

Annex A

Solicitors Disciplinary Tribunal Administration					
2013 Budget Application					
28 September 2012					
	2012 budget (£)	2013 estimate (£)	Variance ± 5%	Variance greater than ±£10,000	Cause of variance (+/- 5% or +/- £10,000).
Salary and related costs					
Permanent staff	560,874	572,236	2.03%	11,362	Uplift on 2012 staff salaries, including a 1.5% cost of living increase (subject to Board approval).
Employers' NI and pension contributions	145,827	148,781	2.03%	2,954	
Members' NI costs	93,550	64,170	-31.41%	-29,380	Variance in part represents over-estimate of Members' NI costs for non-ABS Appeals in 2012. Members' NI costs for ABS Appeals are now shown separately below.
Employee benefits	25,000	25,000	0.00%	0	
Agency staff	10,000	10,000	0.00%	0	
Recruitment costs	35,000	30,000	-14.29%	-5,000	Variance represents anticipated reduction in recruitment costs in 2013 but allows for Tribunal Member recruitment exercise.
Other staff costs	5,000	20,000	300.00%	15,000	Inadequate provision has been allowed in previous budgets to permit staff training at the necessary level to ensure that staff careers are properly developed and staff retained.
Total	875,251	870,187	-0.58%	-5,064	
General administration costs					
Printing, stationery, office costs	30,000	30,000	0.00%	0	
Postage, courier, DX	35,000	32,000	-8.57%	-3,000	Decrease results from savings in postage and DX costs as a result of the introduction of the web based approval system for Judgments and use of alternative supplier for registered postal services.
Remuneration for Solicitor Members (standard sitting days)	463,600	287,500	-37.99%	-176,100	No decrease in real terms. Fees for part-heard and long cases and ABS appeals appear below. This line allows for 250 standard sitting days (2 members per day).
Remuneration for Solicitor Members (part-heard and long cases)	0	57,500	100.00%	57,500	See above. No increase in real terms. Fees for part-heard and long cases. This line allows for 50 sitting days (2 members per day). Fees not previously shown separately.
Solicitor Members' expenses	127,000	95,250	-25.00%	-31,750	No decrease in real terms. This line allows for 300 sitting days (250 standard and 50 part-heard and long cases). ABS Appeal expenses shown separately.
Remuneration for Lay Members (standard sitting days)	214,300	100,000	-53.34%	-114,300	No decrease in real terms. Fees for part-heard and long cases and ABS appeals appear below. This line allows for 250 standard sitting days (1 member per day).
Remuneration for Lay Members (part-heard and long cases)	0	20,000	100.00%	20,000	See above. No increase in real terms. Fees for part-heard and long cases. This line allows for 50 sitting days (1 member per day). Fees not previously shown separately.
Lay Members' expenses	63,500	47,625	-25.00%	-15,875	No decrease in real terms. This line allows for 300 sitting days (250 standard and 50 part heard and long cases). ABS Appeal expenses shown separately.
AGM/Training Days	29,450	29,450	0.00%	0	
Board Meetings	6,250	8,750	40.00%	2,500	Based on 5 meetings per year, but with 7 Directors @ £250 per meeting instead of 5 Directors at the same rate in 2012.
Practising Certificate fees	3,492	3,052	-12.60%	-440	Variance explained by application of actual practising certificate fee per head in 2013 (figure estimated in 2012 budget). Allows for £436 per person and assumes 7 staff require practising certificates.
Financial Controller/Company Secretary	30,000	25,000	-16.67%	-5,000	Variance explained by estimated reduction in costs.
Audit	6,750	6,750	0.00%	0	
Staff travel/subsistence and subscriptions	1,500	1,500	0.00%	0	
Working Party Consultancy fees	10,000	10,000	0.00%	0	
IT Support	19,790	21,769	10.00%	1,979	Variance represents increased software licence fees as a result of technological improvements.
IT Projects	20,000	20,000	0.00%	0	
Computer running costs	10,000	10,000	0.00%	0	
Website	6,840	6,840	0.00%	0	
On-line Law Library subscription	17,342	19,076	10.00%	1,734	Variance represents increase as per agreed contract.
Catering	27,000	20,250	-25.00%	-6,750	No decrease in real terms. Catering costs for ABS appeals now shown separately below.
Legal Fees	75,000	50,000	-33.33%	-25,000	
Insurance	45,000	40,000	-11.11%	-5,000	Variance represents negotiated decrease in insurance premium as a result of striking out of Baxendale-Walker claim against the Tribunal.
Bank charges	1,200	1,200	0.00%	0	
Total	1,243,014	943,512	-24.09%	-299,502	
Building costs					
Rent and Service Charge 3rd and 5th Floors	265,712	285,100	7.30%	19,388	Variance represents increase in rent and service charge on the 3rd and 5th Floors following variation of leases on acquisition of 4th Floor and refurbishment by landlords of air-cooling system. Rent-free periods may be achieved but negotiations continue.
Costs related to 4th Floor acquisition	200,000	0	-100.00%	-200,000	Variance represents acquisition costs for 4th Floor which will not be repeated.

Rent and Service Charge 4th Floor	0	183,920	100.00%	183,920	Variance represents 4th Floor rent and service charge as per new lease. Following agreement of rent free period of 22 months, rent payable for 2013 is subject to change.
Rates 3rd,4th and 5th Floors	62,430	85,217	36.50%	22,787	Variance represents 2011/12 rates charges with an estimated increase of 3% plus rates for the 4th Floor. Accurate figures not yet available from Council.
Rates/Service Charge 4th Floor	90,000	0	-100.00%	-90,000	Variance represents costs for 4th Floor which are now included in the previous line.
Maintenance/Security and Cleaning and insurance	40,000	45,000	12.50%	5,000	Variance represents 2011 costs with an estimated increase for the 4th Floor.
Electricity	6,000	8,500	41.67%	2,500	Variance represents 2011 costs with an estimated increase for the 4th Floor.
Total	664,142	607,737	-8.49%	-56,405	
ABS Appeals Costs					
Remuneration for Solicitor Members	0	46,000	100.00%	46,000	Fees for 20 ABS Appeals hearings (2 days per hearing and 2 members per day). Fees not previously shown separately.
Solicitors Members expenses	0	12,700	100.00%	12,700	See above. Expenses for 20 ABS Appeals hearings (2 days per hearing and 2 members per day). Expenses not previously shown separately.
Remuneration for Lay Members	0	16,000	100.00%	16,000	Fees for 20 ABS Appeals hearings (2 days per hearing and 1 member per day). Fees not previously shown separately
Lay Members expenses	0	6,350	100.00%	6,350	See above. Expenses for 20 ABS Appeals hearings (2 days per hearing and 1 member per day). Expenses not previously shown separately
Members' NI Costs	0	8,556	100.00%	8,556	See above. No increase in real terms. Costs not previously shown separately.
Catering	0	2,700	100.00%	2,700	See above. Costs not previously shown separately.
Total	0	92,306	100.00%	92,306	
Contingency	55,000	55,000	0.00%	0	
Irrecoverable VAT	185,000	211,610	14.38%	26,610	Variance represents increase in irrecoverable VAT estimated on VATable supplies (including legal fees). SDT is not VAT registered.
Total costs	3,022,407	2,780,352	-8.01%	-242,055	
Previous under/overspend					
NET TOTAL COSTS		2,780,352	-8.01%	-242,055	The 2013 budget application has decreased by 8.01% (£242,055) when compared with the 2012 budget.

The Solicitors Disciplinary Tribunal

Constituted under the Solicitors Act 1974

INDEPENDENT • NEUTRAL • TRANSPARENT

Solicitors Disciplinary Tribunal / Solicitors Disciplinary Tribunal Administration Limited

Draft Preliminary Outline Business Plan For 2013-2014

Background

- Historically business planning has not been formally undertaken by the Solicitors Disciplinary Tribunal ("SDT") or its administration company Solicitors Disciplinary Tribunal Administration Limited ("SDTAL"). (Note that, for the purposes of this document only, SDT equates to SDT and SDTAL and their respective functions.)
- Provision of a Business Plan is not a mandatory requirement of the SDT's budget application process as described in the Memorandum of Understanding signed by the relevant parties and dated 21 May 2010. However, the SDT recognizes the importance of proper planning, and the Legal Services Board has indicated that a formal business planning exercise might be helpful in informing the SDT's budget application process.
- On 4 July 2012, Andrew Spooner was elected by the SDT membership as President and Chairman of the SDTAL Board. On the same day two additional Board Directors (Laurence Gilford (Solicitor Member) and Lesley McMahon-Hathway (Lay Member)) were elected by the membership to the Board of SDTAL. In each case the term of appointment is three years. On 1 September 2012, Anthony Isaacs MBE resigned from the SDTAL Board as a Non-Executive Director.
- The first meeting of the newly-constituted Board took place on 1 August 2012 and focussed on discussion of current and future governance and early implementation of the SDT's Guidance Note on Sanctions (the latter initiative was completed on 24 August 2012). Continuing discussions on current and future governance will take place at the next Board meeting on 2 October 2012.
- What follows is a Draft Preliminary Outline Business Plan for the purpose of opening discussion at Board level, recognizing that there have been a number of changes at the SDT during the first 9 months of 2012. This is a work in progress which has not yet been discussed by the Board. The remainder of 2012 will be focussed on another significant project, namely the practical aspects of the acquisition and re-fit of and move into additional office space at Gate House (including major refurbishment of the existing air-cooling system by the SDT's landlords). The preparation of the short-term Business Plan (2013-2014) will be completed at the latest by the point at which the draft budget for 2014 is submitted to The Law Society in May 2013, with the mid- and long-term elements completed by 20 September 2013, the point at which the 2014 budget is submitted to the LSB for approval.

The Solicitors Disciplinary Tribunal

Constituted under the Solicitors Act 1974

INDEPENDENT • NEUTRAL • TRANSPARENT

- The purpose of this document is to demonstrate the SDT's firm commitment to formalizing its business planning process and to producing ongoing plans to assist it in achieving its goals and objectives in a structured way. When formulating plans the SDT will pay due regard to its duty to protect the public and public confidence in the reputation of the profession and (insofar as applicable bearing in mind that the SDT is not a regulator) its contribution to the achievement of the regulatory objectives. It is estimated that the final document will be no longer than 30 A4 pages plus appendices.

Contents

Executive Summary - 2 pages

The Business – 3 pages

- A brief summary of the business, the relationship between the SDT and SDTAL and the service provided by both bodies.
- Identification of the SDT's stakeholders.
- Summary of the success of the business in terms of case throughput and achievement of agreed performance measurements and targets ("key success factors").
- SDT goals (directional and SMART) and objectives (SMART). Goals will include the SDT's mission, vision, aims, purposes and values. The SDT will ask itself how its goals and objectives have evolved over time and how they are likely to evolve in the future.
- Strategy – comment on SDT's competitive advantage and differentiation.
- Resources summary – Tribunal members, management team, staff, buildings, IT, governance.
- Basic financial information, including financial history and significant capital expenditure.
- Services offered to stakeholders (service mix by reference to relevant and important segments, including (in no particular order) the SRA, lay applicants, respondents, public, profession, Law Society, interest groups, LSB).

Service Demand – 2 pages

- Size of "market" – informed primarily by data from SRA, with specific reference to information set out at paragraph 5.3, second bullet point of the Memorandum of Understanding dated 21 May 2010.
- "Market" growth – analysis of past growth/contraction, past drivers of growth/contraction, changes in drivers, forecasts of future growth, including analysis of size and profile of legal profession including number of cases (including appeal cases) heard before other regulators.
- Service demand risks and opportunities, with analysis of how likely they are to take place and size of impact if they do take place (low, medium or high)

The Solicitors Disciplinary Tribunal

Constituted under the Solicitors Act 1974

INDEPENDENT • NEUTRAL • TRANSPARENT

Competition – 2 pages

- SDT's competitors by segment and indirect competition, including internal rivalry/external pressures, new entrants, ease of substitution, stakeholder power.

Strategy – 3 pages

- Based on research and analysis set out above.
- Comprehensive and rigorous analysis of the SDT in the context of the overall achievement of its duty to protect the public and public confidence in the reputation of the profession and applicable regulatory objectives.
- Strategy development based on the use of the SDT's scarce resources to maximise its contribution to applicable regulatory objectives in a way which is consistent with its duty set out above.
- Strategy will be based on the SDT's understanding of the needs of its stakeholders, its key success factors, and its assessment of its competitive position. Key strategic risks and opportunities will be identified.

Resources – 4 pages

- Management – analysis of existing and future management capabilities at senior level, to include consideration of current and future governance.
- Marketing – in terms of marketing orientation towards delivery of service to stakeholders and stakeholder satisfaction.
- Operations, with emphasis on development of training, appraisal and retirement policies for Tribunal Members, coupled with recruitment of additional Members, development of existing staff and recruitment of additional staff members, and IT development.

Financials and Forecasts – 4 pages

- Summary of financial implications of strategy analysed against key success factors.
- Historical financials.
- Forecasts.
- Analysis of return against expenditure.
- Financial opportunities and risks.
- Funding the plan – 2014 budget.

Risks and Opportunities – 2 pages

- Brief overview of risks and opportunities, with emphasis on consideration of key risks/opportunities and identification of acceptable balance between risk and opportunity. Likelihood of occurrence and impact on cash flow to be considered.

The Solicitors Disciplinary Tribunal

Constituted under the Solicitors Act 1974

INDEPENDENT • NEUTRAL • TRANSPARENT

Process for Monitoring and Evaluation – 1 page

- Monitoring by analysis of performance against existing key success factors.
- Evaluation of Business Plan at regular intervals to develop mid- and long-term plans, to include analysis of key parameters, reasons for differences, lessons to be learnt.

Conclusion – 1 page

- Concise summary of main headings above in bullet points supported by one brief conclusion.

Appendices

- Hard data in applicable formats.

September 2012

DRAFT PRELIMINARY OUTLINE