



Driving fair customer outcomes

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# 1. MESSAGE FROM OUR CHIEF EXECUTIVE AND EXECUTIVE SUMMARY

Welcome to the Lending Standards Board's (LSB) 2021/22 Business Plan & Budget.

We are all living through exceptional times. The ongoing impact of the health and economic crises and lasting effects of the pandemic, coupled with navigating the landscape of leaving the EU, mean that uncertainty about the future is at an all-time high.

That is why, throughout the past year and in planning for the coming year, we have focused our resources at the LSB on supporting and working with our registered firms to adapt to the impacts of the pandemic in order to protect customers and SMEs and to ensure that fair outcomes are at the top of the agenda.

This document sets out how the LSB will continue its Mission and Strategy **to drive fair customer outcomes within financial services through independent oversight** in the year ahead.

In taking forward this Mission and Strategy, we plan and deploy our resources to focus most heavily on areas of highest risk and potential detriment to customers. This vital work to protect fair outcomes for personal and business customers must continue. Our key deliverables and work streams for the coming year have been fundamentally shaped by the impacts of the pandemic on the UK economy, our registered firms and their customers, and by the lessons we have learned from this crisis.

## EXECUTIVE SUMMARY OF BUSINESS PLAN & BUDGET 2021/22

In our Mission and Strategy for the 2020s, we set out four strategic priorities for the LSB for the coming decade, namely to:

- set **high standards** to reflect what we learn from our oversight work and to respond to the new opportunities and challenges of the market, including the growth of fintech;
- deliver **independent oversight** to provide assurance that standards are being met, to highlight good practice and to ensure that weaknesses are remedied;
- ensure **wider reach** by taking a thought leadership role and by disseminating good practice through our publications, training and research and by expanding our market reach; and
- raise **awareness of the LSB** so that new entrant firms embrace our Standards and Codes and so that our findings are increasingly influential within participating firms and among organisations representing and supporting consumers.





Later in this document we set out the activities we shall undertake under each of our strategic priorities. In summary, we shall:

- undertake a programme of thematic reviews focussed on the Standards of Lending Practice for business customers to ensure that fair customer outcomes have been prioritised and achieved for SMEs in light of the impact of the pandemic on business lending;
- complete our review of the Standards of Lending Practice for personal customers and accompanying Information for Practitioners which began in Autumn 2020. The review will be accompanied by the work of our Insight & Support team on the implementation and embedding of the updates to the Standards for our registered firms;
- undertake risk assessment reviews for all firms registered under the Standards of Lending Practice for business customers (asset finance);
- implement the recommendations from our review of the Contingent Reimbursement Model Code (CRM Code) for Authorised Push Payment (APP) scams conducted in 2020/21;
- conduct a follow-up review to the effective warnings thematic review in relation to the CRM Code and continue to share best practice and insights in relation to the Code and its implementation;
- undertake a full review of the Access to Banking Standard which will seek to understand how the Standard is operating within the wider context of access to banking services and also in light of changes within the wider regulatory landscape; and
- continue to share insights and best practice via our Emerging Risk Forum, training and roundtables, and the continuation of the research and thought pieces we have been sharing throughout the pandemic.

We have set our deliverables to achieve our strategic priorities in the coming year. We have also taken into consideration the impact of, and lessons learned from, the pandemic, both from the perspective of customers of banking and financial services and the LSB itself. In relation to the latter, we set out later in this document how we are seeking to adapt our ways of working and capabilities, and to enhance the quality of our work, to underpin the coming year's work streams and to drive efficiencies across the organisation.

We have budgeted expenditure of £3.0 million to deliver this programme of work, compared to a forecast spend of £2.7 million for 2020/21. We explain our costs and their comparison year-on-year in the concluding section of this document.

## LOOKING TO THE FUTURE

As we publish this Business Plan, the global pandemic is not over. Whilst we are all hopeful of an adjustment to the 'new normal' over the course of 2021, the return to 'normality' will also inevitably bring further challenges for individuals and businesses as they adjust to the health, financial and social implications of the crisis.

Those implications are wide-ranging. Whilst the coming year promises an easing of lockdown restrictions and an increase in economic activity, large sectors of the economy have been hit particularly hard by the pandemic and it is still uncertain as to how quickly those sectors can recover. Over the next 12 months, we anticipate that individuals and businesses will continue to face pressures on their financial stability and, in some cases, their ongoing viability.

The pandemic has also driven an increase in the level of vulnerability across both personal and business customers, as the unprecedented challenges to health and financial stability have exacerbated existing customer vulnerabilities and created circumstances which generate new vulnerabilities. As Government support

measures for businesses and households are phased out, individuals and businesses will face increasing pressure on their financial resilience and we anticipate that the scale of customer vulnerability is likely to rise again.

Pressure on finances has also been exacerbated by the unprecedented increase in the level of scams and fraud over the course of the pandemic. Sadly, this trend is likely to continue, with scams continuing to evolve in nature and sophistication as criminals seek to exploit customers' fears and their precarious financial position.

Uncertainty about the future is at an all-time high, but what is clear is that the after-effects of the pandemic will resonate for years to come. It is therefore vitally important that our registered firms continue to support their personal and business customers with the forbearance, information, tools and sign-posting they need to navigate the post-pandemic world.

The LSB is committed to learning the lessons from the pandemic and our Business Plan underpins our role further to ensure that fair customer outcomes are embedded at the heart of our registered firms' cultures and, ultimately, are achieved. Living and breathing the spirit and principles which underpin our Standards and Codes is needed now more than ever to ensure that personal and business customers continue to receive the expected levels of service, support and fair outcomes from their financial services providers.

By committing to adhere to our Standards and Codes and embedding them within their organisations, our registered firms agree to uphold the highest of standards in the treatment of their customers. We, in turn, will work with our registered firms to ensure that those high standards are consistently maintained. We have high expectations of our registered firms, as we do of ourselves as the primary independent oversight body in the financial services industry.

**Emma Lovell**  
Chief Executive

## 2. OUR ROLE

The LSB is an independent oversight body whose mission is to drive fair customer outcomes within financial services through independent oversight of the Standards and Codes for which we are responsible.

We are the primary self-regulatory body for the banking and lending industry. We take great care to ensure that we complement the work of statutory regulators, rather than duplicate it, through the setting and oversight of best practice standards. We maintain an effective, collaborative relationship with the Financial Conduct Authority (FCA), Payments Systems Regulator (PSR), Financial Ombudsman Service (FOS), HM Treasury and other key industry stakeholders such as UK Finance, the Building Societies Association, the Business Banking Resolution Service, the Financial Services Compensation Scheme and the British Business Bank, together with key groups representing consumers and SMEs.

Due to our engagement with registered firms and stakeholders, we are in a unique position to understand the challenges faced by the industry. This, together with our agility, enables us to adapt our current Standards, Codes and supporting Information for Practitioners to provide insights and best practice that support the delivery of good customer outcomes at all times.

### THE VALUE OF SELF-REGULATION

Adherence to the LSB's Standards and Codes is a clear indication to customers and stakeholders alike that a registered firm is committed to best practice in the treatment of its personal and business customers. A firm's willingness to go beyond its statutory obligations in the treatment of customers is vitally important in building trust and integrity in the financial services industry.

### The LSB's Standards and Codes cover the following areas:

#### Standards of Lending Practice for personal and business customers

- The Standards set the benchmark for good lending practice in the UK, outlining the way that our registered firms are expected to deal with their personal and business customers throughout the entire product life cycle, from first engagement through to collections and recoveries.
- The LSB is the primary standard setting and oversight body for SME lending in the UK. Our Standards of Lending Practice for business customers provide protection for SMEs with a turnover of up to £25 million and have been formally recognised by the FCA.
- Sitting alongside these is a separate set of Standards focusing on the provision of asset finance products to SMEs with a turnover of up to £6.5m.

### Contingent Reimbursement Model Code for Authorised Push Payment Scams

- The introduction of the CRM Code in May 2019 marked a major milestone in delivering increased protection for consumers who have fallen victim to an APP scam. The Code was drafted by industry and consumer representatives, with the LSB assuming oversight of it on 1 July 2019.
- The Code sets out consumer protection standards to detect, prevent and respond to APP scams and provides a commitment to reimburse customers who lose money where they were not to blame for the success of a scam.

### Access to Banking Standard

- The LSB assumed oversight of the Access to Banking Standard in 2017. We oversee firms' adherence to the Standard, which aims to help minimise the impact of bank branch closures on customers and local communities.
- The Standard applies once the decision to close a branch has been taken and requires banks to consider customers who may be in vulnerable circumstances or require additional assistance in accessing alternative banking services.

### Credit Card Market Study (CCMS) remedies

- The FCA undertook a market study looking at how consumers use their credit cards and whether such products operate as well as they can for all consumers. In July 2016, the FCA published its final report along with a package of remedies to address the issues it had identified. The LSB is responsible for the oversight of four of these remedies, which relate to:
  - the expiry of a promotional rate;
  - prompting customers who are nearing their limit;
  - allowing customers to request a 'later than' payment date; and
  - enabling customers to exercise greater control over unsolicited increases in their limit.

### 3. COVID-19 PANDEMIC

The challenges and disruption to everyday life caused by the Covid-19 pandemic have been unprecedented and have caused long-lasting financial impacts, distress and upheaval for both personal and business customers of financial services providers. The pandemic has also presented challenges for firms serving those customers.

Working collaboratively with Government, regulators, industry, consumer bodies and other stakeholders, we have responded as quickly as possible to new Government and regulatory developments driven by the crisis to ensure congruence with our Standards and Codes and to continue to drive fair customer outcomes. Our actions have included:

- ensuring that the Standards of Lending Practice for business customers could be applied to the products offered under the Government's Coronavirus Business Interruption Loans Scheme (CBILS) and the Bounce Back Loan Scheme (BBLS). This included making temporary updates to the Standards and the supporting Information for Practitioners, and collaboration with the statutory regulator to ensure that the business Standards, and temporary updates, continue to be recognised by the FCA;
- collaboration with key stakeholders on the recoveries and collections processes under BBLS to ensure congruence with the business Standards;
- regular engagement with a number of our key stakeholders, including the FCA, PSR, HM Treasury, British Business Bank, FOS, Business Banking Resolution Service, Money and Pensions Service, StepChange, Money

Advice Trust and UK Finance, to ensure collaboration and sharing of insights and developments as the pandemic progressed;

- regular engagement with our registered firms throughout the pandemic to understand the measures and activities put in place to support their customers and to identify any emerging areas of high risk to customer outcomes;
- review of the short and long term impact of the pandemic on the Standards and Codes we oversee;
- review of firms' compliance with the Access to Banking Standard in relation to bank branch closure programmes and the impact on customers, including issuing updated guidance to firms under the Standard;
- gathering insights into the impact of the pandemic and knowledge-sharing through the Emerging Risk Forum, workshops and other stakeholder engagement; and
- publication of thought leadership articles and research directly relevant to the impacts of the pandemic on firms and their customers, including our Coronavirus series, our 'Life after Lockdown' publication and research related to life experience amongst call-centre staff.



Throughout the pandemic, we have appreciated the constructive engagement and close collaboration with our firms, regulators, stakeholders, consumer bodies and Government. We will continue this engagement and ongoing support for firms to ensure that fair outcomes for customers are prioritised and achieved for as long as the pandemic continues, during the aftermath, and into what we all hope will be an economic and social recovery during 2021.

Our focus will be on our strategic priorities and objectives as set out in this Business Plan & Budget, but we will keep our plans under review in light of the ongoing pandemic and its aftermath. We will keep our registered firms and stakeholders updated on any changes we need to make.

## 4. THE LSB'S PROGRAMME OF WORK FOR 2021/22

### SETTING HIGH STANDARDS

The LSB seeks to ensure that its Standards of Lending Practice and the other codes of practice which fall under our remit keep pace with the changing financial services market and with rising consumer expectations. We also see to it that our Standards and Codes reflect the findings of our own oversight work. To this end, we are planning a number of updates and reviews of our Standards and Codes during the coming year.

Our review of the Standards of Lending Practice for personal customers and accompanying Information for Practitioners began in Autumn 2020 and will continue into the early part of 2021/22. The review has considered where updates to the Standards may be required to reflect developments across the industry to ensure that the Standards remain effective and continue to provide the right framework to deliver fair customer outcomes, particularly in light of the anticipated after-effects of the pandemic. Therefore, the changes we are making to the Standards reflect a number of regulatory developments, an emphasis on expectations of firms related to financial inclusion and customer vulnerability, and underline the Standards' applicability to all channels or digital platforms used by firms to offer products to, and engage with, customers. We will launch the updated Standards in the first quarter of 2021/22.

Throughout 2020, we responded to the launch of Government support schemes for businesses, including CBILS and BBLs, by ensuring that the Standards of Lending

Practice for business customers could be applied to products offered under these schemes. We will continue to engage with Government, regulators and other stakeholders to ensure that we are aware of ongoing developments which may impact business lending and the industry. We will keep these Standards under review in light of these developments and any findings from our planned oversight work around the business Standards during the year.

In late 2020, we completed our review of the CRM Code for APP scams. The review considered how the Code has been implemented by firms and adopted into the wider payments landscape, and where improvements are required to the Code to ensure greater consistency in its application. Our review report was published in January 2021 and during 2021/22, we will implement the recommendations set out in it. Throughout our governorship of the Code since July 2019, we have been grateful for the input, advice and challenge from the CRM Advisory Group, chaired by Ruth Evans. As per its terms of reference, this Group will wind down its activities in Q1 2021/22.

We will also undertake a full review of the Access to Banking Standard to understand how the Standard is operating within the wider context of access of banking services and in light of changes within the wider regulatory landscape since the Standard was last reviewed. This will take account of regulatory developments including the HM Treasury Access to Cash guarantee and the industry-led programme on Access to Cash coordinated by the FCA and the PSR.



### DELIVERING INDEPENDENT OVERSIGHT

Rigorous, independent oversight is the LSB's core competence and contribution to improving outcomes for customers of financial services. In planning our resources and oversight work for the year, we have maintained a risk-based approach and aim to ensure that the LSB is provided with assurance about compliance with our Standards and Codes, both at a system-wide level and in individual participating firms.

Prior to the pandemic, the majority of the LSB's Compliance team were remote workers, and as such, there has been little change to the team's methods of working during the pandemic. However, we have had to adapt the way the team are able to conduct oversight work with our registered firms on a remote basis, where historically part of the reviews would have been conducted on-site at a firm's premises.

During 2021/22, we will undertake a programme of thematic, system-wide reviews as well as specific reviews to follow up oversight work completed in the previous year to ensure that firms have implemented the recommendations and actions we required of them. We will also commence a project to implement the methodology and cycle of reviews by individual firm which was a key recommendation arising from the independent review of the LSB's oversight framework completed in 2019.

Having introduced a new self-attestation process for all registered firms in late 2020, designed to be deliberately light-touch, we will review in detail the responses provided by each firm. This will inform our view of overall compliance with our Standards and Codes. We will also assess how the attestation process has operated in its first year of implementation.

## THEMATIC REVIEWS

Our thematic reviews aim to assess compliance with the Standards and Codes system-wide in areas of particular risk or challenge. Given the impact of the pandemic on small and medium sized businesses, business lending and adherence to our business Standards will be a key focus of our work in the coming year, including the following reviews:

- Business Standards (mainstream commercial lending) – this programme of work will focus on the support provided to customers who, during the pandemic, have not taken advantage of, or been eligible for, the Government support schemes. The focus will be across the customer journey as set out in the Standards.
- Business Standards (Government support schemes, including CBILS and BLS) – this review will be focused on the delivery of support through the various schemes, the impact of the Pay As You Grow options, through to collections and recovery of the loans.
- Business Standards (transition from LIBOR) – it is our intention to conduct this review as a desk-based assessment following the deadline for the transition away from LIBOR at the end of 2021.
- Business Standards (asset finance) – risk assessment reviews will be conducted at all firms which have signed up to these Standards.

In the coming year, we will also undertake the following major reviews in other areas:

- CRM Code (effective warnings follow-up review) – we will maintain ongoing oversight of the actions from this review with any follow-up work taking into account the impact of the wider Code review recommendations.
- Personal Standards (money management) – as part of our ongoing relationship management with firms, we will include focus on the Standards for money management.

## INDIVIDUAL FIRM REVIEWS

We will commence a project to plan the introduction of a future programme of reviews to assess each firm's compliance across all of our Standards and Codes, arising from the independent review of our oversight framework in 2019. The intention of this project will be to implement a revised process which allows for review of every firm against the Standards and Codes that they are signed up to, at least every three to four years, in a manageable and beneficial manner. This will ensure that we maintain clear oversight and ongoing dialogue with all of our registered firms.

## REACHING WIDER

The LSB's Mission and Strategy sets out that the LSB will be a thought leader within the industry. We build on the evidence delivered by our oversight work and disseminate our findings across our registered firms to raise standards of service delivery for both personal and business customers. We also support the raising of standards across the wider industry by extending our reach and insights beyond our participating firms and by actively encouraging new firms to register with us.

To drive our strategic aim of reaching wider further, in the year ahead we shall:

- undertake research and publish articles and thought leadership pieces that provide insight and best practice for our registered firms and raise the profile of the LSB;
- run roundtables and workshops to disseminate the findings of LSB's oversight work across the business Standards, the updated personal Standards and the CRM Code. Through these events, we will share good practice and highlight areas for improvement by firms;
- continue the Vulnerability series of reviews specific to registered Debt Collection Agencies and Debt Purchase Firms by undertaking customer journey reviews;

- continue to look at emerging risks facing the industry and share insight on risks and opportunities through blogs, podcasts and other channels, including the LSBulletin newsletter;
- undertake a project to consider the introduction of an LSB bespoke e-learning platform for use by registered firms;
- work with registered firms to promote the work of the LSB and share the benefits of registration for both the firm and customers;
- identify existing registered firms which would benefit from registering, where appropriate, for other Standards and Codes to evidence their commitment to consumer protection and to drive up standards across their businesses;
- identify and support new firms to sign up to our Standards and Codes in order to increase market coverage. We shall focus on those firms which have not yet committed to the Standards, but which have a significant share of relevant markets or which are promoting innovative approaches to the delivery of financial services. This will include fintech firms and those firms with a focus on a 'digital-only' strategy and customer journey; and
- continue our role as a constructive participant in public discourse about the services we oversee, by building on our established social media and wider media presence and by attending external roundtables and other events.

## RAISING AWARENESS

The LSB is committed to raising its profile to ensure that we are as influential as possible in driving fair outcomes for customers. Our findings and recommendations must matter both within firms and externally to prospective firms, consumer organisations and other stakeholders as well as regulators and Government.

In support of our strategic aim to increase the profile of the LSB and raise awareness of our work further, in the coming year we shall:

- build further upon the strong relationships which we enjoy with firms already registered with the LSB. The past year has seen renewed engagement between the LSB and the boards and senior executive teams at our registered firms to share market insights and to promote the value in ongoing and active engagement with the LSB's work. We are committed to continuing this level of engagement, in addition to our annual programme of oversight relationship meetings, to ensure that firms' senior teams value the assurance about quality of service to their firm's customers which the LSB's work provides;
- continue to engage widely with non-participating firms, particularly new entrants to the market, as part of our strategic relationships strategy. We will ensure that there is clarity on the value of registration with the LSB, both in terms of the rigor and independence of our oversight work and the access to the latest insights into service delivery and outcomes for customers;
- extend awareness of the LSB's activities to stakeholder organisations within financial services and those representing, advising or working with consumers. Our work provides a rich source of insights into customer outcomes and service delivery across our registered firms and we are committed to sharing our insights, and working collaboratively, with consumer organisations to ensure that fair consumer outcomes are promoted and achieved;
- launch the LSB's new website to make it simpler for our registered firms, consumers and other stakeholders to better understand the LSB's role and the Standards and Codes that we oversee; and
- increase our profile through the delivery of a proactive approach to media engagement and on social media platforms to help raise awareness of the LSB, our role as an independent oversight body and the Standards and Codes for which we are responsible.



## OUR PEOPLE

The past 12 months have been exceptionally challenging. The pandemic has tested the LSB team's professional and personal resilience, with the entire team required to adjust rapidly to working remotely from March 2020. Despite the challenges, the past year has also been one of significant achievement for the LSB. The entire team has demonstrated professionalism, commitment and resilience in overcoming the year's pressures and challenges and in enabling the LSB to achieve its key business plan deliverables for the year, and also to implement new work streams arising directly as a result of the pandemic.

The past year has also seen the LSB team expand by almost 50% to 22 people, reflecting our increased remit across our Standards and Codes. The enlarged team has strengthened and enhanced our capabilities across all of our core areas of oversight, policy and insight work.

The LSB's most important resource is our people. We want our team to be enthused and motivated by the LSB's Mission and Strategy, to be outward-looking in orientation and to be versatile and proactive in delivery. We are committed to continuing to develop the skills and experience of all those people who work at the LSB so that, collectively, the team is empowered to continue to make a real difference on behalf of consumers and customers of financial services firms.

To this end, we will be taking a number of steps in 2021/22 to promote the development and skill sets of our people.

## TRAINING AND DEVELOPMENT

We will continue our focus on staff training and personal development as part of our new performance management framework. Despite the recent growth, the LSB is still a small team and we can therefore offer unrivalled opportunities for our people to gain a depth of knowledge of the financial services industry, working across a broad range of firms and across our different Standards

and Codes. In bringing a sharp focus on personal and professional development over the coming year, we want to empower members of our team to develop and focus their skill sets and their experience to the benefit of their future careers, whether at the LSB or elsewhere, and to the benefit of our registered firms, with whom they work.

## PEOPLE AND CULTURE STRATEGY

As part of our ongoing development of the LSB's people strategy, we will be conducting work to review and refine the LSB's values, behaviours and culture over the coming year. This work will complement the induction and performance management processes already in place to ensure that we have an up-to-date and enhanced culture framework underpinning our Mission and Strategy for the next decade.

We will also continue with an annual team survey in the first quarter of 2021/22, with a strong focus on the LSB's culture and adaptations to working practices during and after the pandemic. This will contribute to our overall people and culture strategy.

## FLEXIBLE WORKING PRACTICES

As with all businesses, the pandemic has driven a sharp focus at the LSB on working practices and the adaptation to more remote and flexible working arrangements. We are committed to learning the valuable lessons from the prolonged period of home-working over the course of the pandemic and to applying those lessons to the LSB's working practices in the future.

Our future working arrangements will therefore form a hybrid model. We will support our people who wish to work more flexibly in future with the technology and the tools to do so, and at the same time retain our London office to maintain a mix of an office and home-based approach. As referenced earlier in this plan, this hybrid approach to working practices will also apply to the ways in which we conduct oversight work with registered firms.

# 5. OUR BUDGET FOR 2021/22

In setting the budget for 2021/22, the following are key considerations:

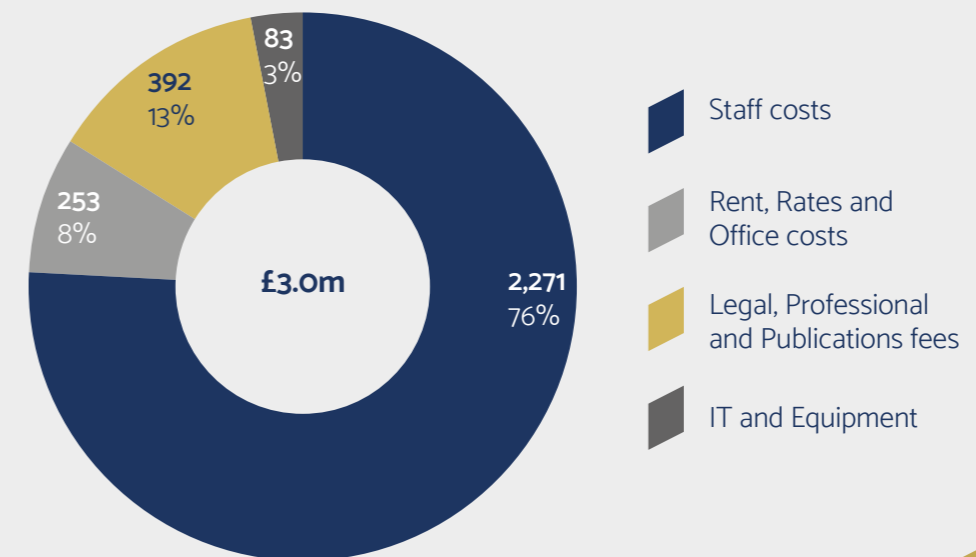
- ensuring the budget fully incorporates the Mission and Strategy of the LSB;
- ensuring that priorities and deliverables are fully aligned with customer outcomes;
- understanding the resource requirement to enable key deliverables;
- understanding the costs of delivering priorities by each Standard and Code we oversee;
- ensuring a cost-efficient approach to budgeting;
- planning to cover operating costs of the LSB fully, as a not-for-profit organisation; and
- ensuring fairness and transparency in fee setting for our registered firms.

In summary, we have budgeted a funding requirement of £3.0 million to deliver our priorities for 2021/22. That compares with a forecast spend for 2020/21 of £2.7 million. A surplus of £18k is budgeted before taxation (2020/21 forecast: surplus of 31k (£463k before adjusting for deferred income recognised from the prior year)). The funding requirement is analysed in more detail in the next section.

## FUNDING REQUIREMENT

The LSB's budget for total administrative costs is £3.0 million in 2021/22. Figure 1 details the funding requirement by expenditure type.

Figure 1 - Funding requirement by expenditure type totalling £3.0 million



## STAFF COSTS

The LSB has 22 members of staff. Staff costs are 76% of administrative costs of the organisation and there has been significant investment in headcount during 2019/20 and 2020/21 to support the increase in the scope of the Standards and Codes we oversee. As such, there are no plans to expand the team further in the budget year. However, there will be investment in the people and culture strategy to support the training and development of our team.

## LEGAL, PROFESSIONAL AND PUBLICATIONS FEES

In 2021/22 we are budgeting to spend £392k on Legal, Professional and Publications fees. At the end of 2020/21, we commenced an independent external risk assurance project which will continue throughout 2021/22. We will continue to conduct specific risk assurance projects, in line with our strategic aims and to ensure optimal risk management, governance and control structures are maintained.

As part of our strategy to continue to raise awareness of the LSB, we will invest in our communications and public relations this year. We are planning capital investment in our website and will be relaunching this in the first quarter of our financial year 2021/22. We will also consider the introduction of a new bespoke e-learning platform for the LSB allowing our registered firms to benefit from engaging in online training. We will continue to share insights and best practice with our registered firms via the Emerging Risk Forum, other training and roundtables, and the continuation of the research and thought pieces we have been sharing throughout the pandemic.

## RENT, RATES AND OFFICE COSTS

Rent, Rates and Office costs are budgeted to be £253k which is an increase year-on-year driven by venue hire fees and Travel and Subsistence which have been budgeted to increase in a steady return to pre-pandemic activities in the second half of 2021/22.

The LSB will remain in its existing premises with a lease extension effective from June 2021, which we have assessed is the most cost-effective option at present.

## INCOME

Total income is budgeted to be £3.02 million in 2021/22. Fee income of £3.01 million will be recognised next year (and bank interest of £8k).

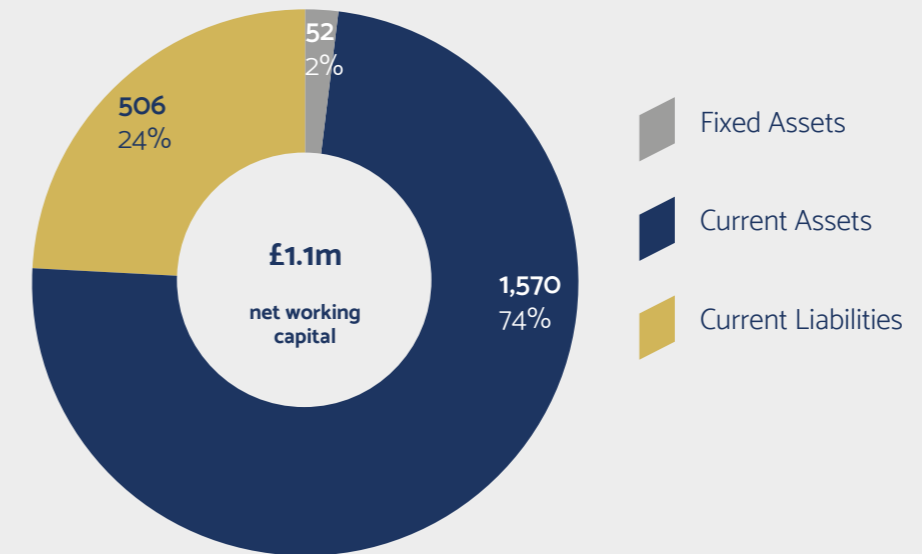
We have sought to minimise fee increases across many of the Standards and Codes we oversee as we maintain a cost recovery model and fees are reflective of the planned deliverables.

We will look for further opportunities to drive fairer customer outcomes through expanding market coverage and therefore diversifying our funding sources.

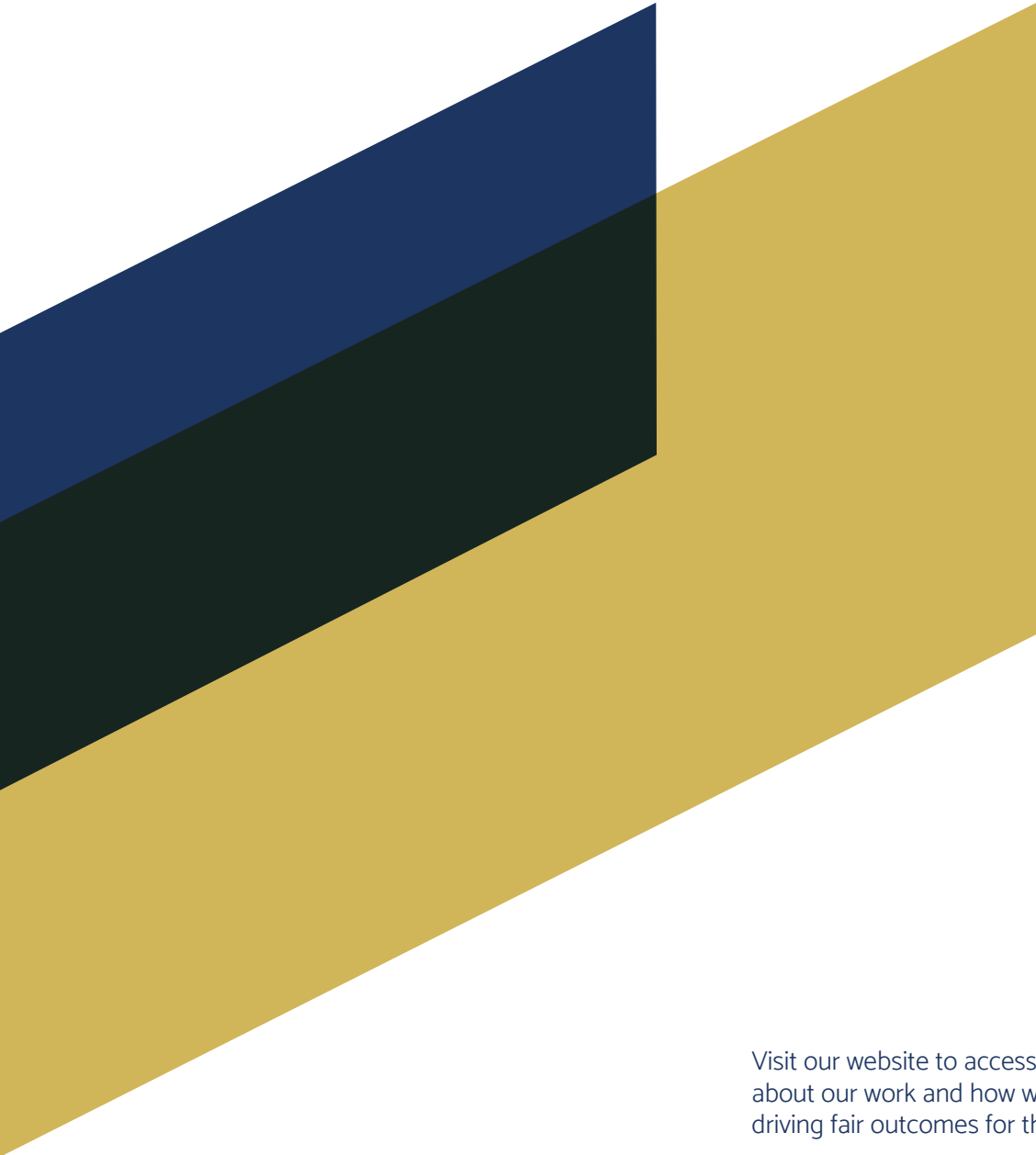
## BALANCE SHEET AND RESERVES

Figure 2 details the balance sheet position budgeted at the end of 2021/22. Cash represents 98% of Current Assets. We forecast to start the year with a cash balance of £1.4 million and we are budgeting that we will close 2021/22 with a cash balance of £1.5 million.

Figure 2 - Balance sheet closing position 2021/22



In line with our reserves policy, we plan to retain reserves at a minimum level of £950k. The LSB's reserves policy has been set taking a risk-based approach, at a level to cover costs in the event of closure of the organisation plus a small contingency amount. The LSB's opening reserves for the Budget year 2021/22 are forecasted to be £1.1 million and after a surplus of £18k (£14k after Corporation Tax), we are budgeting to close the year with reserves of £1.2 million.



Visit our website to access a wealth of information about our work and how we support firms in driving fair outcomes for their customers.



**[www.lendingstandardsboard.org.uk](http://www.lendingstandardsboard.org.uk)**

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