

## 2009/10 Budget

Note		2009/10 Budget £	Comments
	<b>SLSO Costs</b>		
1	SLSO Costs Incurred	211,000	
1	SLSO Income R'cvd from SG	-211,000	
	<b>Staff Costs</b>		
2	SLCC Staff Costs	1,527,535	
3	Board Members	195,000	
4	Non SLCC Costs	70,000	
5	Pension Contributions	26,667	
	<b>Total Staff Costs</b>	1,819,202	
6	Headcount exc Members	32	
6	Headcount inc Members	42	
	<b>Non Staff Costs</b>		
7	Staff Development	36,836	
7	Member Development	9,977	
7	Staff Travel & Subsistence	5,000	
7	Communications	75,000	
7	Annual Report Costs	15,000	
8	IT Costs	41,200	
9	General Building Related Costs	3,000	
10	Rent	185,460	
10	Service Charges	37,600	
7	Utilities	35,251	
7	Rates	72,544	
11	Bank Charges	600	
7	Stationery	20,000	
12	SLCC PI Insurance	25,000	
7	Insurance - Commercial	12,533	
12	Petty Cash	2,000	
7	Recruitment Costs	60,000	
13	Subscription/Membership Fees	3,100	
7	Legal Fees	50,000	
7	Postage	20,000	
7	Special Projects & Research	30,000	
12	Audit Fees	26,000	
7	Board Member Expenses	15,000	
	<b>Total Non Staff Costs</b>	781,101	
14	Contingency	316,000	
	<b>Total Expenditure</b>	2,916,302	
	<b>Levy &amp; Income</b>		
15	Levy from Law Society	-2,012,783	
15	Levy from Faculty of Advocates	-103,133	
15	Other Income	-908	
16	Interest Earned	-25,657	
	<b>Total Income</b>	-2,142,480	
	<b>Total Expenditure Less Income</b>	773,822	
17	Plus 2008/09 carry over	-1,400,000	
	<b>Retained Reserves</b>	-626,178	

## Notes to the Annual Budget Plan for the Period 1st July 2009 to 30 June 2010

1 These are forecast costs still to be incurred by the SLCC in respect of work being carried out on an estimated 200 SLSO cases where the instruction to the solicitor was made before 1st October 2008.

This forecast assumes two investigators working full time plus one day per week of Jane Irvine's time. This amounts to £97k. The remaining £114k is a percentage of the non pay costs in the budget. This is allocated using the fraction 200 SLSO cases divided by the total number of predicted cases of 1495. E.g. 13.4%. These costs are refunded by the Scottish Government.

2 This is based on a headcount of 32 staff. It is expected the previous budgeted level of 44 FTE will not be reached until the SLCC is fully operational. This figure also includes £150,000 for resources allocated to mediation.

3 A 10th lay Member may be required during 2009/10. As the recruitment process is lengthy, provision is only made for the last 6 months of the financial year.

4 This represents a sensible contingency for long term absence, maternity cover and short term need. It also covers the costs of accountancy support of one day per month.

5 This is the estimated cost of the additional pension contributions required to be made for staff transferred from the SLSO with a protected final salary pension scheme.

6 The forecast number of staff required to deal with the expected number of cases for the financial year 2009/10. Also shown to include 10 members.

7 These costs have been estimated by the Audit and Finance Advisory Committee and represent the best possible forecast as at December 2008. These are reasonable and appropriate estimates of likely expenditure to be incurred. Recruitment costs assume an average of £6.6k per role for 9 roles.

8 This represents the IT support costs from Scots Lite for the PC's, printers and telephones. The charge is calculated based on the number of PC's supported. Therefore 56 PC's x £700pa. There is a single charge of £2,000 for telephony support.

9 The building related costs will cover incidentals such as recycling charges, water coolers and plant hire.

10 These are based on 2008/09 actual costs. A rent review is due after 5 years.

11 Bank charges are estimated at £50 per month.

12 These are based on known actual costs for 2008/09.

13 Legal Post subscription costs are £200pa. The remainder is the estimated membership fee of the British and Irish Ombudsman Association.

14 The budgeted contingency for the year is made up of the following:

£150,000 Operational Float - this represents 5% of the total expenditure budget.

£100,000 Legal Defence Fund - for any Legal challenge made against the Commission.

£50,000 TUPE/COSOP - to settle any disputes that may occur as a result of staff transfers under TUPE and COSOP.

£16,000 Fall in Practitioner Numbers - this represents a potential fall in practitioner numbers of 58.

15 The Levy income is based on the following practitioner numbers.

<b>2009/10 Levy</b>		<b>Practitioners</b>	<b>Levy £</b>	<b>£</b>
Solicitors with 3+ years experience	Annual Levy	5,972	275	1,642,300
Conveyancing and Executry Services	Annual Levy	17	275	4,675
Advocates	Annual Levy less 19%	463	223	103,133
Solicitors in 1st 3 years of practice	Annual Levy less 50%	986	138	135,575
Inhouse & Outwith Scotland Solicitors	Annual Levy less 66.6%	2,537	91	230,233
Assoc of Commercial Attorneys	Annual Levy less 66.6%	10	91	908
		<u>9,985</u>		<u>2,116,824</u>

- a) The above numbers are based on 700 fewer LSS practitioners than actual practicing certificates for 2008/09. Therefore, using a weighted average, the 3 years plus number of practitioners has been reduced by 471, 1-3 years experience by 77 and Inhouse by 152.
- b) The 3 year plus and 1-3 year categories have also been reduced by 424 and 58 practitioners respectively to reflect the number of Scottish registered solicitors working outside Scotland. These 482 certificates have been moved to the Inhouse category.
- c) The Association of Commercial Attorney's Levy has been set at the same level as an Inhouse solicitor due to the fact that they have limited rights to appear in court in Scotland.
- d) It was proposed at the SLCC Board meeting on 8th December 2008 that the existing mediation complaints levy of £200 would be reduced to zero for 2009/10. It was thought that this small levy may be seen as a disincentive to mediation.
- e) It was also proposed at the same meeting that all of the remaining complaint levies be doubled for 2009/10. This will reinforce the concept that the polluter pays and will help to drive up standards.
- g) Income generated from the complaints levies is not included in the 2009/10 budget.
- 16 This is the forecast interest earned from placing surplus cash on treasury deposit. Due to the current economic outlook a rate of return of just 2% has been used.
- 17 This is the forecast carry over from financial year 2008/09.

## 2009/10 Annual Levy

Category	Waiver	Practising Certificates	Annual Levy	Total Income	Comments
Solicitors with 3+ years experience	Annual Levy	5,972	<b>275</b>	1,642,300	
Conveyancing Practitioner or Executory Practitioner	Annual Levy	17	<b>275</b>	4,675	
Advocates	Annual Levy less 19%	463	<b>223</b>	103,133	
Solicitors in 1st 3 years of practice	Annual Levy less 50%	986	<b>138</b>	135,575	
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		9,985		2,116,824	

1. The annual levy is set at a level to ensure that the SLCC operational costs for the year are met and to provide a sufficient level of reserves.
2. This levy projection is based on the LSS having 700 fewer members than in 2008/09.



## Complaints Levy

	2008/09	2009/10
Mediation Complaint Levy	£200	<b>£0</b>
No Complaint Upheld	£0	£0
Complaint Accepted - First Settlement	£250	<b>£500</b>
Complaint Accepted - Second & Further Settlements	£350	<b>£700</b>
Formal Determination - First	£400	<b>£800</b>
Formal Determination - Second	£600	<b>£1,200</b>
Formal Determination - Third & Further Determinations	£1,000	<b>£2,000</b>

### Notes

1. Complaint Levy income is not included in the 2009/10 budget.
2. SLCC members proposed at the Board meeting on 8th December 2008 to set the Mediation Levy charge for 2009/10 to zero. Feedback from the profession indicates that this Levy may act as a disincentive to mediation.
3. SLCC members proposed at the Board meeting on 8th December 2008 to double all other Levy charges for 2009/10. This will reinforce the principal of SLCC that we are encouraging early resolution of service complaints.