

# Solicitors Disciplinary Tribunal Administration Ltd

Company Registration No: 06654464

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Our ref: Susan Humble

Dawn Reid  
Head of Regulatory Performance and Operations  
Legal Services Board

By Email Only To: [Dawn.Reid@legalservicesboard.org.uk](mailto:Dawn.Reid@legalservicesboard.org.uk)

8 September 2017

Dear Dawn

## **Solicitors Disciplinary Tribunal/Solicitors Disciplinary Tribunal Administration Limited: Budget Application 2018**

In accordance with the Memorandum of Understanding dated 6 August 2016 between the Legal Services Board (“the LSB”), the Solicitors Disciplinary Tribunal (“the SDT”), Solicitors Disciplinary Tribunal Administration Limited (“SDTAL”), and The Law Society (“TLS”), I attach the SDT/SDTAL Budget Application 2018, for the LSB’s attention. The attachments comprise:

1. This letter; the Notes and Tables below form an integral part of the Budget Application
2. SDT/SDTAL Budget Principles 2018 - pdf
3. SDT/SDTAL Budget Application 2018 – Excel Worksheet
4. SDT/SDTAL Out-turn 2016 – Budget Compared with Actual Spend – Excel Worksheet
5. SDTAL Management Accounts January to July 2017 – Excel Worksheet
6. Investors in People Assessment Report 20 July 2017 - pdf

In September 2016 I was informed that some members of the LSB prefer to work from Excel Worksheets, hence the change in format this year.

The Notes follow on subsequent pages.

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**Note 1: Sitting Days (Actual and Estimated with Members' Fees in Brackets)**

Description	2016	2017	2018
Budget Application	<b>310 = £489,800</b>	<b>345 = £545,100</b>	<b>300 = £474,000</b>
Completed or Listed	<sup>1</sup> 260 = £411,093 <sup>2</sup>	<sup>3</sup> 302 = £477,160	N/A
Estimated to year end	N/A	<b>310 = £489,800</b>	<sup>4</sup> 300 = £474,000
Underspend (estimated)	<b>£78,707</b>	<b>(£55,300)</b>	N/A

**Table 1**

The SRA's information concerning the number of cases to be sent to the SDT in 2017 is provided intermittently. There has been a marked decline in assistance since the SDT UGC meeting on 6 June 2017. My best estimate for the total number of applications from the SRA in 2017 is 145. The estimate for 2018 is 160 from all sources.

The SRA made a further commitment as recently as the June UGC meeting to provide time estimates for substantive hearings with their monthly case forecasts; that data has not been delivered as promised. The last email received from the SRA on the subject was dated 30 June 2017. It can readily be seen that the forecast of the number of applications has limited meaning absent an estimate of how long the SRA believes each case will take to hear before the SDT.

A further complicating factor is the increased use of Agreed Outcomes. In 2017 to date there have been a total of 27 applications under the agreed procedure. The Tribunal has rejected 5 of the applications (one application was rejected twice). In a number of cases the application was received shortly before the date listed for the substantive hearing, making it realistically impossible to fill the wasted court time with other cases. I recognise that a rapidly-approaching hearing date can focus minds on both sides.

Historically and currently, the likely length of hearings is not known by the SDT until proceedings are received. Relevant factors in the SDT's analysis include: (1) number of

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<sup>1</sup> This represents an increase of 75 sitting days over 2015 (41%) and an additional £118,793 in fee expenditure (ignoring expenses, catering costs etc.)

<sup>2</sup> The figure for 260 days totals £410,800 in terms of fees. The figure in the table taken from the audited accounts appears to relate to an accounting adjustment.

<sup>3</sup> The figures include one 30 day case with associated case management hearing days in 2017

<sup>4</sup> From January to July 2017 the SDT has received 100 new cases from all sources. This is an increase of 77 (30%) over 2016 for the same period. The majority of those cases have a time estimate of 2 days or more, with those estimated at 3 days or more requiring case management hearings in addition to the substantive hearing.

respondents; (2) number of allegations made; (3) whether the allegations include dishonesty and/or lack of integrity which are more likely to be defended; (4) whether the respondent is legally represented (which can increase or decrease hearing length); (5) whether the allegations are to be defended; (6) number of witnesses to be called; (7) quantity of supporting paperwork; (8) likelihood of an Agreed Outcome based on the papers.

General enquiries from members of the public continue at previous levels but in many respects are becoming more litigious, for example including threats of Judicial Review. The number of individuals seeking restoration to the Roll or termination of a period of indefinite suspension remains fairly constant at around 5-7 each year. However repeated hearings have proved necessary in several cases where the individual has failed to advertise their application. The number of lay applications for consideration by the Tribunal for certification looks likely to increase in 2017, having reached 7 to date (2016 total = 8). The number of Section 44E appeals is increasing. There were 4 such appeals in 2016, and 3 to date this year.

### **Note 2: 2016 Underspend and 2017 Underspend Estimate**

The 2016 underspend and smaller current estimate of underspend in 2017 can be broken down as follows:

<b>2016</b>	Budget (£)	Actual Spend (£)	<sup>5</sup> Under Spend (£)
Employment Costs	<b>1,095,286</b>	<b>907,972</b>	<b>187,314</b>
General Administration Costs	<b>967,906</b>	<b>854,271</b>	<b>113,635</b>
Building Costs	<b>575,016</b>	<b>483,820</b>	<b>91,196<sup>6</sup></b>
ABS Appeals <sup>7</sup>	<b>45,784</b>	<b>0</b>	<b>45,784</b>
Contingency	<b>55,000</b>	<b>0</b>	<b>55,000</b>
Irrecoverable VAT	<b>169,250</b>	<b>131,906</b>	<b>37,344</b>
Total Costs	<b>2,908,242</b>	<b>2,377,969</b>	<b>530,273 (18%)</b>
<b>2017</b>		Estimated Spend (£)	
Employment Costs	<b>1,115,510</b>	<b>1,033,623<sup>8</sup></b>	<b>81,887</b>
Administrative Costs	<b>1,024,872</b>	<b>924,927</b>	<b>99,946</b>
Building Costs	<b>581,643</b>	<b>559,601</b>	<b>22,042</b>

<sup>5</sup> Reasons for over- and underspends on individual lines are set out in detail in the “SDT/SDTAL Out-turn 2016 – Budget Compared with 2016 Spend” so are not repeated here.

<sup>6</sup> A significant unanticipated refund of service charge was received from the Gate House Managing Agents in May 2017 in respect of the year ended 2016. Service charge has to be calculated for budgeting purposes in accordance with contractual lease requirements.

<sup>7</sup> ABS appeals are now included as part of general administration costs rather than as a separate element.

<sup>8</sup> Includes additional employment costs of Financial Controller to year end not included in July Management Accounts

ABS Appeals <sup>9</sup>	0	0	0
Contingency	30,000	0	30,000
Irrecoverable VAT	153,141	130,089 <sup>10</sup>	23,052
Total Costs	2,905,166	2,648,240	256,927 (8.8%)

Table 2

**Note 3: Annual Report**

The SDT published its Annual Report for the year ended 2016 in April 2017. It was sent to the LSB at the point of publication.

**Note 4:** [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Note 5: Investors in People Re-Accreditation**

The SDT has recently been re-accredited by Investors in People under the latter’s new rigorous standard. I attach the Report of the assessment on a private and confidential basis to give the LSB an indication of just how far the SDT has come in recent years.

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<sup>9</sup> ABS appeals are now included as part of general administration costs rather than as a separate element.

<sup>10</sup> Estimated to year end in contrast to Management Accounts where it is assumed that the full budget figure will be used.


It is not my intention to send hard copies of this letter and enclosures. If hard copies would assist, or if I can immediately help with anything else in relation to this application, please do not hesitate to let me know.

You will see that I have copied Paul Wilson at TLS into this email. I confirm that the Preliminary Budget Estimate 2017 was sent to TLS on 24 May 2017.

I will be on holiday from **25 September to 6 October 2018** inclusive. If assistance is required during that period, requests should be addressed to the SDTAL's Head of HR & Office Administration Karen Wood, by email to [Karen.Wood@solicitorsdt.com](mailto:Karen.Wood@solicitorsdt.com) or by telephone to 0207 778 0762.

Edward Nally and I are expecting to attend at the LSB Board Meeting on 27 October 2017 for the purpose of presenting the Budget Application and dealing with questions. I would be grateful for confirmation of the practical details in due course.

Yours sincerely



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