

BUDGET PRINCIPLES

Introduction

This paper is submitted to support and explain the SDT's budget application 2019 and to assist the LSB Board's understanding of the budget application. It sets out the principles and business planning assumptions which underpin the budget application.

Budget Principles

The SDT will:

1. Manage budgets within clear, credible and predictable limits within the approved annual funding cap such that:
 - the level of funding is proportionate to the number of cases heard in a year.
 - costs are consistently reduced wherever possible, including by reviewing ways of working and moving towards a paperless (or 'paper-light') working environment with consequential cost savings for the SDT and the parties in the proceedings.
2. Seek to capitalise wherever possible on the potential for technology to improve services and deliver cost benefits for the solicitors' profession and the public (e.g. digital evidence management and workflow-enabled case management systems).
3. Allocate its resources to ensure cases are dealt with efficiently and expeditiously.
4. Review its performance against its KPMs to ensure that resources are targeted, so far as practicable, at those areas where stronger performance against the KPMs would be beneficial to the parties in proceedings, for example the listing of more matters within 6 months of issue.
5. Closely align budgets with the strategic priorities of the SDT and the wider legal regulatory environment by:
 - ensuring that the level of funding supports the SDT Mission, Vision and Core Values, including continuous improvement of services to deliver best practice and value for money for stakeholders.
 - ensuring that the SDT remains appropriately resourced at the correct level to enable it to develop to reflect best practice, particularly in the areas of technology and human resource management.
6. Design the capital budgeting framework in order to meet longer-term development needs in a cost-effective and coherent manner:
 - while the SDT does not have a large capital budget requirement, it would be desirable to recognise that a small number of significant projects are likely to run over more than one financial year.

- current examples of such projects are ICT projects to implement a digital evidence management platform, and a major upgrade of the case management system, to deliver cost efficiencies and service improvements.
 - the ability to plan and secure the total necessary funding properly required to deliver and complete such projects will provide more certainty and enable better management and sustainability of these important projects.
7. Facilitate an inclusive, participative and realistic debate on budgetary choices for the SDT; and ensure that budget documents and data are open, transparent and accessible so that relevant stakeholders can make informed decisions where required.
 8. Present a comprehensive, accurate and reliable account of how the resources provided to the SDT are allocated by:
 - providing key information in the Annual Report including comparison with previous year(s).
 - filing SDTAL's accounts at Companies House.
 - making available information as to size of reserves, Board remuneration, overall staff costs and the ratio of pay between the CEO and median salary available.
 9. Actively plan, manage and monitor budget execution by:
 - regular reporting to the management team, SDT Board and The Law Society.
 - monitoring and continuous improvement.
 10. Ensure that performance, evaluation and value for money are integral to the budget process, including by:
 - regular reporting of the KPMs, which were approved by the LSB Board in October 2016.
 - applying zero-based budgeting so that each year every expense is justified.
 - tight control of expenditure, realising savings wherever possible.
 - carrying out Efficiency Impact Assessments as part of the budget decision and application process.
 11. Identify, assess and manage prudently longer-term sustainability and other financial risks by:
 - developing a comprehensive risk register. The risk register will be regularly reviewed and will record identified risks, the severity and likelihood of those risks and measures to mitigate and control them.
 - regularly reviewing and updating of the Business Plan to ensure that SDT remains fit for purpose in all respects.
 - investing in SDT Member and staff development, training, recruitment and improved Human Resources management.
 - enhancing business resilience in the infrastructure and business systems e.g. implementing external hosting of ICT systems.
 - developing the use of technology to deliver efficiencies and improvements within carefully controlled budgets.
 - developing education and information about the SDT's activities e.g. using the website and other communication tools.

- developing and implementing research into service-user satisfaction.
 - maintaining the User Group Committee (UGC).
 - achieving and retaining of accreditation, such as Investors in People.
 - observing, developing and implementing best practice from other tribunals and similar bodies.
12. Promote the integrity and quality of budgetary forecasts, financial plans and budgetary implementation through rigorous quality assurance including independent audit by:
- enhancing where necessary in-house financial management capability.
 - regularly reporting and review by the management team, SDT Board and The Law Society.
 - an annual external audit, which examines the historic financial records as well as the forecasts and future budget to assess the sustainability of the organisation going forward.

Key Business Planning Assumptions

The key assumptions which have been/are used alongside the budget principles for business planning and budget decision making purposes are set out below:

1. The SRA will continue to provide open and transparent information about cases to be sent to the SDT by reporting at least monthly on: (1) the number of cases forecast to be delivered in each month of 2019; (2) the number of sitting days at substantive hearing estimated by the SRA for each case; (3) the number of those cases that may result in Agreed Outcome applications.
2. Any reduction in demand by the SRA for straightforward first instance disciplinary tribunals will be balanced by increased SRA demand for longer, more complex and serious first instance hearings and increase in number of appeals from internal SRA decisions.
3. The SDT will sit on court on all hearings (substantive, case management, applications) for no more than 406 days in 2019. This figure is based on information provided by the SRA that 325 sitting days will be required for the majority of cases and that an additional 81 days will be required for sexual misconduct cases.
4. The number of new applications from all sources will not exceed 230 in 2019.
5. Annual staff basic salaries will increase by less than inflation and no more than 2.5% in 2019.
6. There will be no increase in remuneration levels for Solicitor and Lay Members in 2019.
7. Cost of living increases are set at 2%.
8. KPMs approved by the LSB Board in October 2016 remain in place throughout 2019.
9. Zero-based budgeting is applied; each year every expense must be justified.
10. Sittings required over and above 406 days will be delayed to the next funding round in 2019.

11. The introduction of CaseLines will reduce the need for the SRA to produce the same quantity of paper bundles, allow for the use of electronic bundles in court and streamline the administrative processes for the SDT and parties.
12. The introduction of a new case management system in 2019 to replace the SDT's obsolete current system will improve reporting capability.

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