

# Scottish Legal Complaints Commission

## Annual Report and Financial Statements

**Year ended 30 June 2023**

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.

12 December 2023

SG/2023/275

List of Contents

<b>1. Performance report</b> .....	<b>5</b>
<b>Performance overview</b> .....	<b>5</b>
<i>Introduction</i> .....	5
<i>History and statutory background</i> .....	5
<i>Purpose: statutory powers and responsibilities</i> .....	5
<i>Organisational Structure</i> .....	7
<i>Purpose: strategy and process</i> .....	7
<i>Summary statement of the CEO</i> .....	8
<i>Key issues and risks – looking forward</i> .....	9
<i>The link between KPIs, risk and uncertainty</i> .....	11
<i>Statement of going concern</i> .....	12
<b>Performance Analysis</b> .....	<b>12</b>
<i>Key performance data in complaints</i> .....	19
<i>Payment of creditors and regularity of expenditure</i> .....	23
<i>Social matters</i> .....	23
<i>Sustainability Report</i> .....	23
<i>Explanation of the development and performance of the entity</i> .....	23
<i>Annual Audit</i> .....	24
<b>2. Accountability report</b> .....	<b>25</b>
<i>Corporate Governance Report</i> .....	25
<i>The Directors Report</i> .....	25
<i>Date of Issue</i> .....	25
<i>The Senior Management Team</i> .....	25
<i>The Board</i> .....	25
<i>Accountable Officer’s responsibilities</i> .....	26
<i>Governance statement</i> .....	27
<i>Scope of responsibility</i> .....	27
<i>Governance framework</i> .....	27
<i>Remuneration and staff report</i> .....	30
<i>Remuneration policy and report</i> .....	30
<i>Remuneration - CEO</i> .....	30
<i>Remuneration - SMT</i> .....	30
<i>Chair and Board fees</i> .....	31
<i>Fair Pay Disclosure</i> .....	31
<i>Staff report</i> .....	33
<i>Equal pay</i> .....	34
<i>Equal opportunities and diversity statement</i> .....	35
<i>Staff policies for disabled staff, and other employee matters</i> .....	35
<i>Trade Union Facility Time</i> .....	36
<i>Parliamentary accountability</i> .....	36
<b>3. Independent auditor’s report to the members of Scottish Legal Complaints Commission, the Auditor General for Scotland and the Scottish Parliament</b> .....	<b>37</b>
<b>4. Statement of comprehensive net expenditure for year ended 30 June 2023</b> .....	<b>41</b>
<b>5. Statement of financial position as at 30 June 2023</b> .....	<b>42</b>
<b>6. Statement of cash flow for year ended 30 June 2023</b> .....	<b>43</b>
<b>7. Statement of changes in taxpayers’ equity for year ended 30 June 2023</b> .....	<b>44</b>
<b>8. Notes to the Financial Statements</b> .....	<b>45</b>

1.	<b>Accounting policies</b> .....	45
2.	<b>Operating Income</b> .....	47
3.	<b>Staff Costs and Numbers</b> .....	47
4.	<b>Pension Costs</b> .....	48
5.	<b>Other Administration Costs</b> .....	48
6.	<b>Interest and Other Finance Costs</b> .....	49
7.	<b>Property, Plant and Equipment</b> .....	49
8.	<b>Intangible Assets</b> .....	50
9.	<b>Trade and Other Receivables</b> .....	50
10.	<b>Cash and Cash Equivalents</b> .....	51
11.	<b>Trade and Other Payables</b> .....	51
12.	<b>Creditors – amounts falling due after more than one year</b> .....	52
13.	<b>Provisions for liabilities and charges</b> .....	52
14.	<b>Leases</b> .....	52
15.	<b>Capital commitments</b> .....	53
16.	<b>Related party transactions</b> .....	53
17.	<b>Contingent liabilities</b> .....	53
18.	<b>Post Balance Sheet Events</b> .....	53
<b>Appendix 1 – Direction by Scottish Ministers</b> .....		<b>54</b>

## Professional Advisers

**External Auditor:** Audit Scotland  
4th Floor  
102 West Port  
Edinburgh  
EH3 9DN

**Internal Auditor:** Azets  
Exchange Place  
3 Semple Street  
Edinburgh  
EH3 8BL

**Bankers:** Cambridge & Counties Bank  
Charnwood Court  
5B New Walk  
Leicester  
LE1 6TE

Nationwide Commercial  
Kings Park Road  
Moulton Park  
Northampton  
NN3 6NW

Royal Bank of Scotland  
36 St Andrews Square  
Edinburgh  
EH2 2YB

**Legal Panel:** Brodies LLP  
15 Atholl Crescent  
Edinburgh  
EH3 8HA

Burness Paull  
50 Lothian Road  
Festival Square  
Edinburgh  
EH3 9WJ

Harper Macleod LLP  
The Ca'd'oro  
45 Gordon Street  
Glasgow  
G1 3PE

## 1. Performance report

### Performance overview

#### Introduction

The purpose of this section is to provide an overview of the organisation, how our work links to the national performance outcomes, our functions and powers, and our strategy. Details are provided below on our performance and key outcomes for the year.

#### History and statutory background

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.

The SLCC is a body corporate and is domiciled in Scotland.

#### Purpose: statutory powers and responsibilities

The SLCC’s main functions are set out under the Legal Profession and Legal Aid (Scotland) Act 2007 and the Legal Services (Scotland) Act 2010.

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 Solicitors’ 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 (e.g., the Master Policy).

The SLCC’s statutory function in respect of legal complaints is to:

- Provide a **gateway for all complaints** about lawyers in Scotland.
- **Give advice** on complaints to all parties.
- Assess if the complaint is **eligible**, against a number of legal tests.
- Directly manage complaints that relate to the **service** provided by lawyers – providing redress where appropriate (whether that service is provided by a traditional law firm or a new “Licensed Provider”).
- Refer complaints about the **personal conduct** of lawyers to the RPO.
- Refer **regulatory complaints** about Licensed Providers to the Approved Regulator.
- Manage complaints about how the RPO and “Approved Regulators” have dealt with those conduct issues (called **‘handling complaints’**).
- Manage complaints about **“Approved Regulators”**.

A register of Approved Regulators is published by the Scottish Government:

<https://www.gov.scot/policies/access-to-justice/alternative-business-structures/>

The SLCC’s statutory function in respect of oversight of complaint handling includes:

- **Investigating “handling” complaints about RPO** investigations into conduct.
- **Auditing RPOs’** conduct complaints records.

- **Monitoring and reporting on trends** in the way the legal profession deals with complaints – to help ensure the sector learns from complaints made.
- **Issuing guidance** to the legal profession on dealing with complaints and promoting best practice.

**The SLCC's function in respect of the effectiveness of the Client Protection Fund and indemnity arrangements** allows us to make recommendations to the RPOs about the arrangements in place and has included research into the Client Protection Fund and the Master Policy.

**The SLCC supports an independent advisory Consumer Panel.** Its statutory functions are to:

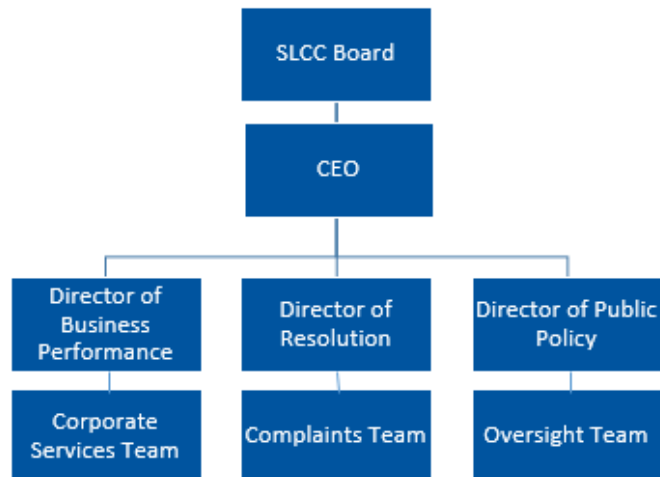
- Make recommendations on how SLCC can improve our policies and processes.
- Suggest topics for research connected to legal consumers.
- Express a view on matters relating to the SLCC's functions.

While the SLCC is an independent body, the work we do is influenced by the Scottish Government's National Performance Framework. We contribute through the delivery of our functions to the following outcomes:

- **Communities:** we live in communities that are inclusive, empowered, resilient and safe.
- **Culture:** we are creative and vibrant and diverse cultures are expressed and enjoyed widely.
- **Economy:** we have a globally competitive, entrepreneurial, inclusive and sustainable economy.
- **Fair Work and Business:** we have thriving and innovative businesses, with quality jobs and fair work for everyone.

We also take account of the Scottish Government "Vision for Justice in Scotland" (which was updated in 2022).

## Organisational Structure



### Purpose: strategy and process

Our current strategy covers the period July 2020 to June 2024. The operational year covered in this annual report (2022/23) is the third year of the strategy.

The process we used to develop the strategy was published as part of our annual statutory consultation on work planning and budgets. This background context can be found at: <https://www.scottishlegalcomplaints.org.uk/media/c4ynk1xz/background-document-final.pdf> and details of the strategy and operating plan for the year can be found at:

<https://www.scottishlegalcomplaints.org.uk/about-us/who-we-are/our-strategy/>.

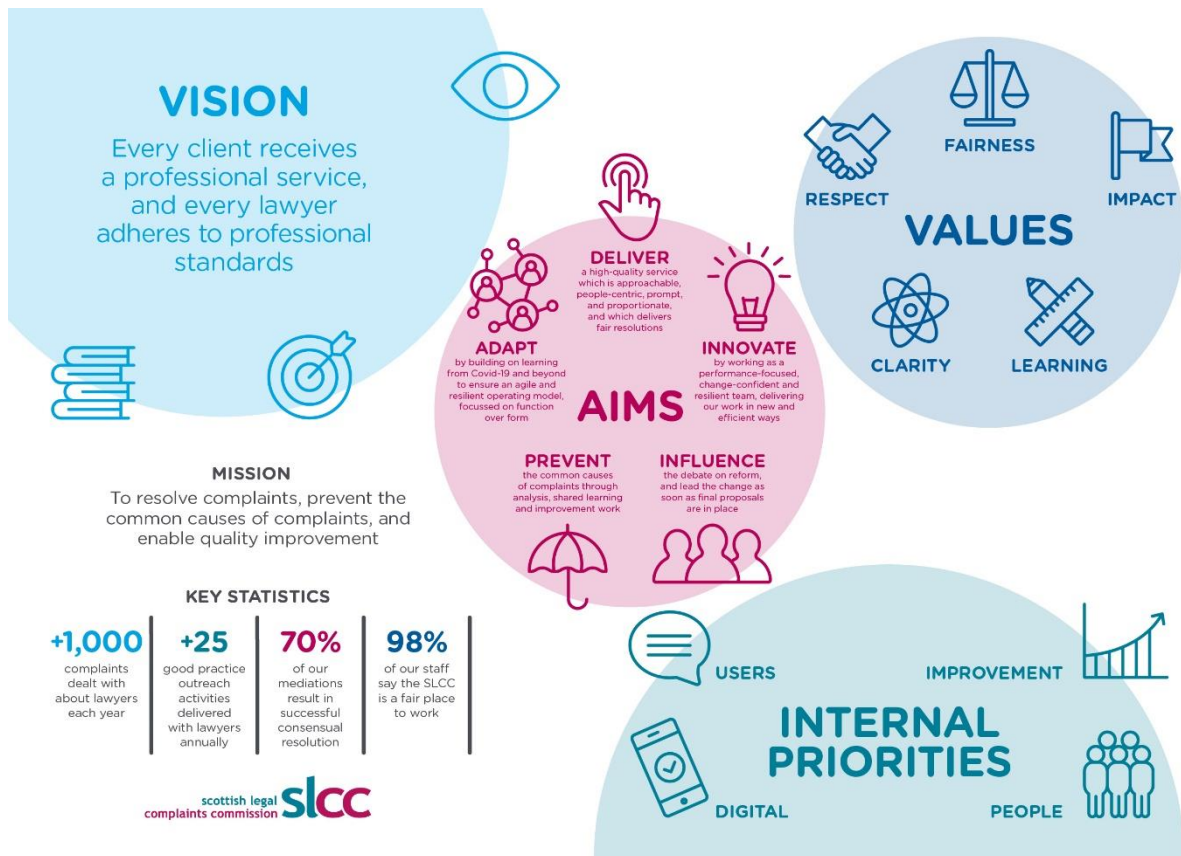
Adjustments were made in response to Covid-19, adding an objective in 2020/21 to:

**Respond** to the challenge of Covid-19, and the impact on clients and the sector, and accelerate the change set out in our strategic aims and priorities to achieve a more adaptive and agile business model, with full remote working capability and a high resilience.

A review then updated this for the start of the 2022/23 year to:

**Adapt** by building on learning from Covid-19 and beyond to ensure an agile and resilient operating model, focussed on function over form.

The graphic below shows the SLCC's vision, aims, values and internal priorities.



## Summary statement of the CEO

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 Report and Financial Statements then complete the cycle, reporting on performance within that year.

In this performance analysis section, we give a full account of our performance against our operating plan, key achievements and activities, our key performance data (on the complaints process), our financial position, key risks, and the future development of the organisation. Later we provide remuneration information, governance information, the full financial statements, and the detailed notes to the financial statements. However, this section provides a high-level summary.

***We delivered most of the projects in our published Operating Plan for 2022/23.*** There were 32 projects set in the operating plan at the start of 2022/23, 7 projects were marked as priority projects, and 2 projects were decommissioned. Of 30 remaining projects, 29 were delivered on time. This means 97% of projects were completed, which exceeds the 85% completion target set by the Board. This compares to 91% of projects completed in 2021/22, 97% of projects completed in 2020/21, and 90% in 2019/20. For more information on our projects for 2022/23 see pages 12-19.

***We maintained the improved core performance of our complaints process.*** We marginally improved our complaint handling time this year, consolidating the historic lows in the time we take to resolve complaints that we have seen in the last few years. We met all other key complaints targets set by the Board for 2022/23, which included work in progress, journey time and production per month targets. We also achieved this on reduced resourcing (after two years of levy reductions – see below).



***We reduced our levy in 2022/23, which was the second year of reductions, ensuring the profession benefitted from savings through efficiency work and from reduced incoming complaint numbers during Covid.*** This saw the general levy charged for 2021/22 reduced by 5% (and more for some categories), and then reduced again by a further 5% for 2022/23.

However, as noted last year, complaints had started to rise back to more traditional levels, and the pressure from higher inflation and the Scottish Public Sector pay deal was being felt across our work. Our levy for 2023/24 was an increase on the 2022/23 rate, although still not back to pre-Covid levels.

***We have been successful in pressing for much needed reform, with a draft bill in Parliament.*** This will help us build better services and processes for the public and for the profession, so we are both more efficient and more effective.

#### **Key issues and risks – looking forward.**

Our risk policy and risk register were maintained, updated, and scrutinised at Audit Committee and Board throughout this year.

An exercise was carried out in the previous year to rethink risks from first principles (a ‘de novo’ review) and to ensure alignment of the risk register to the strategy. This thinking was used to fully refresh the risk register at the end of that operational year.

***We no longer have any specific impacts from Covid 19.*** We have reported extensively in previous reports on the impact of the pandemic and steps we took to support complainers and the sector. We managed to avoid a significant impact on the delivery of our statutory duties and our core performance (for example, complaint handling times). We are aware and fully respect that the pandemic is still having a real impact on many organisations and people. The fact that so many are still reporting impacts meant it seemed right this year to formally note our position, and to set the expectation that we would not intend to comment on the pandemic further in future annual reports unless some new issue emerges.

***The SLCC prepared for an office move.*** Following a review of property and business needs we carried out a market assessment to explore whether we could save money and improve environmental performance, while continuing to have accommodation that attracted and retained high quality staff. We were advised by EYCO as property agents, Reid Mitchell as surveyors, and Burness Paull LLP on legal matters.

We liaised throughout with our Sponsor Team and the Scottish Government Property Team, including looking at options for co-location or use of existing public sector estate. Having identified several properties that could meet our specification we then served the break clause on our current property. A second phase of market exploration and assessment then took place, and detailed business cases were worked up on two options. The final preferred option delivers a projected five year saving of over £500,000 and was approved by Scottish Ministers. This has minimised bigger risks about property (for example, poor value in remaining in current location, inability to find better option).

Although outside the reporting year the office was handed over on 18 August, with minor ‘snagging’ outstanding. The move began on 21 August and was completed on 18 September 2023. By this report’s publication date, the project will have been fully successfully delivered.

***The SLCC is now highly likely to be subject to external reform.*** Five years ago, an independent Scottish Government commissioned review of the regulation of legal services in Scotland was published (October 2018). The Report (the ‘Robertson’ report) recommended the creation of a single regulator, merging the regulatory functions of various statutory bodies, including the SLCC. There was a ‘polarised’ response, with many consumer bodies commenting in favour of the report, but the existing professional bodies generally opposing the recommendation. A working party to examine the single regulator model, but also possible alternative models, was formed by the Scottish Government.

In October 2021 the Scottish Government launched a consultation on the models discussed by the working party to assess if there was possible consensus on an option. In July 2022 the analysis and responses were published. However, this continued to see a polarisation of views with roughly half of respondents in favour of a single, independent regulator (tending to be consumers and consumer bodies) and roughly half in favour of reform within the existing framework (tending to be lawyers and legal organisations).

This has led to the presentation to Parliament in April 2023 of a Bill (the Regulation of Legal Services (Scotland) Bill), which proposes a model building on current regulatory arrangements and which represents what the Scottish Government sees as a ‘consensus’ between the views expressed. The Scottish Government notes that the legislation “introduces measures that allow for more competition and innovation in the regulation and provision of legal services, while taking into account public and consumer interests. It also helps to ensure that the regulation of legal services is carried out independently from other activities”.

The current drafting of the Bill is generally positive for the SLCC, in broad terms increasing the flexibility we have to manage our complaints process (by reducing the prescription in legislation) and increasing our powers in other areas. The initial financial memorandum makes provision for transition costs.

The nature of the changes proposed do not incur risks in most of the areas that change traditionally impacts. Staff will continue to process complaints and will benefit from greater flexibility (and indeed many of the proposed changes are rooted in staff feedback on how the current process works in practice). We have just replaced our IT, and our case management systems will be suitable for new improved processes. The Scottish Government signed off our new property knowing of the planned reform and on the basis the SLCC saw it as fit for purpose to deliver within a new framework. For more than six years, we have been aware of what reform could look like and we have used that time to prepare for what we anticipate will be phased implementation. Our governance remains largely unchanged, and we have experience of overseeing big change projects successfully, which means we are well placed to deliver effectively.

However, there will of course be challenges in the finalisation of the Bill and in its implementation. These include:

- The legislation being amended to its detriment or abandoned. This could leave the SLCC with a system which is hard to work in practice, or costs more than anticipated, or with preparatory work carried out which is then wasted.
- The need to prepare ahead, without over-committing resource. We must do some advance preparation to ensure that the practical implementation of suggested reform is possible but must not over commit resource when the Bill has not yet passed and may change significantly.
- Being ready for a fast implementation, without risking quality. We would want to move swiftly to take advantage of potential efficiencies from the new drafting of the legislation and new opportunities for public protection, but need to ensure this does not undermine the quality of our work.
- New room for uncertainty leading to judicial review. Much of the wording of current legislation had been tested in the courts. New wording risks the chance of increased legal challenge for a period.
- Budgeting. The Bill is likely to pass into law in summer 2024. However, we will have consulted on a budget for July 2024 to June 2025 back in December 2023, before the Bill has even passed Stage 1 in the Scottish Parliament. Even with transition funding from Scottish Government projecting future resource needs will be complicated and have increased uncertainty.

It should be noted that a name change for the organisation is included in the legislation (to the Scottish Legal Services Commission) but that this does not affect the continuity of staffing, funding, accountability, or liabilities.

***Inflationary pressure.*** Like all organisations we have faced significant challenges from inflation driving up costs in our supply chain (IT providers, property, utilities, legal providers, etc), impacting our staff through rising costs, and potentially reducing our funding base (if lawyer numbers decline as their own firms are affected). Strike action in the UK appears to be increasing, potentially affecting the availability of staff (our own, and for suppliers) in relation to transport strikes, and wider pressure on public sector pay settlements. We have sought to mitigate these pressures where possible (for example, the property move will significantly reduce a range of other bills from electricity to cleaning). However, inflationary pressure is likely to continue to affect the levy.

***Interim Chair.*** On 31 December 2022 the then Chair, Jim Martin, stepped down having completed his five-year term (the maximum allowed in legislation). Scottish Ministers are responsible for appointments to the SLCC. A recruitment exercise had been run to ensure a handover, but a suitable candidate was not identified. In such a circumstance the governance arrangements make provision for the Vice Chair to become the Chair. This happened, with Niki Maclean stepping into the role. The Board developed and approved other contingency arrangements to ensure robust governance remained in place at all times. This also meant that for a short period our Chair and Audit Chair were the same person, which is not best practice. However, to mitigate this we retained a departing member of the Board on the Audit Committee to provide an extra independent perspective, and we ensured internal and external auditors were at all meetings. It was felt this was better management of risk than changing both Chair and Audit Chair at the same time, leaving no continuity in the governance leadership. A second recruitment exercise was run, and a new appointment was made from 10 July 2023 (with Jane Malcolm joining as Chair). At this point the overlap with the Chair and Audit Chair ended.

***This year we avoided any serious IT security or failure incidents.*** We have achieved this by ensuring regular software updates and patches are carried out, as well as an upgrade programme this year to ensure all software in use is fully supported. We invested in vulnerability scanning and worked through our cyber action plan. The SLCC Board took part in an ‘exercise in a box’ session run by the Cyber and Fraud Centre Scotland. We continue to focus on mitigations around security and staff training to minimise risk.

***Other issues.*** No other major financial risks, issues or process failures were reported or identified. There were no data breaches within the course of the year requiring a report to the Information Commissioner’s Office (ICO), compared with none in 2021/22.

These medium and long-term risks continue to be reviewed regularly by the Audit Committee and Board.

***Summary:*** inflation and the reform of the legal services market and its regulation remain the biggest uncertainties for the coming year, leaving us less able to predict both workload and income than in past years. These risks are highly rated on our risk register and will be monitored closely. As with many organisations cybersecurity is a key ongoing risk, with multiple mitigations; the risk is still considered high simply due to how sophisticated and intense attacks can now be. In other respects, our assumption is that the operating environment will be similar in the coming year.

### **The link between KPIs, risk and uncertainty**

The most important factor influencing our Key Performance Indicators (KPIs) is the incoming case load of complaints. We can make assumptions, but there is uncertainty in any forecast model. The key risk for the business is a sharp increase, or decrease, in complaints which takes resource and budget out of alignment with workload.

In the first year of Covid-19 (2019/20) we saw a dramatic fall in complaints (1,326 down to 1,036), which had not been anticipated when budgets were set in back in April 2019.

In the second year of Covid-19 (2020/21) we saw a small rebound (1,036 to 1,054). However, this was less than expected due to the unanticipated second lockdown and the overall length of time day-to-day life was impacted, which was not envisaged at the start of the pandemic. This was one factor (along with efficiency

work in the prior two years having reduced backlogs and work in progress) which allowed a reduction in levy the following year (2021/22).

In the third year since Covid-19 (2021/22), with almost all restrictions over, we saw a stronger rebound, with incoming numbers rising to 1,159. However, the prolonged period of lower than previous incoming rates was again one factor that allowed a further reduction in levy to be consulted on for the 2022/23 year (the business year being reported on), even in a context where further rebound was predicted for 2022/23.

This year (2022/23) we have seen complaints rise again to 1,281. This was within the rise anticipated when we budgeted (projected a 0% to 5% increase). However, this has meant we have started to increase staffing again to meet current demand.

In the coming year we are again anticipating an increase of incoming complaints of between 0% and 5%.

We will need to carefully monitor the situation in the first two quarters of 2023/24 as we develop budget proposals to consult on for 2024/25.

If there is an increase above our budgeted prediction, this immediately affects KPIs. Contingency plans for higher workloads can be put in place, but this will often have an implication for the following year's levy. Increases also reduce our capacity to deliver projects or deal with other risks that materialise within the year. Sharp reductions would mean short-term inefficiency (with a staff complement bigger than justified by workload). In the medium term this can be managed through re-deployment (including secondment to other public bodies) and natural wastage, and savings can be reflected in future levies.

### Statement of going concern

In preparing the accounts, the Scottish Legal Complaints Commission's Accountable Officer is required to comply with the Government Financial Reporting Manual (FrM) and in particular to prepare the financial statements on a 'going concern' basis, unless it is inappropriate to presume that the SLCC will continue in operation.

Management have assessed the appropriateness of the going concern basis of accounting required by IAS 1 and have concluded that the use of going concern basis is appropriate. This is informed by the following:

- There has been no substantive change to the Legal Profession and Legal Aid (Scotland) Act 2007 in the operational year;
- If the SLCC did not exist it is likely the Scottish Government would be required to appoint another organisation to carry out the legal complaints process;
- There is a strategic plan in place until 2024;
- Financial planning in place for 2023/24 and the budget has been laid before Parliament;
- Funding levels are linked to the number of practitioners in the sector and data shows this is not declining; and
- Proposed reform, noted above, brings opportunities for efficiency, and an expanded role. While there are significant risks and uncertainties to be managed, none affect the fundamental continuity of the organisation which is maintained in the draft statute (albeit under a new name).

This is further referenced in the Accountability Report (see page 24).

### Performance Analysis

In our Strategy for 2020-2024 we set out strategic aims as well as internal priorities to support this.

As with previous years this performance report sets out progress towards our strategic aims, cross referencing that to the internal priorities: **(U) Users, (I) Improvement, (D) Digital, and (P) People**.

This year seven priority projects were flagged in the budget consultation and in the operating plan. These were:

- Implementation of the Legal Services (Scotland) Act 2010
- Your Job, Your Way
- Cloud Based IT Infrastructure
- Property Review
- Medium Term Changes
- Longer Term legislative changes
- Maintaining Business as Usual while managing these priority projects

These all affected significant areas of work, had higher financial and performance risks, and had complex interdependencies with each other. These are clearly flagged in the sections below.

***DELIVER a high-quality service which is approachable, people-centric, prompt, and proportionate, and which delivers fair resolutions.***

#### **Our complaints work:**

- **Priority project – in light of the six other priority projects, maintaining ‘business as usual’:** this project was to make clear to stakeholders that, at a time of competing demands, the maintenance of core performance in complaints handling was also seen as a priority goal. This has been achieved, and our results are covered below in the section ‘Key performance data in complaints’. (U, I)
- **Priority project – implementation of the Legal Service (Scotland) Act 2010:** the Law Society of Scotland is now fully approved and authorised (the two statutory steps) but the regulatory scheme to introduce Alternative Business Structures is not yet fully operational. This means that for 10 out of the last 13 years, since the Act, we have been told the SLCC needs to be ready to implement its elements of the new model, and then this has not happened. This has occurred again in 2022/23 and comes at significant costs to the organisation each time. At the point of writing, we are again being told to be ready in 2023/24 but have no control over this. We remain as ready as possible, including rule changes approved this year to help in implementation of our responsibilities when this is required. The action will, for the tenth time, be carried into next year’s operating plan. (U)
- We have continued our work to tackle a widespread and longstanding issue in the solicitor profession with a failure to comply with statutory s17 notices (seeking to access files and explanations from law firms). This year there were several developments. In several cases we have proceeded as far as a ‘contempt of court’ hearing, when we’ve sought a court order to enforce a s17 notice, and the lawyer has also ignored the court order. In one of these cases the court went as far as making a finding of contempt. No sanction was applied, and disappointingly this solicitor then failed to respond on the next complaint against them, and we are now back in a new court action in relation to that case. In other cases, the court has awarded costs to the SLCC, even if not making a finding of contempt. (U)
- Our powers to access privileged and confidential information were also challenged in court. A helpful decision indicated we could not access privileged information in third party cases (where the complainer is not the client) but could in first party cases. It also confirmed that the 2007 Act overruled client confidentiality for all other information. To help support the profession to understand the outcome of this case we met with representatives from the Scottish Law Agents Society and the Legal Defence Union, who provide training to the profession, to discuss the case and the impact it will have on solicitors. (U)
- We lobbied the Law Society of Scotland to pass clear rules requiring solicitors to comply with SLCC statutory notices, and welcomed this rule being passed. (U)

- As part of our budgeting process, we also consulted on the idea of a higher complaint levy for firms failing to comply with a s17 statutory notice. The Law Society of Scotland noted concerns and suggested we should consult further, and we did this, working with the Society to issue an online questionnaire to all solicitors. This received a strong response in favour of the proposals, and this will now be implemented in the autumn of 2023 to seek to reduce costs for non-compliance on the remainder of the profession. (U, I)
- As noted last year, we had written to the Lord President, as the ultimate regulator of lawyers, with our concerns at the lack of compliance by the profession with statutory s17 notices. The Lord President challenged the figures we had provided. We commissioned an audit, by external accountants and audit firm Azets, giving them complete access to our case management system to sample data. Their audit confirmed the number we had supplied. We provided the audit outcomes to the Lord President but have not received any response to the concerns we raised. The failure of such large numbers of the profession to respond to statutory duties remains of grave concern, we plan to contact the Lord President again in the coming year to raise our concerns again. We will look at further work to escalate our concerns and tackle this systemic issue. (U, I)
- Following consultation last year, we implemented new rules on 1 April 2023 to refine our approach to complaints handling and encourage digital engagement, as well as to implement aspects of the Legal Service (Scotland) Act 2010. (U)
- We reviewed and refined our policy and process in relation to the management of appeals against our decisions. (U, I)
- We reviewed our approach to quality assurance of our complaint work and implemented improvements. We contributed to a UK review of quality assurance systems in Ombudsman bodies, and then when that report was published benchmarked our own work. (U, I)
- We continued an extensive programme of improvement, with 10 new ‘sprints’ (rapid test and deploy cycles of improvement) started during the operational year. These included testing of a new electronic tool helping us assess plain English use in communications, a new app for users to our serve to help set up mediations quickly and efficiently, design and testing of a new process for users to raise concerns about the SLCC’s own service, and scoping work on new data room tools to allow file transfer between the SLCC and law firms. (U, I, D, P)
- Our Service Experience Team (SET), established as part of this strategy, met regularly covering areas such as new communication standards for our teams (setting out what customers can expect), input to our work on a new customer feedback system, and work on how we handle complaint about our own service. (U, I, D, P)
- Having re-tendered our legal panel last year (appointing Brodies, Burness Paull, and Harper Macleod) we ran an induction programme, and then a six-month follow-up, to ensure understanding of the SLCC’s approach to advice and litigation, and alignment to our values. (I)
- We updated our website based on feedback on accessibility from our audit the previous year. This audit was user-led, working with people with a range of impairments. This should improve access to information for a range of audiences. (U, I, D)
- We continued our focus on early resolution, developing key messages and ‘myth-busting’ communications to use in our engagement with the legal profession. This included a dedicated section of our Annual Report last year. This year we produced new graphics and a video which was shared on social media to highlight the benefits of mediation and encourage parties to take it up when it is offered. (I)
- We were pleased to be invited to present at the annual Ombudsman Conference on our ‘backlog busting’ work and agile approach to process improvement (which has previously won a Holyrood

Public Services Award). We presented alongside the Financial Services Ombudsman to a fully booked session. (U, I, D, P)

- We monitored work by the Scottish Public Service Ombudsman on child friendly complaints processes and next year will consider the implications for our own services. (U, I)

#### Our oversight work:

- Last year, following consultation, we published an overarching statement on our approach to our oversight functions, and this year projects were delivered within that new framework. (U, I)
- We continued to meet quarterly with both Faculty and LSS to discuss issues raised in our handling complaints and oversight work. We also met with the Association of Commercial Attorneys to discuss our approach to oversight. We thank them all for their constructive engagement. (U, I)
- We published the first annual review of progress by the Law Society of Scotland in terms of statutory recommendations we made on the Master Policy in 2021. We had been grateful to meet with the Society's Insurance Committee Convener and Executive Director of Member Services & Engagement, as well as a representative from Lockton, to discuss a draft of that report prior to publication. We have not seen as much progress as we would have wished. However, the recommendation gave the Society a five-year window (based on the planned date of the next tender of the Master Policy) and freedom to plan their work within that. At this early-stage recommendations could still be met, and we will report again each year on progress. (I)
- We published a report on the Law Society of Scotland's handling of conduct complaints. This followed concerns we had, from reviewing cases under our handling powers, and other concerns raised about complaint timescales with us. We have made statutory recommendations and will report on the Society's progress with this next year. (U, I)
- We published a report on the solicitor profession's compliance with professional rules around 'Terms of Business' focusing, in particular, on the sections relevant to the complaints process or relating to common issues seen in complaints. We noted good practice, but also some significant concerns. For example, less than 15% of our sample correctly cited the SLCC and its contact details despite the changes to Rule B4.2 making citing the SLCC's contact details compulsory from February 2020, and two thirds cited time limits that have not applied since 2017. Just after year-end we sent the report to LSS and asked them to consider what can be done to tackle this very poor level of compliance in the sector. We'll report on progress next year. (U, I)
- Following discussion with our Board we have developed an oversight plan in relation to the Faculty of Advocates for the next two years. We have started this work with an analysis of Faculty complaint handling over the last few years and expect to publish a report next year. We also worked with Faculty to ensure that when they issue decisions parties are always told of their right to make a handling complaint. (I)
- We were pleased to be invited by the Faculty to contribute to their review on culture change. (I, P)

#### Other:

- Our Consumer Panel informed and challenged our work on customer service feedback and the wider work of our Service Experience Team (SET), as well as promoting the need for consumer-focused regulatory reform. (U, I)
- Our Consumer Panel also published information on the demographics of complainers as part of work to ensure we are accessible to everyone who may have a complaint about legal services. (U, I)
- We worked with Scottish Government to recruit a new Chair (appointed just after the year-end) and provided a high-quality induction for new board members appointed in the previous year. (U, P)

- We published a new Scottish Social Impact Pledge, making our facilities available to charities for meetings and events where appropriate and to encourage our staff to use paid volunteering days to support our staff charity, or a personal charity of their choice. (P)
- We produced our annual Health and Safety Report. (U, P)
- We delivered an integrated training programme to staff including legal updates and training on reasonable adjustments, unconscious bias, time management, anti-money-laundering, applying for promoted roles, the 'Insights' (personality) model, 'facing your fears' training, resilience, managing challenging conversations, project management, and effective and accessible communications. A programme of talks from other bodies also informed our development, and we'd thank Faculty, the Legal Defence Union, Scottish Social Services Council, the Scottish Solicitors Discipline Tribunal, Citizens Advice Scotland, and others for their support. (U, P)
- We started discussing training in trauma informed practice during the year and have commissioned this for the 2023-24 programme. (U, I)

***INNOVATE by working as a performance-focused, change-confident and resilient team, delivering our work in new and efficient ways.***

- **Priority project – 'Your Job, Your Way'**: Following consultation and staff engagement in the previous year we completed pilots of our new approach to working (in terms of staff hours, and locations, or work). This built on learning from the lockdown and post lockdown periods during the pandemic. This has proved highly successful and popular with staff and has in turn allowed us to reduce our need for office accommodation. (U, P)
- **Priority project – cloud based IT**: We moved our case management system from a version hosted on our own servers, to a cloud-based system. All staff have been moved onto Office 365, and this includes all telephony now being provided via MS Teams. We delivered a new online, cloud based, HR and time recording system. (I, D, P)
- **Priority project – property review**: The property project is described above on page 9. It was managed successfully and is projected to deliver a £500,000 saving over the next five years. (U, I, P)
- We identified Data Lab as a potential partner for work on data science and AI, and just before the start of this business year took on a master's student intern to work on a 12-week project with our data. Our focus in this area was to assess opportunities for the SLCC to improve its work (either our own processes, or to identify where AI use by firms may be an issue within complaints). (I, D)
- We have trained staff in the use of Microsoft PowerBI and are starting to use this to maximise value from the data we hold and make extraction and reporting more efficient. New dashboards were created for our customer service data and for our data sharing with Relevant Professional Organisations. (I, D)
- We carried out further work to review AI products and approaches in common use in the legal sector. We developed a session on AI in regulation and law for our Board members (including a briefing on how another regulator had developed their AI work), which was then delivered four weeks after yearend. We were invited to chair the session on AI and process automation at the Ombudsman Association annual conference. (I, D)
- We have improved our approach to cyber security by rolling out new approaches to vulnerability scanning, multi factor authentication, and conditional access. We have reviewed the terms of our cyber-attack insurance and updated our disaster recovery policies. We have delivered mandatory training to all staff and board members on cyber security. (I, D, P)
- We have sought to increase our understanding of the causes and impacts of cyber-attacks by monitoring coverage of, and learning from, the attacks on others (for example, Yodel, NHS, Uber,



South Staffordshire Water, Capita, etc.). We undertook detailed work to review learning from the SEPA attack last year and have followed through this year in delivering the action plan which came from that. (I, D, P)

- We have previously achieved Cyber Essentials accreditation. Following changes and improvements to our systems we are preparing to seek accreditation, as a first step to then achieving the Cyber Essentials Plus standard. We are currently working through issues from a pre-assessment. (I, D, P)
- Our digital lead was accepted onto the Scottish Government's Leading in a Digital World programme. The programme supports leaders to transform their organisation by addressing the challenges and opportunities presented by our digital world. (I, D, P)
- Our lead on data and reporting has been accepted onto a part-time MSc in Data Engineering, having successfully secured Data Lab funding for the course. We will be assisting with study time and data for use in projects. This should help us to retain and grow our internal expertise in this area. (I, D, P)
- We have scoped work for next year to undertake a fuller Data Maturity Audit. (I, D)
- We attended the Chartered Institute of IT's 'policy jam' on 'AI isn't going to replace your job, someone using AI will!'. (I, D, P)
- We reviewed the guidance the Equality and Human Rights Commission has published on the use of AI in public services. We also reviewed the new register for public sector AI projects which has been set up in Scotland. (I, D)
- We have successfully applied for a place on the Scottish Government's Data Science Accelerator Programme which gives public sector analysts the opportunity to build their data science skills through project-based mentoring. The project we have submitted is to access and analyse the unstructured data currently held in the correspondence section of our case management system, to draw out further learning about complaints more easily. (U, I, D, P)
- We focused on environmental performance in our property review project. We have disposed of office furniture, equipment, and supplies (not needed in a move to smaller property) to charities and art projects to ensure re-use. (I)
- We ran sustainability events and took part in climate change week. We produced a sustainability report on our long-term move to hybrid working ('Your Job, Your Way'). (I, P)
- We worked with our Wellbeing and Inclusion Staff Group, with Union representatives, and with our staff ambassador to ensure the health and wellbeing of colleagues. Events this year included Talk Money Week, World Aids Day, Holi, Mental Health Week and Carers Week. (P)

***PREVENT the common causes of complaints through analysis, shared learning and improvement work.***

- In dialogue with the profession, we issued a statement on how we would handle complaints when there was a concern that the solicitors involved were at risk of harm. (U, I)
- We sought to improve our engagement with the legal profession by inviting respected guest bloggers to write on issues relevant to legal complaints. (U, I)
- We refreshed and updated the 'for lawyers' section of our website, including launching and promoting our s40 guidance, on first tier complaint handling, which was updated last year, there and on social media. (U, I, D)
- We delivered 15 outreach sessions to the profession, met for 1:1 meetings to support individual firms, developed 5 pre-recorded sessions for diploma students, and had 55 'best practice' discussions where issues with how firms handled complaints had been identified. (U, I)

- We further increased our engagement with the profession via social media, developing bite-sized messages that can be delivered in an engaging way via LinkedIn and X (formerly known as Twitter). This year we used comic strip formats for the first time, to make information accessible to a range of audiences. We delivered a full social media campaign to highlight key messages from our 'Terms of Business' report. We promoted previous work on vulnerability to keep this issue high profile. We also started using social media much more for job advertising, including paid for ads promoting the vacant Board Chair role. We used articles in the Scotsman to promote a number of key messages about how we work. (U, I, D)
- We used our quarterly e-newsletter to deliver engaging content to the profession, including on early resolution, creating clear terms of business, peer advice on property investment schemes, charging for complaints, and accessible complaints processes. We were also successful in having some of our articles covered in the Law Society Journal. We used case studies from our decisions to bring this to life and used our social media activity to signpost to this content and increase our readership. (U, I)

***INFLUENCE the debate on reform and lead the change as soon as final proposals are in place.***

- **Priority project – medium term changes:** We engaged in specific discussions on the drafting of a statutory instrument to implement policy proposals for medium term changes to the legislation. We welcomed the Scottish Government publication on the outcome of consultation on the proposals. We note this work has now been overtaken by longer term legislative reform (see below). It has proved of significant value in informing that work; however it does mean this project on medium term options is now closed and will not be implemented as originally envisaged (instead forming part of the wider reform work). (U, I)
- **Priority project – longer term legislative reform:** Our work over several years to make the case for reform has led to a Bill being presented to the Scottish Parliament (the Regulation of Legal Services (Scotland) Bill). Although the Bill does not fully implement the reforms proposed by the Government's own independent review, the SLCC has welcomed what will be a significant positive step forward in regulation and complaints if implemented. (U, I)
- We continued to publish articles and give talks to make the case for longer-term and wider reform of the system for legal regulation. (U, I)
- We have engaged with regulatory experts and reviews of regulation taking place in other countries (such as New Zealand) to be able to inform our proposals (U, I)
- We met with MSPs, policy makers and stakeholders to discuss views on longer term reform. (U, I)
- We have engaged with Consumer Scotland since it launched on 29 June 2022. The SLCC is listed on the organisation's 'consumer support' webpage, meaning they will signpost anyone contacting them about legal complaints to us. We also responded to their consultation on their interim strategic plan and were pleased to see a commitment in their 2023-23 work programme to working towards "a regulatory regime for legal services in Scotland that is fit for purpose and meets the needs of consumers, with robust measures in place to address complaints and service quality issues". We invited them to be part of the SLCC's statutory Consumer Panel and their plan also confirms Consumer Scotland will "also participate in the work of the Scottish Legal Complaints Commission's Consumer Panel. We will consider whether further research is required to support our work in this area." We have also joined the Consumer Network they host. (U, I)
- We responded to the Finance and Public Administration Committee's call for views on the Scottish Government's public service reform programme, as well as the consultation on the Trusts and Succession (Scotland) Bill and a consultation on updated rules and fees for the Scottish Solicitors Discipline Tribunal. (U, I)

- We responded to the Ethical Standards Commissioner’s consultation on its draft Investigations Manual. Our response was based on our experience with our own processes and was an opportunity to share our learning to help others in recognition that we have often benefited from others sharing their expertise. (I)

***ADAPT by building on learning from Covid-19 and beyond to ensure an agile and resilient operating model, focussed on function over form.***

- Work on this goal has been integrated into the workstreams above, rather than having discrete projects, but we felt it important to update our strategy so that stakeholders knew this was a specific consideration. (I, D, P)
- It influenced our move to cloud computing, our property review, and the ‘Your Job, Your Way’ project changing our approach to time and location of work. However, many other projects were influenced in smaller ways (for example, ongoing increased use of video conference for training and outreach and building skills in that area, investment in online file transfer with law firms, and our digital exclusion work). (I, D, P)

***Work we had planned, but which did not take place or where we amended our approach:***

Two projects planned for this year were postponed with our Board involved in that decision:

- **An audit of our plain English work on templates and correspondence** – the original work to deliver the changes took longer than expected. We did not want to rush this, so we could focus on quality, just to complete the audit within this business year. The audit took place just after yearend on the week beginning 17 July.
- **A review of job descriptions** – work has taken place on the descriptions for individual posts as staff and business needs have changed, and we started reviewing all terms. However, this project envisages an overall review of all job descriptions. This was postponed because further changes will be required after a) the office move, and b) the now imminent reform of our functions. It is more efficient, less disruptive to staff, and will lead to a more lasting set of drafting to postpone this until reform outcomes are more finalised.

One project was delivered but has not fully achieved our aims and so further work has been planned in 2023/24.

- **Customer service feedback** – this work was to review our approach to customer service feedback. We have delivered changes in collection and the reporting of data. However, this has not achieved the intended outcomes of an even better understanding of our service users’ overall views and more specific and actionable insight. As the work was underway, and we assessed models being used by others, we realised a bigger piece of work than envisaged in this year may achieve better results, but that resource was required for that. This work has therefore been included in the Operating Plan for the coming year.

**Summary:** We delivered over 97% of our Operating Plan for the year, with 85% being the target set by our Board (to take account of the fact that some projects will always be affected by external factors out with our control, or priorities may change mid-year). Performance on quantitative performance measures is detailed below in the Performance Report.

**Key performance data in complaints**

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

The SLCC is defined in statute as a reactive body, which must apply a legal process to complaints we receive. We cannot set a target for incoming complaints, nor can we set targets for disposal levels at each stage of

the process, as this would infringe the adjudicative function of the body which requires each decision on a case is based solely on the case merits.

We provide year on year comparative data on cases volumes to aid understanding of the business.

<b>COMPLAINTS &amp; ELIGIBILITY</b>	<b>2022/23</b>	<b>2021/22</b>	<b>2020/21</b>	<b>2019/20</b>
<b>Complaints in hand at start of year</b>	<b>459</b>	<b>388</b>	<b>436</b>	<b>685</b>
Complaints received in year	<b>1,281</b>	1,159	1,054	1,036
Premature complaints reopened (closed in previous years)	<b>9</b>	8	7	11
Premature complaints reopened (closed in year)	<b>61</b>	64	77	81
Net change – reassessed as eligible/ineligible on appeal	<b>1</b>	-2	0	-1
<b>Complaints under consideration</b>	<b>1,811</b>	<b>1,617</b>	<b>1,574</b>	<b>1,812</b>
Ineligible	<b>-181</b>	-222	-180	-224
Withdrawn	<b>-80</b>	-33	-25	-48
Discontinued	<b>-28</b>	-21	-24	-31
Resolved at eligibility	<b>-287</b>	-253	-236	-239
Premature	<b>-138</b>	-162	-196	-215
Conduct	<b>-126</b>	-112	-96	-155
Adjustments for administrative reasons*	<b>-21</b>	-5	16	26
Potential service complaints	<b>971</b>	809	833	926
<b>Complaints closed</b>	<b>-383</b>	<b>-350</b>	<b>-445</b>	<b>-490</b>
Complaints awaiting eligibility assessment at year end	<b>358</b>	242	201	157
Eligible service or hybrid complaints in progress	<b>196</b>	217	187	279
<b>Complaints in hand at end of year</b>	<b>554</b>	<b>459</b>	<b>388</b>	<b>436</b>

<b>METHOD OF RESOLUTION (Complaints Closed)</b>	<b>2022/23</b>	<b>2021/22</b>	<b>2020/21</b>	<b>2019/20</b>
Mediation	<b>57</b>	80	90	45
Investigation (conciliation without report)	<b>99</b>	60	104	138
Investigation (settlement with report)	<b>85</b>	48	81	63
Withdrawn at investigation (or discontinued)	<b>18</b>	29	39	46
Determination	<b>124</b>	133	131	198
<b>Total</b>	<b>383</b>	<b>350</b>	<b>445</b>	<b>490</b>
<b>% Upheld at Determination</b>	<b>56%</b>	<b>51%</b>	<b>43%</b>	<b>43%</b>

\* “Adjustment for administrative reasons” – not all numbers will add to the totals provided. We are making more transparent a number of adjustments that take place for administrative reasons. Examples would include where someone has submitted an identical paper and electronic complaint form, where two complaints are merged (issues a complainer has raised separately but which represent one complaint), where two complaints are separated (a joint complaint is made, but we split this into two as there are independent interests), or where a complaint from a previous year which has been suspended re-starts within this year.

Incoming complaints rose 10% in 2022/23 compared with 2021/22. The number of incoming complaints was 1,281 compared to a Board prediction of around 1,195 incoming complaints. This followed historically low levels of complaints in the last two years, influenced by Covid-19, and in particular, two significant periods of ‘lockdown’. Complaints remain a little lower than the years immediately pre-Covid-19 (which saw particularly high incoming numbers) but are now almost back to an underlying steady trend of increasing complaints over the last decade.

There are some variations in data, which we comment on below as part of our assessment of annual performance. These are areas of interest we will monitor. However, we do see swings within individual years, and at the moment nothing suggests a trend on which we plan to take specific action or which we feel the profession or stakeholders need to take particular note of. It's also important to note that the two years of Covid may not have been typical in composition of complaints. By next year we may be able to compare two years pre and two full years post pandemic to look for trends with the pandemic data removed which may tell different stories).

The number of complaints closed as premature, but reopened was up marginally (44%, compared to 40% in 2021/22 and 39% in 2020/21). These are complaints we need to refer back to the firm to allow them to respond first. This can be affected by things like ceased firms, where members of the public do not know who to approach first, and we then have to refer them to the Client Relations of Manager of the ceased firm. However, we will continue to monitor premature complaint. If they continue to increase a simple reminder to firms to signpost complaints to their Client Relations Manager first could reduce premature complaints (getting the client to the right person faster and reducing the cost of this area to the SLCC).

At the same time the overall percentage of complaints closed as premature has been going down. This year it was 16% of cases closed at the initial stages (prematurity or eligibility), down from 20% in 2021/22, and 26% in 2020/21. This means both that complainers continue to have a complaint outstanding once the firm has had a chance to address it, and that they are then coming back to the SLCC to seek further action. Again, the variation is not huge, but we will continue to monitor this. Our statutory guidance on good complaint handling seeks to support firms dealing with complaints, and to find resolution, but equally we recognise some clients will always wish to take matters further.

We also saw conduct complaints rise as a percentage of complaints (15% this year, compared to 14% in 2021/22 and 13% in 2020/21). Over time, if this continued, it may have an impact for RPOs as both incoming numbers, and their percentage of that number, are increasing.

Ineligible complaints fell marginally (22% in 2022/23, down from 28% in 2021/22, although only 24% in 2020/21). This could be due to changes in the nature of complaints, or changes in the threshold applied by the SLCC. We are monitoring this to see if any issues can be identified.

Withdrawn complaints appear to go up this year. However, this was to do with a number of linked cases where the complainers were originally not sure which firm to pursue as more than one firm had acted. Once this was clarified, a bundle of cases relating to one of the firms was withdrawn at the same time, affecting the numbers for this year.

We continue to focus on early resolution and saw resolved complaints increase slightly from 31% last year to 34% this year. However, formal mediation fell slightly as a final resolution stage from 15% of closed service/hybrid cases in 2022/23, down from 23% in 2021/22 and 20% in 2020/21.

We also monitor the average 'Journey Time' of cases – the aggregate of the average age of cases at each stage of our process. In 2022/23 our year end Journey Time was 6.7 months (against a Board target of 8.5 months or less). This is down from the end of last year (2021/22 was 7.3 months) and back to the historic low achieved during lockdown, but on much lower-case numbers (in 2020/21 Journey Time at year end was also 6.7 months). This remains dramatically different to 2016/17 when this figure was 14.7 months, with process improvements seeing this drop each subsequent year until this year. With incoming numbers continuing to rise our challenge next year is aiming to hold performance in the face of increased demand.

'Work in progress' in year-end was 536, against a Board target of 600 or less.

Internal targets are set for allocation times to a named investigator. The target for the investigation stage is 2 weeks or less, and at year end this sat on target at 2 weeks. The target for the Determination Committee stage was 1 week or less and sat on target at 1 week at year end. The eligibility target was 4 weeks or less, and this was sitting off target at 10 weeks at year end. However, this is in the context of the overall reduced

Journey Time (noted above) and reflects management decisions to improve overall performance by holding cases at one stage, which was achieved, and to structure workflow to mean there was then a single resourcing issues to tackle (eligibility) going into the new year.

All parties are issued a customer service feedback form at the end of each complaint. During 2022/23 we received a 36% response rate (compared to 18% in 2021/22) and during the year we had more responses from consumers than practitioners 67%:33% (58%:42% 2021/22).

Responses based on Stage in Complaints Process	2022/23		2021/22	
	Consumer	Practitioner	Consumer	Practitioner
Eligibility	18%	23%	8%	10%
Mediation	15%	13%	17%	25%
Investigation	35%	35%	33%	33%
Determination	32%	29%	42%	32%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

We monitor several factors in these surveys – asking if individuals are satisfied (or not) with our helpfulness, the information we provide, how we explain the process, clarity of communication, the reasoning provided for our decision, and so on.

Practitioner feedback is strongly positive (irrespective of the case being upheld or not). The SLCC explanation of the process, SLCC staff were helpful, the SLCC dealt with the case impartially and information provided by the SLCC, all scored 75% or above in terms of practitioners recording they were satisfied. Across the whole year satisfaction rates for all criteria were between 28% (recommend the SLCC) and 78% (process explanation).

Consumer feedback varies and there is a link between level of satisfaction and the case being upheld or not. Process explanation, information provided was clear and easy to understand and SLCC staff were helpful all scored above 55% in terms of consumers recording they were satisfied. Across the whole year satisfaction rates for all criteria were between 46% (overall satisfaction) and 60% (process explanation and staff helpfulness).

### Budget performance

The SLCC outturn against budget is shown in the table below:

	Year ended 30th June 2023		Year ended 30th June 2022
	Budget	Actual	Actual
Income	<b>(3,736,565)</b>	<b>(3,862,556)</b>	<b>(3,992,519)</b>
Expenditure	<b>3,870,446</b>	<b>3,910,772</b>	3,694,031
<b>(Surplus)/Deficit</b>	<b>133,881</b>	<b>48,216</b>	<b>(298,488)</b>

Income was £125,991 higher than expected, based on higher complaint levy income than anticipated (paid when a complaint is upheld), higher interest and recovered secondment income.

Expenditure was overspent by £40,326 or 1% over the anticipated budget.

A number of savings in year and the recovery of bad debt, previously written off, offset significant overspends on legal costs relating to appeals and section 17.

This has meant the SLCC is reporting a year end deficit of £48,216 for 2022/23, this was an improvement on the original budgeted deficit of £133,881.

The SLCC Board made the decision to approve a deficit budget considering the reserves being held to be in excess of three months average expenditure. We continue to hold this position within reserves. For the 2023/24 budget the Board has taken the decision to use this excess to fund one-off costs that include some preparation work related to reform and the office move costs. For the 2024/25 budget the Board will need to review the level of reserves forecast and the impact that has on the budget and levy.

### **Payment of creditors and regularity of expenditure**

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. On average the SLCC took 15 days to pay for goods and services (2021/22: 16 days) and the SLCC's payment performance was 94% (2021/22: 93%).

### **Social matters**

The SLCC is an equal opportunities employer, and all staff are expected to comply with a range of policies covering legal and behavioural matters and are encouraged to play an active part in our sustainability and dignity at work initiatives. Staff policies are regularly updated for any new legislation and these changes are flagged to staff so they can review the relevant policy. Our staff code of conduct adopts the nine key principles for public bodies. Staff are reminded on an annual basis of the organisation's whistleblowing policy. The staff conflict of interest policy covers fraud and anti-bribery legislation and is reviewed regularly.

### **Sustainability Report**

The SLCC recognises that the changing climate will have far reaching effects on Scotland's economy, people and environment. One of our strategic objectives is to deliver a sustainable operation and reduce our environmental impact through staff-led initiatives and delivery of our biodiversity duties.

As sustainability features in our current strategic plan, the SLCC Board has sight of the work done in this area through our Operational Plan reporting and within our Strategic Risk Register we highlight any key risk to the organisation.

The SLCC is also committed to supporting national aims and policies on Environmental and Sustainable Development. We published an updated three-year review (2018-2020) in December 2020, reporting on our work to meet the Scottish Bio-diversity Duty; this is available online: <https://www.scottishlegalcomplaints.org.uk/about-us/rules-policies-and-publications/biodiversity-reporting/>.

### **Explanation of the development and performance of the entity**

For the last two years the primary challenge has been reducing the workforce to match lower incoming numbers whilst retaining talent and expertise where possible (for example, we authorised several secondments to external bodies).

After several years of improving performance against key indicators (like Journey Time) the focus was on maintaining performance whilst reducing resource, and this was achieved.

The improvements of previous years, combined with lower incoming work, allowed levies to be reduced two years in a row, delivering savings to the sector. The challenge ahead is numbers rebounding, and the need to increase resource to address that.

## Annual Audit

The financial statements are audited by external auditors appointed by the Auditor General for Scotland, and he has appointed Helen Russell Senior Audit Manager, Audit Scotland to undertake the audit of SLCC for the five-year period from 2022/23 to 2026/27. As Accountable Officer, I am not aware of any relevant audit information of which our auditors are 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.



**Neil Stevenson**  
**Chief Executive Officer**

28 November 2023



## 2. Accountability report

### Corporate Governance Report

Details of our governance arrangements are published online. This includes a governance statement, a scheme of delegation, the arrangements for the management of conflict of interest, a code of conduct and a risk management policy.

<https://www.scottishlegalcomplaints.org.uk/about-us/rules-policies-and-publications/the-slccs-governance-arrangements>.

Compliance with our governance framework is periodically reviewed, including the use of internal audit where appropriate. There were no reported breaches or concerns this year. Further details on governance are provided in the remainder of this section.

### The Directors Report

#### Date of Issue

The Accountable Officer authorises these financial statements for issue on 28 November 2023.

#### The Senior Management Team

The SMT is responsible for the day-to-day management of the SLCC's activities and operations. Key legal responsibility for the organisation rests with the Board, and with the Chief Executive and the Accountable Officer (a single role, and not a Board member), as outlined in this report.

#### The Board

The SLCC should comprise of a lay chair, and eight further members – five lay and three 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.

Board Appointments	Appointment		Years
	From	To	
<b>Chairing Member (Lay)</b>			
Jim Martin	01/01/2018	31/12/2022	5
<b>Lay Members</b>			
Morag Sheppard	01/01/2018	31/12/2022	5
June Andrews	01/04/2021	31/03/2026	5
Niki Maclean	01/04/2021	31/03/2026	5
John Stevenson	01/01/2022	31/12/2026	5
Jean Grier	01/01/2022	31/12/2026	5
Anne Gibson	01/09/2022	31/08/2027	5
<b>Legal Members</b>			
Richard McMeeken	01/01/2022	31/12/2026	5
Lynne Collingham	01/07/2022	30/06/2027	5
Dale Hughes	01/09/2022	31/08/2027	5

During 2022 our Chair, Jim Martin, and one lay member, Morag Sheppard, stepped down from the Board (31 December 2022). We thank them both for the work and support they have given the SLCC in their 5-

year term. Morag Sheppard remains on the Audit Committee as an independent member of the committee. This helped with our governance in the transition period between Chairs and has been working well.

We welcomed one new lay member, Anne Gibson, and two new legal members, Lynne Collingham, and Dale Hughes, to the Board during the year and they have received a full induction to support them in their role.

The Chair recruitment process was complete in May 2023 and Jane Malcolm joined the SLCC board as Chair from 10 July 2023. A robust induction plan has been put in place for Jane and we look forward to welcoming her onto the Board.

Between Jim Martin stepping down, and Jane Malcom joining, we are grateful to Niki Maclean, our Vice Chair, who acted up to the role of Chair.

The Board met formally for seven meetings during the year, as well as taking part in a planning and strategy workshop and several development sessions. There was also an additional Board meeting held in February to discuss the property recommendations. These have been held as hybrid meetings with members encouraged to attend in person, where possible. Minutes are published on our website:

<https://www.scottishlegalcomplaints.org.uk/about-us/who-we-are/our-board/board-meeting-minutes/>.

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 a legal member.

The Board reviewed their effectiveness through a confidential discussion at the start and end of each Board meeting, through dialogue on the planning of Board agendas and papers, and through discussion of topics and learning needs for the five development sessions in this operational year.

### **Accountable Officer's responsibilities**

The CEO is designated in statute the Accountable Officer for the SLCC. This is confirmed in the SLCC's governance arrangements.

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/aomemoother>

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 financial statements 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.

In preparing the financial statements, 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.
- (v) Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

Neil Stevenson joined the organisation as the Chief Executive and the Accountable Officer on 20 July 2015.

As the Accountable Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

The Accountable Officer must be of the opinion that the Annual Report and Financial Statements as a whole are fair, balanced and understandable. I accept personal responsibility for the Annual Report and Financial Statements and for the judgements required for determining that they are fair, balanced and understandable.

## **Governance statement**

### **Scope of responsibility**

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 from the legal profession, for which I am responsible.

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 to manage them efficiently, effectively and economically.

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, and the Scottish Government Audit and Assurance committee handbook.

More on the SLCC Board Responsibilities can be found in the Director's report, which begins on page 25.

### **Governance framework**

The SLCC has a governance framework which comprises of 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 has been in place for the year ended 30 June 2023 and up to the date of approval of the annual report and financial statements.

The governance framework is overseen by the Senior Management Team comprising the Chief Executive Officer, the Director of Business Performance, the Director of Public Policy, and the Director of Resolution.

Our Audit Committee meets four times per year. The Audit Committee consists of three members of the Board, who are Morag Sheppard (as Chair until 31 December 2022), Niki Maclean (as Chair from 1 January 2023) and John Stevenson as members.

The meeting is attended by our internal and external auditors. The Committee provides support to the Board in respect of their responsibilities for issues of risk, control and governance. Through the year the Committee met by video conference due to 'lockdown'.

During the year 2022/23 the SLCC has worked continuously to review and refine its systems of internal control. These items also represent the 'Annual Report' of the Audit Committee. In particular, we have:

#### **Internal Audit (Azets)**

- Reviewed the close out report on the internal audit plan for the previous year (2021/22).
- Approved an internal audit plan for the current year (2022/23).
- Received reports from our outsourced internal auditors on our Business Continuity Planning, our Health and Safety and our Corporate Performance Management. These are part of our internal audit plan for the current year (2022/23).
- Subsequent to yearend (July 23 meeting) reviewed the close out report on the internal audit plan for the year (2022/23).

#### **External Audit (Deloitte, on behalf of Audit Scotland)**

- Reviewed the governance statement and financial statements from the previous financial year (2021/22).

#### **External Audit (Audit Scotland)**

- Approved the external audit plan for the year (2022/23).
- Held a session with Audit Scotland and the Audit Chair (2022/23).

#### **Ensuring compliance with best practice**

- Received updates on fraud risks in the public sector and reviewed learning and key themes from the work of the Scottish Parliament Public Audit Committee.
- Attended external events to grow knowledge and help identify best practice. For the Accountable Officer this included NDPB Chief Executive Forums.

#### **Other assurance activity**

- Considered and implemented temporary arrangements in the period between the departure of the Board Chair and appointment of a replacement (a six-month gap) including temporary arrangements in relation to the Audit Committee (see 'Key issues and risks' section above for further details).
- Continued to ensure a lead Board member was in place to lead on cyber security issues.
- Reviewed the cyber action plan each quarter.
- Delivered cyber security training from the Cyber and Fraud Centre Scotland to our full Board.
- Discussed every risk on the strategic risk register on a quarterly basis, with a detailed discussion at the Audit Committee and approval at Board.
- Reviewed the Assurance Map for all sources of assurance and reviewed its links to the risk register.
- Refreshed all Health and Safety risk assessments during this year – working with our Board level Health and Safety Committee.
- Reviewed and updated our Business Continuity Plan in line with recommended best practice and Internal Audit and ran a simulated exercise to test the plan in practice.

- Provided regular updates on our IT infrastructure including progress, cost and risks.
- Embedded a new process for our Service Delivery Complaints.
- Carried out an Accessibility Audit on our website and made changes in line with the recommendations. and introduced a 'digital exclusion' assessment tool for new work.
- Developed a Data Protocol.
- Introduced Cyber Security KPI's.
- Reviewed our insurance policies and thresholds.
- Scrutinised our WIP.

The Remuneration Committee met four times during the course of this business year. This year they have discussed succession planning, absence, equal pay, a competency framework, member expenses, staff survey results, CEO salary process, the impact of Covid-19 and pay discussions.

Declarations of Interest for the Senior Management Team, and for all staff, are managed under a policy approved by the Board and are updated regularly. For the Senior Management Team there were no significant company directorships or other interests held which may have conflicted with their management responsibilities.

The Board register of interests is available at: <https://www.scottishlegalcomplaints.org.uk/about-us/rules-policies-and-publications/board-member-register-of-interests/> and there are no significant interests that conflict with their responsibilities.

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

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.

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. We updated our arrangements for how business would be conducted in the absence of the Chair.

### **Review of effectiveness and Annual Report of the Audit Committee**

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 Audit Committee in its consideration of risk, financial management, risk and audit reports;
- (iii) Reports from the internal auditors on the adequacy and effectiveness of the system of internal control; and
- (iv) The work of the management team.

The SLCC complies with the principles of the Scottish Public Finance Manual and the Scottish Government Audit and Assurance Committee Handbook.

I am satisfied that the SLCC has robust, proportionate and appropriate systems of control in place.

## Remuneration and staff report

### Remuneration policy and report

The Board, having considered the requirements of the Government Financial Reporting Manual and the responsibilities of managers within the SLCC, discloses the remuneration of the CEO, SMT and Board Members.

### Remuneration - CEO

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 2023, £10,560 was paid into a money purchase pension scheme on behalf of the CEO in line with his contract. The table below has been audited by our external auditor.

	Year Ended 30 June 2023				Year Ended 30 June 2022			
	Salary £000	Pension Benefit £000	Benefit in Kind	Total £000	Salary £000	Pension Benefit £000	Benefit in Kind	Total £000
Neil Stevenson	85-90	10-15	Nil	95-100	85-90	10-15	Nil	95-100

### Remuneration - SMT

The SMT's remuneration is approved by the CEO. It is subject to and compliant with the Public Sector Pay Policy and their grades are included within the overall SLCC grading structure. The three Directors' salaries shown include basic salary only. They do not include employer national insurance or pension contributions. During the year to 30 June 2023, a total of £15,045 was paid into a money purchase pension scheme on behalf of the three Directors in line with their contracts. The table below has been audited by our external auditor.

	Year Ended 30 June 2023				Year Ended 30 June 2022			
	Salary £000	Pension Benefit £000	Benefit in Kind	Total £000	Salary £000	Pension Benefit £000	Benefit in Kind	Total £000
Caroline Robertson	65-70	5-10	Nil	70-75	60-65	5-10	Nil	70-75
Louise Burnett	60-65	0-5	Nil	65-70	55-60	0-5	Nil	60-65
Vicky Crichton	55-60	0-5	Nil	60-65	50-55	0-5	Nil	55-60

## Chair and Board fees

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. The SLCC does not pay pension contributions for the Board, and they do not receive any benefits in kind. The pay bands in the table below have been audited by our external auditor.

	Year Ended 30 June 2023		Year Ended 30 June 2022	
	Daily Fee	Total	Daily Fee	Total
	£	£000	£	£000
Jim Martin, Chair <i>(left 31/12/22)</i>	324	5-10	322	10-15
Sara Hesp <i>(left 31/12/21)</i>	-	-	218	0-5
Sarah McLuckie <i>(left 31/12/21)</i>	-	-	218	0-5
Morag Sheppard	220	5-10	218	5-10
Denise Loney <i>(left 31/12/21)</i>	-	-	218	0-5
Kay Springham QC <i>(left 31/12/21)</i>	-	-	218	0-5
Frank Gill <i>(left 31/10/21)</i>	-	-	218	0-5
Niki Maclean	220	5-10	218	0-5
June Andrews	220	5-10	218	5-10
John Stevenson	220	5-10	218	0-5
Richard McMeeken	220	0-5	218	0-5
Jean Grier	220	0-5	218	0-5
Lynne Collingham	220	5-10	-	-
Anne Gibson	220	0-5	-	-
Dale Hughes	220	0-5	-	-

**Note:** Overall payments vary between members due to several factors. Not all members were present for the whole year (either starting or finishing statutory terms during the course of the year). The Chair's role is affected by the number of external engagements. Each member will be involved in a differing 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 Committee).

## Fair Pay Disclosure

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.

The relationship between the remuneration of the highest paid member of staff and the median remuneration of the staff is as follows:

	Year ended 30 June 2023	Year ended 30 June 2022 (Restated)
Remuneration Band for highest paid member of staff	<b>£85-90,000</b>	£85-90,000
Percentage change from previous year	<b>0%</b>	0%
Average percentage change for employees	<b>+2.8%</b>	+5.6%
Lower quartile remuneration	<b>37,916</b>	34,976
Lower quartile ratio	<b>2.3</b>	2.5
Median remuneration	<b>40,817</b>	38,873
Median ratio	<b>2.1</b>	2.3
Upper quartile remuneration	<b>40,817</b>	38,873
Upper quartile ratio	<b>2.1</b>	2.3
Remuneration Range	<b>£25,000 – £85-90,000</b>	£23,000 – £85-90,000

The table above has been audited by our external auditor.

The FTE used to calculate the average in this pay scale was 50.57 in 2021/22 and increased to 54.43 in 2022/23. Staff at the SLCC receive salary only for remuneration. This year there was a reduction in the all quartile ratios. This was due to the 2022-23 pay increase and staff progression. During 2022/23 the SLCC had no temporary or agency members of staff.

In 2022/23, 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.

Pay discussions for April 2022 were finalised in September 2022; using the flexibilities in the Public Sector Pay Policy for 2022-23, the following increase was agreed and back-dated to April 2022:

- A cash underpin of £1,700 to all staff earning £25,000 or less;
- 5% increase to those earning between £25,001 and £52,000; and
- 3.75% increase to those earning between £52,001 and £80,000.

Pay discussions for April 2023 concluded in October and a 5% pay increase for all SLCC staff, excluding the CEO, will be agreed.



## Staff report

The average number of staff full time equivalent (FTE) employed by the SLCC during the year was 54 FTE, detailed as follows:

	Year ended 30 June 2023	Year ended 30 June 2022
CEO	1	1
SMT	3	3
Staff	50	47
<b>Total average FTE</b>	<b>54</b>	<b>51</b>
Permanent FTE	54	51
Temporary FTE	0	0
<b>Total average FTE</b>	<b>54</b>	<b>51</b>

The average number of Board members that sat on the SLCC Board during the year was 9 FTE, detailed as follows:

	Year ended 30 June 2023	Year ended 30 June 2022
Chair	1	1
Members	8	6
<b>Total average FTE</b>	<b>9</b>	<b>7</b>

The following table shows the salary and related costs for all staff for the year ended 30 June 2022, identifying staff and members separately.

	Year ended 30 June 2023			Year ended 30 June 2022 (Restated <sup>1</sup> )		
	Staff £000	Members £000	Total £000	Staff £000	Members £000	Total £000
Salaries	2,249	51	2,300	2,032	55	2,087
Social security costs	195	2	197	201	1	202
Pension costs	186	-	186	166	-	166
<b>Total Salary Costs</b>	<b>2,630</b>	<b>53</b>	<b>2,683</b>	<b>2,399</b>	<b>56</b>	<b>2,455</b>

<sup>1</sup> See note 3 for more information on restatement.

These tables have been audited by our external auditor.

During the year to 30 June 2022 no employees received an exit package (2020/2021 zero exit packages). No off-payroll payments were made.

The SLCC currently holds the Living Wage accreditation.

	Year ended 30 June 2023	Year ended 30 June 2022
<b>Average FTE</b>	54	51
<b>Gender</b>	71% Female 29% Male	71% Female 29% Male
<b>Board</b>	60% Female 40% Male	57% Female 43% Male
<b>Management Team</b>	75% Female 25% Male	75% Female 25% Male
<b>Absence</b>	9.9 days	6.4 days
<b>Turnover Rate</b>	<b>7.05%</b>	<b>13.40%</b>

Absence increased from 6.4 days in 2021/22 to 9.9 days in 2022/23. We had more long-term illnesses during 2022/23. These types of absences are managed carefully and referred to Occupational Health, where required.

In March 2023 we ran our annual staff engagement survey. The response rate this year was down on the previous year to 78% (80% in 2021/22). We saw positive increases across 10 of the 16 questions asked, compared with our 2022 survey. We were particularly pleased to see a positive increase in responses to “Communication by the SLCC Management team is clear and effective” (89% 2022/23, 83% 2021/22), and “The SLCC Management lead a positive work culture” (87% 2022/23, 76% 2021/22).

One of the biggest increases in positive responses from our 2021/22 survey was to “I would tell people that the SLCC is a good place to work” which increased from 76% in 2021/22 to 87% in 2022/23.

“I can express my views and question any decisions that affect my work” and “I have the opportunity to contribute to how things are done at the SLCC” both had significant decreases from the previous year. “I can express my views and question any decisions” dropped from 84% to 71%. “I have the opportunity to contribute to how things are done” dropped from 81% to 71%.

### Equal pay

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.

In our management grades we have one male and one female in a Grade D role (two post holders at that grade). At Grade E roles there are equal numbers of males and females (three each). At Grade F there are two females, while at Grade G there is one female. The current Chief Executive is male.

Grade C is our largest grade in terms of numbers of staff. Within this Grade there are 35 staff, 26 females (74%) and 9 males (26%). Within the lower two spine points there are 4 females and 1 male, and within the

top two spine points there are 7 females and 1 male. This relates solely to length of satisfactory service and suggests no structural issue.

In Grades A and B, we have 8 females (80%) and 2 males (20%). We will continue to consider in terms of recruitment, benefits and other aspects of employment how we can continue to be attractive to different genders.

### **Equal opportunities and diversity statement**

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.

To further support this the SLCC has developed and finalised a blind recruitment policy to allow us to recruit inclusively. We are also reviewing example job adverts for best practice on how to advertise flexible working.

### **Staff policies for disabled staff, and other employee matters**

The SLCC follows the Civil Service Recruitment principles to ensure fair recruitment for all and encourages applications from those with disabilities who meet the essential selection criteria.

We continue to improve our policies and practices on disability and are aware of our equality duties under the Equality Act 2010. When developing a new policy, we always have due regard to equalities (and human rights) to ensure our policies do not discriminate or disadvantage any of our staff protected under the Equality Act.

Reasonable adjustment, unconscious bias, and equality training are provided annually for all staff and HR provide advice and support to line managers and individuals to make sure all staff are well supported. We also make reasonable adjustments and seek advice from our occupational health specialists to ensure all staff have the correct support for their disability.

In our 2022 survey 22% of our staff indicated they have a disability or long-term health condition. This compares higher than the reported UK averages for the Civil Service in the 2022 survey (which has rates around 6% to 15% depending on grade).

In 2022/23 we embedded our 'your job, your way' principles that allow staff more flexibility in the time and location of work. Staff must attend the office, each quarter, one third of their working time. The rest of the time they can choose whether they work from home or the office to suit their work life balance. We have seen the benefits this has to support a disability, caring responsibilities or simply managing a work life balance and were awarded our Carer Positive Engaged status.

We also continued with our focus on mental health and wellbeing and provided additional training for both individuals and our mental health first aiders on mental health topics. We have 19 staff trained to be a mental health first aider and 23 staff trained in first aid, including all managers.

During the year Health and Safety moved to sit under Audit Committee and is discussed as a standing item each quarter. Risk assessments are refreshed annually, as is our policy statement on Health and Safety and staff are consulted on the risk assessments. This year we also had an internal audit on our health and safety. Our internal auditor found that there were appropriate reporting arrangements in place to ensure senior management and the Board are kept informed of health and safety matters.

## Trade Union Facility Time

The SLCC recognises one trade union for the purpose of collective bargaining, Public and Commercial Services Union (PCS). The SLCC recognises the benefits of a positive and open relationship with our recognised trade union. As part of our commitment to working in partnership, and in accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, we offer paid facility time to our workplace representatives to enable them to carry out union activities and duties.

### Trade Union Representatives (TU)

Number of employees who were relevant Union Officials during the relevant year	FTE employee numbers
0	0

The SLCC had no in-house trade union representatives this year and staff have been supported by paid PCS officials.

## Parliamentary accountability

The SLCC is held to account by the Scottish Parliament under the terms of its founding Act. The Statement of Accounts of the SLCC is 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 an annual report on its functions and submit that report to the Scottish Ministers as soon as practicable after the end of each financial year.

The Scottish Legal Complaints Commission has complied with the cost allocation and charging requirements set out in the Scottish Government Public Finance Manual (SPFM). An analysis of income received is set out in the statement of comprehensive net expenditure on page 42 of these accounts. The majority of income received is from annual general levies raised from:

- Each advocate practising as such
- Each conveyancing practitioner or executry practitioner
- Each person exercising a right to conduct litigation or a right of audience acquired by virtue of section 27 of the 1990 Act
- Each solicitor who has in force a practising certificate

The General Levy is collected by each relevant professional organisation and paid to the SLCC. Additional income is secured from the complaint's levies. Any practitioner against whom has a service complaint upheld against them must pay to the Commission, a contribution in relation to the complaint.

The amount of annual general levies and complaints levies in respect of each financial year is determined by the SLCC, having had regard to any views expressed in its consultation in respect of each financial year.



**Neil Stevenson**  
**Chief Executive Officer**

28 November 2023

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

#### Reporting on the audit of the financial statements

##### Opinion on financial statements

I have audited the financial statements in the annual report and accounts of the Scottish Legal Complaints Commission for the year ended 30 June 2023 under the Legal Profession and Legal Aid (Scotland) Act 2007. The financial statements comprise the Statement of comprehensive net expenditure, the Statement of financial position, the Statement of cash flow, the Statement of changes in taxpayers' equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 30 June 2023 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 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 for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 5 June 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

##### Risks of material misstatement

I report in my separate Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

## **Responsibilities of the Accountable Officer for the financial statements**

As explained more fully in the Accountable Officer's 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 there is an intention to discontinue the body's operations.

## **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain 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 my 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 decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the central government sector to identify that the Legal Profession and Legal Aid (Scotland) Act 2007 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## Reporting on regularity of expenditure and income

### Opinion on regularity

In my 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. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

## Reporting on other requirements

### Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Legal Profession and Legal Aid (Scotland) Act 2007 and directions made thereunder by the Scottish Ministers.

### Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

### Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In my 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 I am required to report by exception**

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

### **Use of my report**

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 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

*Helen Russell*

Helen Russell FCPFA  
Senior Audit Manager  
Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

28 November 2023



#### 4. Statement of comprehensive net expenditure for year ended 30 June 2023

	Notes	Year ended 30 June 2023 £000	Year ended 30 June 2022 (Restated) £000
<b>Operating Income</b>	2	<b>(3,863)</b>	(3,992)
<b>Expenditure</b>			
Staff Costs	3,4	<b>2,683</b>	2,455
Other Administration Costs	5	<b>1,040</b>	1,171
Interest and Other Finance Costs	6	<b>5</b>	5
Depreciation and Amortisation	7,8,14	<b>183</b>	63
<b>Total Comprehensive expenditure/(income) for the year</b>		<b>48</b>	<b>(298)</b>

*All amounts relate to continuing activities.*

*The accompanying notes on pages 45 to 53 form an integral part of these financial statements.*

## 5. Statement of financial position as at 30 June 2023

	Notes	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
<b>Non-Current Assets</b>			
Property, Plant and Equipment	7	23	58
Intangible Assets	8	0	4
Right to Use Assets	14	24	-
<b>Total Non-Current Assets</b>		<b>47</b>	<b>62</b>
<b>Current Assets</b>			
Trade and Other Receivables	9	247	221
Cash and Cash Equivalents	10	1,747	1,749
<b>Total Current Assets</b>		<b>1,994</b>	<b>1,970</b>
<b>Current Liabilities</b>			
Trade and Other Payables	11	(462)	(381)
<b>Total Current Liabilities</b>		<b>(462)</b>	<b>(381)</b>
<b>Net Current Assets</b>		<b>1,532</b>	<b>1,589</b>
<b>Non-Current Assets plus Net Current Assets</b>		<b>1,579</b>	<b>1,651</b>
<b>Non-Current Liabilities</b>			
Creditors - amounts falling due after more than one year	12	(4)	(16)
Provisions for liabilities and charges	13	(133)	(145)
<b>Total Non-Current Liabilities</b>		<b>(137)</b>	<b>(161)</b>
<b>Assets less liabilities</b>		<b>1,442</b>	<b>1,490</b>
<b>Equity</b>			
General Fund		1,442	1,490
<b>Total Equity</b>		<b>1,442</b>	<b>1,490</b>

*The General Fund represents net assets available to the SLCC at the balance sheet date. The accompanying notes on pages 45 to 53 form an integral part of these financial statements.*



**Neil Stevenson**  
**Chief Executive Officer**

28 November 2023

## 6. Statement of cash flow for year ended 30 June 2023

		Year ended 30 June 2023	Year ended 30 June 2022
	Notes	£000	£000
<b>Cash Flow from Operating Activities</b>			
Net Operating Income/(Expenditure)		(43)	303
Interest Payable and Other Finance Costs	6	(5)	(5)
Adjustment for Non-Cash Transactions			
Depreciation	7	17	49
Amortisation	8	4	14
Depreciation - right-to-use assets	14	163	-
Increase in Trade and Other Receivables	9	(26)	(36)
Increase in Trade and Other Payables	11	80	(67)
Decrease in Creditors - amounts falling due after more than 1 year	12	(12)	(27)
Decrease in Provisions for liabilities and charges	13	(12)	25
<b>Increase/(Decrease) from Operating Activities</b>		<b>166</b>	<b>256</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of Property, Plant and Equipment	7	-	-
Purchase of Intangible Assets (Software)	8	-	-
<b>Net Cash Outflow from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>Cash Flows from Financing Activities</b>			
Addition of Right-to-use asset		(168)	-
<b>Net Cash Outflow from Financing Activities</b>		<b>(168)</b>	<b>-</b>
<b>Increase/(Decrease) in Cash</b>		<b>(2)</b>	<b>256</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>			
Cash and Cash Equivalents at the beginning of year		1,749	1,493
Cash and Cash Equivalents at the end of year		1,747	1,749
<b>Increase/(Decrease) in Cash</b>		<b>(2)</b>	<b>256</b>

## 7. Statement of changes in taxpayers' equity for year ended 30 June 2023

	Year ended 30 June 2023	Year ended 30 June 2022
Notes	£000	£000
<b>Balance as at 1 July 2022</b>	<b>1,490</b>	<b>1,192</b>
Surplus/(Deficit) on Provision of Services	(48)	298
<b>Balance as at 30 June 2023</b>	<b>1,442</b>	<b>1,490</b>

*The accompanying notes on pages 45 to 53 form an integral part of these financial statements.*

## 8. Notes to the Financial Statements

### 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. This follows generally accepted accounting practice as defined in International Financial Reporting Standards (IFRS), 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.

#### Critical accounting estimates and judgements

The SLCC makes estimates and assumptions about financial transactions or those involving uncertainty about future events. There are no specific judgements in relation to accounting policies which have a material impact upon these financial statements.

Provisions are based on estimates. A provision has been included to take into account appeals that we had conceded by the end of the financial year and are expecting to pay expenses in the new Financial Year. Legal provisions are calculated on 80% of the cost involved to defend or bring the action.

#### 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.

#### Newly adopted IFRS

IFRS 16: Leases is effective from 1 April 2022 and had been adopted for the first time in the financial statements. Further information is available under leases and note 14.

#### IFRS issued not yet effective

The SLCC does not expect that the adoption of the new standards not yet effective will have a material impact on the financial statements in future periods.

#### Property, plant and equipment

##### Capitalisation

Purchases of qualifying assets with a value exceeding £2,000 inclusive of irrecoverable VAT are treated as capital.

##### Valuation

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

### 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; and
- 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.

### **Leases**

IFRS 16 Leases is being applied by HM Treasury in the Government Financial Reporting Manual (FReM) from 1 April 2022. IFRS 16 introduces a single lessee accounting model that results in a more faithful representation of a lessee's assets and liabilities and provides enhanced disclosures to improve transparency of reporting on capital employed.

Under IFRS 16, SLCC are required to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. While no standard definition of 'low value' has been mandated, the SLCC have elected to utilise the capitalisation threshold of £5,000 to determine the assets to be disclosed. The SLCC expects that its existing finance leases will continue to be classified as leases. All existing operating leases will fall within the scope of IFRS 16 under the 'grandfathering' rules mandated in the FReM for the initial transition to IFRS 16. In future years new contracts and contract renegotiations will be reviewed for consideration under IFRS 16 as implicitly identified right-of-use assets. Assets recognised under IFRS 16 will be held on the Statement of Financial Position as (i) right of-use assets which represent the SLCC's right to use the underlying leased assets; and (ii) lease liabilities which represent the obligation to make lease payments.

The bringing of leased assets onto the Statement of Financial Position will require depreciation and interest to be charged on the right-of-use asset and lease liability, respectively. Cash repayments will also be recognised in the Statement of Cash Flows, as required by IAS 7.

### **Pension Costs**

The SLCC operates a money purchase scheme administered by Standard Life. All existing and new staff are enrolled in this scheme, unless the individual chooses to opt out.

### **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.

### **Financial Instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual agreement, as 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.

### **Recognition of Income**

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

### **Cash and cash equivalents**

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

## 2. Operating Income

	Year ended 30 June 2023	Year ended 30 June 2022
	£000	£000
Levy from Law Society of Scotland	3,434	3,597
Levy from Faculty of Advocates	74	77
Approved Regulator Levy (Law Society of Scotland)	10	3
Complaints Levies	240	211
<b>Total levies for the year</b>	<b>3,758</b>	<b>3,888</b>
Bank interest	61	21
Recovery of legal expenses	25	11
Secondment Income	19	69
Scottish Government SLSO Contribution	0	3
<b>Total other income</b>	<b>105</b>	<b>104</b>
<b>Total income from all sources</b>	<b>3,863</b>	<b>3,992</b>

## 3. Staff Costs and Numbers

### Staff employed

The average number of staff full time equivalent (FTE) employed by the SLCC during the year was 54 FTE, detailed as follows:

	Year ended 30 June 2023	Year ended 30 June 2022
CEO	1	1
SMT	3	3
Staff	50	47
<b>Total average FTE</b>	<b>54</b>	<b>51</b>
Permanent FTE	54	51
Temporary FTE	0	0
<b>Total average FTE</b>	<b>54</b>	<b>51</b>

### Breakdown of Board members

	Year ended 30 June 2023	Year ended 30 June 2022
Chair	1	1
Members	8	6
<b>Total average FTE</b>	<b>9</b>	<b>7</b>

## Breakdown of staff and member costs

	Year ended 30 June 2023			Year ended 30 June 2022 (Restated)		
	Staff £000	Members £000	Total £000	Staff £000	Members £000	Total £000
Salaries	2,249	51	2,300	2,032	55	2,087
Social security costs	195	2	197	201	1	202
Pension costs	186	-	186	166	-	166
<b>Total Salary Costs</b>	<b>2,630</b>	<b>53</b>	<b>2,683</b>	<b>2,399</b>	<b>56</b>	<b>2,455</b>

This table has been restated from the previous year; mediation costs have been moved from staffing costs to other administration costs.

### 4. Pension Costs

For 2022/23, employer's contributions of £186,186 (2021/22: £165,799) were payable to Standard Life at 8% and 12% of pensionable pay.

### 5. Other Administration Costs

The total below includes the external auditor's remuneration of £17,150 (2021/22: £13,130).

The external auditors received no fees in relation to non-audit work.

	Year ended 30 June 2023 £000	Year ended 30 June 2022 (Restated) £000
Property	167	337
Office	54	52
Staff Training & Recruitment	35	80
Travel & hospitality	5	4
IT	211	200
Outreach	39	29
Special Projects	44	32
Legal	410	292
Mediation	34	46
Financial	56	64
Other Professional Fees	5	4
Bad Debt Provision	-20	31
<b>Other Administration Costs</b>	<b>1,040</b>	<b>1,171</b>

This table has been restated from the previous year; mediation costs have been moved from staffing costs to other administration costs. There has also been expenditure reallocated from Property and Office to Financial.



## 6. Interest and Other Finance Costs

	Year ended 30 June 2023	Year ended 30 June 2022
	£000	£000
Interest Payable from Leases	5	5
<b>Total Interest Costs</b>	<b>5</b>	<b>5</b>

## 7. Property, Plant and Equipment

	Year ended 30 June 2023			Year ended 30 June 2022		
	Furniture fixtures & fittings	IT and telecoms equipment	Total tangible assets	Furniture fixtures & fittings	IT and telecoms equipment	Total tangible assets
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
As at 1 July 2022	242	245	487	242	293	535
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	(30)	(30)
<b>As at 30 June 2023</b>	<b>242</b>	<b>245</b>	<b>487</b>	<b>242</b>	<b>263</b>	<b>505</b>
<b>Depreciation</b>						
As at 1 July 2022	202	245	447	185	243	428
Charge for year	16	-	16	17	32	49
Disposals	-	-	0	-	(30)	(30)
<b>As at 30 June 2023</b>	<b>218</b>	<b>245</b>	<b>463</b>	<b>202</b>	<b>245</b>	<b>447</b>
<b>Net Book Value</b>	<b>24</b>	<b>-</b>	<b>24</b>	<b>40</b>	<b>18</b>	<b>58</b>
Owned Assets	24	-	24	40	1	41
Leased Assets	-	-	-	-	17	17
<b>Net Book Value</b>	<b>24</b>	<b>0</b>	<b>24</b>	<b>40</b>	<b>18</b>	<b>58</b>

Note all IT and Telecom Assets from 2021-22 have now been recognised as a right to use asset under IFRS 16, see note 14 for more information.

## 8. Intangible Assets

	Year ended 30 June 2023 Software	Year ended 30 June 2022 Software
	£000	£000
<b>Cost</b>		
As at 1 July 2022	362	362
Additions	-	-
<b>As at 30 June 2023</b>	<b>362</b>	<b>362</b>
<b>Amortisation</b>		
As at 1 July 2022	358	344
Charge for year	4	14
<b>As at 30 June 2023</b>	<b>362</b>	<b>358</b>
<b>Net Book Value</b>	<b>-</b>	<b>4</b>
Owned Assets	-	-
Leased Assets	-	4
<b>Net Book Value</b>	<b>-</b>	<b>4</b>

## 9. Trade and Other Receivables

	Year ended 30 June 2023	Year ended 30 June 2022
	£000	£000
Other Debtors	118	158
Expected credit losses	(78)	(127)
Prepayments	207	190
<b>Total</b>	<b>247</b>	<b>221</b>

All of the debtors are held at amortised cost. The expected credit losses are in relation to the trade receivables as a whole which are similar in nature. These receivables relate to complaints levy invoices. An expected credit loss provision has been made where the Solicitor Firm, or Sole Trader or Partnership has gone out of business, or the invoice is more than 28 days overdue. This is based on historic default rates, and this is not expected to change looking forward and is therefore appropriate. The expected credit loss provision has increased year on year due to the total amount of complaints levy increasing and therefore the debtors increasing.

## 10. Cash and Cash Equivalents

	Year ended 30 June 2023	Year ended 30 June 2022
	£000	£000
Opening Balance	1,749	1,493
Net change in cash and cash equivalent balances	(2)	256
<b>Total</b>	<b>1,747</b>	<b>1,749</b>
Analysed as:		
Cash	50	4
Term Deposits	1,697	1,745
<b>Total</b>	<b>1,747</b>	<b>1,749</b>

## 11. Trade and Other Payables

	Year ended 30 June 2023	Year ended 30 June 2022
	£000	£000
Trade Payables	236	179
Taxes and Social Security Costs	81	79
Accruals and Other Creditors	108	97
Lease Payments	37	26
<b>Total</b>	<b>462</b>	<b>381</b>

All of the creditors are held at amortised cost.

## 12. Creditors – amounts falling due after more than one year

	Year ended 30 June 2023	Year ended 30 June 2022
	£000	£000
Lease Payments (IT)	4	16
Lease Payments (Office)	-	-
<b>Total</b>	<b>4</b>	<b>16</b>

These payments are due to be paid by September 2025.

## 13. Provisions for liabilities and charges

	Year ended 30 June 2023			Year ended 30 June 2022 (Restated)		
	Dilapidation Provision	Legal Provision	Total Provisions	Dilapidation Provision	Legal Provision	Total Provisions
	£000	£000	£000	£000	£000	£000
As at 1 July 2022	93	52	145	86	33	119
Provided in year	-	37	37	7	45	52
Released from provisions	-	(49)	(49)	-	(26)	(26)
<b>As at 30 June 2023</b>	<b>93</b>	<b>40</b>	<b>133</b>	<b>93</b>	<b>52</b>	<b>145</b>

The provision for dilapidation costs relates to the SLCC's contractual duty to repair leasehold property on termination of the lease. The provision is made on the basis of a dilapidations report that the SLCC commissioned to assess the likely liability. The provision has been made on the assumption that there would be the requirement for a strip out, repairs and redecoration to the current floor space. It also assumes we would have to replace floor coverings and remove all alterations to return the space back to an open plan office.

The provision in respect of legal expenses reflects an estimate of costs payable by the SLCC in respect of recent appeal decisions.

## 14. Leases

SLCC recognises a right-of-use asset upon lease commencement. The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payment made before the commencement date, less incentive received.

At transition to IFRS 16 on 1 April 2022 the right-of-use assets have been measured at an equal amount to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

The right-to-use asset is subsequently depreciated using the straight-line method from the commencement date over the term, which is equal to, or shorter than the assets useful life. The right-to-use asset will be periodically reviewed for impairment losses and adjustments on remeasurement of the lease liability.

	Year ended 30 June 2023			Year ended 30 June 2022		
	Office	IT	Total	Office	IT	Total
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
As at 1 July 2022	-	-	-	-	-	-
Recognition of right to use asset on initial application of IFRS 16	<b>168</b>	<b>19</b>	<b>186</b>	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
<b>As at 30 June 2023</b>	<b>168</b>	<b>19</b>	<b>186</b>	-	-	-
<b>Depreciation</b>						
As at 1 July 2022	-	-	-	-	-	-
Charge for year	<b>144</b>	<b>19</b>	<b>163</b>	-	-	-
Disposals	-	-	-	-	-	-
<b>As at 30 June 2023</b>	<b>144</b>	<b>19</b>	<b>163</b>	-	-	-
<b>Net Book Value</b>	<b>24</b>	<b>0</b>	<b>24</b>	-	-	-

#### 15. Capital commitments

There were no contracted capital commitments as at 30 June 2023 (2021/22: Nil).

#### 16. Related party transactions

The SLCC is an Executive Non-Departmental Public Body (NDPB) and not part of the Scottish Government or Scottish Administration. As an NDPB the SLCC carries out regulatory functions on behalf of Government.

The SLCC had transactions during the year, the following bodies in which members of the Senior Management Team or Board of Management hold, or held, official positions:

Member	Organisation	Role
L Burnett	Cyber and Fraud Centre Scotland	Board Member

Transactions with this body were not material.

#### 17. 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. It's not practicable to quantify and there isn't an actual liability at the year end, given that the cases are ongoing.

Given the nature of our services provided, there are a number of appeals ongoing at any given time.

#### 18. Post Balance Sheet Events

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

## 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