



To:	Board	
Date of Meeting:	28 October 2010	Item: Paper (10) 70

Title:	Solicitors Disciplinary Tribunal – 2011 budget application
Workstream(s):	N/A – statutory function under section 46A Solicitors Act 1974
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Status:	Unclassified

Summary:
<p>The Board is responsible for considering and approving Solicitors Disciplinary Tribunal's (SDT) annual budget. The approved budget must be paid by The Law Society. SDT has submitted a proposed budget and colleagues have consulted The Law Society in accordance with the statutory requirements. The Board is now invited to consider the application with a view to agreeing the proposed budget for 2011.</p>

Risks and mitigations	
Financial:	N/A.
FoIA:	N/A.
Legal:	N/A.
Reputational:	If the budget is not approved by 31 October, then the LSB may be criticised for not upholding its commitment that it made in the Memorandum of Understanding with the SDT and The Law Society.
Resource:	N/A.

Consultation	Yes	No	Who / why?
Board Members:		✓	
Consumer Panel:		✓	
Others:			

Recommendation(s):
<p>The Board is invited to agree SDT's proposed budget for 2011 (Annex A), subject to SDT developing and reporting against a set of Key Performance Indicators that will be submitted with all future budget applications.</p>

LEGAL SERVICES BOARD

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Date of Meeting:	28 October 2010	Item:	Paper (10) 70

Solicitors Disciplinary Tribunal – 2011 budget application Executive Summary

Recommendation(s)

The Board is invited to agree SDT's proposed budget for 2011 (**Annex A**), subject to SDT developing and reporting against a set of Key Performance Indicators that will be submitted with all future budget applications.

Background/context

1. Paragraph 48 of Schedule 16 to Legal Services Act 2007 amends the Solicitors Act 1974 and requires the Board to approve the SDT's annual budget.
2. Last year's approval of the budget was contingent on SDT agreeing, by April 2010, a Memorandum of Understanding (**MoU**) with LSB and The Law Society in respect of future budget applications. On 21 May 2010, an MoU was agreed between SDT, The Law Society and LSB.
3. Among other things, the MoU sets out the process in which SDT and The Law Society should communicate about the details of the budget application before it is submitted to us.
4. The 2011 budget application was prepared and submitted in line with the requirements of the MoU.

Budget

5. For 2011, SDT has submitted a budget of £2,179,722, which is a decrease of 2.77% compared to this year's budget (£2,238,644). The primary driver for the decrease is due to changes in the staff budget and assumes that its website upgrade will be implemented within 2010. Most line items have remained stable.
6. As part of our approval process, we are required to consult with The Law Society. The Law Society has advised that it does not have any concerns regarding the budget application.
7. Despite the decrease in the overall budget, there are notable variances:
 - Permanent staff and employers NI and pension contributions have decreased by 8.5% and 23.8%, respectively. This is due to staff changes during 2010 and SDT no longer requiring the volume of more expensive temporary staff.
 - Website costs have decreased from £25,000 to £5,000 (80.0%). This is due to the anticipated implementation of SDT's website upgrade, which will be completed during 2010.

- Legal fees have increased from £40,000 to £75,000 (87.5%). SDT advises that the 2011 figure is based on actual legal costs that it has incurred over the last two financial years.
8. As the proposed 2011 budget remains fairly stable and The Law Society did not have any concerns, we recommend that the Board approves the budget, as submitted.

Key performance indicators (KPI)

9. The MoU requires SDT to develop and report against a set of KPIs that would be submitted alongside its budget application. However, given that the MoU was signed almost halfway through the year, it was agreed that SDT need only develop the KPIs for 2011 and will not be reporting against them.
10. However, in its 2011 budget application, SDT advised that it was not able to develop its KPIs in time for this year's budget application. This was due to various operational changes in the current year, including the recruitment of a new Clerk, Susan Humble (who took office in August), which has made it not possible to finalise the KPIs.
11. We met the Clerk and have been reassured of SDT's plans to develop its KPIs. The Clerk understands the need for KPIs and is developing a broader suite of management information linked to team and personal objectives. These will be developed alongside the first proper appraisal system over the Autumn. [REDACTED]
12. [REDACTED]
13. [REDACTED]
14. Given the operational changes at the SDT and the reassurances we have received from the Clerk, we recommend that the Board's agreement to this year's budget is contingent upon the SDT developing and reporting against its KPIs, which will be submitted alongside all future budget applications.

14.10.10