

Scottish Legal Complaints Commission

Annual Accounts

Year ended 30 June 2017



Laid before the Scottish Parliament by the Scottish Ministers under section 15(2) of Schedule 1 to the Legal Profession and Legal Aid (Scotland) Act 2007 and section 22(5) of the Public Finance and Accountability Act 2000.
November 2017
SG/2017/226

List of Contents

1. Performance report	4
Performance overview	4
<i>History and statutory background</i>	<i>4</i>
<i>Purpose: statutory powers and responsibilities</i>	<i>4</i>
<i>Purpose: strategy and process</i>	<i>5</i>
<i>Statement of the CEO</i>	<i>5</i>
<i>Key activities and achievements</i>	<i>6</i>
<i>Key issues and risks</i>	<i>10</i>
<i>Budget performance.....</i>	<i>11</i>
<i>Payment of creditors</i>	<i>11</i>
<i>Audit</i>	<i>11</i>
Performance analysis	12
<i>Introduction.....</i>	<i>12</i>
<i>Key performance data</i>	<i>12</i>
<i>Explanation of the development and performance of the entity</i>	<i>13</i>
2. Accountability report	15
Accountable Officer's responsibilities	15
3. Governance statement.....	16
<i>Scope of responsibility</i>	<i>16</i>
<i>The Board.....</i>	<i>16</i>
<i>Governance framework.....</i>	<i>17</i>
<i>Review of effectiveness</i>	<i>18</i>
4. Remuneration and staff report	20
<i>Remuneration policy and report.....</i>	<i>20</i>
<i>Remuneration - CEO.....</i>	<i>20</i>
<i>Chair/Board fees</i>	<i>20</i>
<i>Hutton review of fair pay</i>	<i>21</i>
<i>Staff report.....</i>	<i>21</i>
<i>Staff composition and equal pay.....</i>	<i>22</i>
<i>Equal opportunities and diversity statement.....</i>	<i>22</i>
<i>Environmental and sustainable development matters.....</i>	<i>22</i>
5. Independent auditor's report.....	23
6. Statement of comprehensive income and expenditure for year ended 30 June 2017.	27
7. Statement of financial position as at 30 June 2017	28
8. Statement of cash flows for year ended 30 June 2017.....	29
9. Statement of changes in equity for year ended 30 June 2017	30

10. Notes to accounts	31
1. Accounting policies.....	31
2. Operating Income	33
3. Staff numbers and costs	33
4. Pension Costs.....	34
5. Operating Expenditure	34
6. Property, Plant and Equipment.....	35
7. Intangible Assets.....	35
8. Trade Receivables and Other Current Assets	36
9. Cash and Cash Equivalents.....	36
10. Trade Payables/Other Current Liabilities – amounts falling due within one year..	36
11. Provisions for liabilities and charges	36
12. Operating leases.....	37
13. Capital commitments	37
14. Related party transactions.....	37
15. Contingent liabilities	37
16. Post Balance Sheet Events.....	37
17. Defined Benefit Pension Scheme	37
18. Movement in net defined benefit liability/asset.....	39
19. Sensitivity analysis	40
 Appendix 1 – Direction by Scottish Ministers	 41

1. Performance report

Performance overview

History and statutory background

- 1.1 The Scottish Legal Complaints Commission ("the SLCC") is constituted under the terms of the Legal Profession and Legal Aid (Scotland) Act 2007, enacted on 1 October 2008.
- 1.2 The SLCC is a body corporate and is domiciled in Scotland.

Purpose: statutory powers and responsibilities

- 1.3 The SLCC's statutory functions cover three main areas: legal complaints, oversight of complaint handling by the legal profession, and monitoring the effectiveness of the Scottish Solicitor's Guarantee Fund (more recently trading as the 'Client Protection Fund') controlled and managed by the Law Society of Scotland ("the LSS") and professional indemnity arrangements maintained by the Relevant Professional Organisations ("RPOs") on behalf of their members (eg the Master Policy).
- 1.4 The SLCC's statutory function in respect of legal complaints is to:
 - (i) Provide a gateway for all complaints about lawyers in Scotland
 - (ii) Give advice on complaints to all parties
 - (iii) Assess if the complaint is eligible, against a number of legal tests
 - (iv) Manage directly complaints that relate to the *service* provided by lawyers – providing redress where appropriate
 - (v) Refer complaints about the *personal conduct* of lawyers to the 'relevant professional body', and
 - (vi) Manage complaints about how the 'relevant professional bodies' have dealt with those conduct issues.
- 1.5 The SLCC's statutory function in respect of oversight of complaint handling includes:
 - (i) Investigation 'handling' complaints about RPO investigations into conduct
 - (ii) auditing RPOs' conduct complaints records
 - (iii) monitoring and reporting on trends in the way the legal profession deals with complaints – to help ensure the sector learns from complaints made, and
 - (iv) issuing guidance to the legal profession on dealing with complaints, and promoting best practice.
- 1.6 The SLCC's function in respect of the effectiveness of the Client Protection Fund and indemnity arrangements allows us to make recommendations to the RPO's about the arrangements in place and has included research into the Client Protection Fund and the Master Policy.
- 1.7 The SLCC supports an independent Consumer Panel, its statutory functions are to :
 - (i) Make recommendations on how we can improve our policies and processes
 - (ii) Suggest topics for research connected to legal consumers, and
 - (iii) Express a view on matters relating to the SLCC's functions.

- 1.8 While the SLCC is an independent body, the work we do is influenced by the Scottish Government's National Performance Framework. We support the strategic objective of safer and stronger communities and the following outcomes by ensuring:
- (i) respect in exercising rights and responsibilities;
 - (ii) that legal services are fair and accessible; and
 - (iii) that institutions and processes are effective and efficient.
- 1.9 We also take account of the Scottish Government 'Value and Priorities for Justice in Scotland' (which was updated in 2017).

Purpose: strategy and process

- 1.10 In July 2016 we launched a four year [strategy](#). As well as improving the efficiency and performance of our core process our strategic priorities are to:
- (i) Build trust - so that consumers and lawyers know we are here and have confidence in how we will handle a complaint
 - (ii) Promote strong relationships - between consumers and their lawyers to fix issues quickly and reduce the cause of complaints
 - (iii) Deliver early resolution & redress - through an independent, impartial, fair, and accessible service which is efficient and effective
 - (iv) Drive improvement - through a culture of learning from complaints, quality improvement, and our influence in the sector, and
 - (v) Develop high performance - as a complaints organisation and employer to: attract and retain talented people, provide quality systems, ensure faster and more efficient services, and increase transparency.
- 1.11 Our work is delivered in line with a set of core values set out in our strategy:
- (i) People focussed - we understand and are mindful of the needs of our diverse service users
 - (ii) Trust - our processes and outcomes can be trusted by all as fair, independent & impartial
 - (iii) Respect - we respect the diverse groups we work with and are respected as an organisation
 - (iv) Leadership - as recognised leaders we take decisive, well-informed action & drive improvement
 - (v) Efficiency and effectiveness - we make a positive, measurable impact.

Statement of the CEO

- 1.12 Our business planning cycle is set in statute. Each year we must consult in January on an Operating Plan and on a budget sufficient to meet planned expenditure. We must publish consultation responses in March, and lay a budget before parliament in April. Our Annual Accounts and Annual Report then complete the cycle, reporting on performance within that year.
- 1.13 In the following sections of this report we give a full account of our financial position, our performance, key achievements and activity, key risks, remuneration information, and governance information.
- 1.14 Details of the volumes of cases handled and the different outcomes provide transparency on our core work.

- 1.15 Our management of our finances shows prudent financial planning and carefully monitoring during the year to deliver close to our anticipated outturn.
- 1.16 We delivered the majority of the projects in our published Operating Plan for 16/17 (the first year of work under the new four year strategy), with the Board decommissioning a small number of projects based on changes of circumstances or priorities, or the viability of the work after the first stage of scoping had been completed.
- 1.17 Three significant events require to be reported this year:
- (i) The first was the outcome of an Appeal to the Court of Session by a law firm in relation to one of our decisions. The court ruling overturned 30 years of accepted practice by all in the sector, and required hundreds of cases to be put on hold, and then reviewed. The risk around the outcome of this case was reported in the last Annual Accounts.
 - (ii) The second event led on from this with the Law Society of Scotland, the professional body for solicitors in Scotland, taking a Judicial Review and 17 individual Court of Session Appeals as to how we had interpreted the decision of the court in the earlier ruling. This has caused very high unanticipated legal costs, consumed significant management time, and placed hundreds of affected cases on hold for almost a year causing huge delays in the system. This has also affected much of the other work of the SLCC. The SLCC always viewed this litigation as entirely unnecessary, and the court ruled against the Law Society in its final decision.
 - (iii) Finally, the year was also significant for a lobbying campaign by the Law Society of Scotland on behalf of their members that, despite steeply rising complaints in the previous year (15/16), there should be no increase in the statutory levy set by the SLCC to process these or to pay the costs of our defence to the multiple legal actions they had raised.

Statement of going concern

- 1.18 In reviewing financial performance, operating performance, and the assessment of risk set out in this document there is no reason to not adopt the going concern concept. This is further reference in the Accountability Report in Section 2.4.

Key activities and achievements

During this year we have:

- 1.19 **Dealt swiftly with the outcome of a Court of Session Appeal, flagged in the last Annual Accounts as a significant risk, which changed 30 years of accepted practice in the sector** – the SLCC and The Law Society of Scotland had always believed that there was a valid classification of a complaint issue being 'hybrid' – that is, it potentially had elements of both inadequate service and conduct. This position was supported by the leading academic authors on the issues. Both organisations gave evidence to this effect in court. However, the court ruled the 2007 legislation did not allow for this. Hundreds of live cases had to be checked for their exposure to this issue, assessed, and action plans put in place. This initial work was all delivered in around eight weeks, and has survived later legal challenges. Although it is unfortunate the remedial action was required, the organisation performed well in adapting to this huge change in the system of complaints. We also flagged clearly the impact on consumers, which means that more serious issues, which will be deemed conduct, are now less likely to lead to compensation for the consumer (due to lower statutory limits within that process, and a higher standard of evidence applied in the conduct process).

- 1.20 **Successfully defended the complaint system from significant legal challenge (Judicial Review and 17 Court of Session Appeals) by the professional body for solicitors (The Law Society of Scotland)** – Lord Turnbull confirmed that the Commission's approach was *"in keeping with the requirements of good public administration... the unattractive alternative would have been for the Commission to leave all the parties affected by the mistaken earlier decisions to bring individual proceedings to correct them"*. There was nothing in the Act to *"prevent the Commission from conducting such an exercise in good administration"*. The SLCC has consistently and publicly warned that this litigation would delay hundreds of cases, come at huge cost for the sector, and create unnecessary uncertainty for hundreds of people affected. It required significant resources to be removed from frontline services to pay for legal costs and to manage our response. Whilst we were pleased to be successful in the legal outcome, and to have protected the public interest in independent complaints handling in the legal sector, the cost and delay will affect the profession and public for a further 18 to 24 months. A number of other legal challenges from the Law Society remain outstanding.
- 1.21 **Worked to reduce the common causes of complaints** – as part of our work to increase the efficiency and effectiveness of the system we have regularly communicated with legal practitioners sharing learning from our decisions which may help prevent the need for future complaints (reducing cost and improving quality). The 'click rate' of our communications has steadily increased over the course of the year. We have also published consumer guides in Family disputes and around Criminal law (two high areas of complaint) to manage client expectations and help them understand their role in ensuring legal work progresses smoothly.
- 1.22 **Worked to reduce the number of complaints which need referred to the SLCC** – it is always cheaper and faster if complaints can be resolved at source, and this is often valued by consumers and the legal providers involved. We have made a number of recommendations to the Law Society of Scotland on how 'first tier' complaint handling in law firms might improve consumer experience and reduce cost to the sector overall. We have delivered roadshows (in co-production with sector bodies) to share skills and learning from complaints within the sector. We also used our statutory powers to issue guidance to the sector to provide updated support on these issues. Training will take place with our Determination Committees in the coming financial year to look at how we used the 'complaint levy' to sanction firms that have not delivered appropriate complaint handling at the first stage (thus passing the cost of the complaint to the sector as a whole when it comes to the SLCC).
- 1.23 **Delivered improvements and increased efficiency within the constraints of the current system** – we continually seek to improve the time it takes to resolve a complaint and ensure efficient working, and have undertaken a number of initiatives. These have included staff training in the Lean Six Sigma methodology of process improvement; running workshops with staff and board members to identify ideas for process improvement; and a number of projects have been piloted, to speed up complaint handling. However, the prescriptive nature of our legislation has been a frequent barrier to testing or implementing best practice, and the Appeal directly to the Court of Session means the scrutiny of each stage of our process is significant). This supports our continued lobbying for change.
- 1.24 **Achieved our aim that the legislation around regulation and complaints be reviewed** – in July 2016 we published a compelling case for the need for change to allow more proportionate and faster complaint handling processes. We are delighted that on 25th April 2017, following our call, and those made by other organisations in the sector, a review was announced by Government and has now started. The SLCC supports the review and plans to submit further recommendations now it has been accepted that change is needed.
- 1.25 **Prepared for the introduction of 'Alternative Business Structures' in Scotland** – following legislation in 2010, and the initial approval of an 'Approved Regulator' we have worked to develop policy and start to map the new processes we will be required to deliver. We now await further clarity from the Scottish Government on regulations and funding before taking further steps.

- 1.26 **Supported the Consumer Panel** – we have been supporting the work of the statutory Independent Consumer Panel in their third year, drawing extensively on their experience and providing research resource. We worked with the Panel to publish information on our user demographics (which led to work such as materials being available in new languages) and have published a guide for consumers on what they should expect from legal services in Scotland, based on the internationally recognised consumer principles. Legal sector and consumer representatives also attended a round table discussion on this issue.
- 1.27 **Increased our engagement with the legal profession** – we have continued to build on our annual cycle of workshops and conference speaking, updating our material with insight gained from our unique position as gateway for all legal complaints. At the same time we have contributed regular features to the Journal – the magazine for the Law Society's members – and the Scottish press, and we have refined the format and content of our newsletter for Client Relations Managers. We have also invited members of the profession and the RPOs to our roundtable discussion events.
- 1.28 **Improved access** – we have published guides on how to make a complaint, including versions in four languages. We rolled out 'reasonable adjustment' training and a written guide to staff to help support individual complainers and lawyers to meet their needs. We have undertaken an accessibility review of our website (both in terms of diversity and inclusivity issues, and around the move from PC to mobile access to the web). We engaged with legal and consumer web users to draw up a specification for a new website; this will be tendered for in the coming year, and delivered the following year. This incremental approach is required due to budget constraint and the focus of resource on frontline services, but ensures we have a planned series of improvements in place.
- 1.29 **Published an MSP guide** – listening to a significant number of MSPs working to support constituents who face issues using a lawyer, we produced a guide to support them and their staff. We hope the guide, which covers our role and powers, and explains how to make a complaint, will support both MSPs and their constituents. We have also distributed a MSPs' newsletter twice in the year, to help raise awareness of issues around legal regulation and complaints.
- 1.30 **Initially achieved 50:50 by 2020** - we achieved a gender balanced board in April 2016 and we actively encouraged a diverse range of applicants for the next recruitment round. The appointments in January 2017 attracted such a pool of female talent we are now back to being gender imbalanced (7 female, 2 male). The Scottish Government may need actively to target male candidates in the next two recruitment rounds (the first being two appointments in January 2018) to achieve the 50:50 aspiration.
- 1.31 **Welcomed the Minister to the SLCC to celebrate Living Wage Week** - Annabelle Ewing MSP, the Minister for Community Safety and Legal Affairs, attended a meeting with staff and management at the SLCC to celebrate Living Wage Week and the continued commitment of the SLCC, especially in relation to our supplier chain, to the payment of the Living Wage.
- 1.32 **Promoted mediation** – we receive highly positive feedback from parties on the results of mediation, when we can get both parties to agree to it. Based on last year's research project and feedback from our independent panel of mediation experts, we have created new material to address a dip in those who participate in this effective free service.
- 1.33 **Updated our case management system to support improved working** – on time and on budget we delivered an upgrade and bespoke improvements to our main case management system.
- 1.34 **Reviewed our approach to knowledge management** – we reviewed how improved knowledge management might assist faster and higher quality case handling. We reviewed literature, spoke to law firms recognised as leading in this field, liaised with other regulators, reviewed our current approach, held a workshop with our Board, and have planned further development of, and improvements to, our internal knowledge management.

- 1.35 **Delivered our first Records Management Plan** – a new requirement for us under the Public Records (Scotland) Act 2011, the draft was successfully submitted on time. The archiving of historical files has completed and continues on an ongoing basis as cases hit the archiving triggers.
- 1.36 **Continued to ensure transparency in our work** – we published details of our internal procedures in relation to complaints handling. We responded to 43 Freedom of Information requests and 13 Data Protection requests. We also developed, and have started to deliver, a project plan to ensure compliance with the new General Data Protection Regulations (GDPR). Our publishing of anonymous Determination case synopses (started last year) is now an embedded part of our work.
- 1.37 **Planned for delivering our statutory functions of oversight of the Client Protection Fund and Master Policy for the coming years** – we have developed a report and suggested a future work plan. This is now being discussed with the Law Society of Scotland before finalisation.
- 1.38 **Worked further on Plain English** – working with our Consumer Panel we have reviewed standard correspondence and are making recommendations for changes to improve readability for all our service users (whilst recognising there are often complex legal issues which need to be addressed in official determinations to a legal standard that minimises appeal risk). We have created new templates for our 'eligibility decisions' which we hope are easier for members of the public to understand.
- 1.39 **Evolved our staff engagement** – in follow-up to a staff survey in the previous year we worked with our formally appointed Staff Representatives on a workshop to further explore key themes. An action plan was developed, and all actions were completed and reported back to our staff. Staff Representative elections were held, with high nomination and voting rates. We have continued our Living Wage accreditation (including firmer requirements in contractor tenders). We have published leaflets to support a culture of recognition and praise, and highlighting all the ways staff can feedback ideas and suggestions and gain assistance with challenges.
- 1.40 **Improved management of time and attendance** – our new Time Management System is now fully implemented, and employees/managers are now operating a 'self-service' system in relation to holiday/absence requests and general employee information. Our flexi-time scheme is also managed through the system enabling accurate and timely monitoring. This has, alongside other measures, allowed a reduction in HR staffing (and therefore an efficiency saving). Sickness absence has also reduced this year, and there has been a focus on a more structured approach to 'return to work' interviews and the application of absence 'triggers' based on frequency and duration, engagement with staff, and a workshop for managers.
- 1.41 **Revised our approach to recruitment and induction** – by using staff testimonials to give a personal view of what it is like to work here, we have continued to attract a diverse range of candidates. We have also introduced a range of practical exercises to place greater emphasis on the demonstration of applicable skills). A new induction system, welcome pack and manual were developed to speed up, and improve the quality of, the induction process for new colleagues. We will now further develop this to better support 'returners' (after maternity leave, sickness absence, or secondment etc.)
- 1.42 **Delivered extensive training** – we have delivered six workshops to our board, and delivered an extensive training plan to staff across technical legal areas, resolution techniques, dealing with difficult conversations and the 'insights' programme helping us to understand and interact with different people (colleagues and service users) and engage in a way which assists them.
- 1.43 **Reviewed our property needs and lease** – we have commenced the review of our lease (which ends in September 2018). We have engaged with Scottish Government and carried out an audit of need, including space planning, and have developed a business case based on the requirements of the Scottish Public Finance Manual, the Treasury 'Green Book' and other relevant guidance and best practice.

- 1.44 **Highlighted unmet redress** – we have continued to identify and draw attention to those cases where complainers do not receive the redress awarded to them for poor service, and used examples as case studies for an article in the national press.

Key issues and risks

- 1.45 Our risk policy and risk register underwent a major review this year (with the support of our internal auditors, Scott Moncrieff) and was maintained, updated, and scrutinised at Audit Committee and Board throughout the year.
- 1.46 This year we avoided any serious IT security or failure incidents (after two in the previous year) and we continue to focus on security and staff training to minimise risk.
- 1.47 Over the last two years there has been a 14% increase in incoming complaints. In the first year this was 12%, and the first half of the following year the rise continued to appear steep (as was reported as part of our budget consultation). The year-end position shows a levelling off of the rises we had been experiencing, resulting only in a further additional 2% overall increase. This means more work for the business.
- 1.48 There are a number of potential risks if a new regulator is approved by the Scottish Government under the Legal Services (Scotland) Act 2010. These relate to four new types of complaint the SLCC will be required under statute to consider, within a new legislative and regulatory framework (as yet untested), and with new providers of legal services (who may not have experience of prior legal regulation). Delivering a large volume of new policy and process, within a complex legal structure, always carries a number of risks. Careful planning, legal advice, and the monitoring of core risks within this will be used to mitigate this risk. We now have an implementation date of April 3rd 2018, but are still waiting clarity on what regulations the government will lay, on government policy, and on costs.
- 1.49 There are also two specific financial risks. Firstly, if the market for new providers of legal services (under the above legislation) does not grow to a sufficient level to properly fund the regulatory and complaints infrastructure required by statute. Secondly, we have also had to undertake limited preparatory work for new duties under the Legal Services (Scotland) Act 2010, but have to make sure the costs of this are recovered so that they are not being paid for by existing providers of legal services (but by the new market created). There is a risk these will not be recovered if the new regulatory scheme is not attractive to business or are perceived as a 'barrier to entry'.
- 1.50 The organisation has considered 'Brexit' issues, but due to the focussed nature of our work we have not identified any significant risks above and beyond general issues which will affect the economy and all organisations.
- 1.51 Our current lease comes to an end in September 2018. This means that in the coming financial year (17/18) we must identify a best value option in terms of future property and potentially plan and budget for a move, floor space reduction, or other significant property related issues. This has a number of risks. A project plan and risk register scrutiny are already in place.
- 1.52 Last year we noted that The Scottish Government had made a manifesto commitment to take forward a consultation to review the regulation of the legal profession in Scotland and to support a modern and effective legal sector, including new forms of business model. This review was formally announced by the Minister in April 2017, an independent Chair was appointed, and the SLCC was asked to nominate one member (the Chief Executive). The review has now commenced. Recommendations are due in mid-2018, but legislative change would then be required (likely to take another one or two years, and perhaps longer for implementation/transition). This creates opportunities for the SLCC, which has lobbied for change, to achieve more efficient processes based on our experience of over 10,000 complaints. It also has risks, up to and including abolition of the organisation (although it is

likely many functions would be required to be delivered by others and TUPE may apply to many posts).

- 1.53 We have one outstanding Employment Tribunal, which presents reputational and financial risks (legal fees, and if any compensation is awarded).
- 1.54 Having won the main 'test case' taken against us by the Society, a number of appeals on further points were still outstanding. At the time of writing we have agreed 'in principle' with the Law Society of Scotland how each of these seventeen Court of Session Appeals (discussed earlier) will be handled (avoiding actual court hearings of evidence and arguments). Eight cases have now been resolved. However, nine are still within the court process, and so these are all still potential liabilities and have ongoing costs.
- 1.55 Finally, we will need to ensure we are compliant with the new requirements of the General Data Protection Regulations, which come into force on 25 May 2018. There are significant fines for non-compliance. A project plan is in place, and already progressing, but this remains a risk until completed.

Budget performance

- 1.56 The SLCC set its anticipated expenditure requirements for 2016-17 at £2,863,300 against which it received income of £2,762,618. Actual expenditure was £2,956,365 leaving a deficit of £193,747. After pension adjustments this rises to £253,747. This compares with a deficit of £35,000 for the previous year but reflects an investment in staff to deal with increased caseload whilst acknowledging the need to restrict the level of levy.
- 1.57 The main areas of over spend against budget were direct staff costs, IT and legal expenses. Increased legal spend reflects the increased number and complexity of cases being brought against the SLCC in relation to the interpretation of the Legal Profession and Legal Aid (Scotland) Act 2007.
- 1.58 Under spends against budget were achieved in relation to member salaries, staff recruitment and special projects.
- 1.59 Total reserves held at the end of the financial year amounted to £421,000 compared to £675,000 at 30 June 2016. This figure is marginally below our reserves policy position of between two and three months average expenditure.

Payment of creditors and Regularity of expenditure

- 1.60 The SLCC is committed to prompt payment of bills for goods and services received. Payments are made as specified in the agreed contract conditions. Where there is no contractual obligation or other understanding, we aim to pay for goods and services within 30 days. In respect of bills for goods and services paid within 30 days, the SLCC's payment performance was 95% (2016 – 95%).

Audit

- 1.61 The accounts are audited by an auditor appointed by the Auditor General for Scotland and she has appointed Deloitte LLP as the SLCC Auditor for 2016-17. As Accountable Officer, I am not aware of any relevant audit information of which our auditor is unaware. I have taken all necessary steps to ensure that I myself am aware of any relevant audit information and to establish that the auditor is also aware of this information.

Performance analysis

Introduction

1.62 This section provides a summary of our core performance, and further supporting explanation.

Key performance data

1.63 Set out below are comparative volumes of work over the last three years. These figures are similar to the statistical information we share with the relevant professional organisations on a quarterly basis.

1.64 Some data this year will have been impacted by the court cases described elsewhere in this report, which has also changed our categorisation of complaints, meaning not all data is like for like. Likewise, previous year's data will be affected where the court's ruling has now changed the original categorisation of cases.

COMPLAINTS & ELIGIBILITY	2016/17	2015/16	2014/15
Complaints in hand at start of year	664	477	487
Complaints closed post compliance work in previous year ¹	N/A	0	0
Complaints received in year	1155	1132	1,009
Premature complaints reopened (closed in previous years)	20	15	9
Premature complaints reopened (closed in year)	72	71	
Net change – reassessed as eligible/ineligible on appeal	0	1	0
<i>Complaints under consideration</i>	1,911	1,635	1,505
Ineligible	-183	-261	-348
Withdrawn	-83	-43	-60
Discontinued	-45	-32	
Resolved at eligibility	-123	-113	-130
Premature	-256	-268	- ²
Conduct	-138	-71	-79
Potential service complaints	1083	879	773
<i>Complaints closed</i>	-253	-275	-300
Complaints awaiting eligibility assessment at year end	510	365	218
Eligible service or hybrid complaints in progress	297	299	259
<i>Complaints in hand at end of year</i>	807	664	477

METHODS OF RESOLUTION	2016/17	2015/16	2014/15
------------------------------	----------------	----------------	----------------

¹ This part of our process has now changed, and will no longer be applicable. This line will be removed from future presentations of the data.

² Figure reported in 14/15 annual account was not 'like for like' due to change in recording this data

Mediation	27	44	56
Investigation (conciliation without report)	19	45	21
Investigation (settlement with report)	44	65	60
Withdrawn at investigation	68	19	31
Determination	95	102	132
Total	253	275	300
% Upheld at Determination	45%	57%	60%

- 1.65 We also monitor average 'Journey Time' - the aggregate of average time for a complaint to be dealt with at each stage of our process. For 2016/17 this was 14.7 months (compared to 11.7 in our 2015/16 annual report). This deterioration was driven by two main factors (discussed in the following section).
- 1.66 All parties are issued a customer service feedback form at the end of each complaint. We received around a 13% response rate. This was slightly down on last year (15%), and so an internal project was started to pilot new ways to increase the response rate. We will report on the impact of this next year.
- 1.67 We monitor several factors in these surveys – asking if individuals are satisfied with our helpfulness, the information we provide, how we explain the process, clarity of communication, the reasoning provided for our decision, and so on.
- 1.68 Practitioner feedback is strongly positive (irrespective of the case being upheld or not). Across the whole year satisfaction rates for all criteria were between 63% (satisfaction with the recommendation) and 93% (satisfaction with the helpfulness of SLCC staff). Consumer satisfaction levels are lower, between 34% (reasons for decision) to 78% (satisfaction with the helpfulness of SLCC staff). On average, our scores are slightly lower this year than last – some of this will be a consequence of the various court cases mentioned elsewhere in this report (and the delays and issues caused), alongside the higher volumes of work. Various actions are contained in the 17/18 operating plan to address areas of lower scoring, and we continue to focus on improvements for consumers (where the average scores are lower).
- 1.69 In next year's Annual Accounts way may change the format of the reporting all of this data. Over the last three years changes in the process, in the recoding of data, and from the court rulings referenced elsewhere, make new presentations of the data possible.

Explanation of the development and performance of the entity

- 1.70 A key point to note is the ongoing increase in complaints which entered the system last year and, to a lesser extent, this year.
- 1.71 Over the last two years there has been a 14% increase in incoming complaints. In the first year this was 12%, and the first half of the following year the rise continued to appear steep (as was reported as part of our budget consultation). The year-end position shows a levelling off of the rises we had been experiencing, with only an additional 2% increase. However, the best statistical predictions, based on past trend, continue to suggest an ongoing rise (albeit at a more gradual rate).
- 1.72 The time taken to process complaints through all the statutory stages means both these years incoming levels are affecting a high WIP (work in progress) and 'Journey Time' (the aggregate of average time for a complaint to be dealt with at each stage of our process) with incoming loads outstripping levels predicted in budgets over the last two years. This is visible in the rising 'complaints in hand' and 'complaint awaiting eligibility assessment' figures.

- 1.73 In addition, there has been a reduction over the last two years in the number of cases deemed 'ineligible' (falling from 348 to only 183, a 47% decrease) and therefore requiring further work within the system.
- 1.74 The number of premature cases has also dropped. Again, this means more cases progressing to later stages. Many are also re-opened later, this year 28% of these were then reopened once the practitioner had responded, then progressing into the further stages of our process. Dealing with premature complaints is also work that might not be needed at all, if clients were more quickly guided to lawyers' own complaints processes to raise their issues through those first. We have undertaken work to encourage this.
- 1.75 Since the latest court ruling, which was in the SLCC's favour and allowed cases to start moving again, average total Journey Times are dropping once again (by July 2017, one month after the end of the annual reporting period, they were back down to 12.4 months). As cases which have been on hold due to the legal challenge, but were part worked, exit our system total WIP will also reduce.
- 1.76 The risk of performance being impacted was flagged in our Annual Accounts and Annual Report last year, and it was noted impact would likely be visible within this year's annual reporting.
- 1.77 We also continue to look at various factors which may be affecting incoming complaints (practice area, complainer type, nature of complaint) but see no specific trend which helps explain these increases. We produced a discussion paper to share informally with other bodies, including the 'Relevant Professional Bodies', with data and with an interest in the issues to assess if causal factors could be identified or any proposed hypothesis supported by data.
- 1.78 The number of cases going to full determination continues to drop, as would be expected as we continue to pursue a policy of encouraging early resolution and redress where possible and appropriate. This is more cost effective and delivers a consensually agreed outcome. Whilst our power to determine is essential to the system and necessary in some cases, we will continue with this approach in the coming year.



Neil Stevenson
Chief Executive Officer

24 October 2017

2. Accountability report

Accountable Officer's responsibilities

- 2.1 The CEO is designated in statute the Accountable Officer for the SLCC. This is confirmed in the SLCC's governance arrangements.
- 2.2 The relevant responsibilities as Accountable Officer are set out in the Memorandum to Accountable Officers for other Public Bodies issued by the Scottish Government and published in the Scottish Public Finance Manual and reflected in the SLCC's rules. These responsibilities include responsibility for the propriety and regularity of finances and for the keeping of proper records. The Memorandum is available at <http://www.scotland.gov.uk/Topics/Government/Finance/spfm/Accountability/aomemooother>
- 2.3 Under paragraph 15 (1) of Schedule 1 of the Legal Profession and Legal Aid (Scotland) Act 2007, the SLCC is required to prepare a statement of accounts for each financial year in accordance with directions as required by the Scottish Ministers. The accounts are prepared on an accruals basis and must give a true and fair view of the SLCC's affairs and financial activities at the year end.
- 2.4 In preparing the accounts, the Accountable Officer is required to comply with the Government Financial Reporting Manual (FREM) and in particular to:
 - (i) observe the accounts direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
 - (ii) make judgements and estimates on a reasonable basis
 - (iii) state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements and
 - (iv) prepare the financial statements on a 'going concern' basis, unless it is inappropriate to presume that the SLCC will continue in operation.
- 2.5 Neil Stevenson joined the organisation as the Chief Executive and the Accountable Officer on 20 July 2015.
- 2.6 The Accountable Officer is required to confirm that he is unaware of any relevant audit information of which our auditors are unaware and further confirm that he has taken all necessary steps to ensure that he is aware of any relevant audit information and to establish that the auditor is also aware of this information.
- 2.7 The Accountable Officer must be of the opinion that the Annual Report and Accounts as a whole are fair, balanced and understandable. Accept personal responsibility for the Annual Report and Accounts and for the judgements required for determining that they are fair, balanced and understandable.
- 2.8 As Accountable Officer, I authorise these financial statements for issue on 24 October 2017.

Neil Stevenson
Chief Executive Officer



24 October 2017

3. Governance statement

Corporate Governance Report

- 3.1 Details of our governance arrangement are published online. This includes a governance statement, a scheme of delegation; the arrangements for the management of conflict of interest, code of conduct and risk management policy.
<https://www.scottishlegalcomplaints.org.uk/about-slcc/who-we-are/governance.aspx>
- 3.2 Compliance with our governance framework is periodically reviewed, including the use of internal audit where appropriate. There were no reported breaches this year. The Audit Committee one IT security issue, however, this did not relate to personal data. In terms of personal there were no reportable breaches within the year. On one occasion professional advice was taken on the quoracy of a short notice board meeting, to ensure compliance with our governance arrangements.
- Further details on governance are provided in the remainder of this section.
- 3.3 The SLCC has no directors. Responsibilities sit with Board, the Chief Executive, and the Accountable Officer, as outlined in this report.

Scope of responsibility

- 3.4 I took up the permanent post of Accountable Officer on 20 July 2015. As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of organisational policies, aims and objectives, whilst safeguarding the organisation's assets and the funds levied to us by the legal profession for which I am responsible.
- 3.5 The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control will continue to evolve to identify the principal risks to the achievements of the SLCC's policies, aims and objectives, to evaluate the nature and extent of those risks and manage them efficiently, effectively and economically.
- 3.6 The processes within the organisation have regard to the guidance to public bodies in Scotland issued by the Scottish Ministers and set out in the Scottish Public Finance Manual. Senior staff have been trained on the duties of the Accountable Officer during this business period, and training has been provided to new board members on the role and the assurance responsibilities of the Board.

The Board

- 3.7 The SLCC comprises a lay chair, and eight further members – 5 lay and 3 legal. The board has responsibility for establishing and taking forward the strategic aims and objectives of the SLCC, and demonstrating high standards of corporate governance by using the Audit Committee to address key financial and other risks.
- 3.8 During this year four members departed – 2 lay members, Ian Gibson and Samantha Jones, and 2 legal members, George Clark and Ian Leitch.
- 3.9 After a full public appointments process 4 new members were appointed – 2 lay members, Sara Hesp and Sarah McLuckie, and two legal members, Denise Loney and Kay Springham QC. A full induction process was developed and delivered.

	Appointment		Years
	From	To	
Chairing Member (Lay)			
Bill Brackenridge	01.01.2013	31.12.2017	5
Lay Members			
Ian Gibson (ceased)	01.01.2012	31.12.2016	5
Kevin Dunion OBE	01.03.2013	28.02.2018	5
Dr Samantha Jones	01.01.2012	31.12.2016	5
Iain McGrory (ceased)	01.04.2011	31.03.2016	5
Fiona Smith (ceased)	01.04.2011	31.03.2016	5
Emma Hutton	01.04.2016	31.03.2021	5
Dr Michelle Hynd	01.04.2016	31.03.2021	5
Sara Hesp	01.01.2017	31.12.2021	5
Sarah McLuckie	01.01.2017	31.12.2021	5
Legal Members			
George Clark (ceased)	01.01.2012	31.12.2016	5
Ian Leitch CBE (ceased)	01.01.2012	31.12.2016	5
Maurice O'Carroll (ceased)	01.01.2011	31.03.2016	5
Amanda Pringle	01.04.2016	31.03.2021	5
Denise Loney	01.01.2017	31.12.2021	5
Kay Springham QC	01.01.2017	31.12.2021	5

3.10 The Board met formally for 14 meetings during the course of the year, as well as taking part in a planning and strategy workshop and several development sessions.

3.11 Board meetings deliver the governance function of the Board. Under our governing statute board members have a separate role in determining individual cases at two stages in our process, either sitting individually or in groups of three, chaired by one of the legal members.

Governance framework

3.12 The SLCC has a governance framework which comprises the systems and processes (including a formal scheme of delegation covering all aspects of work), culture and values by which the SLCC is directed and controlled. The Governance Framework is overseen by the Senior Management Team comprising the Chief Executive Officer, the Head of Investigations, the Head of Oversight, The Finance and Corporate Services Manager and The Clerking Manager. The governance framework has been in place for the year ended 30 June 2017 and up to the date of approval of the annual report and financial statements.

Declarations of Interest for the Senior Management Team, and for all staff, are managed under a policy approved by Board and are updated regularly. There are no appointments team to conflict with management responsibilities within this year.

3.13 As part of the framework the SLCC has a risk policy which sets out our approach to risk management and appetite for risk. It is supported by a corporate risk register, monitored by

the SLCC's Audit Committee, which is part of an ongoing process designed to identify and manage the principle risks to the SLCC of achieving its corporate objectives.

- 3.14 The SLCC's risk management system identifies the key risks facing the organisation, their potential impact and the control measures put in place to mitigate either the likelihood of a risk materialising, and/or its impact on achievement of corporate aims. This involves evaluating the nature and extent of risks and putting in place effective and affordable management and control systems. All Board members have attended risk management training (via induction or bespoke sessions).
- 3.15 The Audit Committee consists of three members of the Board (and is attended by our internal and external auditors), and provides support to the Board in respect of their responsibilities for issues of risk, control and governance. During the year the Board reviewed and approved revised terms of reference for the Audit Committee. The Audit Committee meet quarterly.
- 3.16 A detailed 'Scheme of Delegation' was in place throughout the year, and an updated version approved by the Board during the course of the year.

Review of effectiveness

- 3.17 It is part of my responsibility as Accountable Officer to review the effectiveness of the system of internal control. My review is informed by:
- (i) The work of the Board, and in particular the strategic direction it gives to the SLCC
 - (ii) The work of the SLCC's Audit Committee in its consideration of risk, financial management, risk and audit reports
 - (iii) Reports from the internal auditor on the adequacy and effectiveness of the system of internal control
 - (iv) The work of the SLCC's management team.
- 3.18 During the year 2016-2017, the SLCC has worked continuously to review and refine its systems of internal control. In particular we have:
- Created a visual dashboard of operational and strategic measures allowing quarterly tracking of progress to our 2020 goals.
 - Provided training to new members on risk management
 - Reviewed and updated our Audit Committee Terms of Reference
 - Reviewed and updated our Scheme of Delegation and Governance Policy
 - Completely revised and reviewed our risk policy and register, working with our internal auditors Scott Moncrieff
 - Reviewed all Health and Safety risks assessments during this period
 - Used external expertise to examine statistical data on the throughput of our complaints process, and continued to develop our 'predictive model' to improve our understanding of how cases will progress over 6, 12, and 18 months.
 - Worked with the Scottish Government on the appointment of four new board members, and have run a full induction to the organisation and their functions.
- 3.19 We have finalised work started in the previous year to develop a simple 'assurance map' – a matrix of key areas of responsibility and delivery, and to provide a clear map of first, second and third lines of defence (where appropriate). A simple example would be:

Internal financial procedures

First line – clear policies, on which staff are trained, and which they follow

Second line – annual internal audit of financial control

Third line – external audit

This work will continue to be evolved 2017/18 to assist Audit Committee and Board in assessing our current assurance levels, identifying gaps or areas to add to our rolling internal audit plan, and in generally delivering their assurance function.

- 3.20 We have completed a self-assessment process with our Audit Committee to consider our current performance, and look for improvements. Actions were agreed, and the results and actions were reported to the Board.
- 3.21 As noted, a key feature of the year has been significant litigation. To ensure effective governance the Chair was updated weekly, Board was updated at every meeting on progress, with additional Board conference calls to ensure risks were being managed and mitigated as required.
- 3.22 This year we ran a surprise 'business continuity exercise' for senior management simulating a threat to physical and IT assets emerging over a period of time. Actions have included changes to policy and 'battle box' information holding, further training, and a commitment to varying our evacuation drill to model different scenarios which could occur.
- 3.23 Internal audits have been completed on a review of Core Financial Systems and a follow up on a previous IT Security audit. No major issues were revealed although some minor opportunities for improvement were noted.
- 3.24 Representatives of HMRC (Employer Compliance Unit) conducted an onsite review of payroll, expenses and associated records in June 2017. No issues of note were revealed by the investigation and the SLCC were deemed to be fully compliant with all relevant legislation.
- 3.25 The SLCC complies with the principles of the Scottish Public Finance Manual.
- 3.26 I am satisfied that the SLCC has robust, proportionate and appropriate systems of control in place.

Parliamentary accountability

- 3.27 The SLCC is held to account by the Scottish Parliament under the terms of its founding Act. The Statement of Accounts of the SLCC are subject to audit by the Auditor General for Scotland and the audited statement is laid before Parliament in accordance with such directions as may be given by Scottish Ministers. The SLCC must also prepare a annual report on its functions and submit that report to the Scottish Ministers as soon as practicable after the end of each financial year.


Neil Stevenson
Chief Executive Officer

24 October 2017

4. Remuneration and staff report

Remuneration policy and report

- 4.1 The Board having considered the requirements of the Government Financial Reporting Manual and the responsibilities of managers within the SLCC, consider that only the remuneration of the CEO falls to be disclosed.

Remuneration - CEO

- 4.2 The CEO's remuneration is approved by the Board. It is subject to and compliant with The Public Sector Pay Policy for Senior Appointments. Neil Stevenson joined the SLCC on 20 July 2015. The CEO's salary shown includes basic salary only. It does not include employer national insurance or pension contributions. During the year to 30 June 2017, £8,882 was paid into a money purchase pension scheme on behalf of the CEO in line with his contract.

Neil Stevenson

	2016-17 £'000	2015-16 £'000
Salary range	70-75	70-75
Pension Contributions	5-10	5-10
Benefits in kind	Nil	Nil
Total	<u>75-80</u>	<u>75-80</u>

Chair/Board fees

- 4.3 SLCC Board members are eligible to claim out of pocket expenses relating to their work as SLCC Board members (both in relation to their governance role, and their role in determining individual cases). Board remuneration has been determined in line with Public Sector Pay Policy for Senior Appointments; Chief Executive, Chairs and Members. Further information can be found at www.scotland.gov.uk/publications.

Remuneration – Band 2	2016-17	2016-17	2015-16	2015-16
	Daily Fees £	£'000	Daily Fees £	£'000
Bill Brackenridge, Chair	313	35-40	313	25-30
Iain McGrory (ceased)	N/A	N/A	212	5-10
George Clark (ceased-mid-year)	212	0-5	212	10-15
Ian Gibson (ceased-mid-year)	212	0-5	212	5-10
Fiona Smith (ceased)	N/A	N/A	212	0-5
Maurice O'Carroll (ceased)	N/A	N/A	212	0-5
Dr Samantha Jones (ceased mid-year)	212	0-5	212	5-10
Ian Leitch CBE (ceased mid-year)	212	0-5	212	5-10
Kevin Dunion OBE	212	5-10	212	5-10
Michelle Hynd	212	5-10	212	0-5
Amanda Pringle	212	15-20	212	0-5
Emma Hutton	212	0-5	212	0-5
Denise Loney	212	0-5	N/A	N/A
Sarah McLuckie	212	0-5	N/A	N/A
Kay Springham QC	212	0-5	N/A	N/A
Sara Hesp	212	0-5	N/A	N/A

Note: overall payments vary between members due to a number of factors. The Chair's role is affected by the number of external engagements and involvement in matters such as the

recruitment of new Board members. Each member will be involved in a varying number of Eligibility and Determination Committee decisions, and have a caseload of varying complexity. Legal members have an additional role to play as 'Chairs' of Determination Committees. Some members also sit on other committees (such as the Audit and Risk Committee). In this year there was a particular impact in workload due to the changeover of Board membership, where in relation to Determination Committees extra work was required prior to changeover (the membership of the Determination Committee must be continuous throughout the progress of a case, so some months before departure member caseload must be wound down) and after changeover (while new members were trained, and supported on initial caseload).

Hutton review of fair pay

- 4.4 Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.
- 4.5 The banded remuneration of the highest-paid employee in the SLCC in the financial year 2016-17 was £70,000 to £75,000 (2015-16, £70,000 to £75,000). This was 2.5 times (2015-16, 2.5 times) the median remuneration of the workforce, which was £30,545 (2015-16, £28,931). The lowest remuneration paid for 2016-17 was £17,152.
- 4.6 In 2016-17, no employees received remuneration in excess of the highest-paid director. Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.
- 4.7 SLCC salaries, in line with public sector pay policy, have been restricted to a one percent increase over this period for those earning in excess of £22,000 per annum.
- 4.8 During the year to 30 June 2017 no exit packages were considered or approved.
- 4.9 The SLCC currently holds the Living Wage accreditation.
- 4.10 All information disclosed in the tables in this Remuneration Report, along with disclosures on fair pay and analysis of staff costs, was audited by Deloitte. The other sections of the Remuneration Report were reviewed by Deloitte to ensure that they are consistent with the financial statements.

Staff report

- 4.11 The average number of full time equivalent staff (FTE) employed by the SLCC during the period was 49. Staffing was slightly higher than last year, with resource dedicated to dealing with the increased caseload and increasing the speed of dealing with complaints (with achievement of this goal being beneficial to both the public and to lawyers).
- 4.12 Two formal meetings with staff representatives have taken place this year, as set out in our policy. In addition, the representatives have been involved in the updating of various policies (discipline, grievance, workplace investigation, sickness absence), helped design a staff survey, and ran consultation sessions with staff on the new organisational strategy.
- 4.13 We have worked to further reduce sickness absence, with the average staff absence for the year being 3.65% (including all long-term absences in the period).
- 4.14 Turnover of staff was 19.6% in the year. It is anticipated this will be significantly lower next year as we have no planned retirements, and have moved from using Fixed Term Contracts

(when increasing workload looked temporary) to permanent contracts (now a longer term change in the volume of incoming work is clear).

- 4.15 No grievances were submitted during this period, nor were any disciplinary investigations or hearings undertaken. One previous disciplinary process (May 2016) is being challenged in Employment Tribunal, which we are defending. The case will be heard in October 2017. No exit payments were made or approved during this year.
- 4.16 At year-end we undertook a staff survey. Our response rate was slightly down on the previous year (72.5%, down from 84%). However, on nine out of ten questions we achieved higher scores than in the previous year, and in the tenth question the drop was only 1% and is unlikely to be statistically significant. The overall picture is of significant improvement in staff feedback. However we will again work with staff representatives and staff members to develop an action plan and work on further improvement.

Staff composition and equal pay

- 4.17 An equal pay evaluation was carried out in August 2017 (one month after the end of this reporting period, but summarising the relevant reporting year). It was based on staffing in the month the assessment was carried out – 51 staff, 35 females (69%) and 16 males (31%).
- 4.18 All staff irrespective of gender are paid according to our current pay and grading structure, are treated equally, and are progressing through our current pay and grading structure based on performance and length of service.
- 4.19 Women outnumber men in all our lower grades (1-4). In all these grades (1-4) more women are top of their pay band than men.
- 4.20 In our most populated grade (grade 4, 28 of our staff), more females were at the top pay band than males - (82% females top of grade, 18% males). This is driven by length of service.
- 4.21 In the next three management grades (5-7) there are equal numbers of men and women (grade 5 – 1 women and 1 man, grade 6 – 3 women and 3 men, grade 7 - 1 woman and 1 man). There is no aggregate pay gap across these grades.
- 4.22 The current Chief Executive, the only grade out-with those stated above, is male.
- 4.23 On our senior management team, a sub-group of the above which runs the organisation on a day to day basis, there are currently 4 males (80%) and 1 female (20%). The team has been more gender balanced in the past, but this relates to the current composition of the heads of the key teams within the organisation.

Equal opportunities and diversity statement

- 4.24 The SLCC is committed to the principle of equal opportunities across our functions and in our employment practices. We are committed to pursuing positive action in our policies and practices to ensure that no individual is discriminated against directly or indirectly, unlawfully, unjustifiably or unfairly because of their personal status in relation to race, ethnic or national origin, religion, age, sex, gender identity, pregnancy or maternity, disability, sexual orientation or marital/civil partnership status.

Environmental and sustainable development matters

- 4.25 The SLCC is committed to supporting national aims and policies on Environmental and Sustainable Development. We endeavour to run our organisation responsibly and ethically.



Neil Stevenson
Chief Executive Officer
24 October 2017

5. Independent auditor's report

Independent auditor's report to the members of the Scottish Legal Complaints Commission, the Auditor General for Scotland and the Scottish Parliament

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of the Scottish Legal Complaints Commission for the year ended 30 June 2017 under the Legal Profession and Legal Aid (Scotland) Act 2007. The financial statements comprise the Statement of Comprehensive Income and Expenditure, the Statement of Financial Position, the Statement of Cash Flow, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2016/17 Government Financial Reporting Manual (the 2016/17 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Legal Profession and Legal Aid (Scotland) Act 2007 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 30 June 2017 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 FReM; and
- have been prepared in accordance with the requirements of the Legal Profession and Legal Aid (Scotland) Act 2007 and directions made thereunder by the Scottish Ministers.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements in accordance with ISAs (UK), our responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially

misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on other prescribed matters

We are required by the Auditor General for Scotland to express an opinion on the following matters.

In our opinion, the auditable part of the Remuneration and Staff Report has been properly prepared in accordance with the Legal Profession and Legal Aid (Scotland) Act 2007 and directions made thereunder by the Scottish Ministers.

In our opinion, based on the work undertaken in the course of the audit

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Legal Profession and Legal Aid (Scotland) Act 2007 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Legal Profession and Legal Aid (Scotland) Act 2007 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit, we have not identified material misstatements in the Performance Report.

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

P. Kenny
PAT KENNY, CPFA

**for and on behalf of DELOITTE LLP,
Statutory Auditor**

Chartered Accountants
110 Queen Street
Glasgow G1 3BX

26 October 2017

6. Statement of comprehensive income and expenditure for year ended 30 June 2017

	Notes	2017 £'000	2016 £'000
Operating Income	2	(2,763)	(2,714)
Expenditure			
Staff Costs	3,4	2,092	1,949
Other Administration Costs	5	803	812
Depreciation and Amortisation	6,7	62	67
Net Operating Cost		194	114
Other Comprehensive Income			
Actuarial (Gain) / Loss on Pension Scheme		60	(212)
Pension Surplus not Recognised		0	133
Total comprehensive expense for the year		254	35

All amounts relate to continuing activities.

The accompanying notes on pages 31 to 40 form an integral part of these accounts.

7. Statement of financial position as at 30 June 2017

	Notes	2017 £'000	2016 £'000
Non- Current Assets			
Property, Plant and Equipment	6	15	19
Intangible Assets	7	54	78
Total Non-Current Assets		69	97
Current Assets			
Trade and Other Receivables	8	80	73
Cash and Cash Equivalents	9	713	917
Total Current Assets		793	990
Total Assets		862	1,087
Current Liabilities			
Trade and other payables	10	(244)	(238)
Total Current Liabilities		244	238
Net Current Assets		549	752
Total Assets less Current Liabilities		618	849
Pension Scheme Liability	18	(49)	0
Non- Current Assets plus Net Current Assets including Pension Liabilities		569	849
Non- Current Liabilities-			
Provisions for liabilities and charges	11	(148)	(174)
Assets less Liabilities		421	675
Equity			
General Fund		421	675
Total Equity		421	675

The General Fund represents net assets available to the SLCC at the balance sheet date.

The accompanying notes on pages 31 to 40 form an integral part of these accounts.



Neil Stevenson
Chief Executive Officer

24 October 2017

8. Statement of cash flow for year ended 30 June 2017

	Notes	2017 £'000	2016 £'000
Cash Flow From Operating Activities			
Net Operating Expenditure	9	(194)	(114)
Adjustment for Non Cash Transactions			
Depreciation	6	13	11
Amortisation	7	49	56
Net Charges for Retirement Benefits	18	15	25
Employer's Contribution payable to LPF	18	(22)	(37)
Net Interest on Pension Scheme	18	(4)	4
Increase in Trade and Other Receivables	8	(7)	-
Increase in Trade and Other Payables	10	6	(42)
Increase in Provisions	11	(26)	4
Increase/(Decrease) from Operating Activities		(170)	(93)
Cash Flows From Investing Activities			
Purchase of Property, Plant and Equipment	6	(9)	(4)
Purchase of Intangible Assets - Software	7	(25)	(31)
Net Cash Outflow from Investing Activities		(34)	(35)
Increase/(Decrease) in cash	9	(204)	(128)
Net Decrease in Cash and Cash Equivalents			
Cash and Cash Equivalents at the beginning of Year		917	1,045
Cash and Cash Equivalents at the end of Year		713	917

9. Statement of changes in equity for year ended 30 June 2017

	Notes	2017 £'000	2016 £'000
Balance at 1 July 2016		675	710
Deficit on Provision of Services		(194)	(114)
Actuarial (Gain)/Loss on Pension Scheme	18	60	212
Pension Surplus Not Recognised	18	-	(133)
Balance at 30 June 2017		421	675

The accompanying notes on pages 31 to 40 form an integral part of these accounts.

10. Notes to accounts

1. Accounting policies

In accordance with the accounts direction issued by Scottish Ministers under section 15(1) of The Legal Profession and Legal Aid (Scotland) Act 2007 these accounts have been prepared in compliance with the principles and disclosure requirements of the Government Financial Reporting Manual, which follows generally accepted accounting practice as defined in International Financial Reporting Standards (IFRS) as adopted by the European Union, International Financial Reporting Interpretation Committee (IFRIC) and Interpretations and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context. The particular accounting policies adopted by the Scottish Government are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The accounts and financial statements have been prepared using the going concern basis.

The accounts are prepared using accounting policies and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles, set out in International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors. The increased complexity of cases in relation to interpretation of the Legal Profession and Legal Aid (Scotland) Act 2007 has been reflected in the estimation of legal provision and in the treatment of potentially bad debts arising from determination decisions made by the SLCC.

Changes in accounting policies which do not give rise to a prior year adjustment are reported in the relevant note.

1.1 Critical accounting estimates and judgements

SLCC makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. Additional information is disclosed in note 18.

1.2 Accounting convention

These accounts have been prepared under the historical cost convention. The going concern basis has also been adopted in the preparation of these financial statements.

1.3 Newly adopted IFRS

In these financial statements, there are no adopted IFRS's which are effective for the first time which have had a material effect on the financial statements therefore there has been no restatement of the comparatives.

1.4 IFRSs issued not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted):

- IFRS 9, Financial Instruments (2014) (effective 1 January 2018);
- IFRS 15, Revenue from Contract;
- IFRS 16, Leases (effective 1 January 2019);
- IFRIC 22, Foreign Currency Transactions and Advanced Considerations (effective 1 January 2018);
- Clarifications to IFRS 15 Revenue from Contracts with Customers – effective for annual periods on or after 1 January 2018.

It is not expected that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements in future periods.

The following amendments to IFRS, issued by the International Accounting Standards Board, that are mandatorily effective in the current year have been considered and adopted:

- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation;
- Annual Improvements 2012-2014 Cycle;
- Amendments to IAS1 – Disclosure Initiative;
- Amendments to IAS 7 – Disclosure Initiative;
- Disclosure Initiative (Amendments to IAS17)- effective for annual periods on or after 1 January 2017;
- Annual improvements to IFRS Standards 2014-2016 Cycle - effective for annual Periods beginning on or after 1 January 2018 (IFRS1 and IAS 28) and 1 January 2017 (IFRS12).

1.5 Property, plant and equipment

1.5.1 Capitalisation

Purchases of qualifying assets with a value exceeding £1,000 inclusive of irrecoverable VAT are treated as capital.

1.5.2 Valuation

Assets are valued at depreciated historic cost as a proxy for fair value.

1.5.3 Depreciation

Depreciation is provided on all tangible non-current assets at rates calculated to write off the cost or valuation in equal instalments over the remaining estimated useful life of the asset. These are as follows:

Furniture, fixtures and fittings	5 years
IT and telecoms equipment	3 years

Intangible assets comprise externally purchased software licenses, recognised at cost less amortisation.

Amortisation is charged on cost in equal instalments over the estimated useful life of the software which is 3 years.

1.6 Leases

The SLCC holds no material finance leases. Leases where most of the risks and rewards of ownership remain with the lessor are classified as operating leases. Costs in respect of operating leases are charged to the Operating Cost statement as they fall due.

1.7 Pension Costs

Employees

The staff of SLCC are members of the SLCC Pension Scheme administered by Standard Life (a money purchase scheme), or the Local Government Pension Scheme (Scotland) administered by Lothian Pension Fund.

The SLCC has applied the IAS 19 Retirement Benefits which primarily affects disclosures in relation to defined benefit pension schemes.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the SLCC.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs/income. Actuarial gains and losses are charged or credited to equity in the Statement of Comprehensive Income in the period in which they arise.

1.8 Value Added Tax

The Commission is required to pay VAT on the provision of goods and services. All VAT is charged to the income and expenditure account as incurred.

1.9 Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual agreement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the organisation after deducting all of its liabilities.

1.10 Recognition of Income

Levy income is recognised in the accounting period to which it relates. Interest income is credited to the Statement of Comprehensive Income and Expenditure in the year in which it is receivable.

1.11 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term deposits.

2. Operating Income

	2017	2016
	£'000	£'000
Levy from Law Society of Scotland	2,634	2,548
Levy from Faculty of Advocates	68	70
Complaints Levies	31	59
Total levies for year	2,733	2,677
Bank interest	30	37
Total other income	30	37
Total income from all sources	2,763	2,714

3. Staff numbers and costs

3.1 Staff employed

The average number of staff full time equivalent (FTE) persons employed by the SLCC during the period was 49 FTE, detailed as follows:

	2017	2016
CEO	1	1
Staff	48	46
Total average FTE	49	47

3.2 Breakdown of Board members

	2017	2016
Chair	1	1
Members	8	8
Total average FTE	9	9

3.3 Breakdown of staff and member costs

	2017			2016		
	Total £'000	Staff £'000	Members £'000	Total £'000	Staff £'000	Members £'000
Salaries / wages	1,770	1,669	101	1,632	1,537	95
Social security costs	156	144	12	155	147	8
Pension costs	144	144	-	139	139	-
Outsourced staff costs	22	22	-	23	23	-
Total salary costs	2,092	1,979	113	1,949	1,846	103

4. Pension Costs

For 2016-2017, employer's contributions of £118,179 (2016 - £108,527) were payable to Standard Life at 8% and 12% of pensionable pay and £25,967 (2016 - £27,626) to Lothian Pension Fund at 33.3% of pensionable pay, based on salary bands. These figures are prior to defined benefit adjustments.

On death, pensions are payable to dependents of members of the Local Government Pension Scheme (Scotland). All SLCC staff benefit from Death in Service cover and the scheme pays a lump sum of four time's pensionable pay.

Full details of the defined benefit scheme administered by Lothian Pension Fund are contained in note 18.

5. Operating Expenditure

	2017 £'000	2016 £'000
Property	321	330
Office	64	81
Staff Training & Recruitment	35	17
Travel & hospitality	14	14
IT	85	84
Outreach	31	28
Research	4	8
Legal	222	220
Financial	20	20
Bad Debt Provision	7	10
	803	812

The above total includes the external auditor's remuneration of £11,990 (£11,210 2016-17). The external auditor received no fees in relation to non-audit work.

6. Property, Plant and Equipment

Tangible Non- Current Assets

	Furniture & fixtures and fittings £'000	IT & telecoms equipment £'000	Total tangible assets £'000
Cost			
At 1 July 2016	157	230	387
Additions	-	9	9
At 30 June 2017	157	239	396
Depreciation			
As 1 July 2016	147	221	368
Charge for year	5	8	13
At 30 June 2017	152	229	381
NBV at 30 June 2017	5	10	15
NBV at 30 June 2016	10	9	19

7. Intangible Assets

Included in the below is £179,000 of assets (£179,000 2015-16) donated by the Scottish Government. These assets are now fully depreciated and the Donated Assets Reserve has consequently been reduced to zero.

	Software £'000	Total intangible assets £'000
Cost		
At 1 July 2016	275	275
Additions	25	25
At 30 June 2017	300	300
Amortisation		
As 1 July 2016	197	197
Charge for year	49	49
At 30 June 2017	246	246
NBV at 30 June 2017	54	54
NBV at 30 June 2016	78	78

8. Trade Receivables and Other Current Assets

	2017	2016
	£'000	£'000
Other Debtors	47	61
Bad Debt Provision	(43)	(50)
Prepayments	76	62
	80	73

The Bad Debt Provision is in respect of Complaint Levy Invoices which are considered potentially irrecoverable as at the balance sheet date.

9. Cash and Cash Equivalents

	2017	2016
	£'000	£'000
Opening balance	917	1,045
Net change in cash and cash equivalent balances	(204)	(128)
Balance at 30 June 2017	713	917
Analysed as:		
Cash	50	1
Term Deposits	663	916
Total	713	917

10. Trade Payables and Other Current Liabilities – amounts falling due within one year

	2017	2016
	£'000	£'000
Trade Payables	75	36
Taxes and Social security Costs	47	44
Accruals and Other Creditors	122	158
	244	238

11. Provisions for liabilities and charges

	2017	2016
	£'000	£'000
Dilapidation Provision	64	59
Provision for legal expenses	84	115
	148	174

The provision for dilapidation costs relates to the SLCC's contractual duty to repair leasehold property on termination of the lease (September 2018). Provision is made for the estimated cost of fully repairing leasehold properties at the balance sheet date. Provision is also made for the estimated cost of legal appeals in progress at year end.

12. Operating leases

	Building £'000	Totals 2017 £'000	Totals 2016 £'000
Operating Lease Payment Commitments			
Expiring:			
Not later than One Year	158	158	158
Later than One but less than Five Years	30	30	198
Later than Five Years	-	-	-
	188	188	356

The current five year property lease expires in September 2018. Current year lease costs are £158,000 (£158,000 – 2015-16).

13. Capital commitments

There were no contracted capital commitments as at 30 June 2017 (£0 - 2015-16).

14. Related party transactions

There were no related party transactions during the year.

15. Contingent liabilities

Third parties have sought to appeal the SLCC's decisions under the Legal Profession and Legal Aid (Scotland) Act 2007. The SLCC may defend these cases and is liable to pay legal expenses and costs if appeals are upheld.

16. Post Balance Sheet Events

No event has occurred since the date of the balance sheet which materially affects the financial statements.

17. Defined Benefit Pension Scheme

Some employees are eligible for membership of the Local Government Pension Scheme. The scheme is a defined benefit scheme administered by City of Edinburgh Council.

The most recent actuarial valuation was carried out by Hymans Robertson LLP to 30 June 2017. This valuation was based on rolling forward valuation data at 30 June 2011 to 30 June 2014 (the last formal valuation) on the basis of a number of financial assumptions.

The principal actuarial assumptions used by the actuaries were as follows:

	2017 %	2016 %
Discount rate at 30 June	2.7	3.0
Expected return on plan assets at 30 June	8.9	3.0
Future salary increases*	3.5	2.0
Future pension increases	2.5	2.0
Inflation assumption	2.5	2.2

* Please note that the salary increase assumption for 30 June 2010 is 1.0% p.a. until 30 June 2015, reverting to the long term assumption shown thereafter.

The post-retirement mortality assumptions used to value the benefit obligation at

30 June 2017 are based on the analysis used for the formal valuation as at 31 March 2014, with improvements from 2008 in line with the medium cohort and a 1% p.a. underpin. Based on these assumptions, the average future life expectancies at age 65 for current pensioners are 22.1 years for males and 23.7 years for females, and for future pensioners 24.2 years for males and 26.3 years for females. The mortality assumptions are identical to those used in the previous accounting period.

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

The amounts charged or (credited) in the statement of comprehensive income and expenditure are as follows:

	2017	2016
	£'000	£'000
Current service cost	15	25
Interest on obligation	12	20
Expected return on plan assets	(16)	(16)
Total	11	29

The amounts charged or credited in profit or loss were included in Staff Costs.

The amounts recognised in the statement of financial position are as follows:

	2017	2016
	£'000	£'000
Fair value of plan assets	601	537
Present value of funded retirement benefit obligations	(650)	(404)
Pension deficit (surplus - not recognised in 2016)	49	(133)
Net liability	49	(0)

The major categories of plan asset and percentage of the total plan assets are as follows:

	2017	%	2016	%
	£'000		£'000	
Equities	0	0	0	0
Bonds	601	100	537	100
Property	0	0	0	0
Cash	0	0	0	0
	601	100	537	100

18. Movement in net defined benefit liability/asset

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2017	2016	2017	2016	2017*	2016
	£000	£000	£000	£000	£000	£000
Balance at 1 July	537	502	537	415	0	87
Included in profit or loss*						
Current service cost	15	25	-	-	15	25
Interest cost/(income)	12	20	16	16	(4)	4
Included in OCI*						
Re-measurements loss/(gain):						
Actuarial loss (gain) arising from Change in financial assumptions	225	(143)	-	-	225	(143)
Return on plan assets excluding interest income			32	67	(32)	(67)
Other Experience						
Changes in Demographic assumptions	-	(2)	-	-	-	(2)
Other						
Contributions paid by the employer	-	-	22	37	(22)	(37)
Contributions paid by employee	3	6	3	6	-	-
Benefits paid	(9)	(4)	(9)	(4)	-	-
Surplus not recognised in 2016 now reversed	(133)	133	-	-	(133)	-
Balance at 30 June (2016 Surplus not recognised)	<u>650</u>	<u>537</u>	<u>601</u>	<u>537</u>	<u>49</u>	<u>(133)</u>

Changes in the present value of the defined benefit obligation are as follows:

	2017	2016
	£'000	£'000
Opening defined benefit obligation at 1 July	537	502
Current service cost	15	25
Benefits paid	(9)	(4)
Interest cost	12	20
Change in financial assumptions	225	(143)
Surplus not recognised now reversed	(133)	133
Changes in demographic assumptions	0	0
Other experience	0	(2)
Contributions by plan participants	3	6
Closing defined benefit obligation at 30 June	650	537

The cumulative actuarial loss recognised in the statement of total recognised gains and losses at 30 June 2017 was £49,000.

Amounts for the current and previous periods are as follows:

	2017	2016	2015
	£'000	£'000	£'000
Fair value of plan assets at 30 June	601	537	415
Present value of defined benefit obligation at 30 June	(650)	(537)	(502)
Surplus/(deficit) in the plan	49	(0)	(87)
Experience adjustments arising on plan assets	-	(16)	(9)
Experience adjustments arising on plan liabilities	-	-	-

During the year to 30 June 2018, SLCC estimates that contributions of £30,000 will be paid to the Local Government Pension Scheme.

19. Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Approximate % increase to Employer	Approximate monetary amount £(000)
0.5% decrease in Real Discount Rate	18%	118
0.5% increase in the Salary Increase Rate	9%	57
0.5% increase in the Pension Increase Rate	9%	56

Appendix 1 – Direction by Scottish Ministers



SCOTTISH LEGAL COMPLAINTS COMMISSION

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of section 15(1) of The Legal Profession and Legal Aid (Scotland) Act 2007, hereby give the following direction.
2. The statement of accounts for the financial year ended 30 June 2009, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. In accordance with section 15(1) (c) of the Act a copy of the statement of accounts should be sent to the Scottish Ministers, following the financial year ended 30 June. The accounts will be sent by Scottish Ministers to the Auditor General for Scotland and will be subject to audit by auditors appointed by the Auditor General for Scotland. The audited statement of accounts will be laid before the Scottish Parliament.
5. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers

Dated 19 October 2009

