BY EMAIL: Matthew.Hill@legalservicesboard.org.uk
Mr Matthew Hill
CEO, Legal Services Board

20 January 2023

Dear Matthew

Re: 2023/24 PRACTISING CERTIFICATE FEE SUBMISSION

1. I attach the submission for the General Council of the Bar (GCB) practising fee and budget for 2023/24.

2. As the **Approved Regulator** (AR), I believe that we have followed the LSB's Practising Fee Rules and guidance, and we have taken into account the comments of your team on an earlier draft. We conducted a consultation with the profession for over 6 weeks:
https://www.barcouncil.org.uk/uploads/assets/9292e09b-6634-4e43-b81f8445d1ffdef4/GCB-Budget-and-PCF-Consultation-December-2022.pdf

3. Despite heavy marketing by both the Bar Council and BSB, the response to the consultation was limited. The responses received are summarised within the submission at Section III.

4. All the responses are negative and concentrated on the same themes:

- Costs should be cut not increased.
- BSB mission creep and the need for a root and branch review of BSB activity.
- Criticism of the BSB's staff cost increases on top of the headcount increase, without sufficient evidence.
- Criticism of consulting over the Christmas period.

5. As the 'Accounting Officer' for the GCB, I share the concern about cost growth, particularly in the BSB. The proposed budgets for 2023/24 include a substantial increase in expenditure. The increases are largely due to: the BSB's plan to increase

staff 'reward' (salary); the very tight labour market which is driving staff cost inflation; general inflation; and expenditure to improve cyber security.

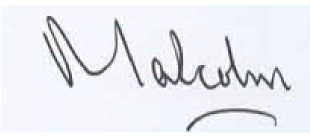
6. The GCB is the sole legal entity and the employer of all GCB staff, including the BSB. As the representative body, the Bar Council recognises that the BSB is failing to meet its own performance targets and is struggling to recruit and retain staff. This is despite a very significant increase in BSB budgeted staff numbers over the last 3 years (by c.40%). As part of its recovery plan, the BSB is incurring significant unbudgeted 'in-year' expenditure on outsourcing elements of casework. However, the Bar Council did not object to this initiative, on the basis that it is a non-recurrent cost. The BSB now intends to increase staff salaries to the 'median' of other regulators, over time, although the cost is front-loaded. We are concerned that the BSB's answer to its capacity issues has so far been limited to more, better paid staff. We have challenged the BSB to provide clear evidence that the root cause of the recruiting and retention problems is pay, as opposed to a combination of other causes, of which pay might well be one. We have also challenged the BSB to conduct a 'root and branch' review of processes and, secondly, to stop doing things that can be better done by others. These measures are essential if we are to be assured that the BSB budget is 'reasonable'[1]. Therefore, in this submission, we have compromised with the BSB on the budget **for 2023/24 only**.

7. As the Chair of the Bar, Nick Vineall KC, said in his Inaugural Address:

"The Bar Council has been given assurances, which it accepts, by the new Chair of the BSB, Kathryn Stone OBE, that a review is in train and a recovery plan is in place. I am cautiously optimistic that steps are being put in place which will lead to an improvement in performance and pleased that the Bar Council is being given good visibility over what is being done."

The BSB's costly recovery plan must lead to a very significant improvement in performance. We look to LSB to help ensure that the BSB is not distracted from that plan by work that is not core to carrying out *our* regulatory functions and arrangements (LSA 07 s28 and s21).

Yours sincerely



Malcolm Cree CBE

[1] https://legalservicesboard.org.uk/wp-content/uploads/2019/07/IGR-Guidance-July-2019.pdf