The General Council of the Bar of England and Wales

Practising Certificate Fee (PCF) Application and Budget Submission 2023/24

Contents

I. Summary and Overview

Introduction

1. For the purpose of this submission the following terms will be used:

   a. The General Council of the Bar (GCB): the approved regulator and single legal entity
   b. The Bar Standards Board (BSB): the delegated regulatory body
   c. The Bar Council (BC): the representative body

2. PCF income supports the GCB's approved regulator's role as set out by LSA 2007 s51 and funds the 'permitted purposes' set out in s51(4). The whole of the BSB's work as the delegated regulatory body is classed as permitted purposes. The BSB's business plans are developed in line with the BSB proposed Strategy for the years 2022/23 – 2025/26: https://www.barstandardsboard.org.uk/uploads/assets/5cc0746d-611e-4df1-a313c08be0072b1b/ef701fb0-7631-4729-a498267635059f0b/v6-BSB-Strategy-2022-25-1.pdf

3. The Bar Council undertakes many activities that are classed as permitted purpose activities, and these can be funded from PCF income. Great care is taken during the business planning and budgeting process to correctly identify those activities that may be funded through the PCF and those that must be funded from other income such as the voluntary Bar Representation Fee (BRF). Indeed, we err on the side of caution, as the bulk of all activity seeks to achieve the LSA 2007 s1 regulatory objectives and could be funded by the PCF. The BC annual business plans are developed to meet the strategic objectives set out in the Bar Council's Strategic Plan 2019-2024: https://www.barcouncil.org.uk/uploads/assets/86520690-7ab5-4cb1-93e63c26bc300c9f/Bar-Council-Strategic-Plan-2019-24.pdf

A pre-application discussion was held with the LSB on 20 October 2022.

Expectations from the last year's decision notice.

4. Detailed forecasts have been included for income and expenditure up to 2026/27 (table 16).

5. This year the PCF consultation lasted for just over 6 weeks. The consultation has been available on the GCB websites. The BSB Regulatory Update and BC 'Bar Talk' publication have been received by over 17,000 practising barristers with details of how to access the full consultation. More details are at Section III.

6. The proportion of PCF allocated to the Bar Council, BSB, LSB/OLC and DB pension scheme has been clearly shown in this year's application and PCF consultation.

7. Value for Money. The GCB ensures value for money through its purchasing and procurement policies. These set out the appropriate controls and governance for routine purchasing and procurement exercises and ensure that value for money is a consideration at each stage of the process. Most in-year procurement is included in the budget cycle to ensure it aligns with the strategic objectives and permitted purposes. All contracts above £250k are notified to the joint Finance Committee. Planned programme expenditure within the Bar Council and BSB requires a business case demonstrating how the proposed work meets the strategic objectives (aligned with permitted purposes), the planned benefits and how those benefits will be

measured. Depending on the size of the prospective programmes they are approved by relevant SMT or Board.

8. Joint projects are approved by the Information Management Programme Board (IMPB). This is a joint Bar Council and BSB executive Board for projects and programmes resourced through the Shared Services teams.

Proposed Practising Certificate Fees 2023/24

9. This year it is intended to increase the annual PCF. Without applying measures to spread the increase over time, the planned expenditure for 2023/24 would require an across-the-board increase of 9%. However, we are proposing to limit this to an overall 5% increase in the PCF. We plan to achieve this by spreading the burden across the profession, with no change to earnings Band 1 and that the increase be limited to 5% for the other bands, except for Band 7 that will see a 6% increase to even out the Bands.

Table 1: Income Bands and fees for 2023/24

Income band	Range	Last years PCF fee	New PCF fee	Increase in fee
Band 1	£0 - £30,000	100	£100	£0
Band 2	£30,001 - £60,000	253	£266	£13
Band 3	£60,001-£90,000	509	£534	£25
Band 4	£90,001 - £150,000	926	£972	£46
Band 5	£150,001-£240,000	1,406	£1,476	£70
Band 6	£240,001-£350,000	1,906	£2,001	£95
Band 7	£350,001 - £500,000	2,017	£2,138	£121
Band 8	£500,001 - £750,000	2,575	£2,704	£129
Band 9	£750,001 - £1,000,000	2,725	£2,861	£136
Band 10	£1,000,001 - £1,500,000	3,090	£3,245	£155
Band 11	£1,500,001 and over	3,270	£3,434	£164

10. The 2023/24 GCB PCF funds:

- The s51 permitted purposes operating and capital costs of the BC and BSB
- The LSB/OLC recharges for 2023/24

11. By applying the changes above, the PCF collection for 2023/24 is forecast to be £18.5M. The BC expects its share of the PCF to be 29.5%. The share of the fee attributable to the Bar Standards Board is expected to be 70.5%. The primary driver for the increase in expenditure is staff costs.

12. The proposed budgets for 2023/24 include a substantial increase in expenditure and therefore the levy on the profession. 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. Our forecasts of PCF income for 2023/24 show that without an increase in PCF there will be a substantial shortfall in the amount needed to cover the planned increase in recurrent expenditure.

13. In 2018 the PCF was increased by 12.5% to raise funds for the defined benefit pension deficit recovery plan. This raised an annual sum of £1.3m that was to be ringfenced to cover the pension deficit with the aim that it would lead to limiting practising fees when no longer needed. The latest defined benefit pension scheme valuation has moved from a deficit to a surplus and means that the annual £1.3m GCB contribution to the scheme, under the recovery plan, is not required for the next 3 years. The GCB considers that it be prudent to release half of the money earmarked for the pension scheme (£650k) to limit the PCF increase this year, with the remainder of the funds being used to either support the reserves in the event of a future pension deficit or speed up the repayment of the CBILS loan.

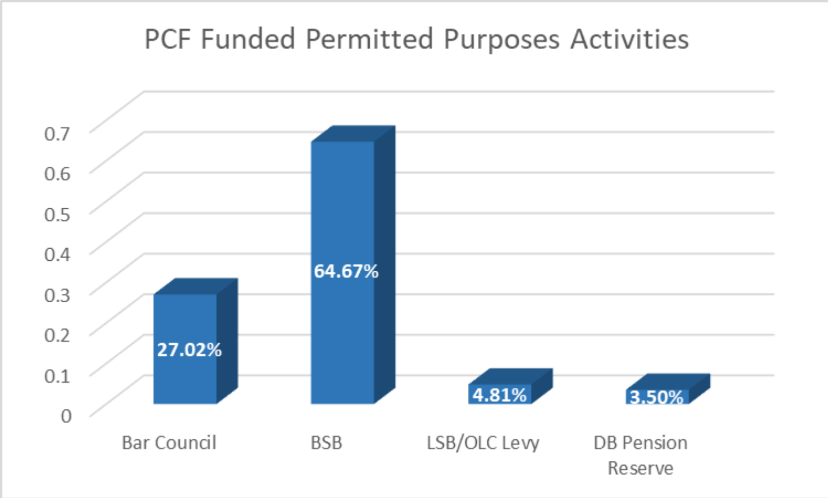
14. The GCB proposes using the permitted purposes reserve, and the £650k, to mitigate the PCF increase. This will mean that the PCF increase to the profession for 2023/24 will be limited to 5% (individual income bands may differ slightly). This is in line with the 2022/23 increase, when an increase of 9% was mitigated to 4.5% with the expectation of a similar increase in 2023/24. This will mean the GCB as a whole would have a balanced budget. However, the BSB would still run an operational deficit budget for a number of years, with the difference being supplemented by reserves until it achieves a balanced budget. A further increase in 2024/25 will almost certainly be required to maintain the reserves and the long-term financial stability of the organisation.

Table 2: Split of PCF funds

	£000's	***PCF Funded Permitted Purpose Activities***	***PCF Funded LSB/OLC Levy***	***DB Pension Reserve***	***Total PCF***
2023/24 Proposed	Bar Council	5,012 27.02%	263 1.42%	192 1.04%	5,467 29.47%
	Bar Standards Board	11,995 64.67%	629 3.39%	458 2.47%	13,082 70.53%
	Total	17,007	892	650	18,549

* Please note %'s are of the Total PCF

Table 3: Split of PCF funds between Bar Council, BSB, LSB/OLC levy and DB pension reserve



15 If the GCB did not increase PCF and just used the reserves this would inevitability lead to a much greater increase in PCF in the future. As the proposed cost increases are recurrent, the GCB must be able to cover these in the long term. The proposal put forward is the best way to mitigate the increases by using reserves without substantially weakening the financial position.

16. The GCB is able to use its reserves in this way due to work it undertook in 2021 /2022 to cut costs and obtain a CBILS loan. Without these actions the GCB would have no other option than to pass on the full amount of the cost increases (9%) in one year rather than the current proposal.

Table 4

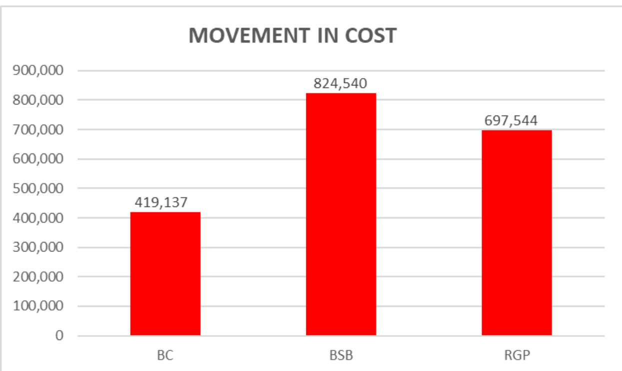
Funding for Planned Permitted Purpose Operational Expenditure - 2023-2024			
	Bar Council	**Bar Standards Board**	**Total**
	£000s	£000s	£000s
Funded from anticipated PCF Collection	5,012	11,995	17,007
Funded from Other Permitted Purpose Income		2,170	2,170
Funded from Permitted Purpose Reserves	316	199	515
Total Planned Permitted Purpose Expenditure	5,328	14,364	19,692
Non-Permitted Purpose Spend	1,920		1,920
Total Budgeted Operating Expenditure			**21,612**

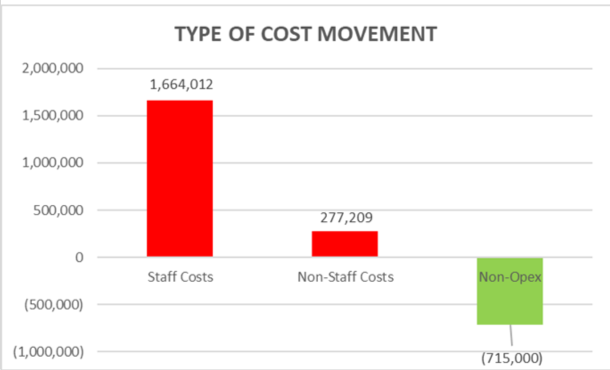
Key Features of the GCB intended budget

17. PCF income will be used to fund BC and BSB activities as shown in table 24 (s51Report).

18. The proposal is for GCB staff and non-staff expenditure (operating costs) to increase against the previous year by 10%[1]. The previous year's budget showed operating expenditure of £19,671k. This will increase by £1,941k in 2023/24 to £21,621k. The £1,941k net is broken down as follows:

Table 5 & 6





[1] 6% if the non operating savings on the DB Pension and LSB/OLC levy costs are included.

- The Bar Council shows a net increase in operating costs of £419k (£382k staff and £37k non-staff). This is a 9% increase in operating costs (staff costs increased 12% and non-staff costs by 2%)

- The BSB has a net increase in operating costs of £825k (£987k staff cost increase and £162k non-staff saving). This is a 10% increase in operating expenditure (staff costs increased 16% with savings in non-staff costs of 8%). Refer to the BSB section for detail on the additional staff costs.

- Resources Group (shared services) has a net operating cost increase of £697k (£295k increase in staff costs; non-staff cost increases in IS of £391k and facilities £165k, while being partially offset by savings in depreciation of £86k and corporate overhead of £68k). This is a 9% increase in operating expenditure (staff costs increased 12% and non-staff costs by 8%). Mitigating controls implemented as part of the ongoing cyber-attack reviews, combined with inflation has driven the increased operating costs.

- The capital budget for 2023/24 remains capped at £1M.

- Non-Operating Costs have decreased by £715k due to the release of £650k previously earmarked for the Pension Deficit Recovery Plan and a reduction in tax on investment income of £65k.

Table 7

Non Operating Expenditure	22/23 £000's	23/24 £000's	Change £000's	% Change	
DB Pension	1,300	650	650	50%	release of funds
LSB/OLC Costs	892	892	0	0%	
Other Costs	140	75	65	46%	cost saving
	2,332	1,617	715	31%	

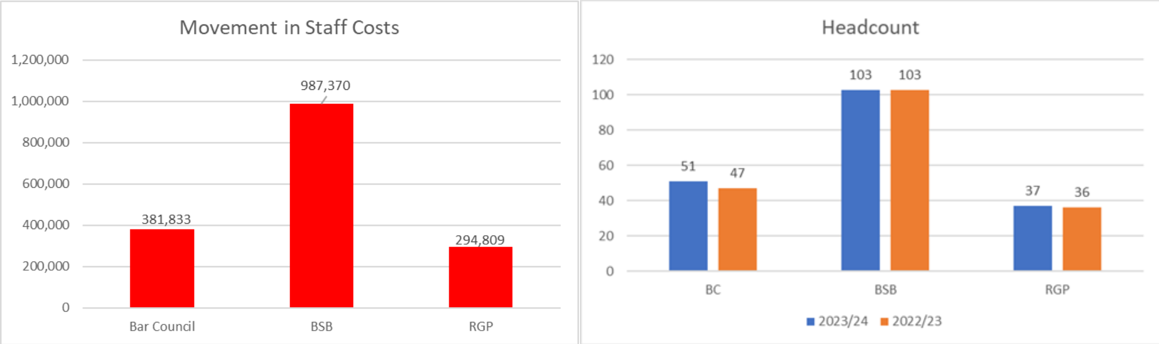
STAFF COSTS 2023/24

Table 8

Expenditure Staff Costs	22/23 £000's	23/24 £000's	Change £000's	% Change	
Bar Council	3,083	3,464	(382)	12%	cost increase
BSB	6,048	7,036	(987)	16%	
Resources Group	1,956	2,250	(295)	15%	
	11,086	12,750	(1,664)	15%	

19. Staff costs will increase by £1.664m. This is a 15% increase on the previous year's budget though some of the increase in this year's figures was included in the previous year's budget approval (see BSB details below). The effect of increasing inflation (currently CPI at 10.7%) and the tight jobs market have been significant drivers in the increase in staff costs. This year there have been no significant changes in the overall headcount.

Table 9 &10



Bar Council

20. A 12% increase in staff costs of £382k, this includes an amount for anticipated pay increases in 2023/24. The remaining amounts are due to: increased employers' national insurance and pension contributions; cumulative impact of new hires joining on higher rates and out-of-cycle increases.

BSB

21. Staff costs have increased by £987k (16% increase on the previous year). 12% of the increase (£715k) relates to the full-year effect of changes made and confirmed in last year's budget and PCF approval process. The remaining £271k relates to a five-year phased implementation of reforms of pay and reward. After conducting a regulatory market benchmarking survey, the BSB Board has decided these changes are necessary as the BSB is experiencing severe difficulty in recruiting and retaining people with the skills and calibre the organisation needs. Further supporting information on this is shown at Annex 2.

Resources Group

22. Staff costs increase by 15% (£295k). This includes a contingency that has been built into salary budgets to cover wage inflation, the remaining amounts are due to recruitment and other staff costs in this area, including the impact of new hires joining on higher rates and out-of-cycle increases, including implementing the recommendations of a post-cyber attack review.

NON-STAFF COSTS 2023/2024

Table 11

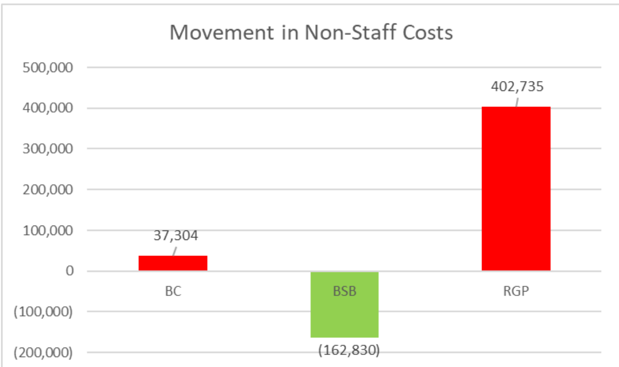


Table 12

Non Staff Costs	22/23 £000's	23/24 £000's	Change £000's	% Change		
Bar Council	1,516	1,553	(37)	2%		
BSB	2,149	1,987	163	8%		cost saving
Resources Group	4,920	5,323	(403)	8%		
	8,585	8,862	(277)	3%		

GCB

23. Non-staff costs are expected to increase by £277k (3%). The main area of cost increase has arisen in the Resources Group though these shared cost increases have been mitigated by savings in the BSB (see para. 25).

Bar Council

24. The Bar Council has seen a modest 2% increase in non-staff costs (£37k), mainly driven by a renewed schedule of events and travel post covid.

BSB

25. The BSB has made savings of 8% on non-staff costs (£163k) in the Exams team.

Resources Group

26. Non-Staff costs have increased by 8% (£403k). The main area for non-staff cost increases is the RG driven mainly by cost-of-living increases (heat and light etc) (£165k) and implementing the recommendations of a post-cyber attack review (£391k). Though these costs were mitigated by savings in corporate overheads and a lower depreciation charge.

Capital Expenditure

Table 13

General Council of the Bar Capital spend	Budget 2023-2024			2023-24	2022-23	
	Bar Council	BSB	RGP	GCB	GCB	Variance
	£	£	£	£	£	£
Total Direct Projects	120,000	40,000		**160,000**	349,000	189,000
Indirect expenditure			840,000	**840,000**	651,000	(189,000)
Shared Services Capital Projects Recharges	252,000	588,000	(840,000)			0
Total Projects	372,000	628,000	0	**1,000,000**	1,000,000	0

27. The overall capital expenditure for the GCB remains at £1m. The shared services capital projects mainly relate to hardware updates, implementation of 'Sharepoint' and enhancements to existing systems following external reviews of IS after the cyber-attack that happened earlier in 2022.

2021 PCF collection forecasts

28. We forecast that we will collect and use PCF of £18.5M as outlined in Table 14 below.

Table 14

	2023/24 Average PCF	**Number of Barristers As At 1-4-22**		
2023/24 Forecast	1100.02	16,862		18,548,599
		Total Forecast Collection		**£18,548,599**
	Breakdown of Usage		2022/23 Budget	2023/24 Budget
	BC & BSB PCF Funded Costs		£13,856,668	£16,006,643
	Capital Costs		£1,000,003	£1,000,000
	LSB/OLC Levy		£891,956	£891,956
	Defined Benefit Pension Scheme		£1,300,000	
	Pension Reserve			£650,000
			£17,048,627	£18,548,599
	Contigency		£0	£0

II. Developing the overall budget and application

Setting and Managing Budgets 2023/24

29. The following section describes the steps in the Bar Council budget setting process and includes the independent process followed by the BSB. These steps are consistent with the Internal Governance Rules (IGR).

Building the high-level budget

30. It is the GCB Chief Executive's responsibility, as Accounting Officer, to ensure that an annual budget is drawn up for the GCB for each financial year. This responsibility is discharged through the Director-General of the BSB and other Directors, supported by the GCB Director of Finance, who provides a shared service to the BC and BSB.

31. Annual expenditure is driven by BSB and BC objectives as articulated in their respective strategic and business plans.

32. The BSB budget was prepared independently to align with the strategic aims set out in the BSB's strategic priorities for the three-year period starting April 2022: https://www.barstandardsboard.org.uk/about-us/how-we-regulate/our-strategic-plan-for-2022-25.html. Budget options were scrutinised by the BSB Strategic, Planning and Resources Committee and the budget was approved by the BSB Board.

33. On 22 November 2022, the joint GCB Finance Committee agreed the parameters of an overall high-level budget that met the regulatory needs and the combined organisational financial commitments in the medium term. It did not 'approve' the budget, because that is a matter for the Officers of the Bar, the General Management Committee (with delegated authority from the elected Bar Council), and submission to the LSB.

Next steps in budget setting

34. Detailed cost centre budgets that fit within the agreed high-level financial parameters will be set by relevant managers.

35. The BSB maintains a continuous review of its financial needs and will present any revisions to the BSB budget for approval by the BSB's own committees and Board.

36. The combined BSB and Bar Council budget package will be brought to the joint GCB Finance Committee for review. The joint Finance Committee may refer any part of the budget to relevant parties for further consideration.

37. The planning process concludes with scrutiny of detailed budgets by the Chief Executive.

Budgetary control

38. The budgetary control measures are implemented and monitored by the GCB Director of Finance, scrutinised by the Chief Executive, the Bar Council Treasurer, BSB Director General and SPR committee, joint GCB Audit Committee and joint GCB Finance Committee. The joint GCB Finance Committee exercises overall budget monitoring. The Chief Executive, Director-General and Directors have responsibility for the control of funds within their budgetary allocations and for the financial control and formal approval of expenditure.

39. Each budget holder has responsibility for monitoring costs and delivery of non-PCF income and expenditure, keeping their respective line manager fully informed of current spending and, in advance, of any future commitments or proposed activity likely to lead to budget allocations being exceeded. All purchase orders and liability to incur expenditure must be made within approved levels of delegated authority and in accordance with approved policies.

Programme of Activity

Table 15

Proportion of activity that is for Permitted Purposes								
Functional Area	**Permitted Purposes Gross Cost (£m)**	**51(4)(a)**	**51(4)(b)**	**51(4)(c)**	**51(4)(e)**	**51(4)(f)**	**(Max 100%)**	**Not in Scope of PP**
Levies								
Legal Services Board	**0.374**		100%				**100%**	
Legal Ombudsman	**0.518**		100%				**100%**	
Tax/Interest Expense	**0.075**						**100%**	
GCB DB Pension Scheme	**0.650**	100%					**100%**	
Bar Standards Board								
Authorisations	**1.789**	100%					**100%**	
Supervision	**0.918**	100%					**100%**	
CAT	**0.745**	100%					**100%**	
Corporate Services/Governance	**0.691**	100%					**100%**	
Board	**0.280**	100%					**100%**	
Communications	**0.269**	100%					**100%**	
Public Engagement	**0.115**	100%					**100%**	
Programmes	**0.345**	100%					**100%**	
Regulatory Risk	**0.150**	100%					**100%**	
Equality & Access to Justice	**0.171**	100%					**100%**	
Policy & Research	**1.116**	100%					**100%**	
Enforcement	**1.577**	100%					**100%**	
Legal Support	**0.463**	100%					**100%**	
HR	**0.393**	100%					**100%**	
Overheads - Resources Group	**5.342**	100%					**100%**	
Bar Council								
Policy Directorate	**0.698**	100%					**100%**	
Equality, Diversity & CSR	**0.704**	90%					**90%**	10%
EU Law	**0.210**			40%		60%	**100%**	
International	**0.534**					80%	**80%**	20%
Law Reform, Regulatory & Ethics	**0.328**	60%		25%	10%	5%	**100%**	
Remuneration & Legal Practice	**0.367**	45%		45%		5%	**95%**	5%
Communications	**0.772**	15%		30%	15%	15%	**75%**	25%
Corporate	**2.313**	45%		15%	15%	15%	**90%**	10%
Total Gross P&L Expenditure	**21.907**							

The Bar Council

40. The Bar Council provides a broad range of services to barristers. The PCF supports these activities under a number of the permitted purposes as follows:

Permitted purpose 51a - the regulation, accreditation, education and training of applicable persons.

41. A significant proportion of the Bar Council's work is allocated to this permitted purpose. A notable example of our work in this area is diversity and inclusion, in particular promoting equality, diversity and inclusion (including social mobility) in the profession. We provide advice and support, training and guides for individual barristers and their chambers. In addition, specific positive action programmes cover (i) access, (ii) retention and (iii) progression at the Bar. A significant area of work relates to the education, training, and provision of leadership to the profession on the regulatory environment in which barristers and chambers operate, including raising awareness of key regulatory developments. Our work on providing practical advice and support on practice management falls under this permitted purpose, including drafting practice management guidance for the Bar and arranging practice management seminars on both new areas of interest and updates on existing matters (for example, a current priority area is income monitoring and fair work distribution). Similarly, policy work relating to remuneration and legal practice, including issues focused on access to justice and the administration of justice, fall under this permitted purpose. Recent work has also included initiatives in conjunction with the Law Society, to improve the cyber security of barristers, chambers and client data.

42. In addition to the policy work outlined above, our policy work in relation to the Bar's ethical standards and obligations, which includes management and provision of the Ethical Enquiries Service, also falls under this permitted purpose. As well as maintaining an up-to-date online ethics guidance resource (www.barcouncilethics.co.uk), a team of Ethics Advisers respond to some six thousand telephone and email enquiries from barristers each year. The Ethics Committee also delivers seminars to support barristers in understanding their ethical obligations, most recently on common ethics issues when practising at the Criminal Bar.

Permitted Purpose 51c - participation in law reform and related legislative process law reform, legal practice and permitted purpose 51e - the promotion of the protection by law of human rights and fundamental freedoms law reform.

43. Our work allocated to these permitted purposes covers a broad range of issues including civil, family, and criminal justice and a variety of areas of law. Aspects of our research work are allocated to this permitted purpose so that we may inform the legislative and law reform process from a firm evidence base. We also include a proportion of our European work under this purpose which continues to be of great relevance despite the UK's departure from the European Union.

44. Law reform mainly relates to monitoring and responding to consultations that impact on the administration of justice. This includes working on matters covering a broad range of legislative matters, contributing to the Law Commission's programmes of law reform and raising awareness of current law reform issues through the likes of our annual law reform lecture.

Permitted purpose 51d - the provision of applicable persons of legal services or reserved legal services, immigration advice or immigration services to the public free of charge.

45. We support Advocate (formerly the Bar Pro Bono Unit) which provides a vital service to people who would otherwise have no access to justice and the Free Representation Unit.

Permitted purpose 51f - promotion of relations between the approved regulator and national or international bodies, governments or the legal professions of other jurisdictions.

46. We carry out a wide range of international engagements liaising with national, regional and global level organisations. We also work closely with the legal professions and, as appropriate, governments of other jurisdictions across the world. A key aspect of our work under this permitted purpose is to support and promote the rule of law internationally and the development of the standards of the legal profession at the international level, bearing in mind that these also have an impact on the practice of our own profession.

Bar Standards Board (authored by the BSB)

Overview

47. The proposed Bar Standards Board's budget for 2023/24 carries forward the BSB's three-year strategy, into its second year https://www.barstandardsboard.org.uk/about-us/how-we-regulate/our-strategic-plan-for-2022-25.htm

48. The Chair of the BSB will be writing to her counterpart at the LSB after the BSB Board meeting on 26 January setting out how the BSB intends in the year ahead to respond to the latest Regulatory Performance Assessment with holistic reforms of performance, culture and capability. At the heart of these reforms will be a focus on improving performance in delivering core regulatory operations, including accelerating investigations. These actions will include, but will not be confined to, the commissioning of an independent review of BSB's end-to-end enforcement process and a review of service standards to establish a balanced scorecard of operational measures to support transparency and the Board's oversight role. There will also be actions to reinforce the proactivity of BSB's regulation and its independence of the Bar.

49. The BSB is proposing no change in the number of our people compared with the 2022/23 budget. This reflects the significant increase in capacity built into the budget for 2022/23 following BSB's strategic review. Within an unchanged headcount, the BSB will, however, be recruiting additional senior delivery experience to drive cultural change in our approach to operational delivery.

50. The BSB has also reviewed the BSB's pay and reward offer, to maintain the capabilities needed by the BSB in order to be effective in delivering the regulatory objectives (see Appendix 2).

Allocation of resources across BSB functions

51. The Bar Standards Board's strategy includes a commitment to the following priorities:

- **Efficiency**: delivering its core regulatory operations quickly, economically and to a high standard. The Board's top priority is to improve performance in core regulatory operations;
- **Standards**: ensuring that barristers provide a high quality and responsive service throughout their careers;
- **Equality**: promoting equality, diversity and inclusion at the Bar and at the BSB, and the profession's ability to serve diverse consumers;
- **Access**: promoting consumer understanding of legal services and choice, and good value in using those services; and
- **Independence**: strengthening the BSB's independence, capability, self-confidence and credibility.

52. These objectives and capabilities are being taken forward through the BSB's functions and associated budgetary provision as follows.

How the BSB functions support the regulatory objectives and strategic priorities

Supervision (10% of budget)

53. The Supervision function has responsibility for the BSB's risk-based regulation of chambers, employers, BSB authorised entities, individual barristers and authorised training providers. It includes supervision of activities such as pupillage, the transparency rules, equality and diversity compliance, anti-money laundering and bullying and harassment. In doing so, its supervision work protects consumers and promotes the diversity, independence and quality of the profession.

54. The BSB's Supervision work is central to the development of its strategic priorities. The relationships the BSB has with its regulated communities through its proactive supervision provide evidence to support innovation and the use of technology by barristers and help target regulation where it is needed. Supervision enables the BSB to understand how work is allocated within chambers, how standards of practice are maintained and how governance and decision making within chambers are undertaken. All of this feeds into the BSB's plans for greater focus on the role of chambers in overseeing standards, equality and access. This initiative will be driven by the evidence gathered through the BSB's regulatory return and through the continuing relationship management of chambers and entities. The impact of any new regulation will be assessed through, amongst other things, spot checking and thematic supervision reviews.

Authorisations (20% of budget)

55. The BSB's Authorisations Team is responsible for the authorisation of Bar and Pupillage Training Providers, for the management of the Bar Training centralised assessments and for assessing applications for waivers and exemptions from Bar training and practising requirements.

56. The budget allocated to the BSB's authorisation functions will ensure the timely, high quality and consistent assessment of authorisation decisions in line with its published service standards. In doing so it gives consumers and others confidence in the service the BSB provides and confidence that barristers are subject to rigorous assessment before entering the profession. The authorisation of chambers and entities as providers of pupillage training, as well as the development of new pathways for entry to the profession such as apprenticeships, helps ensure a good supply of new entrants to the profession and encourages diversity.

Contact and Assessment (8% of budget)

57. The Contact and Assessment function is responsible for assessing reports about the conduct of barristers and for taking initial decisions on whether the report identifies a potential breach of the BSB Handbook that requires further investigation. So the function promotes adherence to the professional principles and protects consumers.

58. The budget for Contact & Assessment is set to ensure that reports about barristers are handled in line with the BSB's published service standards and that we take high quality and consistent decisions. Information from reports is a valuable source of evidence to support our policy development and to evaluate the impact of the BSB's regulation. It will be particularly useful as the BSB develops its relationship with chambers and will contribute to its assessment of compliance with requirements around equality, diversity and inclusion.

Enforcement (17% of budget)

59. This function includes the full range of the BSB's enforcement work from investigation through to disciplinary action and any associated work such as appeals, interim suspension and fitness to practise cases. Accordingly, the function protects the public interest, the rule of law and the interests of consumers, while also contributing to a strong and diverse profession and to upholding the professional principles.

Legal Support (5% of budget)

60. This function includes legal support and legal knowledge management across the full range of the BSB's regulatory decision-making functions, including litigation arising from such decisions. Accordingly, the function supports all or most of the regulatory objectives and the strategic priorities but makes a particular contribution to the efficient and effective conduct of regulatory operations.

Regulatory Risk (2% of budget)

61. The Regulatory Risk function identifies risks to the regulatory objectives and works with the Board and Senior Management Team to prioritise them. This forms the basis of the BSB's strategic priorities as an organisation. A core part of the Team's work for 2023/24 will include an overhaul of BSB's approach to the collection, collation and analysis of intelligence to ensure that information from different sources is joined up. Day-today the function monitors the available evidence in relation to developments in the market and the BSB's response, managing its Risk Framework and regularly reporting to the Board. This ensures that the BSB is regularly evaluating any new evidence and reviewing its priorities. As such, the BSB's regulatory risk work takes account of all of the regulatory objectives, and by working with the Board to establish a risk appetite and relative priority, guides how the BSB promotes the regulatory objectives. Its work also applies across all strategic themes and contributes risk expertise to policy projects that are established in response to the risks that have been identified (approximately 20% of activity is project-focused.)

Equality and Access to Justice (2% of budget)

62. The Equality and Access to Justice function promotes equal access to, and diversity within, the profession, working in partnership with stakeholders. It also promotes the interests of diverse and vulnerable consumers across the work of the BSB. It reports to the BSB's Equality and Access to Justice Programme Board and commissions research, undertakes consultation and stakeholder engagement, conducts training and assists with embedding good practice in equality impact assessment across the organisation to ensure that equality and diversity issues are properly taken into account. As such the function contributes to encouraging an independent, strong, diverse and effective legal profession and to improving access to justice by considering the needs of a diverse range of consumers and working with the profession and others to eliminate barriers to access.

63. In taking forward the BSB's strategy, the function will promote best practice in chambers' oversight of diversity by revising the BSB's *Equality Rules* and by working with chambers and others in the profession. It will also contribute to improving access to justice by ensuring that new barristers joining the profession are drawn from diverse backgrounds to reflect the society they serve and by working to understand and minimise the barriers to progression for certain groups. And the function supports other projects across the organisation to ensure that equality, diversity and inclusion issues are at the heart of the BSB's work. Approximately 40% of activity is project-related.

Policy and Research (12% of budget)

64. The Policy and Research function draws on evidence of risk to the regulatory objectives to identify projects and programmes that will address those risks and evaluates the impact of those projects. Specifically:

- by reviewing the BSB's Code of Conduct and related regulatory arrangements, the function promotes all regulatory objectives, but particularly: the public interest; the rule of law; the interests of consumers; and the professional principles;
- by developing rules on transparency and working with the other regulators on a range of projects relating to innovation and technology, digital comparisons and unbundling, the function promotes in particular: competition; the interests of consumers; and access to justice;
- by working with colleagues on the Assuring Competence Programme, the function particularly promotes the interests of consumers and the professional principles;
- by undertaking research and evaluation focusing on the needs of consumers, it promotes the interests of consumers; and
- by focusing research and evaluation activities on other risks in the market, it promotes all regulatory objectives to differing degrees.

65. The function will contribute to the strategic priorities by:

- providing consumers with confidence in using the services of barristers: by monitoring the BSB's disciplinary process and the impact of its training reforms. And by incorporating consumer feedback into the BSB's projects to reform regulatory arrangements, and evaluating their impact;
- maintaining and improving access to justice: by researching barriers to entry and progression in the profession and evaluating the impact of regulatory interventions; understanding the needs of consumers through commissioned research; working to promote transparency and competition in collaboration with the other regulators and other stakeholders; and improving the BSB's understanding of how consumers choose barristers (especially via a solicitor.)
- enabling the benefits and mitigating the risks of innovation and technology: by working with the other regulators to understand innovations in the market and remove regulatory barriers; piloting new approaches to unbundling and online comparisons; providing waivers or relaxing regulation where necessary to facilitate innovation and remove barriers; and understand how the BSB's regulation needs to evolve.

Communication and public engagement (3% of budget)

66. The CPE function supports all other BSB teams in the pursuit of the BSB's regulatory objectives. It publishes information about BSB's work, including its strategy and business plan, and promotes that work through a programme of prioritised engagement with key stakeholders involving both Board and executive team members. The function leads, in particular, on actions to improve engagement with consumers and organisations representing consumers.

Public Legal Education PLE (2% of budget)

67. The PLE function meets the BSB's regulatory objective of "increasing public understanding of citizens' legal rights and duties" and is pursued through the publishing of materials on the BSB's own website and via the Press and in partnership with other regulators and with charities supporting those in legal need.

68. PLE comes under the strategic priority of “maintaining and improving access to justice” and involves both ensuring that individuals and small businesses, and the organisations advising them, have a good understanding of the services barristers can provide and working with other regulators and frontline advice providers to ensure that the public have a better understanding of their legal rights and duties, the legal services market and how to access legal advice.

People (4% of budget)

69. The People function leads work to define a culture and values for the Bar Standards Board appropriate to an independent regulator and to put in place the policies for the recruitment, remuneration, retention and development of its people which will sustain BSB’s self-confidence and ability to deliver.

Governance and corporate services (11% of budget)

70. This function ensures that governance in the Bar Standards Board reflects best practice, including adherence, where appropriate, to the UK Corporate Governance Code. The function plays a key role in setting, and overseeing, standards for the quality of Board papers and for streamlining governance documents.

Programmes (4% of budget)

71. The Programmes function sets standards for the delivery of the programmes and projects which represent the BSB’s principal means of delivering strategic interventions. The function also promotes the development of project management skills across the BSB and supports the delivery of individual programmes and their constituent projects.

Regulatory performance

72. As outlined above, the BSB Chair will be writing to her counterpart to set out transformational reforms intended to ensure BSB fully meets the regulatory performance standards set by its oversight regulator, the Legal Services Board.

73. These reforms, including BSB’s drive to improve operational performance will be overseen by a new Performance and Strategic Planning Committee and by the Board itself. Responsibility for specific reforms are shared across a range of functions. Major contributions are made by:

- the Board which owns and oversees the plan;
- the DG and Governance and Corporate Services function which oversees the streamlining of BSB’s corporate governance arrangements and sets standards for Board papers;
- the People function which is taking forward the development of a culture, values and supporting policies appropriate to an independent regulator; and
- the Communication and Public Engagement function which is responsible for reforms to the BSB’s engagement with consumers.

Assessing and evaluating benefits

74. The Bar Standards Board assesses the benefits of regulatory interventions primarily through its well-developed analysis of regulatory risks (see the Risk function above) which draws on evidence from a range of sources, including: BSB’s Regulatory Return; the reports received by BSB; intelligence provided by the Legal Ombudsman and Bar Mutual Insurance; feedback from stakeholders, including the Judiciary; and the BSB’s own programmes of research and data

gathering. The BSB then tests its assessment of risks and opportunities by consulting stakeholders, particularly stakeholders representing consumers.

75. The majority of strategic interventions are taken forward within a programme or project framework and governed by a programme or Project Initiation document which defines the benefits sought from the intervention in terms of the regulatory objectives and sets out, and manages, the associated risks to the realisation of those objectives.

76. The BSB then evaluates the impact of these interventions by commissioning research or analysing relevant data. For example, the BSB has recently undertaken research into the impact of the transparency rules on both consumers and on chambers. The BSB also has research underway into the impact of its reforms of Bar training. The data the BSB publishes annually on diversity of the Bar and incomes at the Bar provides a basis for assessing the impact of its interventions aimed at promoting diversity and inclusion.

PCF Outlook beyond 2022/23

77. Table 16 provides a summary of the financial outlook beyond 2023/24 with indicative income and expenditure forecasts to 2025/26. The PCF forecasts include a minimum uplift of 3% which will be needed to maintain a healthy financial position and mitigate the inflationary effects on our recurrent costs. At this stage we cannot say if the required increase will be covered by the natural growth of the PCF due to increases in the number of barristers and their movement through the income bands or if this will require an increase in the PCF rates. Any necessary changes in the PCF rates will be considered on an annual basis.

78. We shall continue to plan budgets and set the level of the PCF on a year-by-year basis in the light of the circumstances at the time and having regard to barristers' earnings / incomes. This will enable the GCB to cover the costs of regulatory and other 'permitted purposes'; to manage the cash flow; and to re-build our liquid reserves.

79. These forecasts show the level of income and expenditure necessary for the GCB to meet its current financial commitments. The forecasts contain initial assumptions on income and cost savings. These assumptions will be revisited at the end of the 2023/24 Authorisation to Practise process to assess if any additional measures are needed. The Inns' contribution is uncertain and has to be bid for each year. The BRF income is a voluntary subscription for barristers, and it is rising this year by £10 to a minimum of £160 per person / per annum. The BRF income is expected to be stable though the number of subscribers may slightly decline due to the fee increase.

80. We expect the organisation to have a P&L breakeven in 2023 / 2024 and generate surpluses from 2024/25 onwards. As for the individual entities the Bar Council will generate surpluses while the BSB budget will be remain in deficit until 2028/2029. The cash position will return to a surplus when the final loan repayments are made in 2026/2027.

Table 16

2023/24 High level budget and indicative outyear proposition for GCB
Values in £000's

	2020/21 Actuals	2021/22 Actuals	2022/23 Forecast*	**2023/24 Budget**	2024/25 Indicative Fcst	2025/26 Indicative Fcst	2026/27 Indicative Fcst	2027/28 Indicative Fcst
PCF	15,747	15,341	17,196	18,548	19,847	21,038	22,300	23,883
BRF	1,278	1,278	1,258	1,242	1,300	1,300	1,300	1,300
Contribution from Inns	250	214	214	214	214	214	214	214
Other Bar Council Income	842	835	1,030	963	974	984	995	1,006
BSB Fees and Charges	2,637	2,696	1,983	1,798	1,798	1,848	1,901	1,957
Other Income	489	295	427	527	543	559	576	593
Total Income	21,243	20,659	22,108	23,292	24,676	25,943	27,286	28,953
Operating Spend	9,543	9,941	11,616	12,750	13,549	14,185	14,717	15,249
Overheads	5,552	6,673	8,797	8,862	9,450	9,934	10,286	10,482
Other Spend	1,442	1,018	2,210	1,542	1,542	1,542	1,542	1,542
Tax/Interest Expense	0	130	55	75	104	107	110	114
Total Spend	16,537	17,762	22,678	23,229	24,645	25,768	26,655	27,387
Net Surplus/(Loss)	4,706	2,897	(570)	63	31	175	631	1,566
	22.2%	14.0%	-2.6%	0.3%	0.1%	0.7%	2.3%	5.4%

Reserves

81. The joint Finance Committee approved the revised the Reserves Policy at its meeting on 22 November 2021.

82. The target range for the Permitted Purposes Reserve should be £3m - £6m. This is based on the estimated operating costs for a minimum period of 3 months and a maximum 6 months. This level of reserves is to mitigate the risk of unexpected costs arising that have not been accounted for in the last budget and PCF setting process, and any potential delays to the PCF collection process (as happened in 2020 due to the pandemic). The target range is kept under review by the joint Finance Committee. When reviewing the target level, the joint Finance Committee monitors the 5-year financial projections, the expected level of expenditure and the level of PCF income needed for long term financial stability.

83. As the GCB is the legal entity it is impractical to hold separate reserves for the Bar Council and BSB. There is a separate permitted purposes reserve for S51 purposes. The Permitted Purposes reserve is generated through the use of PCF for the Permitted Purpose operations of the GCB as shown in the s51 report (chart 24). Reserves generated through non-Permitted Purpose activities are held in the General reserve.

84. As part of the annual budgeting process the BSB, through its SPR committee and BSB Board, decide on the level of funding needed. Any in-year additional expenditure is decided by the SPR committee and BSB Board this is then funded through either surplus PCF funds if available in year or the Permitted Purposes reserve. The BSB has full access to the Permitted

Purpose reserve for it regulatory needs. This process is scrutinised by the joint Finance Committee.

85. The Free Cash Reserve: the value of unrestricted cash available for spending will always be less than the amount of total equity (which can often be misleading). The Free Cash Reserve is a calculated amount representing:

Free Cash Reserve (Total Assets - Fixed Assets - Loans - Pension) – Current Liabilities

86. The GCB distinguishes between permitted purposes reserves and other general reserves and reports those reserves in the annual audited financial accounts: the permitted purposes reserves arise from the surplus or loss on any BSB regulatory activity (whether funded directly by PCF or not) and Approved Regulator / representative body permitted purposes activity as included in the s51 report included (chart 24) and in our annual accounts.

87. Movements in and between reserves are reported in the primary statements of the financial accounts, are audited independently and are subject to review by the joint Finance Committee and joint Audit Committee for financial and process integrity respectively. The approved accounts are available on the Bar Council website.

https://www.barcouncil.org.uk/uploads/assets/8f2eb4d3-c17c-49e5-ad779eebd33e1e1c/Annual-Report-and-Accounts-2021-22.pdf

88. Extract from the Financial Statements y/e 31 March 2022

Table 17

Allocation of General Reserves

	Permitted purpose £000's	*Legal challenges £000's	Other General Reserves £000's	Total General Reserves £000's
Balance at 1 April 2020	185	274	4,297	4,756
Surplus	3,941	-	656	4,597
Transfer to Pension Reserve	(1,150)	-	-	(1,150)
Transfer to Legal Challenges Reserve	(100)	100	-	-
Transfer for legal costs	74	(74)	-	-
Acquisition of NCI	-	-	(28)	(28)
Balance 31 March 2021	2,950	300	4,925	8,175
Surplus	1,940	-	887	2,827
Transfer to Pension Reserve	(1,150)	-	-	(1,150)
Transfer to Legal Challenges	(100)	100	-	-
Transfer for legal costs	104	(104)	-	-
Acquisition of NCI	-	-	-	-
Balance 31 March 2022	3,744	296	5,812	9,852

*Legal Challenges is a designated Permitted Purpose reserve created to hold and provide visibility of the costs of BSB defending against legal challenges following the cessation of uneconomic third-party insurance cover in 2022.

89. Our forecasts show the Permitted Purpose reserves is within the target range from 2022 /2023 onwards.

90. The free cash reserve is within the target range from 2022 /2023 onwards.

Table 18

Table 5 : Indicative GCB Reserves & Free Cash Reserve : 2020/21 to 2027/28

	2020/21 Actuals	2021/22 Actuals	2022/23 Forecast*	2023/24 Budget	2024/25 Indicative Fcst	2025/26 Indicative Fcst	2026/27 Indicative Fcst	2027/28 Indicative Fcst
Net Surplus/(Loss)	4,706	2,827	(570)	63	31	175	631	1,566
Equity								
Adj. Total Comprehensive Income Transferred	3,419	1,677	(570)	63	31	175	631	1,566
General Reserves B/f	4,297	4,925	5,411	5,246	5,264	5,273	5,324	5,507
Permitted Purpose Reserve B/f	185	2,950	4,141	3,736	3,781	3,803	3,927	4,375
Permitted Purpose Legal Challenges Reserve B/f	274	300	300	300	300	300	300	300
Total Equity	**8,175**	**9,852**	**9,282**	**9,345**	**9,376**	**9,551**	**10,182**	**11,748**
Free Cash Reserves	3,820	4,151	5,279	4,254	4,041	4,445	4,890	5,379

*based on Oct22 forecast

91. These forecasts will be revisited during next year's budgeting process, when the joint Finance Committee will consider the appropriate target range of reserves needed and the timeline for achieving it.

BSB Budget

92. The BSB budget has been developed in alignment with the proposed BSB Strategic Priorities 2022-2025: https://www.barstandardsboard.org.uk/about-us/how-we-regulate/our-strategic-plan-for-2022-25.html

93. The total BSB budget includes the costs of the services (finance, IT and facilities) which the BSB shares with GCB. This is shown in Table 19.

Direct Costs

94. The BSB Board approved the 2023/24 budget bid and agreed that it is consistent with the proposed BSB strategy for 2022-2025. The budget proposals were scrutinised in detail by the BSB SPR Committee. The subsequent regulatory budgets were presented to the Joint Finance Committee on 22 November 2022.

95. The costs of the BSB, excluding shared services, will be £9.022M, an increase on the 2022/23 budget of £0.824 (2022/23 was £8.198M), £0.987M staff and savings of £163k non-staff. This is an 10% increase in operating costs.

96. The BSB has identified the need for its proposed reforms of pay and reward to place the setting of pay on a long-term sustainable basis. This is explained in the consultation document and in Appendix 2.

Table 19

BSB 2023/24 Budget Summary						
	2022/23 Budget	2022/23 Forecast*	2022/23 Budget v Forecast Variance	2022/23 Budget v Forecast Variance	**2023/24 Budget**	2023/24 Budget v 2022/23 Budget Variance
Income	**£000's**	**£000's**	**£000's**	**%**	**£000's**	**£000's**
PCF	12,025	12,128	103	0.9%	13,082	1,057
Fees and Charges	1,798	1,983	185	10.3%	1,798	0
Share Corporate Income	560	301	(259)	46.3%	372	(188)
Subtotal Funding	**14,383**	**14,412**	**29**	0.2%	**15,252**	**869**
Costs						
Governance, Exec, Support & Communication	1,923	2,023	(100)	5.2%	2,365	(442)
Strategy and Policy	1,219	1,071	148	12.1%	1,376	(157)
Regulatory Operations	3,407	3,253	154	4.5%	3,394	13
Legal Enforcement	1,649	1,995	(346)	21.0%	1,887	(238)
Subtotal Spend	**8,198**	**8,342**	**(144)**	1.8%	**9,022**	**(824)**
Shared Overheads	4,849	5,261	(412)	8.5%	5,342	(493)
Total Spend	**13,047**	**13,603**	**(556)**	4.3%	**14,364**	**(1,317)**
DB Pension Fee	917	917	0	0.0%	458	459
LSB Charge	629	642	(13)	2.1%	629	0
Tax/Interest Expense	99	39	60	60.6%	53	46
Non Operating Cost	**1,645**	**1,598**	**47**	2.9%	**1,140**	**505**
Total Cost	**14,692**	**15,201**	**(509)**	3.5%	**15,504**	(812)
Net Surplus/(Loss)	**(309)**	**(789)**	**(480)**		**(252)**	57

*Based on Oct22 forecast

97. The BSB expects to raise £1.798M (£1.798M revised budget in 2022/23) in non-PCF income from other regulatory fees. The income depends on two variables the charge to AETOs's (which has recently been reduced) and the number of students who decide to enrol on the course. Due to the uncertainty of these variables the budgeted figure for this income has been set the same as the previous year. The aim of the revision of the charges is to improve fairness and cost recovery.

2022/23 BSB In-Year Movements

98. Forecast income is expected to be higher due to additional PCF collected above forecast of £103k and additional regulatory income of £185k due to; BCAT (unbudgeted income); income from fines and greater student numbers than expected at the AETO's. The number of students each year is not a linear progression due to a number of variables; therefore, any increase is not automatically built into the forecasts.

99. Forecast Operating Costs are expected to be higher than budgeted. The main reasons for this are; additional recruitments and temp staff costs; and outsourcing of casework in legal

enforcement. The legal enforcement outsourcing is a non-recurrent cost increase and is therefore not included in future years forecasts. These costs have been offset by savings in the exams team and Strategy and Policy. Additional costs have occurred in the shared services due to the cyber-attack and additional remedial work identified in the subsequent reviews. Utility costs have also increased substantially. Many of the additional costs in shared services are non-recurrent: cyber-attack costs, post cyber-attack reviews etc. The recurrent increases e.g. additional cyber security and cost of living increases are included in our forecasts.

100. These figures need to be treated with caution as we have not reached the end of the financial year.

BSB Forecasts to 2025/26

101. The forecasts are broadly based on the proposed strategy. Detailed forecasts beyond 2022/23 will be subject to revision depending on the regulatory and economic landscape post Covid.

BSB Capital Expenditure

Table 20

BSB Capital Spend	2023-24	2022-23	Variance
Capital Projects	**£**	**£**	**£**
Total Direct Projects	**40,000**	**259,000**	219,000
Indirect Projects			
Shared Services Capital Projects	588,000	449,141	(138,859)
Total Projects	628,000	708,141	80,141

102. The BSB capital expenditure budget is draft and is likely to change prior to the start of the new financial year.

Shared Services

103. Resources Group provides the shared services for the BC and BSB, comprising IS, PMO, FM, HR (pensions and payroll), Finance and the Records team. These teams provide the back-office services to enable the regulatory and representation arms to function efficiently. The high-level plans for the functions shared between BC and BSB have been identified. These plans include the costs of staffing, operations and capital expenditure in support of the strategic plans for both organisations.

104. Resources Group (which supports RPS and BSB) is proposing an increase in operating expenditure on the 2022/23 budget of 10% (£697k). This increase is mainly due to an increased spend within IS due to the action being taken to improve cyber security as part of the cyber-attack review.

- Staff costs increase by 15% (£294k). This includes a budgeted 7.5% (£140k) increase that has been built into salary budgets to cover wage inflation, the remaining £154k is due to recruitment and other staff costs in this area, out-of-cycle salary increases and the cost of an additional FTE.

- Non-staff costs have increased by £403k from the 2022/23 budget 8%.
    - £391k increase in IS costs which includes 24-hour cyber-security support, additional Microsoft 365 licenses which are no longer perpetual, and other inflationary increases on licensing and support costs.
    - £165k increase in facilities costs for increased energy costs, rates, and service charges.
    - £67k decrease in corporate overheads (£80k decrease in finance overheads offset by increased costs in HR of £13k) while there has been a reduction in spend due to restructuring costs not budgeted for in 2023/24, increased insurance costs, bank charges, management and consultancy costs have partially offset these savings.
    - £86k saving on depreciation costs to reflect reduced capital programmes in 2022/23.

- The £267k decrease in RGP income is due to the reduction in the budgeted estimate of investment income.

Bar Council Budget 2022/23

105. The budgets of GCB fund Representation, Policy and Services (RPS) activity, including the functions of the Approved Regulator, and a share of the shared services costs for the business. These budgets are set in conjunction with the business planning process and align with the Bar Council Strategic Plan.
https://www.barcouncil.org.uk/uploads/assets/86520690-7ab5-4cb1-93e63c26bc300c9f/Bar-Council-Strategic-Plan-2019-24.pdf

106. Total income for the Bar Council will increase by £316k, 4%to £8.04M (£7.72M 2022/23). The main driver for the increase is the additional PCF £442k. This is offset by modest reduction in income from other areas. BRF subscriber numbers have been forecast to reduce, although this should be offset by the increase in the BRF price point from £150 to £160, leading to a small increase of £3k on the previous year. The net combined RPS income is forecast to reduce by £50k. Services income is expected to decrease by £55k largely due to the decision to not run the Annual Bar and Young Bar Conference in 2023/24. Representation and Policy income is expected to decrease by £6k. Additional equality and diversity revenue streams have been partially offset by the reduction in Kings Council Appointments (KCA, formerly QCA) funding now that the amount allocated has been utilised. The estimate of corporate income from investments has also been reduced

107. A further £0.2M is received from the Inns of Court for specific representation activity.

108. The Bar Council is proposing an increase in operating expenditure of 9%, £419k. The increase consists of:

- A 10% increase in staff costs of £382k, including a 7.5% salary contingency that has been built into salary budgets, contributing a £207k increase in staff costs. The remaining £175k increase is attributable to out of cycle increases, new roles and maternity cover. These changes will contribute to increased employers' national insurance and pension contributions. Specifically, this £175k is made up of a public affairs officer (£26k), services restructure (£32k), comms restructure (£44k), policy directorate vacancy (£30k), cumulative impact of new hires and out-of-cycle increases reflected within the forecast (£43k).

- A 2% increase in non-staff costs of £37k. The Services portfolio is expected to spend £49k less due to the Annual Bar and Young Bar Conference not taking place in 2023/24. Representation and Policy expenditure has increased by £87k. Equality and diversity training initiatives have increased expenditure in 2023/24 by £45k. Increased costs for travel, events, and memberships of £68k have been anticipated over and above 2022/23 budgeted amounts. KCA funding and matched expenditure has come to an end (£26k was budgeted in 2022/23).

109. The 2022/23 budget proposals for the Bar Council are shown in Table 21.

Table 21

Bar Council 2023/24 Budget Summary	**2022/23 Budget**	2022/23 Forecast*	2022/23 Budget v Forecast Variance	2022/23 Budget v Forecast Variance	**2023/24 Budget**	2023/24 Budget v 2022/23 Budget Variance
Income	**£000's**	**£000's**	**£000's**	**%**	**£000's**	**£000's**
PCF	5,024	5,068	44	0.9%	5,466	442
Representation Income	214	214	0	0.0%	214	0
Services to the Profession	2,252	2,288	36	1.6%	2,205	(47)
Share Corporate Income	234	126	(108)	46.2%	155	(79)
Subtotal Funding	**7,724**	**7,696**	**(28)**	0.4%	**8,040**	**316**
Costs						
Representation Direct Costs	3,724	3,725	(1)	0.0%	4,132	(408)
Shared Overheads	1,584	1,719	(135)	8.5%	1,794	(210)
Total Representation	**5,308**	**5,444**	**(136)**	2.6%	**5,926**	**(618)**
Costs of Services	875	886	(11)	1.3%	885	(10)
Shared Overheads	442	480	(38)	8.6%	437	5
Total Services	**1,317**	**1,366**	**(49)**	3.7%	**1,322**	**(5)**
Direct Bar Council Costs	**4,599**	**4,611**	**(12)**	0.3%	**5,017**	**(418)**
Shared Overheads	**2,026**	**2,199**	**(173)**	8.5%	**2,231**	**(205)**
Total Operating Spend	**6,625**	**6,810**	**(185)**	2.8%	**7,248**	**(623)**
DB Pension Fee	383	383	**0**	0.0%	192	191
LSB Charge	263	268	**(5)**	1.9%	263	0
Tax/Interest Expense	41	16	**25**	61.0%	22	19
Non Operating Cost	**687**	**667**	**20**	2.9%	**477**	**210**
Total Cost	**7,312**	**7,477**	**(165)**	2.3%	**7,725**	**(413)**
Net Surplus/(Loss)	**412**	**219**	**(193)**		**315**	**(97)**

*Based on Oct22 forecast

110. Services to the profession (income) includes income from the voluntary Bar Representation Fee (BRF) and income from training and events provided to the profession.

2022/23 Bar Council in-Year Movements

111. Forecast income is expected to be £28k lower mainly due to a downgrade in the expected corporate income from investments.

112. The financial position has deteriorated against budget by £193k. Additional PCF and Services income this has been collected although this has been offset by the reduction in RGP investment income and international income reductions. Salary costs variance is due to payment of accrued leave additional temp staff costs, unbudgeted recruitment costs, and the £750 cost of living payment. Additional Services costs are due to Pupillage Gateway and DAP expenditure, while being partially offset by Bar Conference savings. Savings have been identified within international due to revised activities combined with other RP savings due to work carried out in-house. RG shared overhead costs have increased overall against budget (see Shared Services section).

113. These figures need to be treated with caution as we still have number of months before the year end in March 2023.

Bar Council Capital Expenditure

Table 22

Bar Council Capital Spend	2023-24	2022-23	Variance
Capital Projects	**£**	**£**	**£**
Total Direct Projects	120,000	90,000	(30,000)
Indirect Projects			
Shared Services Capital Projects	252,000	201,859	(50,141)
Total Projects	372,000	291,859	(80,141)

114. The Bar Council capital expenditure budget is draft and is likely to change prior to the start of the new financial year.

Application of PCF to permitted purposes

115. When preparing the Bar Council budget, we have apportioned the total costs of the various functions between permitted purposes and other expenditure according to descriptions summarised in Table 26. The value of this apportionment is shown in Table 23 below.

Table 23

Analysis of Representative costs between Permitted and Other Purposes

	2023/24 Budget Direct Costs £000	Support Costs £000	Contribution	Total Costs £000	Max Permitted Purposes ("P.P.")	Permitted Purposes Activities £000	Other Purposes £000
Analysis of Representative Permitted Purposes Costs							
Approved Regulator: Corp.	1,440	659		2,099	90%	1,889	210
Donations	214	-		214	100%	214	-
Approved Regulator Subtotal	**1,654**	**659**	**-**	**2,313**		**2,103**	**210**
Representation:							
Equality, Diversity & CSR	483	221		704	90%	634	70
Policy Directorate	479	219		698	100%	698	-
EU Law	144	66		210	100%	210	-
International	366	168		534	80%	427	107
Law Reform & Regulatory & Ethics	225	103		328	100%	328	-
Remuneration & Legal Practice	252	115		367	95%	349	18
Communications	529	243		772	75%	579	193
Subtotal Representation	**2,478**	**1,135**	**-**	**3,613**		**3,225**	**388**
Total	**4,132**	**1,794**		**5,926**		**5,328**	**598**
2022/23 Budget	*3,724*	*1,616*		*5,340*		*4,876*	*464*

116. Support Costs represents the share of Resources Group (overhead costs) detailed in Table 21 in Section II.

III. Consultation on the PCF

Consultation Process

117. The Joint Finance Committee on the 22 November 2022 reviewed the proposal for an increase in the PCF fee level to meet the anticipated expenditure in 2022/23. The proposal to increase the PCF fee level and the proposed budget for 2023/24 was put before the profession between 1 December and 13 January 2023. The full consultation document is at the link below:

https://www.barcouncil.org.uk/resource/general-council-of-the-bar-2023-24-practising-certificate-fees-and-budget-consultation.html

118. We followed a similar approach in this consultation to that used in previous years:

- The BSB sent out its Regulatory Update on 16 December 2022 inviting comments from registered and unregistered barristers. The following statistics relate to the December Regulatory Update:
  - 17,666 emails were sent out to the Registered (ie practising) Bar
  - 8,729 Registered Bar emails were confirmed as being opened - a 53.81% open rate.
  - 676 emails were sent out to the unregistered (ie non-practising) Bar
  - 374 unregistered Bar emails were confirmed as being opened - a 56.16% open rate.
  - there were 224 page views (181 unique) to the Regulatory Update webpage between 1 December 2022 and 10 January 2023. https://www.barstandardsboard.org.uk/for-barristers/regulatory-updates.html

119. Additionally, the consultation document has been available on the BSB's website at https://www.barstandardsboard.org.uk/news-publications/consultations.html and there have been 222 page views on the consultation webpage between 1 December 2022 and 10 January 2023 (187 unique views). There was also a homepage banner promoting the consultation.

- The BSB posted the consultation link to its 27,965 Twitter, its 10,532 LinkedIn and its 1,761 Facebook followers on 10 December 2022 and 10 January 2023 and put a notice on MyBar, with a link to the consultation, in December 2022 which received 79 page views and 65 unique page views.

- On 8 December 2022 the BSB posted: "Please respond to the General Council of the Bar 2023/24 Practising Certificate Fees and Budget consultation before 5pm on 13 January 2023: https://buff.ly/3lL0mte . pic.twitter.com/4STqiqyhcQ." On Twitter it received 328 impressions, 13 engagements, 5 detail expands, 4 link clicks, 4 profile clicks, and a 4.0% engagement rate. On LinkedIn there were 411 impressions, 7 clicks, 1.7% click through and engagement rate. On Facebook 57 people were reached and one click.

- On 13 December 2022 the BSB posted; "Please respond to the General Council of the Bar consultation on the 2023/24 Practising Certificate Fee and budget before 5pm on Friday 13 January 2023: https://buff.ly/3lL0mte pic.twitter.com/6r48lK1pvN." On Twitter it received 206 impressions, 2 engagements, one link click and a 1.0% engagement rate. On LinkedIn it received 514 impressions, 7 clicks, a 1.36% click through rate, one share and an 1.75 engagement rate. On Facebook it reached 39 people.

- On 20 December 2022 the BSB posted:_"Please put a note in your diary to respond to the General Council of the Bar consultation on the 2023/24 Practising Certificate Fee and budget. Please visit our consultation webpage: https://buff.ly/3lL0mte to share your view before 5pm on Friday 13 January 2023." On Twitter it received 521 impressions, 8 engagements, 6 detail expands, 1 link click, 1 profile click, and a 1.5% engagement rate. On LinkedIn there were 349 impressions, 3 clicks, a 0.86% click through rate and engagement rate. On Facebook it reached 47 people.

- On 5 January 2023 the BSB posted: "Please reply to the General Council of the Bar (GCB) 2023/24 Practising Certificate Fees and budget consultation before 13 January: https://www.barstandardsboard.org.uk/news-publications/consultations.html. On Twitter it received 584 impressions, 6 engagements, 5 link clicks, a 1.0% engagement rate and 1 media engagement. On LinkedIn it received 216 impressions, 1 click, a 0.46% click through rate, 1 reaction and a 0.93% engagement rate. On Facebook it reached 19 people and one engagement.

120. The Bar Council separately included a link to the consultation and messaging inviting responses to it in three editions of the Bar Council's fortnightly e-newsletter, BarTalk in the following editions: 1 December (2nd item), 15 December and 12 January.

121. Each edition of BarTalk was sent to more than 17,600 recipients (including the whole of the practising Bar), with an average of 44% of recipients opening and reading the newsletter and, in total, 95 clicks on the link to the consultation from the newsletter.

122. The PCF fee level and budget proposal for 2023/24 was highlighted in the legal press with Legal Futures covering the story.

123. Chairs of Specialist Bar Associations, Circuit Leaders and Bar Council committees were also encouraged to respond and promote the consultation.

124. On the website there were 271 overall views of the consultation page (251 unique views) between it being posted and the close of the consultation.

Consultation Responses

125. Despite the marketing of the consultation detailed above, we only received 13 individual email responses from barristers. Two more responses were received after the deadline, and both expressed the same sentiment as those included below. The feedback was unanimously negative.

Summary of consultation responses - budget and practising certificate fee

126. The following anonymised extracts are representative of the themes conveyed by those why replied to the consultation against each question:

A. *Do you agree with the GCB's proposal to increase the 2023/24 PCF as detailed in this paper? If not, please explain why.*

- "The PCF should be coming down, not going up. The BSB is up and running, the BC's role is now well established. There should be enormous room for reducing costs significantly."
- "It is apparent that the BSB has engaged in mission creep, expanding their roles into areas that do not require the attention of a regulator. This must be reviewed, and costs slashed. I note the complaint in the consultation document about rates of pay lagging behind similar jobs in London. Would a solution not be to move the BSB and BC out of London?"
- "As I understand it the BSB has increased its headcount by c40% over 3 years. Now we are told that in order to recruit and retain staff it needs to pay them more."
- "I do not see how such a significant expansion of staff at the BSB can be justified in such a poor economic climate- there seems to be disregard for the personal finances of Members of the Bar."
- "I cannot see any evidence to justify the increases to staff budget - where is the evidence to show that retention is all based on salary?"
- "They should be looking for efficiency savings not just endless increasing overall costs at an unaffordable rate."

B. *Do you think the PCF for 2023/24 represents value for money?*

- "I can barely think of something that represents worse value for money."
- "I agree with the Bar Council's suggestion that there should be a 'root and branch' review to identify core areas of activity that are reasonably required by the regulator."
- "There has been no appropriate explanation as to why the BSB needs to increase its staff costs".
- "The profession is no better regulated now that it was 20 years ago, with no better results, and yet the costs have become absurd."
- "There should be reductions do not increase."

C. *Are you adversely impacted by the level of the practising fee due to a protected characteristic under the Equality Act 2010 (such as age, disability or gender) or due to your individual practising arrangements? If so, please tell us why and how we could meet your needs. Do you agree with our initial Equality Impact Analysis (EIA) of the practising fee, which we have provided with this consultation?*

- Not enough answers were received to provide anonymised feedback.

D. *Do you have any other comments regarding PCF or the General Council of the Bar budget for 2023/24?*

- "would like an independent consultancy firm to review: (a) the functions and tasks carried out by the BSB and BC to match them against their statutory duties to determine the areas of overreach, ultra vires, and unnecessary spend"
- "Requiring responses to be sent in an email over a short time period over Christmas and January (as has happened before in the past) does not promote an open and full discussion."
- "I consider the PCF to have reached unsustainable levels. It does not represent any value for money."

Summary of how we have taken responses into account.

127. The CEO informed the General Management Committee on 16 January 2023 of the consultation responses, and that they were unanimous in their objection to the proposed increase in PCF. GCB members noted the number and type of objections. The covering letter to this submission summarises the outcome of the consultation and gives the views of the Bar Council as the *representative body*.

128. The responses have been shared with the BSB Chair and DG to so that they may be considered.

129. The point about consulting over Christmas is not accepted. The consultation started on 1 December 2022 and lasted over 6 weeks, and there were plenty of reminders. Ideally it would have started a couple of weeks earlier, however the timetable is driven by the authorisation to practise process that starts in February.

IV. Permitted Purposes

Allocation of PCF to Permitted Purposes

130. Table 24 below shows the allocation of PCF to regulatory and representative permitted purpose activities.

131. The split of PCF is based on the forecast permitted purpose costs as shown in Table 24 (s51 report) below. The proportions have remained steady over the years: the decrease in the absolute amount of PCF forecast is due to the Covid pandemic.

132. All BSB activity is for permitted purposes. In 2023/24, the level of PCF income applied to BSB activities rises to £13.08M from £12.03M in 2022/23 (an increase of £1M,).

133. In 2023/24, the level of PCF income applied to BC representative permitted purpose activities rises to £5.47M (up £442k, on 2022/23). Further details of the functional split of representative permitted purposes are shown in Tables 23 and 24. The allocation of PCF to permitted purposes shown in table 24 is based on the proportion of permitted purpose spend in the regulation and representative bodies.

Table 24

s51 Report on 2023/24 - Allocation of PCF to Permitted Purposes

	Regulation (BSB)	Representation		Services	Revenue Total	Capital Spend	Capital Spend	Total Funding & Spend
Total costs breakdown by source	0.6859	0.3141						
Direct Costs	9,022	4,132		885	14,039			14,039
Share of Resources Group	5,342	1,794		437	7,573			7,573
Project Spend	0	0			0	910	90	1,000
Tax Expense	53	22			75			75
LSB/OLC	629	263			892			892
DB Pension Scheme	458	192			650			650
Total Spend - Funding Required	**15,504**	**6,403**		**1,322**	**23,229**	**910**	**90**	**24,229**
Analysed between Type:	Regulatory Permitted Purposes	Other Permitted Purposes	Other Purposes			Other Permitted Purposes	Other Purposes	
Permitted Purposes	**15,504**	**5,805**			**21,309**	**910**		**22,219**
Not Permitted Purposes			**598**	**1,322**	**1,920**		**90**	**2,010**
	100%	91%	9%		**23,229**			**24,229**
Funded by:								
PCF	13,082	5,466	0	0	**18,548**	0	0	**18,548**
Direct Income								
Regulatory Fees & Charges	1,798				**1,798**			**1,798**
Services To Members				2,205	**2,205**			**2,205**
Other Contributions		214			**214**			**214**
Other Administrative Income	372	0	155		**527**			**527**
Subtotal Direct Income	2,170	214	155	2,205	**4,744**	0	0	**4,744**
Cross Subsidy from Services to Members	0	467	416	(883)	**0**	0	0	**0**
Total Funding	**15,252**	**6,147**	**571**	**1,322**	**23,292**	**0**	**0**	**23,292**
Net Surplus/(Loss)	**(252)**	**342**	**(27)**	**0**	**63**			**63**
Surplus/(Loss) Analysed between source:								
Permitted Purposes	(252)	342			**90**	0		**90**
Not Permitted Purposes			(27)	0	**(27)**		0	**(27)**
								63

PCF Application: 2022/23 operating budgets for GCB (Bar Council and BSB)

134. The operating budget proposals for the organisation as a whole are summarised below.

Budget Summary

135. The General Council of the Bar's 2023/24 proposed increase in operating expenditure for the GCB is £1.941m (a 10% increase on the current year's budget).

Expenditure

136 The reasons for the increase in costs are detailed in each of the business areas but comprise:

- Staff costs have increased by £1,664k due to additional staff, out of cycle salary increases, restructuring teams and a projected salary contingency of 7.5%.
- Non-staff costs have increased by £277k, a 3% increase on the 2022/23 budget. The increase in the joint costs of the Resources Group of £402k (due to cybersecurity and cost of living increases) has been masked at the GCB level by the reduction in BSB non-staff costs.
- Non-Operating Costs have decreased by £715k due to the release of £650k previously earmarked for the Pension Deficit Recovery Plan and a reduction in tax on investment income of £65k.

Table 25

BSB+BC 2023/24 Budget Summary						
	2022/23 Budget	2022/23 Forecast*	2022/23 Budget v Forecast Variance	2022/23 Budget v Forecast Variance	**2023/24 Budget**	2023/24 Budget v 2022/23 Budget Variance
	£000's	**£000's**	**£000's**	**%**	**£000's**	**£000's**
Income						
PCF- BSB	12,025	12,128	103	0.9%	13,082	1,057
PCF- BC	5,024	5,068	44	0.9%	5,466	442
BSB Fees and Charges	1,798	1,983	185	10.3%	1,798	0
BC Representation Income	214	214	0	0.0%	214	0
BC Services to the Profession	2,252	2,288	36	1.6%	2,205	(47)
Corporate Income	794	427	(367)	46.2%	527	(267)
Total income	**22,107**	**22,108**	**1**	0.0%	**23,292**	**1,185**
BC Total costs	**6,625**	**6,810**	(185)	2.8%	**7,248**	(623)
BSB Total costs	**13,047**	**13,603**	(556)	4.3%	**14,364**	(1,317)
Total Operating cost	**19,672**	**20,413**	(741)	3.8%	**21,612**	**(1,940)**
Non Operating costs						
DB Pension Fee	**1,300**	**1,300**	0	0.0%	**650**	650
LSB Charge	**892**	**910**	(18)	2.0%	**892**	0
Tax/Interest Expense	**140**	**55**	85	60.7%	**75**	65
Non Operating Cost	**2,332**	**2,265**	67	2.9%	**1,617**	**715**
Total Cost	**22,004**	**22,678**	(674)	3.1%	**23,229**	(1,225)
Net Surplus/(Loss)	**103**	**(570)**	**675**		**63**	**(40)**

*Based on Oct22 forecast

A further breakdown of costs is shown in APPENDIX 4

2022/23 GCB in Year Movements

137. The GCB forecast out-turn at October'22 is a deficit of £570k compared to a budgeted surplus for the year of £103k. This is a decrease of £673k against the original budget and is due to the following:

- Staff costs have increased by £530k against budget. Vacancies are being exceed by temp staff and recruitment costs which are £379k over the original budget. The cost of living payment for all staff was £162k across the organisation.

- Non-staff costs have increased by £211k against budget. Increased corporate overhead costs due to the review of the CRM and additional IT cyber-security costs are being partially met by savings in Representation and Policy. Depreciation has been revised for the year contributing to this favourable variance (£90k). Property costs have increased against budget by £108k. Savings mostly within the Exams & Programmes teams have been offset by additional LED support costs within BSB.

- These costs are offset by savings of £65k on the tax on investment income that did not materialise.

138. These figures need to be treated with caution as we still have number of months before the actual year end in March 2023.

Allocation of PCF to non-regulatory Permitted Purposes activities

Introduction

139. We have reviewed the representative activities of the Bar Council to determine the extent to which they fall within the Permitted Purposes described by s51 of the LSA 2007 and so may be funded by PCF. The rationale set out here has been considered in the budget setting process.

Outcomes

140. The Bar Council representative function supports the Permitted Purposes including s51 (4) a), c), d), e) and f). As well as work delivered by Bar Council staff, barrister led committees and working groups in specialist areas are supported by our staff working through five core teams. These activities are grouped by one of five themes and described on pages 35-40.

141. A proportion of the staffing resource within the representation teams supports non-Permitted Purposes activity and is funded independently. Table 26 shows the proportion of team resources applied to each Permitted Purpose and Table 24 shows the value of the relevant budget proposals analysed between Permitted and other purposes. Direct costs for activities of the services function that are outside of Permitted Purposes are budgeted for separately and analysis of this is outside the scope of this paper.

142. The Bar Council has again chosen to restrict the amount of PCF that we are prepared to seek for representation purposes and so has funded some Permitted Purposes activity, that otherwise may be funded by PCF, by other means. These means include surpluses from commercial activity and the Bar Representation Fee. The value of these is shown as other income or as a cross subsidy in Table 24.

Description of Representative Activity by Function

Equality, Diversity, Inclusion, Education & Training and Social Mobility

143. This work of the Diversity & Inclusion and Corporate Social Responsibility team covers:

a. Matters to do with the ‘training’ and ‘education’ of barristers and those wishing to become barristers (section 51(4)(a));

b. Promoting the objectives of the Equality Act 2010, to which the Bar Council as an approved regulator is subject, including:

  - ‘advancing equality of opportunity between people from different groups’ (section 51(4)(a)(ii));

- 'eliminating unlawful discrimination and other conduct prohibited by the Equality Act'; and

c. Promoting equality, diversity and inclusion (including social mobility) in the profession. Specific programmes cover (i) access, (ii) retention and (iii) progression.

d. Access Programmes include but are not limited to Bar Placement Schemes throughout England & Wales (with social mobility charity partners);, careers advice and outreach (including working with chambers to improve their own outreach activity), pupillage specific projects and supporting barristers' work with schools and universities, for example Young Citizens' Bar Mock Trials.

e. Retention & Progression Programmes focus on Sex and Race equality, that benefit all protected characteristics. We have developed a detailed programme of work focused on creating more equitable distribution of work and a more inclusive culture at the Bar (including tackling harassment and bullying). Our work on race equality at the Bar also falls squarely within the objectives of the Equality Act. Our work ensures that race remains a priority area of focus for chambers. In terms of training, we continue to invest time rolling out a Race Awareness Training product to supplement existing E&D awareness training. We also lead a discrete programme on disability

f. The team is also responsible for leading on all work in relation to the Young Bar and the Employed Bar: a broad and growing remit.

Outside of permitted purposes:

144. Up to 10% of the time of the team is allocated towards supporting Pro Bono activity, Wellbeing, Silk and Judicial Mentoring, an annual Young Bar social event, the biennial Employed Bar Awards and other small projects, although these could be deemed to be 'permitted purposes'.

European Activities (Brussels)

145. The BC maintains effective two-way communication between the institutions of the European Union and the Bar Council. This work is led by the BC's Brussels Consultant and EU Law Committee. All activities are within Permitted Purposes. The focus of our activity continues to relate to the UK's departure from the EU and maintaining constructive dialogues with the EU. 60% of our Brussels work, falling under section 51 (4) (f), enables the BC to:

a. Capture the output of the EU institutions which have a bearing on the reform and development of the law in England and Wales, the administration of justice in England and Wales and the consumer as well as the public interest;

b. Draw attention to EU-wide consultation exercises and related initiatives; and

c. Communicate the views of the Bar of England and Wales on a wide range of legal matters affecting the development of EU law and justice including matters of family law, criminal law, administration of estates, contract law and intellectual property. This work continues in earnest following the UK's departure from the EU from the perspective of an important third country. The UK has long contributed to and indeed led the development of many aspects of EU law and will continue to influence developments as a key third country and through expert stakeholders like the BC from 2021 onwards.

146. Our work relating to the UK's departure from the EU all falls within section 51(4)(c): (law reform and related legislative process) and encompasses working with government and other interested parties on changes to domestic legislation as a result of the UK leaving the EU. This crucial public-interest work accounts for the remaining 40% of our European activities.

International

147. The International Team exists to:

a. Advise the BC on international developments of relevance to the Bar, to promote the interests of the Bar to international organisations and other legal professions and to lead the support and promotion of the international rule of law. It also acts to maximise international business opportunities for the Bar.

b. Provide policy expertise and intelligence to the organisation across the range of international interests of the Bar including trade in legal services (this is particularly the case post-departure from the EU), rule of law (this continues to create a considerable amount of work in light of the impact of Covid-19 on the rule of law as well as more recently dealing with the consequences of the war in Ukraine) and international issues.

c. Ensure that the Bar and the BC's positions are effectively put forward in international organisations (e.g. the Council of Bars and Law Societies of Europe (CCBE) and the International Bar Association).

d. Support the development of the international rule of law by interesting and engaging the profession in relevant activities (e.g. through lectures and other educational means) and by providing Bar expertise to Bar associations and other lawyers' organisations overseas (e.g. by taking part in capacity building and other training projects abroad, whether alone or with partners like the Commonwealth Lawyers Association, foreign bar associations or UK government).

e. One member of the International team currently spends a significant amount of time working on matters related to the UK's departure from the EU which also come within section 51(4)(c) as described above and 51(4)(f), for example supporting the government's Professional Business Services Council and DTI Trade Advisory Group for Professional Advisory Services and ensuring clarity about the practice rights for barristers in EU jurisdictions.

Outside of permitted purposes:

148. The International Team's activity has an ancillary purpose to create opportunities for business development including initiating international business development projects, overseas marketing missions to selected priority jurisdictions, organisation of or attending business conferences, promotional publications or networking events with incoming delegations of foreign lawyers. These activities generate fees which pay for the incremental costs arising and also subsidise permitted purposes activities carried out in conjunction with business development work.

Law Reform, Regulatory and Ethics Issues

149. The Regulatory Issues, Law Reform and Ethics team is responsible for engaging with the legal sector regulators on issues affecting the profession. The main areas of work include the following, all of which fall within the Permitted Purposes:

a. Education and provision of leadership to the profession on key regulatory changes. These include communication with the LSB, BSB and other key stakeholders including the Legal Ombudsman, and the monitoring and influencing of changes to the regulatory environment for barristers, chambers and entities.

b. Practical support on practice management, including maintaining guidance that relates to areas such as entities and client care and arranging an annual seminar on first tier complaints handling as well as any new areas of interest. This work falls under section 51 (4) (a) (ii).

c. Monitoring and responding to consultations that impact on the administration of justice. This includes coordination of Law Reform Committee (LRC) led responses to consultations on a broad range of legislative matters, contributions of the LRC to the Law Commission's programmes of law reform, raising awareness of current law reform issues through the annual law reform lecture delivered to some 200 law students, barristers and judges and fostering an interest in law reform amongst law students and aspiring barristers through LRC's annual law reform essay competition. This work falls under section 51 (4) (c), 51 (4) (e) and 51 (4) (f).

d. This team also leads on policy related to the Bar's ethical standards and obligations, which includes management and provision of the well-used Ethical Enquiries Service as well as raising awareness of key ethical issues and resources barristers can use. It also seeks to influence the ethics framework, recently achieved by responding to the BSB's consultation on the regulation of barristers' non-professional lives. This work falls under section 51 (4) (a) (i).

Legal Practice and Remuneration

150. The Legal Practice and Remuneration team leads on policy relating to remuneration and legal practice, including issues focused on access to justice and the administration of justice. This includes, for example HMCTS' court reform programme. The team's work falls under sections 51 (4) (a), 51 (4) (a) (i), 51 (4) (a) (ii), 51 (4) (c) and 51 (4) (f).

151. This team also works to further the interests of all barristers to ensure that they are paid fairly for the work that they do. It also works to help enable access to justice, through legal aid or other funding arrangements. Examples include: i.) engaging with the Ministry of Justice on the outcome of Lord Bellamy's independent review of criminal legal aid; ii.) engaging with the Ministry of Justice and the Civil Procedure Rules Committee on the expansion of the Fixed Recoverable Costs regime for Fast Track civil, privately funded cases; iii.) engaging with the Ministry of Justice on the forthcoming review of civil and family legal aid.

Outside of permitted purposes:

152. Some limited activities are considered as falling outside of Permitted Purposes, including work related to Alternative Dispute Resolution.

Research function

153. Our research function is fully up and running and is helping the Bar Council to both identify research needs and to gather robust data and evidence. The research function is central to much of our work and allows us to produce evidence-based policy positions and papers. Examples of projects the research function is involved in include research in relation to litigants in person, the

BC's Working Lives Survey, research supporting law reform work, research to assist with our practice management work, aspects of the court reform programme and supporting our regulatory issues work.

Communications Function

154. The work of the Communications function includes:

a. Activities on behalf of the Approved Regulator function and complementary to the BSB regulatory communications function.

b. Support for the public and consumer interest including the promotion of standards and good practice, publicising practical guidance, promoting entry to the Bar, advocating greater social responsibility by the Bar (working in conjunction with the Inns of Court and government in relation to the 'social mobility agenda'), publicising training events and pro bono work and supporting the promotion of events such as the Schools Mock Trial competition.

Outside of Permitted Purposes:

155. Some activities undertaken like the lobbying of government, opinion-formers and others in the interests of both the Bar and the public interest. Other activities include marketing certain services to members of the profession and chambers. For that reason, 25% of the activities and resources are funded independently of PCF.

Corporate Function

156. This consists of the leadership and support of the Approved Regulator and the representative function. About 10% of this activity is consistent with the management of commercial business activity and so is outside Permitted Purposes and funded independently.

Application of PCF to permitted purposes

157. When preparing the Bar Council budget, we have apportioned the total costs of the various functions between permitted and other purposes according to the descriptions summarised in Table 26.

Table 26

Proportion of representational activity that is for Permitted Purposes								
Representative Function Area	Regulation, accreditation, education & training of authorised persons	Maintaining and Raising of professional standards	Practical Advice and support on practice management	Law Reform and related legislative process	Promoting the protection by law of Human Rights and fundamental freedoms	Promotion of relations between AR and national, international bodies, governments or legal reps	**Permitted Purposes Subtotal**	Not in scope of pp
	51(4)(a)	51(4)(i)	51(4)(a)(ii)	51(4)(c)	51(4)(e)	51(4)(f)	(Max 100%)	Other
Equality, Diversity & CSR	30%	30%	30%				**90%**	10%
EU Law				40%		60%	**100%**	
International						80%	**80%**	20%
Law Reform, Regulatory & Ethics	25%	20%	15%	25%	10%	5%	**100%**	
Remuneration & Legal Practice	15%	15%	15%	45%		5%	**95%**	5%
Communications	15%			30%	15%	15%	**75%**	25%
Corporate	15%	15%	15%	15%	15%	15%	**90%**	10%

V. Transparency of PCF information to fee-paying members

Consultation:

158. We have been as open and transparent as possible with the profession. The full consultation document is at the link below:

https://www.barcouncil.org.uk/uploads/assets/9292e09b-6634-4e43-b81f8445d1ffdef4/GCB-Budget-and-PCF-Consultation-December-2022.pdf

PCF Application: LSB and OLC recharges 2023/24

159. The forecast charges for 2023/24 are £910k, £18k higher than in 2022/23 (£892k). No significant changes to PCF levels are required to meet this target. Due to timing differences this increase has not yet been included in the budget. The increase is not deemed to be significant (compared to the overall budget) and will be included in the final budget in March / April 2023.

PCF Application: Defined Benefit Pension Scheme (DB scheme)

160. In 2017, GCB raised the PCF by 12% to generate an additional £1.3M annually to make annual payments towards the agreed DB scheme deficit recovery plan and build a fund that would eliminate the scheme altogether in the long term. The first collections in 2017 raised £1.3M and the first recovery plan payments were made as expected.

161. The latest defined benefit pension scheme valuation has moved from a deficit to a surplus and means that the annual £1.3m GCB contribution to the scheme, under the recovery plan, is not required for the next 3 years. The GCB considers that it be prudent to release half of the earmarked money for the DB Pension to limit the PCF increase, with the remainder of the funds being used to either support the reserves in the event of a future pension deficit or speed up the repayment of the CBILS loan.

162 The GCB proposes using the permitted purposes reserve, and the pension £650k, to mitigate the PCF increase. This will mean that the PCF increase to the profession for 2023/24 will be limited to 5% (individual income bands may differ slightly). This is in line with the 2022/23 increase, when an increase of 9% was mitigated to 4.5% with the expectation of a similar increase in 2023/24.

VI. Regulatory and Equality Impact assessment

Equalities Impact Assessment

163. We aim to follow better regulation principles when setting the PCF:

- Our decision-making is open and transparent
- Stakeholders can contribute throughout the policy making process
- Actions are based on evidence and understanding of the impacts
- Regulatory burdens on the profession are kept to a minimum

164. The impact of the proposed PCF increase on protected characteristics and equality have been considered. An Equality Impact Assessment has been conducted by the Head of Policy E&D at the Bar Council. The EIA has been updated for 2023/24 and is shown in ANNEX 1. The aim of the EIA is to ensure that the GCB approach to the PCF does not have a disproportionate / adverse impact on those with protected characteristics.

a. In order to mitigate the impact of the PCF increase there will be no increase in PCF for Band 1. It will remain at £100. Band 1 contains people newly joining the profession and those returning from maternity / paternity. Band 1 contains those earning from £0 to £30k. This band contains the highest proportion of women, ethnic minorities, disabled and those aged 25-34 years old.

b. It is not anticipated that there will be any negative effects from these changes to PCF.

165. There is an element of economic fairness in the PCF bands in that it recognises the wide gap in earnings across the Bar and of the pressures faced by those at the publicly funded Bar, compared to those on the higher bands.

166. The Equality Impact Assessment has been reviewed to take account of the consultation responses. All of the responses opposed the proposed increase in fees. One respondent mentioned that they thought their caring responsibilities would be adversely affected due to the increase in the PCF. The GCB took the decision to apply the overall 5% increase in a way that tried to mitigate the effects to those in the lowest income bands. The table below shows that those in Band 1 will not face an increase. Band 1 includes all barristers whose income is below £30k and includes new barristers and those returning from maternity. It has the highest proportion of women, ethnic minority backgrounds, disability and those aged 25-34.

Table 27

Income band	Range	Last years PCF fee	New PCF fee	Change	Increase %
Band 1	£0 - £30,000	100	£100	£0	**0.00%**
Band 2	£30,001 - £60,000	253	£266	£13	**5.00%**
Band 3	£60,001-£90,000	509	£534	£25	**5.00%**
Band 4	£90,001 - £150,000	926	£972	£46	**5.00%**
Band 5	£150,001-£240,000	1,406	£1,476	£70	**5.00%**
Band 6	£240,001-£350,000	1,906	£2,001	£95	**5.00%**
Band 7	£350,001 - £500,000	2,017	£2,138	£121	**6.00%**
Band 8	£500,001 - £750,000	2,575	£2,704	£129	**5.00%**
Band 9	£750,001 - £1,000,000	2,725	£2,861	£136	**5.00%**
Band 10	£1,000,001 - £1,500,000	3,090	£3,245	£155	**5.00%**
Band 11	£1,500,001 and over	3,270	£3,434	£164	**5.00%**

167. It is generally thought that those who earn more (and have benefited from a well regulated profession) should bear a greater burden for supporting the profession than those who earn less or are at the start of their careers.

168. Our review after the consultation confirms that the policy is robust, and the evidence shows no potential for discrimination.

VII. Other supporting information

Financial Risk & Mitigation Steps

169. The main budgetary risks are:

a. PCF collection levels uncertainty because of inflation and the many interconnecting variables affecting the actual outcome compared to the forecast model.

b. Uncertainty of non-PCF income due to the increase in the cost of living and the interaction with the uplift in PCF.

c. Effect of the downturn in the economy, war in the Ukraine, economic uncertainty and post pandemic political instability.

d. Risk of Refusal

- In the event of refusal of the PCF application by the BSB, the GCB would rely on its reserves per its reserves policy, although we would need to know immediately what changes the LSB expects. The GCB has funds available for 3 months operational expenditure. Any delay in the PCF approval would also have implications for the Practising Certificates which expire on 30 April. If there was a delay the certificates may need to be extended, as was the case in 2020 when the pandemic first struck the UK.

Financial risk mitigation

170. GCB maintains financial reserves to fund working capital, investments and to provide a financial damper to smooth or cushion adverse financial issues. GCB operates a reserves policy to maintain sufficient cash reserves for these purposes.

171. If the GCB did not increase PCF and just used the reserves to cover the increase in recurrent costs this would inevitability lead to a much greater increase in PCF in future years. The PCF proposal put forward will mitigate the increase to the profession by using reserves, (and £650k of the funds that would previously been used to support the DB pension), without substantially weakening the overall financial position. The GCB is able to use its reserves in this way due to work it undertook in 2021 /22 to cut costs and obtain a CBILS loan. Without these actions the GCB would have no other option than to pass on the full amount of the cost increases in one year (9%) rather than the current proposal.

VIII. Contact details

Next steps and communication with the Bar

172. The annual renewal period for practising certificates opens in February and closes at the end of March. Barristers needing a practising certificate are required to apply for one and pay the PCF. The BC and BSB have a joint plan in place to communicate with Barristers, chambers and employer administrators to ensure that they have the information they need about the process.

173. The communication plan is underway and will continue through post, email and social media channels up to and beyond the opening of the authorisation process in February / March 2023.

174. *I certify that the information provided in this application is accurate and complete to the best of my/our knowledge and I/we have taken reasonable steps to ensure that the application complies with the Rules.*

Malcolm Cree CBE

Chief Executive
General Council of the Bar of England and Wales

8 February 2023

ANNEX 1:

EQUALITY IMPACT ANALYSIS

EQUALITY IMPACT ANALYSIS (EQIA)

Date of Assessment	• *01/11/22*
Assessor Name & Job Title	• *Richard Cullen (Director of Finance) / Sam Mercer (Head of Policy: E&D and CSR).*
Name of Policy/Function to be Assessed	• *PCF 2023-24*
Aim/Purpose of Policy	1. *This year there will be an increase to the annual PCF. In order to deliver a 5% increase in forecast PCF income. We are proposing that that there be no change to band 1 and that the increase be limited to 5% across the remining bands (except for band 7 where the increase will be 6% to bring it into greater alignment with the other income bands).*

Income band	Range	Last years PCF fee	New PCF fee	Increase in fee
Band 1	£0 - £30,000	100	£100	£0
Band 2	£30,001 - £60,000	253	£266	£13
Band 3	£60,001-£90,000	509	£534	£25
Band 4	£90,001 - £150,000	926	£972	£46
Band 5	£150,001-£240,000	1,406	£1,476	£70
Band 6	£240,001-£350,000	1,906	£2,001	£95
Band 7	£350,001 - £500,000	2,017	£2,138	£121
Band 8	£500,001 - £750,000	2,575	£2,704	£129
Band 9	£750,001 - £1,000,000	2,725	£2,861	£136
Band 10	£1,000,001 - £1,500,000	3,090	£3,245	£155
Band 11	£1,500,001 and over	3,270	£3,434	£164

	• *The PCF is charged annually as part of the Authorisation to Practice process. On an annual basis barristers confirm they are fit to practise and pay an annual practising fee (PCF)* • *The fee provides the necessary funds for permitted purposes provided by the regulatory body (BSB) and the representative body (Bar Council)* • *It benefits the legal profession and society as a whole to have an appropriately funded regulator and representative body ensuring standards are improved and maintained and the benefits and needs of the profession are articulated to the wider society.* • *The intention is that barristers pay an annual fee based on ability to pay.*

1. Evidence

What evidence will you use to assess impact on equality?
• *We have completed an in-depth analysis of barristers with protected characteristics across the different income bands.* • *There will be no increase for Band 1. It will remain at £100. Band 1 contains people newly joining the profession and those returning from maternity / paternity. Band 1 contains those earning from £0 to £30k. This band contains the highest proportion of women, ethnic minorities, disabled and the highest proportion of those aged 25-34 years old* • *Bands 7 will see a 6% increase in PCF. £350,001k-£500,000k. This is to bring the band into alignment with the other income bands.* • *All other bands (excepting bands 1 and 7) will have a 5% increase.* • *Those barristers that pay the most- in the higher income bands are predominantly: male, white, non disabled and greater than 45 years in age.*

2. Impact on Equality

Consider whether the evidence listed above shows the potential for differential impact, either adverse or positive, for different groups. If there are negative impacts, explain how you will attempt to mitigate these. Mitigating actions can be described in more detail in your Action Plan (Section 4). • *All groups will be able to access the PCF in the normal way. Will people from all groups be able to access the service; will there be any barriers for certain groups?* • *Policy based on ability to pay and should not discriminate unlawfully or provide any indirect discrimination.* • *The changes shield those in income band 1 (income less than £30k) from any change in the PCF fee.*	
Race	• *As there is no significant change to the policy of PCF based on ability to pay there is not expected to be any negative impact in this area.*

	• *Band 1 – no change – has the highest proportion of barristers from an ethnic minority background*
Gender	• *As there is no significant change to the policy of PCF based on ability to pay there is not expected to be any negative impact in this area.* • *Band 1 – no change – has the highest proportion of women*
Disability	• *As there is no significant change to the policy of PCF based on ability to pay there is not expected to be any negative impact in this area.* • *Band 1 – no change – has the highest proportion of barristers with a disability*
Age	• *As there is no significant change to the policy of PCF based on ability to pay there is not expected to be any negative impact in this area.* • *Band 1 – no change – has the highest proportion of young barristers [<25, 25-34]*
Sexual Orientation	• *As there is no significant change to the policy of PCF based on ability to pay there is not expected to be any negative impact in this area.*
Religion/Belief	• *As there is no significant change to the policy of PCF based on ability to pay there is not expected to be any negative impact in this area.*
Gender Reassignment	• *As there is no significant change to the policy of PCF based on ability to pay there is not expected to be any negative impact in this area.*
Pregnancy/ Maternity	• *As there is no significant change to the policy of PCF based on ability to pay there is not expected to be any negative impact in this area.*
Marriage and Civil Partnership	• *Not applicable*
Other Identified Groups	• *As there is no significant change to the policy of PCF based on ability to pay there is not expected to be any negative impact in this area*

How does the policy advance equality of opportunity?
The policy further promotes payment of the PCF based on ability to pay

How does the policy promote good relations between different groups?
It is generally thought that those who earn more (and have benefited from a well regulated profession) should bear a greater burden for supporting the profession than those who earn less or are at the start of their careers.

3. Summary of Analysis

Now you have considered the potential impacts on equality, what action are you taking? (Mark 'X' next to one option and give a reason for your decision)		
No change to the policy (no impacts identified)	*Your analysis demonstrates that the policy is robust and the evidence shows no potential for discrimination. You have taken all appropriate steps to advance equality and foster good relations between groups.*	X
Continue the policy (impacts identified)	*Continue with the proposal, despite any adverse impacts, provided it is not unlawfully discriminatory and is justified.*	
Adjust the policy and continue	*Take steps to remove barriers, mitigate impacts or better advance equality before continuing with the policy.*	
Stop and remove the policy	*There are adverse effects that are not justified and cannot be mitigated. The policy is unlawfully discriminatory.*	
Reason for decision: *It is not anticipated that there will be any negative effects from these changes to PCF. An analysis of the data post AtP will be undertaken to assess the validity of this assumption.*		

Action Plan for Improvement

Give an outline of the key actions that need taking based on any challenges, gaps and opportunities you have identified. Include here any action to address negative equality impacts or data gaps.			
Action Required	Desired Outcome	Person Responsible	Timescale
Analysis of the AtP results for impact on equality	*Evidence to support the assumptions*	*Paul Martyn / Richard Cullen*	*Post AtP end of April 2023*

ANNEX 2: BSB additional information on pay and reward:

Overview

1. The proposed Bar Standards Board's budget for 2023/24 reflects the continuation of the BSB's three-year strategy, in its second year. Plans for the next year prioritise meeting its targets for operational decision-making against the background that BSB has experienced challenges in meeting timeliness targets, particularly for the conduct of investigations. This has been caused by a number of factors, such as increased numbers and complexity of reports and investigations, the cyber-attack in April 2022 and difficulties in filling vacancies at prevailing pay rates (some of which were new roles specifically focused on improving operational capacity.) The BSB is proposing no change in the number of people compared with the 2022/23 budget. However, as part of the BSB's efforts to address these issues, the Board has reviewed the BSB's pay and reward offer to maintain the capabilities needed by the BSB in order to be effective in delivering the regulatory objectives. The Bar Standards Board has dropped by nearly 20% behind the median benchmark for equivalent roles in other regulators, to the point at which it has experienced severe difficulty in recruiting and retaining people with the skills and calibre the BSB needs. This, in turn, has detracted from performance.

2. This explanatory note accordingly, sets out:

i. The case for BSB's proposed reforms of pay and reward to place the setting of pay on a long-term sustainable basis;
ii. How resources will be allocated across the BSB functions in 2023/24 and how those functions will support the regulatory objectives; and
iii. How the BSB oversees regulatory performance and evaluates its performance.

BSB reforms of pay & reward

3. The provisional Bar Standards Board's budget for 2023/24, which was approved by the Board at its meeting on 22 September 2022, provides for a 9% increase in operating costs.

4. The movement in these numbers is explained almost entirely by salary costs which increase by 16% from £5.8 million in 2022/23 to £6.7 million in 2023/24. The BSB is proposing no change in the number of its people. The pay and reward changes account for 4% of the 16% increase in staff cost. The remaining 12% of the increase is accounted for by:

- provision for the cost of living (inflation) and other in-year changes of 8% - an increase on the originally-planned 5% and up from 3.5% in 2022/23 – at a cost of £393k;
- the full-year effect of other in-year adjustments and changes made in 2022/23, including a market supplement approved by the Board for legal regulatory roles in the Legal and Enforcement Team;; and
- provision of £75k for people recruitment costs which is allocated pro-rata across departments, and of £15k for Away Days, also allocated pro-rata across departments.

5. The reforms of pay and reward were decided on by the BSB Board in the light of independent advice which shows that pay at the Bar Standards Board now lags by nearly 20% the median benchmark for equivalent roles in other regulators. The resulting

difficulty in recruiting and retaining people with the right skills and of the right calibre has, been a significant factor in BSB's struggle to pick up the pace of its investigative work.

6. Recruitment and retention difficulties are now across the board. The voluntary turnover rate has risen to 21% this year – well in excess of many other regulators and above a level compatible with effective operation for a small organisation. The failure rate for external recruitment campaigns is running at 52% this year. It is taking on average, just under 17 weeks to fill roles now compared to 11 weeks a year ago.

7. In the Board's view the BSB does not need to pay top dollar among regulators to attract and retain good people. Although the BSB has now lost the comparative advantage which flexible working arrangements once offered, it still has an attractive proposition to offer its people. The Board does, however, believe that the BSB must take pay off the table as a positive disincentive to joining or staying at the BSB if the organisation is to be effective and judges that, to do so, pay at the BSB should be pitched for the medium-term at around the median for pay for comparable regulatory roles.

8. The reforms approved by the Board achieve that by:
   - retaining broadly the current pay bands, but linking those bands to regulatory sector median pay rates;
   - providing consolidated (i.e. pensionable) market supplements for regulatory policy and legal roles which the benchmarking analysis shows attract higher salaries at other regulators;
   - retaining non-consolidated performance related pay through a refreshed system of recognition awards that award excellence both for delivery and behaviours.

9. Because pay at the BSB has fallen so far behind other regulators, the cost of implementing these reforms is high and, in the interest of affordability, must be phased over a number of years. The Board has agreed that the best balance between affordability and full implementation is struck over five years. Implementation over five years requires an additional £271k in the first year and total additional expenditure of just over £1 million over five years.

10. Implementation of the pay review proposals will yield savings in recruitment costs and in temporary and consultancy support. BSB's current budgetary process is to fund those costs from the savings on salary from vacant posts, rather than to allocate a separate budget. In the previous financial year BSB spent £99k on recruitment and more than £50k on temporary staff and in the four months of the current year to date the BSB has spent £28k on recruitment and more than £37k on temporary staff. In that 16-month period they have also spent £61k on outsourced casework, a small proportion of that necessary due to conflicts of interest but the majority due to issues of capacity.

Annex 3. Additional information: BSB budget by function

Table 29

	Function						
	LE	RO	S&P	C&CS*	Prog.	HR	CPE
Budget							
Budget 23/24 (£000's)	2,040	3,453	1,436	971	345	393	384
% of BSB budget 23/24	23%	38%	16%	11%	4%	4%	4%
Regulatory Objective							
1. Protecting and promoting the public interest	E, LS	S, A, CA, OS	RR, EAJ, PR		Prog		
2. Supporting the constitutional principle of the rule of law	E, LS	CA, S	RR, PR		Prog		
3. Improving access to justice		A	RR, PR		Prog		
4. Protecting and promoting the interests of consumers	E, LS	S, CA, OS	RR, EAJ, PR		Prog		
5. Promoting competion in the provision of services		S, A	RR, PR				
6. Encouraging an independent, strong, diverse and effective legal profession	E, LS	S, A, CA	RR, EAJ		Prog		
7. Increasing public understanding of citizen's legal rights and duties		CA	RR, PR				
8. Promoting and maintaining adherence to the professional principles	E, LS	S, CA	RR, PR		Prog		
Strategic Priorities 22-25							
1. Efficiency – delivering core regulatory operations quickly, economically and to a high standard.	E, LS	A, CA, OS, S	EAJ, PR, RR				
2. Standards – ensuring that barristers provide a high quality and responsive service throughout their careers.	E	A, CA, S	PR, RR				
3. Equality – promoting equality, diversity and inclusion at the Bar and at the BSB and the profession's ability to serve diverse consumers.	E, LS	A, CA, S	EAJ, PR, RR				
4. Access – promoting consumer understanding of legal services and choice and good value in using those services (covering both the supply of, and demand for, barristers' services).		A, CA, S	EAJ, PR, RR				
5. Independence – strengthening the BSB's independence, capability, self-confidence and credibility.	E, LS	A, CA, OS, S	EAJ, PR, RR				

*Incudes the salary & associated costs for the Director General and BSB Board Members

Acronyms	A
Authorisation	CPE
Communications and Public Engagement	CA
Contact & Assessment	E
Enforcement	EAJ
Equality & Access to Justice	G&CS
Governance & Corporate Services	HR
Legal & Enforcement	LE
Legal Support	LS
Operational Support	OS
Policy & Research	PR
Programmes	Prog.
Regulatory Operations	RO
Regulatory Risk	RR
Strategy & Policy	S&P
Supervision	S

Annex 4 Additional Financial Information:

Table 28

BC & BSB Budgets - 2022/2023 v 2023/2024	2022/23 Final Budget £000's	2023/24 Draft Budget £000's	Variance £000's	Variance %
Income				
PCF Income	12,025	13,082	1,057	9%
PCF- BC	5,024	5,466	442	9%
BSB Fees and Charges	1,798	1,798	0	0%
BC Representation Income	214	214	0	0%
BC Services to the Profession	2,252	2,205	(47)	(2)%
Corporate Income	794	527	(267)	(34)%
Total income	**22,107**	**23,292**	1,185	5%
Staff Related Expenditure				
BC Staff costs	**3,083**	**3,464**	(381)	(12)%
BSB Staff costs	**6,049**	**7,036**	(987)	(16)%
Allocation of Shared Services	**1,956**	**2,250**	(294)	(15)%
Total Staff Related Expenditure	**11,088**	**12,750**	(1,662)	(15)%
Non-Staff Expenditure				
BC Non-Staff costs	**1,516**	**1,553**	(37)	(2)%
BSB Non-Staff costs	**2,149**	**1,987**	162	8%
Allocation of Shared Services	**4,919**	**5,322**	(403)	(8)%
Non-Staff Expenditure	**8,584**	**8,862**	(278)	(3)%
Total expenditure	**19,672**	**21,612**	(1,940)	(10)%
DB Pension Fee	**1,300**	**650**	650	50%
LSB Charge	**892**	**892**	0	0%
Tax/Interest Expense	**140**	**75**	65	46%
Total costs	**22,004**	**23,229**	(1,225)	(5)%
Net Surplus/(Loss)	**103**	**63**	(40)	(39)%
Adjust to Cash Budget				
Less : Depreciation	**1299**	**1212**	(87)	(7)%
Add : Capital Spend				
BC Specific Projects	**90**	**120**	(30)	(33)%
BSB Specific Projects	**259**	**40**	219	85%
Joint Projects	**654**	**840**	(186)	(28)%
BILS Loan Capital Repayments	**957**	**957**	0	0%
Total Cash Inflow/(Outflow)	**(558)**	**(682)**	(124)	22%