

Principles of cost transparency

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The regulators agree to pursue the following cost transparency outcomes and outputs:

Outcomes

1. Transparency of the cost of legal services regulators in England and Wales is increased.
2. Information about the costs of legal services regulators is accessible to practitioners, firms and the public.
3. Monitoring and continuous improvement is embedded into cost transparency measures.

Outputs

4. To produce and promote a concise standalone document and/or webpage annually delivering the above outcomes.
5. To include in the above, certain core metrics (see below) in a manner that will allow the LSB to calculate overall figures across all legal services regulators.
6. The document and/or webpage has regard to good practice (see overleaf).

Core metrics for overall picture of legal regulator costs

Regulators agree to undertake a consistent approach to recording the following metrics to allow an overall picture of legal regulator costs to be presented:

1. Number of authorised persons
2. Number of authorised entities
3. Total income (and income generated from practising certificate fees if different)
4. Total regulatory expenditure
5. Proportion of practising certificate fees that are retained by regulator
6. Staff head count (full-time equivalent)

For all core metrics actual figures for the preceding financial year will be provided.

Good practice

As part of the cost of regulation project the LSB reviewed best practice in other sectors in making costs information available and accessible. The points below highlight the key findings from this review and a list of additional metrics that are commonly used in other sectors to achieve cost transparency (as well as the core metrics on the first page).

The regulators agree to have regard to the good practice findings when pursuing the transparency outcomes set out above.

Good practice key findings

- Transparency is a basic expectation of government and of the public for companies, the public sector and regulators, in many cases it is a duty.
- Transparency plays a role in trust (which is relevant to the promotion of the regulatory objectives in the Legal Services Act).¹
- Key is not just what information is supplied, but the way in which this is done.
- To make sure it is relevant the information should be published shortly after the end of each regulator's financial year.
- For all metrics a comparison with the position from the previous financial year should be provided (where possible).

Additional common costs transparency metrics (which won't all be relevant or proportionate for every regulator)

- Size of reserves
- Chair of Board remuneration²
- CEO pay³
- Salary bands showing the number of senior employees (£5,000 increments)⁴
- Ratio of pay between CEO and median salary
- Overall staff costs⁵
- Total Board costs⁶

Good practice would be for actual figures from the preceding financial year to be presented.

¹ In particular, trust is relevant to promoting the interests of consumers, access to justice and promoting competition.

² Full remuneration package e.g. salary, bonus and pension

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⁴ Guidance in para 5.3.21 of [The Financial Reporting Manual 2016-17](#)

⁵ Includes pension contributions, NI contributions, other benefits, recruitment, temp staff and learning and development

⁶ Includes recruitment, remuneration, expenses, pension and events