the Bar Committee

Similarly, the work of the Training for the Bar Committee (TfBC) falls **100% within the permitted purposes**, particularly 51(4)(a) ("the ... education and training of ... persons wishing to become [authorised] persons"). This activity is complementary to, rather than in competition with, BSB's activities in education and training. The TfBC acts very much in the public interest in the dissemination of educational materials to school children, students and others considering a career at the Bar explaining how those aspiring to become barristers might pursue their interest in doing so, the qualifications and standards that need to be attained and, once qualified, be maintained. There is also a strong element of the promotion of equality and social mobility in the work of the TfBC, in its support of the Social Mobility Foundation's Annual Placement Scheme, its work with the Inns of Court, its work with the Sutton Trust, its 'speak up for others' programme and its Pupillage Gateway Service. Significantly this work seeks to promote public understanding and awareness of human rights and fundamental freedoms.

International Committee

Much of 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 (section 51(4)(f)). There is a strong public as well as consumer interest in this activity. Of its activities **80% fall to be covered by the permitted purposes** in this way. This allocation recognises that the promotional activity referred to has an ancillary purpose which is to create opportunities for identifying possible business development. The promotion of legal services has been recognised by the UK Government as a key element of the Government's growth strategy which is helping to attract overseas business to lawyers in England and Wales (and thereby to contribute amongst other things to the strength of the City of London as a leading global financial and professional services centre). The promotional work of the International Committee also serves to promote the virtues and the values of our common law system and to emphasise the high quality of our judiciary and the justice system. The Bar Council's overseas missions fulfil an important educational purpose by informing foreign lawyers about English law and help to improve knowledge sharing by building and maintaining effective relationships. CPD-style seminars are therefore at the core of most of these missions. In addition, a number of meetings 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 our support for an annual UN Association lecture.

Maintaining good working relationships with overseas legal bodies is the reason for 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) which 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' directives. The Bar Council is also involved in international Exchange Schemes for lawyers, whereby 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, 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. There is a specific Rule of Law Working Group which is dedicated to and oversees this activity.

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.

Not covered by the permitted purposes

Some elements of the International section's activities are more heavily weighted towards business development than others in which this element is secondary or incidental to the provision of education and relationship building. Overseas missions which are organised by the Bar Council with a primary purpose of business development are invariably supported financially and in other respects by particular SBAs that wish to pursue a specific business objective of their members related to the development of the association's professional specialism or to target a specific geographic market to reflect their members' needs and interests. In these circumstances, it is therefore considered appropriate that 20% of International activities should not fall to be treated as 'Permitted Purposes' to which amounts raised by the PCF could be applied.

European Committee / Brussels Office

The Bar Council has maintained a presence in Brussels for several years and engages the services of a consultant to act as the eyes and ears of the Bar Council at the heart of government in the EU. The consultant monitors 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. She identifies EU-wide consultation exercises and related initiatives and draws them to the attention of the Bar Council's European Committee (as well as other representative committees) and to the BSB. The Bar Council's consultant, who occupies a modest office in Brussels (in a room in premises shared with several other law societies and bar associations) transmits the views of the Bar of England and Wales to the institutions of the EU as well as to the UK's Permanent Representation 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). Accordingly, **this function falls 100% within the permitted purposes.**

Employed Barristers Committee

Of the activities carried out by the Employed Barristers Committee (EBC) **80% fall in part within the permitted purposes.** The committee's principal 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. As such, their participation in the legislative process falls within the ambit of section 51(4)(c). The committee also organises an annual conference and arranges seminars for members of the employed Bar which are geared to providing practical support and advice, as covered by section 51(4)(a) and section 51(4)(a)(ii). One of the key objectives of these conference and seminars is to raise awareness of the importance of law reform issues in legal circles (section 51(4)(c)).

Not covered by the permitted purposes

A small proportion of what is a very small budget for the conference and publications produced by the EBC could be categorised as closer to 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. Accordingly, in recognition of this element, 20% of the committee's costs have been designated as non-permitted purposes and are purposes funded by other sources.

Young Barristers Committee

80% of the work carried out by the Young Barristers Committee (YBC) falls within the permitted purposes. Many of the committee's activities fall within sections 51(4)(a), 51(4)(a)(ii), 51(4)(c) and 51(4)(f).

The committee's principal activities are as follows :

- i. to consider matters affecting the administration of justice and other matters affecting the interests of the young Bar
- ii. to respond to consultations from the government, the EU and others
- iii. 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
- iv. to organise seminars on legal issues
- v. to promote the work of the Bar at international and national events, such as organising the International Weekend at the start of the Opening of the Legal Year and attending several international events throughout the year.

In responding to consultations, which will inevitably affect the administration of justice, the YBC are participating 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.

The YBC are involved in the promotion of relations between the Approved Regulator and relevant national or international bodies and the legal professions of other jurisdictions but from the young practitioner perspective and, for example, they do so through their work with the JLD International Weekend, and ensuring they have a strong presence at international events.

Not covered by the permitted purposes

The YBC performs an important function in ensuring 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. However, there are occasions when that activity does become more in the nature of lobbying for or 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 element, 20% of the committee's costs have been designated as non-permitted purposes, funded by other sources.

Remuneration (Policy)

Remuneration (Policy) activities are **80% within the boundaries of the permitted purposes**: see sections 51(4)(a)(ii), 51(4)(c) and 51(4)(f). Activities include:

- i. 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)
- ii. 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
- iii. 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
- iv. 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)
- v. 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.

Not covered by the permitted purposes

Within those activities which fall squarely within the permitted purposes, there are occasions when the Remuneration Team is acting primarily in furthering the interests of the Bar. Elements of the annual conference and events in which they are engaged, for example, will be geared to offering guidance in relation to such matters as how to win work, the best fee arrangements in which to enter and the optimum tax positions for practitioners to adopt. In recognition of this element, 20% of the committee's costs have been designated as non-permitted purposes, funded by other sources.

Remuneration (Fees Collection)

0% of the Fees Collection activities can be attributed to the permitted purposes. Those activities include:

- i. 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*
- ii. Operation (with the Law Society) of the Joint Tribunal Service. The Tribunal hears disputes between barristers and solicitors regarding the amount of fees charged.

Law Reform Committee

The activities of the Law Reform Committee are **100% within the Permitted Purposes**. The committee's principal activity is to respond to consultations from the Government, EU, the Law Commission and others on matters relating to law reform issues. As such, their participation in the legislative process has a clear public interest and falls within category section 51(4)(c). The Committee also organises an annual lecture, seminars and an essay competition (open to students and pupils in chambers, to encourage the promotion of awareness of law reform issues and the maintenance and raising of professional standards) all of which fall within section 51(4)(a). A key objective of the lecture is to raise awareness of the importance of law reform issues in legal circles and, as such, comes squarely within section 51(4)(c).

Legal Services Committee

The activities of the Legal Services Committee are **80% within the Permitted Purposes**. Many of the committee's activities fall within sections 51(4)(a), 51(4)(a)(i), 51(4)(a)(ii), 51(4)(c) and 51(4)(f). The committee's principal activities are as follows :

- i. To consider matters affecting the administration of justice, rights of audience for the Bar and people other than barristers
- ii. To maintain relations with and making representations to government, the EU, the Law Society and other organisations with common interests in the administration of justice

- iii. To keep under review developments within the legal services market with particular reference as to how they affect the work of the Bar and by extension the efficiency and effectiveness of the market more generally
- iv. To monitor and liaise with the Bar Mutual Indemnity Fund (BMIF) and keep apprised of issues affecting the professional indemnity insurance of the Bar
- v. To monitor and co-ordinate the work of the Access to the Bar Committee and also the Information Technology Panel and Alternative Dispute Resolution Committee.

The Legal Services Committee provides an important function in 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. In responding to these consultations, the committee's activities fall within one or more of a number of categories; they are participating 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.

The committee also engages with government and other external bodies about the way in which the Bar practises and in providing advice about the justice system generally. It is clearly in the public and consumer interest that there should be 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. The work may also lead to the issuing of guidance to the Bar on good practice. The committee also has a role in monitoring the work of a number of committee's all of whose activities to a significant extent can be classified as being within the permitted purposes.

Not covered by the permitted purposes

The committee undertakes a number of projects which are geared towards the development of the work of the Bar or protecting the interests of the Bar. The proportion of this purely representational work, amounts to approximately 20% of the overall programme and is excluded from a call on PCF-derived funds (even though in some areas it could be viewed as coming within the scope of section 51(4)(a)(ii)).

Access to the Bar Committee

95% of the activities of the Access to the Bar Committee are covered by the permitted purposes. The committee's aim 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. In doing so, the ABC is very much within the ambit of sections 51(4)(a), 51(4)(a)(i), 51(4)(a)(ii). It promotes 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. Much of this work is complementary to the work of the BSB which of course is responsible for setting the regulatory framework for the schemes. On occasion, the committee also provides practitioner input and support to the regulatory processes that review and update that regulatory framework. The ABC also providing practical support and guidance to barristers, participating or contemplating participating in the schemes and, as such promotes the maintenance and raising of professional standards in this area.

Not covered by the permitted purposes

A small element of the ABC's activity could be construed as active promotion of the schemes as an alternative strand to practice/income for barristers (such as some of the advice covered in occasional publications) and as such this element is covered from non-PSF resources.

Alternative Dispute Resolution Committee

The activities of the Alternative Dispute Resolution Committee (ADRC) are **primarily permitted purposes 85% funded by PCF funds** and the remainder by other resources. Its aims include the provision of education and information in relation the use and benefit of mediation to the consumer and to the Bar practising in that area. In doing so, the committee encourages alternative avenues for consumers to access justice and seek redress in turn creating broader consumer choice, to promote competition within a diverse legal profession and to enhance the maintenance and raising of professional standards, in part through the practical support and advice offered to barristers. This activity falls squarely within sections 51(4)(a), 51(4)(a)(i) and 51(4)(a)(ii).

Not covered by the permitted purposes

A very minor part of ADRC's activities promote ADRC as an alternative workstream for the benefit of barristers and is less focussed on how the provision of those services contributes and benefits the system of justice more generally. For this reason 15% of the Committee's activities are attributed to non-PCF funds.

Information Technology Panel

85% of Information Technology (IT) Panel activities fall within the permitted purposes. The work of the panel is focused mainly 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, and other government bodies as well as with the suppliers of IT services to those supporting the IT infrastructure of the justice system such as listing software suppliers. The panel also offers training and educational activities to members of the profession. This activity falls within sections 51(4)(a), 51(4)(a)(i), 51(4)(a)(ii) and 51(4)(f).

Not covered by the permitted purposes

There is an element of the IT Panel's work which cannot be covered by PCF activities. Although they occur relatively infrequently, these activities do feature in the work of the Panel and include advice to the Bar on the use of IT for commercial and marketing activities. For this reason, 15% of its activities are funded by non-PCF resources.

Social Mobility Committee

100% of the activity of the Social Mobility Committee falls within the Permitted Purposes and includes: 'training' and 'education' of barristers and those wishing to become barristers (section 51(4)(a)); to address and promote objectives of the Equality Act 2010 to which the Bar Council as an approved regulator is subject (specifically 'advance equality of opportunity between people from different groups') (section 51(4)(a)(ii)); to address and promote other objectives of the Equality Act 2010 to which the Bar Council as approved regulator is subject (specifically to 'eliminate unlawful discrimination and other conduct prohibited by the Equality Act' and to 'advance equality of opportunity between people from different groups').

Communications function

A significant proportion (**75%**) of the work of the **Communications team is legitimately within the permitted purposes**. It is geared towards 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. This activity is very much in the public and consumer interest. A proportion of the work of the team falls under the Approved Regulator function and complements the BSB's 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.

Not covered by the permitted purposes

Some aspects of the work of the Communications team are closer to lobbying government, opinion-formers and others in the interests of the Bar as well as in the public interest and this element in so far as it relates to promoting the needs of the former means that it cannot be construed as falling entirely within permitted purposes and, for that reason, 25% of the team's activities are covered by non-PCF resources.

BAR COUNCIL
2014-15 BUDGET APPLICATION TO LSB
4.1 APPROVED BSB BUDGET

The BSB board approved the 2014/15 budget based upon the approved strategic and annual operating plans for the BSB. The subsequent regulatory budgets were presented to Finance Committee and Bar Council without amendments. The BSB operating plan and detailed strategic plans are available on the BSB website.

The full plans are included in this [link](#) where 2014/15 is year 2.

The full link is below:

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

Provisions for other corporate expenditure including contingency towards risks, centrally managed budgets and defined benefit pension liabilities were added to form the aggregate Bar Council organizational budgets and for the purposes of determining the PCF were allocated and apportioned across all business areas.

5.1 Future Communication with the Profession

In February, following approval of our PCF fee from LSB, we circulate information to the profession to advise them of the fees payable and the process they need to follow to ensure their practising certificate can be maintained.

Examples of this material are provided here in draft form. The information may be circulated by email, letter or both and the policy and other documentation is also available on Bar Council or Bar Standards Board websites or secure portals.

BAR COUNCIL
2014-15 BUDGET APPLICATION TO LSB
5.2 DRAFT FEE STATEMENT TO BARRISTERS

«Salutation»,

Your attention is drawn to the “**Schedule of Practising Certificate Fees 2014/5 – Policy and Guidance**” which contains important pertinent guidance and policies relating to the Authorisation to Practice (AtP) process. Your attention is also drawn to the letter from the Treasurer of the Bar Council regarding the Practising Certificate Fee for 2014/15.

Your fee

Type	Description	Amount Due
	Practising Certificate Fee	£
	LSB/OLC Levy	£
	Bar Representation Fee	£
	Pro Bono Donation	£
	Total Amount Due by 1 April 2014	£

The due date for your 2014/15 practising certificate is **1 April 2014**.

A surcharge will apply if due fees are not paid by this date. For further details of your fees are compiled, please refer to the accompanying schedule.

Your Barrister Connect online account

Your user number is «Contact_Number»

In order to apply for your practising certificate or delegate permission for your chambers or employer to complete the process on your behalf, please go to <http://www.barristerconnect.org.uk>.

If you are unable to remember your password please click on the forgotten password link on the home page. An email will then be sent to your registered email address in order that this may be re-set.

If you have any difficulty with creating your account or password, please contact the Records Office on 020 7242 0934 or email Records@BarCouncil.org.uk.

If you do not have computer access you should contact the Records Office by telephone on 020 7242 0934.

If you have any queries or difficulties relating specifically to your PCF please contact the Records Office by email – Records@BarCouncil.org.uk, or by telephone number 020 7242 0934.

Any queries relating to the MSF should be addressed to MemberServices@BarCouncil.org.uk or call 020 7611 1329.

Yours sincerely

David Botha

Head of Finance

BAR COUNCIL
2014-15 BUDGET APPLICATION TO LSB
5.3 DRAFT POLICY STATEMENT FOR BARRISTERS

Schedule of Practising Certificate Fees 2014/15

Policy and Guidance

Authorisation to practise regime

The Bar Standards Board (BSB) has a formal process for the annual renewal of practising certificates. This modernises the authorisation process and brings arrangements into compliance with the Legal Services Act 2007 (“the Act”). Section 13(2) requires individuals wishing to provide reserved legal activities as barristers to be authorised by their approved regulator. Under section 14 of the Act, it is a criminal offence for a barrister to carry on a reserved legal activity unless they are authorised to do so by a practising certificate.

The Practising Certificate Rules (PCRs) (<https://www.barstandardsboard.org.uk/regulatory-requirements/for-barristers/practising-certificate/>) within the Code of Conduct set out the eligibility conditions for obtaining a practising certificate, the application process, the authorisations granted by practising certificates and the arrangements for the review of contested decisions.

Making an application

For those barristers who require a practising certificate, the authorisation regime requires an individual to:

- Verify current contact details
- Verify practising status and entitlement to exercise reserved legal activities
- Confirm completion of the requisite number of continuing professional development (CPD) hours
- Declare that they have and will maintain such insurance as may be required under the Bar Code of Conduct
- Pay the practising certificate fee (PCF), and
- Sign a declaration of truth, which is designed to ensure understanding of the process and new system.

In order to grant authorisation and in accordance with Rule 6 of the PCRs, the Bar Council may request additional information to support an individual’s application, this could be evidence of insurance, completion of CPD, low income etc.

The PCRs now also detail those circumstances whereby a practising certificate may be withheld, refused or revoked. For the avoidance of doubt, the circumstances where the Records Office will refuse or revoke a certificate is defined as a policy (<https://www.barstandardsboard.org.uk/regulatory-requirements/for-barristers/practising-certificate/>). An application can be made to the BSB's Qualifications Committee to review any decision in relation to refusal, amendment and revocation of a practising certificate.

How to apply for Authorisation to Practice

Applying for authorisation is now an online process. Exceptions will be made for those who have a disability, which makes accessing the information on the website difficult. Any individual who, due to a disability, needs an application form in a different format, should contact the Records Office on 020 7242 0934 or email Records@BarCouncil.org.uk.

Your Barrister Connect online account

All practitioners are required to have a password protected individual online account to complete authorisation. Thereafter, authority may be delegated within chambers or to an employer, in order to enable them to complete authorisation on behalf of an individual or groups of individuals. The AtP process will be initiated by a letter or email communication, to every individual practitioner, from the Bar Council Records Office, providing a user number.

If you are unable to remember your password please click on the forgotten password link on the home page of the above site. An email will then be sent to your registered email address in order that this may be re-set. Please remember to check your delegation if you have changed chambers or employers. If you are creating an online account for the first time you should contact the Records Office on 020 7242 0934 or email Records@BarCouncil.org.uk to obtain an initial password that you can then amend, if required.

Barristers are entirely responsible, even when delegated permission has been granted to chambers or an employer to complete the process, for the contents of their respective application and any supporting documentation.

Application deadline and defaulters

The due date for renewal of practising certificates for 2014/15 is **1 April 2014**. All those who require a practising certificate and have not completed all or part of the process by 1 April 2014 will be liable to pay a surcharge of 20% of the Practising Certificate Fee. Moreover, those who do not complete the authorisation process by 1 May 2014, will not be listed on the BSB Register and will not be authorised to practise. Consequently, from 1 May 2014, any barrister believed to be practising without a certificate will be reported to the BSB, who will take such action as is considered appropriate.

As offering reserved legal services without a practising certificate is both a criminal offence as well as being a breach of the Code, the Bar Council will contact respective Heads of Chambers or employer to alert them of any offenders.

All individuals returning to practise part way through the practising certificate year must be authorised to practise before exercising any reserved legal activities.

Fees Payable

The fees payable include those that are defined by the LSB in accordance with s51 of the Act and those that support the representation activities of the profession undertaken by the Bar Council. Lower fees may be payable by those in defined groups as described below.

The Practising Certificate Fee funds the Bar Council expenditure that falls within the 'permitted purposes' as defined by the LSB in accordance with s51 of the Act and the rules made there under. Under these rules, the Bar Council has consulted on its budget and PCF proposals with the profession and has received approval of both from LSB. A copy of the consultation paper for the 2014/15 budget is on the Bar Council website: At the end of each year, The Bar Council publishes within its Annual Report and Accounts, an audited analysis of how this Fee is used in accordance with the permitted purposes as defined in s51 of the Legal Services Act 2007.

Legal Services Board (LSB) and Legal Ombudsman (LeO) levies

The Bar Council has a statutory obligation to collect a share of the operating costs of both the LSB and LeO. The total sum to be raised in 2014/15 is £525,000 (£332,000 in 13/14). The annual cost for the Bar Councils share for the running costs has consistently been of the order of £850,000 and the 13/14 levy was reduced significantly to ensure retained funds from previous years could be used. This increase in 14/15 ensures that the combination of fee raised and retained will be just sufficient to meet the expected charges for 13/14.

The Bar Representation Fee (BRF)

Descriptive text and references to other material to follow

The Pro Bono Levy

Descriptive text and references to other material to follow

The Staff Defined Pension Scheme Levy charged from 2010 to 2013 has been withdrawn and the PCF now includes costs relating to the defined benefit scheme.

Fee Schedules

Statutory Fees

The Fee due depends on the seniority of the Barrister (the number of years' since Call) and whether they are self-employed or employed.

Self Employed Fees		
	Compulsory	
	PCF £	LSB/OLC Levy
QC	1,202	58 (42)
Junior (13 years' Call and over)	813	40 (29)
Junior (eight to 12 years' Call)	417	19 (14)
Junior (five to seven years' Call)	222	11 (8)
Junior (three to four years' Call)	80	4 (3)
Junior (one to two years' Call)	80	4 (3)

Employed Barristers Fees		
	Compulsory	
	PCF £	LSB/OLC Levy
QC	877	58 (42)
Junior (13 years' Call and over)	615	40 (29)
Junior (eight to 12 years' Call)	340	19 (14)
Junior (five to seven years' Call)	183	11 (8)
Junior (three to four years' Call)	80	4 (3)
Junior (one to two years' Call)	80	4 (3)

Voluntary Fees

All fees for 2014/15 remain unchanged from those for 2013/14.

The Fee due depends on the seniority of the Barrister (the number of years' since Call).

Self Employed Fees		
	Discretionary	
	BRF	Pro Bono
QC	150	30
Junior (13 years' Call and over)	100	30
Junior (eight to 12 years' Call)	100	30
Junior (five to seven years' Call)	100	30
Junior (three to four years' Call)	100	30
Junior (one to two years' Call)	50	30

Employed Barristers Fees		
	Discretionary	
	BRF	Pro Bono
QC	150	30
Junior (13 years' Call and over)	100	30
Junior (eight to 12 years' Call)	100	30
Junior (five to seven years' Call)	100	30
Junior (three to four years' Call)	100	30
Junior (one to two years' Call)	50	30

Reduced fees for relatively low income

A reduced fee structure will apply for self-employed and employed barristers, of five years' Call and over, whose gross annual income from practice in the 12 months preceding the fee due date is less than £40,000 and £30,000 respectively.

The concession allows an individual in the top three bands to apply online to pay the Core Fee element of the PCF applicable to the band below that which would normally apply e.g. a juniors in the eight to 12 years' Call band can apply to pay those rates for the Core Fee that apply to a junior in the five to seven years' Call band. It is of paramount importance to note that any such application cannot be delegated and must be made by the individual concerned. Those in receipt of a low income waiver do not qualify for any further discount.

For those in the five to seven years' Call band the Core fee is reduced to £141 for the Self Employed Bar and £107 for the Employed Bar and for those in the one to four years' Call band there is no reduction.

There is no low-income waiver on the LSB/LeO levies. There is no low income waiver on the MSF.

Any individual who is working exclusively for a charity will be entitled to pay no more than the full rate for the Core Fee that is applicable to those in the five to seven years' Call band.

An example of how the waivers work is given below:

Self-employed

	Core fee £	Core fee reduced rate £	LSB/LeO levy (no waiver) £
QC	1,202	813	58
Junior (13 years' Call and over)	813	417	40
Junior (eight	417	222	19

to 12 years' Call)			
Junior (five to seven years' Call)	222	141	11
Junior (three to four years' Call)	80	80 (no reduction)	4
Junior (one to two years' Call)	80	80 (no reduction)	4

Employed

	Core Fee £	Core Fee reduced rate £	LSB/LeO levy (no waiver) £
QC	877	615	42
Junior (13 years' Call and over)	615	340	29
Junior (eight to 12 years' Call)	340	183	14
Junior (five to seven years' Call)	183	107	8
Junior (three to four years' Call)	80	80 (no reduction)	4
Junior (one to two years' Call)	80	80 (no reduction)	4

Applications for a reduction on grounds of low income should be made online. The Bar Council will check the applications and if so requested, proof of income or salary will be required.

Pupil barristers

Pupil barristers do not pay a fee for a provisional practising certificate, which is valid until the 31 March after the proposed end date of their practising pupillage (2nd Six). After expiry of this certificate, pupils pay the relevant PCF in accordance with their year of Call.

How to pay

Fee payment should be made online, through one of a number of different methods. Please note that, consequent upon the introduction of the new Practising Certificate Requirements and associated authorisation regime, there is no instalment payment facility.

- Debit/credit card
- Chambers or employer block payment

Debit and credit cards

Visa, Visa Debit (Delta), Visa Electron, MasterCard and UK Maestro are accepted.

Chambers or employer block payment

Individuals wishing to be part of their chambers' or employer's block payment arrangements must first create an individual online account and then delegate permission to the respective chambers or employer to complete the authorisation process, including paying the relevant fee. However, **all barristers retain responsibility for the contents of any application submitted on their behalf**. In some cases a set of chambers or employer may pay the fee, leaving the practitioner with responsibility for completing the remainder of the process before authorisation to practise can be granted.

The deadline for block authorisation is **14 March 2014**.

Discounts for block payment

A 2.5% discount is available on both the whole of the PCF as well as the MSF where a set of chambers (but not sole practitioner) or employer makes a single block payment on behalf of five or more of its barristers. A set of chambers or employer that makes a block payment for 100 or more barristers will receive a discount of 5%. Individuals who receive a low-income waiver are not eligible for the block payment discount.

Ceasing practise or changing status – refunds and additional charges

The Records Office must be given prior notification of any change of status, either in writing or via the online account **within 28 days**.

Any such change that generates an entitlement to a refund (see below) or incurs an additional charge will be subject to the following policy: Provided that notification of the

change has taken place within the 28-day window, any refund due will be applied as of the date of the change. In the event that notification is made later than 28 days, the refund will apply from the date of notification rather than the date of change. Whereas, any additional fee due will always be applied as at the date of the change regardless of date of notification.

The Bar Council will pay any refund, usually by bank electronic transfer, due within 14 days of notification of the change and equally requires any additional charge to be paid within 14 days of the request for payment.

A barrister who changes from self-employed to employed or vice versa will be either refunded or charged the pro rata difference in the Core Fee.

Any barrister who changes their status to unregistered (formerly known as non-practising) will receive a pro rata refund of the Core Fee element of the PCF, plus the MSF if they cease practise in the first three months of the practising certificate year. No refund will be issued for the levies, as they relate to a statutory obligation.

While it is the policy of the Bar Council's Equality and Diversity Committee to encourage a practitioner taking maternity leave or additional paternity leave to maintain a practising certificate, an exception will be made to the foregoing for those who wish to suspend their practising certificates during maternity leave or additional paternity leave. Individuals on maternity leave or additional paternity leave, regardless of date, will on request be granted a pro rata refund, of the Core Fee element of the PCF and also the MSF. No refund will be issued for the levies.

Returning to practise

An individual who either returns to, or commences practise after, 1 April 2014 will be charged a pro rata proportion of the Core Fee plus the levies in full. Such individuals may also be eligible to apply for a low income waiver.

Individuals who have ceased practice and/or are retired who wish briefly to return to practice for a day case or something similar, must pay pro rata the appropriate Core Fee for the entire month or months into which the practising dates fall plus the levies in full.

Annual personal data validation/Privacy Policy

Once an individual has set up their online account the opportunity will exist to access and amend personal records in part at any time. However, annually in November, the Bar Council will, in anticipation of the authorisation renewal cycle, prompt individuals to validate their personal records.

The Bar Council's Privacy Policy (<http://www.barcouncil.org.uk/privacy-statement/>) details how the Bar Council will utilise personal data.

Bar Pro Bono Unit (BPBU)

When you access your account, you will also be given the opportunity to make a minimum donation of £30 to the BPBU. All such donations will be passed on by the Bar Council to the BPBU at the end of the renewal cycle. If you are unable to make a donation to the BPBU on this occasion the facility to do so will remain open throughout the year.

BAR COUNCIL BUDGET

2014 - 15 PCF APPLICATION TO THE LSB

6.1 – REGULATORY AND DIVERSITY IMPACT ASSESSMENTS

6.1 2014budgetimpactlsb

Regulatory impact

It is the responsibility of the BSB board to ensure that the proposed Budget is aligned with the BSB strategic and business plans and the regulatory objectives and this responsibility was discharged through the budget review process.

The work of the Bar Council which is not of a regulatory nature is nonetheless designed to support the regulatory objectives set out in s.1 (1) of the LSA 2007. For the non-regulatory activities of the Bar Council, these are set out in section 3.3.

In approving the overall Bar Council budget, the Finance Committee ensure that the Central Services budgets meet the stated needs of the regulatory activities as well as other permitted purposes and that appropriate contingency is made to meet risks.

Diversity impact

There is no change to the approved 2013 - 14 PCF in respect of value or basis: it remains based upon year of call across six bands, with those who are of 1-2 years call paying the least and QCs paying the most. The Bar has a strong tradition of more senior practitioners subsidising those who are seeking to establish themselves in their careers. While it is acknowledged that using year of call as a proxy for income is not wholly accurate, the Bar Council does not otherwise have individual income figures for the profession.

To minimise any adverse impact on any group we take the following steps:

- The Bar Council operates a fee waiver scheme that entitles practitioners whose gross earnings during the previous year have been less than £40k (self-employed) or £30k (employed) to pay a lesser fee (usually that which applies to the banding below that which would normally pertain to the individual's year of call). Approximately 1,165 (1,300) practitioners took advantage of this facility in 2013, a lower number than the previous year. We anticipate that a consequence of the cuts in Legal Aid for the publicly-funded Bar may mean an increase in those applying for a waiver and have taken this into account in our income calculations.
- Additional reductions are offered to barristers devoted wholly to supporting charitable organisations. This last year 10 practitioners have taken advantage of this offer.

- In our review of the change of basis we check income through reference to statistics on income from BMIF.

In light of the above points and our proposal for no increase in the PCF, we do not expect that this fee will measurably add to the financial burden on any particular group within the profession.