

Resolving Complaints | Improving Practice | Inspiring Confidence

CONSULTATION: Our draft operating plan and budget for 2017 to 2018

Complaints handling which is:

Independent | Fair | Impartial
Accessible | Efficient | Effective



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1 Introduction

- 1.1 This document sets out the SLCC's draft Operating Plan for the operational year 2017/18 for consultation. This is provided in **Appendix 1**.
- 1.2 The Operating Plan is aimed at delivering the second year of work under our Strategy for 2016 to 2020. We consulted on the Strategy in January 2016, and the Board of the SLCC has confirmed its commitment to it during the preparation of this Operating Plan.
- 1.3 The strategy sets out the SLCC's statutory functions, gives details of the complaints process, describes our five main strategic priorities, sets out our values, sets out the environment we are operating in, provides context to the way we operate and explains why we selected certain priorities for the four year period covered. More details on our strategy are available at: <https://www.scottishlegalcomplaints.org.uk/about-slcc/our-purpose.aspx>
- 1.4 This document also sets out our proposed budget for the year 2017/18 and provides information on the expenditure, general levy and complaints levy proposed for the 2017/18 financial year. It also notes changes in our operating environment since our strategy consultation and published plans for 2016/17. The proposed budget is provided in **Appendix 2**.
- 1.5 This year all funding for projects and initiatives is the same as, or less than, the last two operating years. However, a levy increase of 12.5% is proposed on the basis of significant changes and challenges in the sector. Any rise in costs is unfortunate, and full details of the drivers of cost and key areas of expenditure are provided later in this document.
- 1.6 Full details of the consultation are available at: <http://www.scottishlegalcomplaints.org.uk/consultation>
- 1.7 Acronyms or technical terms we use are explained in a glossary at **Appendix 3**.

2 Our operating focus

- 2.1 Our core focus is to deliver an independent, impartial, fair and accessible complaints process which is efficient and effective. This is where the majority of our staffing and resource is directed, and our performance is monitored monthly by our Board.
- 2.2 How we deal with legal complaints is shaped by several factors – the incoming number of complaints, how these complaints are categorised, whether they pass the first stages of our process, whether an agreed resolution is achieved or formal determination required, and whether they are appealed. We have to respond to a demand-driven case load (over 1,100 incoming cases a year) and have a statutory obligation to have adequate resource to process that workload. However, the purpose of our Operating Plan is not to detail this complaint handling work - it is taken as a given – and as a result the Plan has greater focus on the specific projects and improvements planned for the operating year.
- 2.3 Information about our core processes are available on our website at: <https://www.scottishlegalcomplaints.org.uk/making-a-complaint/complaints-process.aspx> and information on our performance is available on our website at: <https://www.scottishlegalcomplaints.org.uk/resources/annual-report-accounts.aspx>

- 2.4 We have a range of other statutory functions which must also form part of our annual priorities. These include: giving advice on complaints; issuing best practice guidance; monitoring trends; investigating ‘handling complaints’ which look at how the professional bodies (RPOs) deal with conduct complaints; monitoring the effectiveness of the Client Protection Fund and Master Policy; and supporting our statutory Consumer Panel.
- 2.5 Over 90% of our staff work directly on tasks that deliver these statutory functions – the remainder support these functions with internal services (Facilities, HR, Finance) or through external work (engagement with stakeholders, outreach, and communications). Finally, we have a small amount of project work we undertake each year - the work and projects chosen are drawn from our strategy. This accounts for around 1-2% of our direct costs (for example, a payment for a product, service, contractor or license to deliver the project which is met from our budget), and a small amount of staff time.
- 2.6 Following feedback to our consultation last year, we have this year used our statutory functions as a framework for the Operating Plan. Where we make reference to “section (‘s’) numbers”, these relate to the Legal Profession and Legal Aid (Scotland) Act 2007 (“the Act”). Columns to the right then indicate how each planned item of work links to our strategic priorities in delivering those functions. Our strategic priorities are to:
- Build trust
 - Promote strong relationships
 - Deliver early resolution and redress
 - Drive improvement
 - Develop as a high performing organisation
- 2.7 A number of this year’s proposed projects have a consumer focus. The feedback we collect from lawyers and consumers shows that consumers are relatively less aware of our services and need more support to engage in the process effectively. However, it is important to emphasise that projects which are based on trends and aimed at improving confidence in the sector have benefits for both consumers **and** lawyers. Academic research has shown that this also improves economic sustainability and growth.
- 2.8 In taking these projects forward, we will try wherever possible to work collaboratively with stakeholders including consumer groups and the RPOs. This helps us access expert knowledge and ensures that costs and duplication of work are minimised.
- 2.9 Throughout the draft plan we have also indicated what stakeholders can expect us to deliver as part of our work. This may not cover every aspect of the project or activity, but will help stakeholders track our progress.

3 Our top six objectives

- 3.1 Our detailed Operating Plan (**Appendix 1**) covers all work and projects which are not part of our day to day operations – helping to deliver our wider statutory duties and develop our work. However, some projects are more significant in scale, or important in impact, than others. The Board and management team identified six objectives, from the longer list, which will be the top priorities for the year. These are marked as ‘priority objectives’ within the Operating Plan.
- *We will improve the efficiency and effectiveness of the complaints process, where it is within our control.*

- *We will aim to ensure that all cases impacted by the ruling of the Inner House of the Court of Session on ‘hybrid issues’ have completed their progress through our processes, and that we return to, or improve on, our previous performance levels.*
- *We will aim to ensure that all consumers of legal services know the SLCC exists and how we can help - this is vital in successfully delivering our function as the single gateway for all complaints about lawyers.*
- *We will promote legislative changes which will assist in further improving the efficiency and effectiveness of the complaints process.*
- *We will work with the Law Society of Scotland to understand their plans for development of rules, guidance, advice and information, and explore how we may be able to add value to that process.*
- *We will improve our website, which is our most cost effective, and most transparent, communication tool to ensure it is easily used by all users, especially those on mobile ‘phones or tablets, and those with visual impairments.*

4 The environment we are working within – drivers of cost

- 4.1 The environment has also changed significantly since our last Operating Plan was published. In this section we set out the factors that are increasing the cost of our operations.
- 4.2 **We have seen a significant increase in complaints in 2015/16** (although these remain a very small proportion of the overall transactions lawyers complete each year). We reported a rise of 12% in our Annual Report for 2015/16. The previous Operating Plan had been based on a prediction of a stable number of complaints, which had also been the experience of the preceding two years. This rise in complaint numbers impacted on cost and resource needs in 2015/16, and we have released funds from reserves to increase staffing to meet this demand (however, continuing this level of funding from reserves is not sustainable). The increase in complaints may relate to greater visibility of the SLCC, an increased volume of legal work over the last couple of years as we came out of the economic downturn, or to other factors. Whatever stage in the system complaints reach they have a cost for us (even if dismissed at prematurity or eligibility).
- 4.3 **The increases now suggest a new trend, and we are predicting complaints may rise further in the second half of 2016/17 and on into 2017/18.** We have been working with an independent statistician to understand five years of complaints data and the best predictions we can make based on this. At the time of approval of the budget the best predictions which can be made suggest an environment of increasing complaints in the sector, and we must make budget predictions based on this. It is recognised this trend prediction could change (several lower months in a row would bring the future projection closer to a flat line) but at the time of setting our budget, and due to the gap between the levy being consulted on (January 2017) and the 18 months before the next levy is set and collected (July 2018), prudent budgeting means we must take account of the best data available at this time.
- 4.4 **We wish to further reduce the time taken to resolve complaints.** This was showing significant progress at the end of 2015/16 through improved working practices, but that progress was starting to stall due to higher numbers of incoming cases, and is now impacted further due to some of the factors listed below. Our board see this as a priority for both consumers and those subject to a complaint – for both parties a swift outcome is important. Our key stakeholders indicated this was also a high priority for them, in terms of how we focus our work.
- 4.5 **A key court ruling from the Inner House of the Court of Session also changed the landscape considerably.** The Court ruled that ‘hybrid issues’, which had been a feature of legal complaints handling for the last 30 years, were not a valid ‘categorisation’ of a complaint.

This had a significant impact. Firstly, we have had to communicate with several hundred parties about how their cases are affected, and as there is still uncertainty (see below) this has had to happen on more than one occasion. We have also seen an increased number of incoming enquiries, and increased demand for engagement with stakeholders and government as the situation is managed. Our legal advice indicated that many cases part way through our process needed to be amended, and although much of that work is now complete, the impact will be felt into 2017/18. Almost one month of normal workload (that is, complaints assessed and resolved) across 29 staff was lost, and in a second month of normal workload production was 50% below normal rates. This places other work behind schedule, and we need to act to minimise delays for the consumers and lawyers involved in a complaint.

- 4.6 **Increased appeals and a judicial review relating to the above case are also increasing risk and projected costs considerably.** The SLCC and the Law Society of Scotland received differing legal advice on how to manage the impacts of the above Court ruling. At the time of preparation of this consultation it means that we are facing seventeen Court of Session Appeals (more than the total number of appeals we received for the whole of 2015-16), and a separate Judicial Review. The costs of all this legal action will be significant. Depending on the outcomes we may recover some costs or have to pay further costs. As well as external fees with our legal advisers and counsel this also creates a significant internal workload administratively, legally, and in terms of communicating with affected parties, stakeholders and government. The SLCC must ensure that budgets are prepared to take account of a number of possible outcomes. We may be able to adjust our predictions as to these costs after the consultation but before budgets are set in April 2017.
- 4.7 **The legal action also, unfortunately, creates a backlog of cases which have to be put on hold until such time as the court processes are worked through.** Our Case Investigators have been fully productive in the meantime, working on new cases. However, we need to plan for working on the large volume of cases, currently delayed pending clarity from the Court, without further delay. The requisite additional capacity to address this cannot be quickly sourced – new Case Investigators require a six-month training lead, for example. As a result, the backlogs created by the above litigation represent a real challenge in resource planning.
- 4.8 **For the last four years we have been gradually reducing our reserves.** This was something stakeholders had encouraged, and was appropriate as the organisation increased its experience in budgeting and managing risk. This year, we propose another deficit budget, but have reduced the amount we are taking from reserves (£99k vs £145k last year). This means that even if all expenditure had remained static, we would have needed to raise an additional £46k from the levy in 17/18. We have been transparent in previous consultations on what the ‘real’ levy would be if we were recovering full costs for that year, and the ‘adjusted’ levy on the basis of a ‘subsidy’ from reserves. Our reserves policy is to aim to have 2 months operating costs available.
- 4.9 **It had been predicted that ‘Alternative Business Structures’ may have been authorised in the 2016/17 business year** under the Legal Services (Scotland) Act 2010, but this did not happen, meaning our role in this is delayed. We will need to await decisions in 2017/18 to see what preparations the SLCC may need to make.
- 4.10 The context of how the levy has changed since the SLCC was established in 2008 is also relevant. In the nine accounting years since creation the levy has moved up or down every year but one. This reflects the statutory requirement to fund necessary work each year counterbalanced by work on efficiencies and ensuring the lowest practicable levy is set. Looking at the five year period since the 2012/13 levy the increase proposed in 17/18 represents only a 5% rise over that whole period. A lower levy was possible in the intervening years due to rigorous cost control and efficiency work, use of reserves remaining from our ‘set-up phase’, and the delay of investment in projects which now cannot be postponed further (for example, the urgent need for a website which meets current equality and accessibility guidelines).

- 4.11 These drivers of cost could be viewed in two ways. There is one argument they represent fundamental changes in the legal complaints sector. The SLCC Board has, for the purposes of this consultation, taken that view and therefore applied an increase to all levies. The legislation primarily envisages the cost of the complaints levy as a shared cost across the whole sector. However, the Board of the SLCC recognises that the increase in complaint numbers relates primarily to complaints made about solicitors in private practice. Additionally, the legal actions driving an increase in our legal costs relate to the solicitor branch of the profession. Our statutory powers allow the setting of different rates, and rates are already weighted to some extent based on those areas which generate the most costs for the SLCC (a 'polluter pays' principle). Feedback from stakeholders on how costs should be apportioned through the levy is welcomed.

5 Efficiency savings

- 5.1 The SLCC is committed to finding efficiency savings each year. Where possible, these are used to offset the need for increases to the levy.
- 5.2 In 2015/16 we reported that we intended to bring the payroll function in-house and develop an online HR System. Both have now been actioned with associated financial savings and release of staff time.
- 5.3 In 2016/17 we are focussing on further development of our case management and records management systems which will drive further improved in-house behaviours and efficiencies. We have not replaced a departing Senior Management Team member, reallocating duties to existing staff, to find further efficiency in our staffing budget.
- 5.4 In the budget for 2017/18 we shall continue to monitor staff numbers against workload and, if circumstances and journey time targets permit, natural attrition will be used to manage down any excess.
- 5.5 There is also a focus on improving efficiency in our core process. This year we trained a number of staff in Lean Six Sigma (to 'yellow belt' standard). This is a technique which focusses on reducing waste in process and improving quality. A major project for the year was a review of every stage of our 'eligibility' process, including working with our external legal providers to test whether each step and the level of work undertaken was legally necessary under the Act and the guidance which has come from Court of Session rulings on our work. Changes are now being implemented, including an amended approach to agree a summary of the complaint with those making complaints, which should help speed up the process.
- 5.6 Overall, however, the complexity of both the legal requirements around complaints and the complexity of the underlying transactions being complained about make this a resource intensive process.
- 5.7 For example, at 'eligibility' – the part of our process which ALL complaints are required to go through and which utilises the majority of our staff resource (and so had the highest cost to us) – there are a large number of tasks to be undertaken. Case Investigators must: review the complaint form, decide if the complaint is premature, work with both parties to understand the issues being complained about, classify each issue as service or conduct, liaise on classification with the RPO, check whether each issue raised is within the relevant time limit (which is different for service and conduct issues), and test each issue against the three legal tests of 'frivolous, vexatious, and totally without merit'. They must seek comments from parties before issuing a final decision. The reasoning must be clear to all parties, and be able to withstand appeal to the Inner House of the Court of Session. All of this is prescribed in statute, and is just the first 'pre investigation stage' of the statutory process. In addition, and throughout this process, staff will be trying informally to conciliate the complaint where appropriate. Ideas for how to make this more efficient, within the confines of the Act, are constantly being looked for, but are welcomed from stakeholders.

6 **Headline details of budget**

- 6.1 Anticipated expenditure: £3,223,700 (previous year £2,863,300).
- 6.2 Anticipated income: £3,125,145 (previous year £2,718,135).
- 6.3 Anticipated funds released from reserves: £98,555 (previous year £145,165).
- 6.4 General levy: £356 full levy (previous year £316).
- 6.5 Complaints levy – there will be no change to the complaints levy.

7 **Approach to budgeting**

7.1 In line with policy and past years the approach follows these steps:

- The SLCC sets out anticipated expenditure based on its operational plan.
- The general levy is then calculated on the basis of covering anticipated expenditure in full (i.e. nothing available from reserves).
- The current year forecast outturn at December 2016 is reviewed, together with the results for the financial year to 30 June 2016. This provides an estimate of anticipated reserves at year end, and what can be made available to underwrite the general levy for 2017/18.
- The proposed levy is set and the budget issued for consultation (including the complaints levy).
- The draft budget is reviewed in April taking into account consultation responses and a further quarter's financial data
- The SLCC sets the final budget and lays it before Parliament by April 30 2017.

8 **Expenditure**

8.1 Appendix 2 contains the summary of expenditure by line item, with a comparison to the previous year (i.e. the 2016/17 year). The overall budget shows an increase of 12.6%.

8.2 The main drivers of this increased cost are;

- Increased staff costs to cope with a sustained increase in complaints allied to a strategic objective to reduce journey times significantly for all parties.
- The diversion of staff resources to cope with the ongoing impact of the recent appeal decision.
- Increased legal costs (case related, due to litigation coming out of previous court ruling) which have been estimated for now at £75,000.
- Reduced use of reserves compared to previous years, down from £145,000 to £99,000.
- Annual salary and spinal point increases which account for approximately £45,000.
- Increased corporate legal costs, whilst difficult to predict, which have been increased by a modest £5,000.

- 8.3 The SLCC has always sought to offset the impact of staff costs by ensuring where possible more efficient use of all indirect and non-staff resources. However a number of these costs will rise in 2016/17:
- Property Costs – increased service charges have led to an anticipated 3.6% increase on the previous year.
 - IT Costs – increased staff numbers and associated licence costs account for a 13.3% increase.
- 8.4 A key factor is the small funding base of the SLCC. With only around 11,500 practitioners paying a levy, even small increases in base operating costs have an immediate impact. An £11,500 increase in costs equates to an average £1 on each levy.
- 8.5 Once our Operating Plan for the year is finalised, in light of consultation feedback, work will be managed within these constraints (although we anticipate more efficient and effective working may allow us to achieve more).
- 8.6 The SLCC has again taken the decision to exclude a contingency provision from the 2017/18 budget. It is felt that the budgeting process and experience of previous years' outturns provide a sufficiently accurate forecast of anticipated spend. In the event of additional unforeseen expenditure requirements, the SLCC would have recourse to its reserves.

9 Reserves

- 9.1 Reserves are anticipated to be in the region of £465,000 at the start of the 2017/18 financial year. This figure is within the parameters set out in the reserves policy which is constantly under review.
- 9.2 This position will change in 2017/18 as the SLCC intends to utilise £99,000 from reserves within the year. The SLCC is of the view that the current level of reserves provides a short term source of funding and helps restrict any proposed levy increases. The anticipated reserves position for 30 June 2018 will be in the region of £366,000.

10 Income

- 10.1 The SLCC has based income on:
- Anticipated income from the general levy. The bulk of this is from members of the Law Society of Scotland and is calculated on the basis of the number of practising certificates at the start of the current year. Final adjustments will be made in consultation with all the RPOs. The underlying calculations are based on the same approach as in previous years but it is proposed that the general levy increase by 12.5% for all categories of practitioner. **Appendix 2** sets out the detail.
 - Anticipated income from interest earned on deposits. This is forecast to be £30,000 for 2017/18 reflecting current and anticipated levels of investment return.
 - Complaint Levy income of £30,000 has been recognised for budget purposes for the financial year 2017/18. This figure was recognised for the first time in the year 2015/16 and a modest increase is anticipated.

11 The Legal Services (Scotland) Act 2010

- 11.1 During the course of this year we may need to consult further on budget if the Law Society of Scotland (or another body) is granted 'Approved Regulator' (AR) status and starts licensing new 'Licensed Providers'.
- 11.2 This version of the budget contains no allowance for any fee that may, in due course, be generated if an AR is authorised, and likewise contains no spend allocated to set-up and operating costs for those new responsibilities which could fall on the SLCC if an AR is authorised.
- 11.3 The Legal Services (Scotland) Act 2010 creates new types of complaints, and new types of levies to fund the work. There are three new levies. Two levies will be paid by the actual regulator:

Approved Regulators:

<http://www.legislation.gov.uk/asp/2010/16/section/80>

1. An annual levy
2. A levy each time a complaint is passed to us and the SLCC upholds that complaint

One levy will be paid by the new types of business (Licensed Providers) that AR will regulate.

Licensed Providers:

<http://www.legislation.gov.uk/asp/2010/16/section/81>

3. An annual levy (which is in addition to the levy on each solicitor within the Licensed Provider)

Each AR will need to make provision for the collection of this new levy from the Licensed Providers, per s.57(d) of the Act (which was amended by s.81 of the 2010 Act).

- 11.4 It is seven years since this legislation was passed, but as yet no AR has been created. However, as soon as a regulator is approved the SLCC will need to act quickly to develop policies and processes and ensure we are prepared to deliver our new statutory duties.

12 Issues we would especially value feedback on

- 12.1 We value feedback on all aspects of this consultation.
- 12.2 Views are welcomed on where the increased costs in this year's budget should fall in terms of the levy – should the increase be shared among all practitioners or focussed on those groups most closely linked to the increases in cost?
- 12.3 Those providing comments may wish to share views on the individual projects and work laid out in the Operating Plan. Are the six top priorities correct? Are there other projects which should be added, or ones included that should be amended or removed?
- 12.4 We would also appreciate feedback on further efficiency savings which those responding may be able to identify – this might be an idea for improving the complaints process or any other aspect of our work.

STATUTORY DUTIES	BUILD TRUST	PROMOTE STRONG RELATIONSHIPS	DELIVER EARLY RESOLUTION & REDRESS	DRIVE IMPROVEMENT	DEVELOP HIGH PERFORMANCE
<p>Provide a gateway for all complaints about lawyers in Scotland (s2 to s19)</p> <ul style="list-style-type: none"> ➤ Manage service complaints directly – providing redress where appropriate ➤ Refer conduct complaints to the ‘relevant professional body’ <p>Give advice on complaints to all parties (s34)</p>					
<p>1. PRIORITY OBJECTIVE: We will improve the efficiency and effectiveness of the complaints process where it is within our control:</p> <p><i>Last year we:</i> carried out a review of each stage of our process, amended various aspects of our approach in summarising the issues in a complaint; created a ‘predictive model’ to track and predict complaint handling rates and work in progress levels; piloted two different approaches to the ‘eligibility’ stage of our process to see if they offered greater efficiency; trained a team of staff in the Lean Six Sigma performance improvement methodology (to yellow-belt standard, this is a tool which focusses on reducing waste and increasing productivity and quality); and reviewed our approach to the complaints levy to encourage mutually agreed settlements in appropriate cases, while continuing evolution of our ‘polluter pays’ approach.</p> <p><i>This year we propose to:</i></p> <ol style="list-style-type: none"> 1. Continue to evolve our predictive model, allowing us to plan resource and costs more effectively. 2. Create new information displays in our case management system to increase our ability to respond to and understand real-time workload data. 3. Continue to trial and monitor improvements to the eligibility stage of our process. 4. Develop and enhance how we measure the time complaints take through the SLCC process – so we can better understand the overall time complaints take for consumers and lawyers, but also the time we are actually working on a file, the time we are waiting for incoming information, and the time it is sitting in our system awaiting the next action. 			✓	✓	✓

<p>2. PRIORITY OBJECTIVE: We will aim to ensure that all cases impacted by the ruling of the Inner House of the Court of Session on ‘hybrid issues’ have completed their progress through our processes, and that we return to, or improve on, our previous performance levels:</p> <p>Last year we: managed over 400 complaints, at 14 different stages of the complaints system, which were impacted by the above ruling which changed 30 years of agreed practice in the sector.</p> <p>This year we propose to:</p> <ol style="list-style-type: none"> 1. Track cases which were impacted by the ruling and, as far as within our control, ensure each one reaches a final decision within our complaints process. 2. Monitor and track the impact of any appeals or Judicial Review taken by the Law Society of Scotland on complaints (both on individual cases and how they need finalised, and on new trends as to the outcome of cases and compensation awarded). 3. Produce a report on what impact the decision had immediately, how it was managed, lessons learnt, and the longer term implications and issues for consideration. 	✓ BUILD TRUST	✓ PROMOTE STRONG RELATIONSHIPS	✓ DELIVER EARLY RESOLUTION & REDRESS	DRIVE IMPROVEMENT	DEVELOP HIGH PERFORMANCE
<p>3. PRIORITY OBJECTIVE: We will aim to ensure that all consumers of legal services know the SLCC exists and how we can help - this is vital in successfully delivering our function as the single gateway for all complaints about lawyers:</p> <p>Last year we: considered groups that had lower awareness of our service, and developed a targeted awareness raising plan. We reviewed data on how complainers heard about us, and noted that web searching and referrals from bodies such as the Law Society of Scotland and Citizens Advice were the most common ways. Referrals by the lawyers offering the original service was one of the least common ways.</p> <p>This year we propose to:</p> <ol style="list-style-type: none"> 1. Undertake quantitative research to assess public awareness of us. 2. Undertake qualitative research to assess consumer confidence in our role and approach/process. 3. Increase editorial coverage of the SLCC. 4. Develop and enhance the video content on our website. 5. Produce two ‘Easy Read’ Guides for consumers. 6. Achieve ‘Plain English’ Accreditation. 7. Update and publish our guide for Client Relations Managers (CRMs) on how to manage complaints. 8. Rebrand /relaunch CRM guidance. 9. Update and publish our guidance on wills for practitioners and consumers. 10. We will work to encourage lawyers to ensure their terms of business, other relevant correspondence, and websites refer consumers to the SLCC and provide information on time limits. 	✓	✓	✓		

4. PRIORITY OBJECTIVE: We will promote legislative changes which will assist in further improving the efficiency and effectiveness of the complaints process:

Last year we: developed and published a paper, and hosted discussions, on what that legislative change might look like.

This year we propose to:

1. Continue dialogue with our sponsor team in the Scottish Government.
2. Further develop our MSP newsletter – providing new content which assists MSPs to support their constituents and informs the debate about legislative change.
3. Meet justice and consumer spokespeople across all parties to discuss the potential for changes.
4. Engage with our Consumer Panel and consumer groups on their expectations of effective complaint handling.
5. Continue to monitor changes and market reviews in England and Wales.

BUILD TRUST

PROMOTE STRONG RELATIONSHIPS

DELIVER EARLY RESOLUTION & REDRESS

DRIVE IMPROVEMENT

DEVELOP HIGH PERFORMANCE



5. PRIORITY OBJECTIVE: We will work with the Law Society of Scotland to understand their plans for development of rules, guidance, advice and information, and explore how we may be able to add value to that process:

Last year we: consulted on a project to review service standards from the perspective of consumer clarity, but in light of stakeholder feedback did not include this in our final Plan. However, we continue to identify, through practical experience of dealing with complaints and through our project work, areas where rules, guidance and information can be enhanced.

This year we propose to:

1. Liaise with stakeholders (including the Law Society of Scotland and our Consumer Panel) on a methodology, approach and timescale for work relating to this objective.
2. Identify instances where there appear to be overlaps between the conduct and service standards, and work to develop a methodology for dealing practically with these.
3. We will open dialogue on possible changes to the rules about what information on the SLCC should be provided to consumers
4. Engage with our Consumer Panel on any implications the consumer principles may have on any amended rules and guidance.
5. If it is possible, publish an update from this joint work with the Law Society of Scotland.



<p>6. We will upgrade our case management system – focussing on efficient working practices and the delivery of better information to our management team and board:</p> <p><i>Last year we:</i> engaged our staff on potential improvements, scoped the changes which needed to be made, implemented a series of more minor changes to get us on the best footing for a future upgrade, liaised with stakeholders to find out what data they would like us to publish, and delivered staff training.</p> <p><i>This year we propose to:</i></p> <ol style="list-style-type: none"> 1. Upgrade the case management system to the latest version of the software. 2. Commission and deliver a number of bespoke adjustments to the system. 3. Review how this work will take us forward in our move to becoming a ‘paper-lite’ organisation. 	BUILD TRUST	PROMOTE STRONG RELATIONSHIPS	DELIVER EARLY RESOLUTION & REDRESS	DRIVE IMPROVEMENT	DEVELOP HIGH PERFORMANCE ✓
<p>7. We will ensure we are prepared to deliver our new statutory functions in relation to ‘Alternative Business Structures’ in Scotland, if the Scottish Government authorises an ‘Approved Regulator’:</p> <p><i>Last year we:</i> carried out training on the Legal Services (Scotland) Act 2010 with the Board and staff, reviewed cost implications and issues which the SLCC would need to address, liaised with government, and created a basic process map.</p> <p><i>This year – if the government authorises a new Approved Regulator - we propose to:</i></p> <ol style="list-style-type: none"> 1. Consult on the complaints levies and funding model for this work. 2. Develop a complaints scheme to meet the new statutory requirements placed upon us. 3. Monitor the impact of new complaints received under the scheme. 4. If complaint numbers allow, undertake an analysis of complaints received to identify any differences in consumer expectations or issues being complained about. 			✓		✓
<p>Ensure conduct complaints are properly dealt with by the ‘relevant professional bodies’ through handling complaints and oversight of their process (s23-25, s35 & 36)</p>					
<p>8. We will review how we deliver handling complaints and oversight of ‘relevant professional body’ processes, and how to achieve great value and impact from the work.</p> <p><i>Last year we:</i> Received seven handling complaints; issued seven reports; made three s.24 and one s.36 recommendations.</p> <p><i>This year we propose to:</i></p> <ol style="list-style-type: none"> 1. Review our ‘handling complaints’ process in relation to how we report recommendations made under the respective sections of the Act. 2. Work with the relevant professional organisations to agree a mechanism for publication. 				✓	✓

Issue guidance and encourage best practice (s40)					
<p>9. We will actively engage with professionals to provide relevant training which promotes best practice in complaint handling:</p> <p><i>Last year we:</i> continued to provide CPD training to groups of solicitors, advocates and their support staff as well as training to diploma students and Faculty Devils.</p> <p><i>This year we propose to:</i></p> <ol style="list-style-type: none"> Continue to produce outreach and training in best practice complaint handling - building on projects from the previous year - which better meets the changing needs and preferences of the profession. Continue to explore cost-efficient opportunities to provide training jointly with other organisations such as commercial CPD training providers, Scottish universities and the professional bodies. 	✓ BUILD TRUST	✓ PROMOTE STRONG RELATIONSHIPS	✓ DELIVER EARLY RESOLUTION & REDRESS	✓ DRIVE IMPROVEMENT	✓ DEVELOP HIGH PERFORMANCE
<p>10. PRIORITY OBJECTIVE: We will improve our website, which is our most cost effective, and most transparent, communication tool to ensure it is easily used by all users, especially those on mobile 'phones or tablets, and those with visual impairments:</p> <p><i>Last year we:</i> surveyed website users, gained input from stakeholders, reviewed best practice on accessibility, and scoped the required work on our website.</p> <p><i>This year we propose to:</i></p> <ol style="list-style-type: none"> Tender for, and commission, the work. Plan and design a new website which meets current accessibility standards and is easily usable on mobile devices (which currently account for over a quarter of site visitors – a figure which continues to rise). Benchmark our website and service against the Scottish Government's Digital First Standard for digital public services and the WAI AA access standard. Start the migration of data, and population of new content. Ensure web content complies with Plain English guidelines. Undertake user access testing (making sure that a variety of users, with different needs, can easily access our website). <p>NB: it is currently anticipated that the new website will not go live until the next business year, to phase both costs and staff time required against other work. This work also relates to our s34 statutory duty to provide advice.</p>	✓				✓

<p>11. We will actively publish information to assist lawyers in complaint handling:</p> <p>Last year we: developed our new quarterly CRM newsletter, published guidance to assist new lawyers and CRMs with issues around complaints, and refreshed and reissued some of our section 40 guidance in relation to complaint prevention and best practice complaint handling at 1st tier.</p> <p>This year we propose to:</p> <ol style="list-style-type: none"> 1. Continue to publish our CRM newsletter – aiming to make it more interactive (helping us to gain feedback) and increase its readership. 2. Develop further s.40 guidance, consolidated into an on-line manual to assist CRMs and other practitioners. 	BUILD TRUST	✓ PROMOTE STRONG RELATIONSHIPS	✓ DELIVER EARLY RESOLUTION & REDRESS	✓ DRIVE IMPROVEMENT	DEVELOP HIGH PERFORMANCE
<p>Monitor practice and publish trend reports – to help ensure the sector learns from complaints made (s35 & s36)</p>					
<p>12. We will continue to publish information in relation to complaints to inform the profession, and consumers:</p> <p>Last year we: developed the information published on upheld complaints, provided trends information in our new CRM newsletter, and published guidance aimed to assist newly-qualified solicitors.</p> <p>This year we propose to:</p> <ol style="list-style-type: none"> 1. Review the scope of publishable decisions. 2. Continue to provide informed trends-based commentary on complaints outcomes. 3. Publish our internal complaints handling policies and processes to inform consumers and the profession better as to how we handle complaints. 	✓			✓	✓
<p>Monitor the effectiveness of the various indemnity arrangements in the sector (s39)</p>					
<p>13. We will build on work in 2016/17 to consider how we exercise our oversight function in relation to the Client Protection Fund (formerly the Guarantee Fund) and the Master Policy:</p> <p>Last year we: engaged with key stakeholders on how we might deliver our statutory oversight function in this area.</p> <p>This year we propose to:</p> <ol style="list-style-type: none"> 1. Start implementing work based on the discussions with stakeholders in 2016/17 (<i>these conversations have not concluded by the time of this consultation, but will have before the final version of our Operating Plan is approved</i>) 		✓	✓	✓	

<p>14. We will continue to raise the profile of the small number of instances where consumers do not receive redress, despite the SLCC having made an award using our statutory powers:</p> <p>Last year we: raised our concerns about a small number of parties who do not receive redress awarded by us in our paper on legislative change. We also raised these issues in relevant consultation responses during the period.</p> <p>This year we propose to:</p> <ol style="list-style-type: none"> 1. Continue to make this a key element in discussion around legislative reform 2. Approach parties who have not received awards for an ‘impact statement’ to help raise awareness as to the real impact such failures in redress can have on consumers. 3. Use these ‘impact statements’ to enhance our work to encourage the sector and government to consider how we can ensure consumers always receive redress awarded. 	BUILD TRUST	✓ PROMOTE STRONG RELATIONSHIPS	✓ DELIVER EARLY RESOLUTION & REDRESS	✓ DRIVE IMPROVEMENT	✓ DEVELOP HIGH PERFORMANCE
Support, and be guided by, our independent Consumer Panel (Schedule 1, 11A)					
<p>15. We will provide support to the independent Consumer Panel as it works to add value to the sector by exploring the experience of consumers:</p> <p>Last year the Panel: supported the SLCC’s work on legislative change, examined the demographics of those who use the SLCC’s service and published information, considered the needs of vulnerable users, and replied to consultations on our strategy and on a proposed ‘Approved Regulator’ scheme.</p> <p>This year the Panel proposes to:</p> <ol style="list-style-type: none"> 1. Build on last year’s initial <i>Demographics Yearbook</i> by producing the first annual demographics tracker. 2. Work with the SLCC in improving consumer-focussed communications. 	✓	✓	✓	✓	
Improvements, efficiency and best value to ensure a high performing organisation					
<p>16. We will prepare to review three major long-term contracts as part of our work on ‘best value’ – our premises lease, our supply of legal services, and our case management system:</p> <p>Last year we: reviewed all our major contractual commitments, setting out potential review dates and identifying priorities for consideration around a mandatory review date, and/or potential to increase our efficiency, and/or potential to increase our effectiveness.</p> <p>This year we propose to:</p> <ol style="list-style-type: none"> 1. Review our lease arrangements, and make proposals. 2. Review our legal panel arrangements, and consider options for tendering. 3. Benchmark against the case management systems used by other Ombudsman and Complaints organisations. 					✓


<p>17. We will commit to the Scottish Government’s ‘Social Impact Pledge’ scheme:</p> <p>Last year we: were recognised as a 50:50 by 2020 partner organisation and were accredited as a Living Wage Employer.</p> <p>This year we propose to:</p> <ol style="list-style-type: none"> 1. Work with staff to identify three pledges, ensuring at least one pledge relates to the legal community and one to the public and consumers (the two big constituent groups we work with). 2. Formally make the Social Pledge commitment. 3. Deliver the pledges within the business year. 	BUILD TRUST	PROMOTE STRONG RELATIONSHIPS	DELIVER EARLY RESOLUTION & REDRESS	DRIVE IMPROVEMENT ✓	DEVELOP HIGH PERFORMANCE ✓
<p>18. We will benchmark and review our rewards and benefits as we seek to ensure we can attract and retain high quality staff who can deal with the complexity and volume of caseload we require:</p> <p>Last year we: completed a staff survey to canvass feedback, restructured our HR function, deployed an online HR management system, and worked with our staff representatives to update our employee handbook.</p> <p>This year we propose to:</p> <ol style="list-style-type: none"> 1. Commission a Hay benchmark salary review. 2. Review benefits in liaison with staff. 3. Review our recruitment and development approach. 4. Actively take part in national mindfulness and mental health awareness weeks. 					✓

19. We will deliver a training plan for our staff and for our Commissioners, focussed on ensuring we retain and develop the talented individuals who deliver our functions, and ensuring our decision making is robust:

Last year we: ran training for Commissioners which included ‘unconscious bias awareness’, board competencies, reasoned decision making, training on holding an oral hearing, risk management, briefings on ABS, and some lessons learned from appeals. For staff we focussed on updates across a range of legal practice areas to support their core complaints investigation function, as well as developing team working, clearer communication and resolution-focussed skills, along with wider management development.


This year we propose to:

1. Create a knowledge and skills map for Commissioners (which details all the legal knowledge and skills which help them deliver their role) and use this to develop further our training plan.
2. Following completion of our 2016/17 project on learning from past determinations and past agreed Investigation Report settlements, design, complete and update a ‘single toolkit’ providing a single source of advice on decision making, drawing together statutory law, case law, and benchmark precedent from our own decisions.
3. Deliver further training to Commissioners on legal reasoning (how a decision is reached and explained based on the law and the professional standards, and the evidence available in the case), and on audit and risk responsibilities.
4. Deliver a comprehensive and robust induction for the new Chair of the organisation.
5. Develop and maintain knowledge of different key legal practice areas (in particular those which lead to most complaints).
6. Focus on individual staff training requirements – drawing on previous work on team working and how we relate to people (colleagues and stakeholders) and consider expanding the new appraisal model which managers have been using (allowing feedback on performance from a wider range of colleagues).

BUILD TRUST	PROMOTE STRONG RELATIONSHIPS	DELIVER EARLY RESOLUTION & REDRESS	DRIVE IMPROVEMENT	DEVELOP HIGH PERFORMANCE 
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Appendix 2: Draft Budget – 2017/18

Summary Budget

			
Summary Draft Budget			
1 July 2017 to 30 June 2018			
Expenditure		£	
Staff		2,392,000	
Non Staff		831,700	
Total		3,223,700	
↓			
Indicative Income and Levy (not underwritten by reserves)			
↓			
Baseline income required to cover expenditure		£	
Levy from Law Society		-3,084,138	
Levy from Faculty of Advocates		-78,750	
Levy from Assoc of Commercial Attorneys		-812	
Contribution from Complaint Levy		-30,000	
Approved Regulator Levy		0	
Licensed Service Provider Levy		0	
Estimate of Interest Earned		-30,000	
Total		-3,223,700	
↓			
Baseline General Levy		£	
Solicitors with 3+ years experience	367		
Conveyancing Practitioner or Executory Practitioner 3+ years exp	367		
Solicitors in 1st 3 years of practice	183		
Conveyancing Practitioner or Executory Practitioner 1st 3 years of practice	183		
Practising Outwith Scotland	120		
In-house Conveyancing Practitioner or Executory Practitioner	110		
In-house lawyers	110		
Advocates	175		
Assoc of Commercial Attorneys	116		
↓			
Actual Income and Levy Underwritten By Reserves			
↓			
Actual income including contribution from reserves		£	
Levy from Law Society		-2,988,304	
Levy from Faculty of Advocates		-76,050	
Levy from Assoc of Commercial Attorneys		-791	
Contribution from Complaint Levy		-30,000	
Approved Regulator Levy		0	
Licensed Service Provider Levy		0	
Estimate of Interest Earned		-30,000	
Total		-3,125,145	
Contribution from SLCC Reserves		-98,555	
Total		-98,555	
Total Funds Available		-3,223,700	
↓			
Actual general levy set		£	
Solicitors with 3+ years experience	356		
Conveyancing Practitioner or Executory Practitioner 3+ years exp	356		
Solicitors in 1st 3 years of practice	178		
Conveyancing Practitioner or Executory Practitioner 1st 3 years of practice	178		
Practising Outwith Scotland	116		
In-house Conveyancing Practitioner or Executory Practitioner	107		
In-house lawyers	107		
Advocates	163		
Assoc of Commercial Attorneys	113		
Total actual levy required from each professional body		£	
Law Society of Scotland		2,988,304	
Faculty of Advocates		76,050	
Association of Commercial Attorneys		791	
total		3,065,145	

Proposed Expenditure 2016/17

Budget 1 July 2017 to 30 June 2018		scottish legal complaints commission slcc		
Summary of Expenditure	Budget 2017/18	Budget 2016/17	Variance	Variance
	£	£	£	%
Staff Remuneration and support costs				
<i>Direct Staff costs</i>				
Staff salaries and NIC	2,176,000	1,901,000	-275,000	-14.5%
Member salaries and NIC	138,000	143,000	5,000	3.5%
	2,314,000	2,044,000	-270,000	-13.2%
<i>Indirect Staff Costs</i>				
Staff training and development	25,000	25,000	0	0.0%
Member training and development	9,000	8,000	-1,000	-12.5%
Staff travel & subsistence	5,500	6,500	1,000	15.4%
Member travel & subsistence	15,000	15,000	0	0.0%
Other staff costs	23,500	26,000	2,500	9.6%
	78,000	80,500	2,500	3.1%
Total Staff Costs	2,392,000	2,124,500	-267,500	-12.6%
Non-staff costs				
Property costs	319,500	308,450	-11,050	-3.6%
Insurance	8,500	7,750	-750	-9.7%
Office running costs	53,700	49,300	-4,400	-8.9%
Direct case costs	231,500	130,500	-101,000	-77.4%
Communications	34,500	35,500	1,000	2.8%
IT Costs	85,000	75,000	-10,000	-13.3%
Corporate legal costs	20,000	15,000	-5,000	-33.3%
Audit Fees	20,000	20,000	0	0.0%
Special projects and research	15,000	20,000	5,000	25.0%
Capital Asset Depreciation	44,000	77,300	33,300	43.1%
Total Non-Staff Costs	831,700	738,800	-92,900	-12.6%
Total of staff and non staff running costs	3,223,700	2,863,300	-360,400	-12.6%
Total Costs	3,223,700	2,863,300	-360,400	-12.6%

General and Complaints Levy



2017/18 Baseline Annual Levy to recover full costs				
2017/18 Proposed Annual Levy				
Category	Waiver	Practising Certificates	Annual Levy	Total Income
Solicitors with 3+ years experience	Annual Levy	6,842	356	2,435,752
Conveyancing Practitioner or Executry Practitioner 3+ years exp	Annual Levy	5	356	1,780
Solicitors in 1st 3 years of practice	Annual Levy less 50%	824	178	146,672
Conveyancing Practitioner or Executry Practitioner 1st 3 years of practice	Annual Levy less 50%	-	178	0
Practising Outwith Scotland	Discounted rate	816	116	94,656
In-house Conveyancing Practitioner or Executry Practitioner	Discounted rate	4	107	428
In-house lawyers	Discounted rate	2,888	107	309,016
Advocates	Discounted rate	450	169	76,050
Assoc of Commercial Attorneys	Discounted rate	7	113	791
		11,836		3,065,145
2017/18 Baseline Annual Levy to recover full costs				
Category	Waiver	Practising Certificates	Annual Levy	Total Income
Solicitors with 3+ years experience	Annual Levy	6,842	368	2,514,644
Conveyancing Practitioner or Executry Practitioner 3+ years exp	Annual Levy	5	368	1,838
Solicitors in 1st 3 years of practice	Annual Levy less 50%	824	184	151,616
Conveyancing Practitioner or Executry Practitioner 1st 3 years of practice	Annual Levy less 50%	-	184	0
Practising Outwith Scotland	Discounted rate	816	120	97,920
In-house Conveyancing Practitioner or Executry Practitioner	Discounted rate	4	110	440
In-house lawyers	Discounted rate	2,888	110	317,680
Advocates	Discounted rate	450	175	78,750
Assoc of Commercial Attorneys	Discounted rate	7	116	812
		11,836		3,163,700

Appendix 3: Acronyms and terms

Acronym / term	Meaning
1st tier complaints	When a law firm or advocate/advocate's clerk manages the initial complaint about a lawyer. Usually a consumer must first complain to that lawyer, before they can come to us.
2nd tier complaints	When a complaint comes to us, generally after having given the lawyer and/or firm the opportunity to consider the complaint first.
AR	Approved Regulator, regulatory body created by the Legal Services (Scotland) Act 2010.
CPD	Continuing Professional Development – the ongoing training many professionals are required to undertake as part of their rights to practice.
FoA	Faculty of Advocates – the professional body for advocates and one of the 'Relevant Professional Organisations' in terms of our statute.
HR	Human Resources.
LSS	Law Society of Scotland – the professional body for solicitors and one of the 'Relevant Professional Organisations' in terms of our statute.
Our statute/ the Act	The Legal Profession and Legal Aid (Scotland) Act 2007.
Reporters	A reporter is an independent individual who assists in undertaking an investigation and writing an investigation report.
RPO	A 'Relevant Professional Organisation' in terms of our statute.
SLCC	Our own organisation, the Scottish Legal Complaints Commission.
SSDT	The Scottish Solicitors' Discipline Tribunal. This is the independent tribunal at which the LSS prosecutes solicitors for professional misconduct.