

Scottish Legal Complaints Commission

Annual Accounts

Year ended 30 June 2016



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.
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1. Performance report

Performance overview

History and statutory background

1.1 The Scottish Legal Complaints Commission (“the SLCC”) is constituted under the terms of the Legal Profession and Legal Aid (Scotland) Act 2007, enacted on 1 October 2008.

Purpose: statutory powers and responsibilities

- 1.2 The SLCC’s statutory functions cover three main areas: legal complaints, oversight of complaint handling by the legal profession and monitoring the effectiveness of the Scottish Solicitor’s Guarantee Fund controlled and managed by the Law Society of Scotland (“the LSS”) and professional indemnity arrangements maintained by the Relevant Professional Organisations (“RPOs”) on behalf of their members (eg the Master Policy).
- 1.3 The SLCC’s statutory function in respect of legal complaints is to:
- (i) Provide a gateway for all complaints about lawyers in Scotland
 - (ii) Give advice on complaints to all parties
 - (iii) Assess if the complaint is eligible, against a number of legal tests
 - (iv) Manage directly complaints that relate to the *service* provided by lawyers – providing redress where appropriate
 - (v) Refer complaints about the *personal conduct* of lawyers to the ‘relevant professional body’
 - (vi) Manage complaints about how the ‘relevant professional bodies’ have dealt with those conduct issues.
- 1.4 The SLCC’s statutory function in respect of oversight of complaint handling includes:
- (i) monitoring and reporting on trends in the way the legal profession deals with complaints – to help ensure the sector learns from complaints made
 - (ii) auditing RPOs’ conduct complaints records and
 - (iii) issuing guidance to the legal profession on dealing with complaints, and encouraging best practice
- 1.5 The SLCC’s function in respect of the effectiveness of the Guarantee Fund and indemnity arrangements allows us to make recommendations to the RPO’s about the arrangements in place and has included research into the Guarantee Fund and the Master Policy.
- 1.6 The SLCC supports a independent Consumer Panel, it’s statutory functions are to:
- (i) Making recommendations on how we can improve our policies and processes
 - (ii) Suggesting topics for research connected to legal consumers
 - (iii) Expressing a view on matters relating to the SLCC’s functions such as consultations
- 1.7 While the SLCC is an independent body, the work we do is influenced by the Scottish Government’s National Performance Framework. We support the strategic objective of safer and stronger communities and the following outcomes: ensuring respect in exercising rights and responsibilities, legal services are fair and accessible, institutions and processes are effective and efficient.

Purpose: strategy and process

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

Statement of the CEO

- 1.10 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 response in March, and lay a budget before parliament in April. Our Annual Accounts and Annual report then complete the cycle, reporting on performance within that year.
- 1.11 In the following sections of this report we give a full account of our financial position, our performance, key achievements and activity, key risks, remuneration information, and governance information.
- 1.12 Details of the volumes of cases handled and the different outcomes provide transparency on our core work. A success towards the end of the year has been in reducing the 'journey time' of a case from initial submission of a complaint to conclusion, an achievement which now needs maintained, and then improved further.
- 1.13 Our management of our finances shows prudent financial planning and carefully monitoring during the year to deliver close to our anticipate outturn.
- 1.14 We delivered the majority of the projects in our published Operating Plan for 15/16, with the Board decommissioning a small number based on changes of circumstances or priorities, or the viability of the work after the first stage of scoping had been completed.

- 1.15 No significant risk or unexpected events took place, other than incidents reported in these accounts.
- 1.16 This year we focussed on developing a four-year strategy, after wide consultation. Although not formally starting until the following business year, this thinking immediately began to influence our delivery of projects with this reporting year. One core theme was a greater consumer thinking –our determination function must be entirely impartial, but evidence shows consumers need support to engage in the processes. We also worked on increasing our profile so that people understand our role and how we can help, publishing ideas as to how the system could be improved, and on increasing our transparency – examples are provided later.

Key activities and achievements

During this year we have:

- 1.17 **Consulted on and approved a four-year strategy** – focussed on building trust, improving the relationship between lawyers and clients, early resolution and redress when thing go wrong, driving improvement, and ensuring we are a high performing complaints body and employer. More feedback was received than any previous SLCC consultation. Many helpful suggestions were incorporated (adding and removing work). In other areas, such as what consumer work should be undertaken by the SLCC and its independent Consumer Panel, the Board noted strongly differing views but continued to endorse work in this area.
- 1.18 **developed a ‘predictive model’** – using external expertise to help us identify areas for efficiency work and to assist with future resource planning.
- 1.19 **invested in high quality decision making** - we have put in place bi-monthly training programme for our Board and Determination Committee members, refined our decision making guidance and approaches, and then developed our determination reports based on legal advice to ensure robust and trusted decision making. We have completed a first version of a single, consolidated policy and process document which we aim to publish in the coming year. We have delivered projects to aid the consistency of decision making - most notably a review of investigations and decisions in conveyancing (one of the highest areas of consumer complaint and cost to lawyers). During the year to 30 June 2016, thirteen appeals were concluded. Four were won, six were either lost or conceded and three were withdrawn. Ten appeals are on-going at year end.
- 1.20 **increased consumer input to our work** – evolving the work of the independent Consumer Panel in their second year, drawing extensively on their consumer input during the development of our strategy, focussing on improving consumer journeys in our policy and process work, and embedding the recognised ‘consumer principles’ into our work.
- 1.21 **increased our engagement with the legal profession** – with input to guidance, greater feedback on our strategy and policy than ever before, new newsletters receiving a high level of readership, the issuing of sanctions guidance to professional bodies, new guidance for lawyers who have recently qualified, training sessions for solicitors and for advocates, and a higher profile in the legal press
- 1.22 **launched new guidance for consumers** – on wills and executries and on criminal law matters.

- 1.23 **improved the transparency of our work** – making the formal decision to start publishing more performance data, allowing observers to attend our Board, publishing decisions (albeit anonymised, to meet legal requirements), launching an MSP newsletter, and commenting publicly on the outcomes of all appeals.
- 1.24 **refined our approach to recovering money for consumers** – updating our compensation policy to explicitly ‘loss of opportunity’ and actively managing cases (with external debt collection advice and support) to explore all options for recovery.
- 1.25 **focussed on equality and vulnerable consumers** – delivering accessibility and ‘reasonable adjustment’ training to all our staff, delivering ‘unconscious bias’ training to our board and decision makers, becoming a ‘50:50 by 2020’ organisation, undertaking an equal pay audit, and work with our Consumer Panel to examine demographic data on those making complaints and consider underrepresented groups.
- 1.26 **recovered more money for consumers** from those with high complaints records and who have not properly handled complaints when they were first made based on a ‘polluter pays’ principle – updating our policy and refining our approach to recovery of the ‘complaints levy’.
- 1.27 **run a successful recruitment exercise for three new board members** – gaining a large number of high quality applications from a diverse population and delivering a gender-balanced Board.
- 1.28 **focussed on evidence based policy** - a national review of mediation demonstrated that the SLCC model remained an exemplar of best practice, and provided ideas for further development of this statutory function. We have published a paper on possible options for legislative change drawing on and citing a wide evidence base to support our position.
- 1.29 **gained international attention** - we hosted official visits from two regional parliaments in Germany interested in how they can learn from our experience in passing legislation for handling complaints against lawyers in their own jurisdictions. We were invited to give evidence to the Northern Ireland Assembly, in writing and in person, as they considered a new model.

Key issues and risks

- 1.30 A risk register was maintained, updated, and scrutinised at Audit Committee and Board throughout the year.
- 1.31 Two serious IT security incidents took place. Neither resulted in any loss of data/personal information or any access to it and both were well managed internally and by our external providers. However, we continue to be on a high level of alert in relation to this area.
- 1.32 At the end of the year a 12% increase in the number of complaints is visible, and the latest predictions (based on statistical analysis of current trends) are that complaints are now rising (after a period of time where they had reduced year on year). This has implications for future resource planning and costs, and will be monitored quarterly on the latest information available.

- 1.33 There are a number of potential risks if a new regulator is approved by the Scottish Government under the Legal Services (Scotland) Act 2010. These relate to four new types of complaint the SLCC will be required under statute to consider, within a new legislative and regulatory framework, and with new providers of legal services. In delivering a large volume of new policy and process, within a complex legal structure, there are always a number of risks. Careful planning, legal advice, and the monitoring of core risks within this will be used to mitigate this risk.
- 1.34 There are also two specific financial risks. Firstly, if the market for new providers of legal services (under the above legislation) does not grow to a sufficient level to properly fund the regulatory and complaints infrastructure required by statute. Secondly, we have also had to undertake limited preparatory work for new duties under the Legal Services (Scotland) Act 2010, but have to make sure the costs of this are recovered so that they are not being paid for by existing providers of legal services (but by the new market created).
- 1.35 The organisation has considered 'Brexit' issues, but due to the focussed nature of our work we have not identified any significant risks above and beyond general issues which will affect all organisations.
- 1.36 The Scottish Government has a manifesto commitment to take forward a consultation to review the regulation of the legal profession in Scotland and to support a modern and effective legal sector, including new forms of business model. More detail on the planned approach is not yet available, but there are opportunities and risks in legislative change work, and related issues (such as stakeholder relations during a period of change).
- 1.37 On 31 August 2016 we received a decision from the Inner House of the Court of Session on an appeal case heard on 2 and 3 May 2016. This decision impacts how all complaints are handled. For new complaints entering our system the changes do not create new risks. However, there are new risks attached to complaints part way through our system (around 400) at the time of the decision. Operationally, these now require an element of re-working, impacting resources and the speed at which we can process both new and existing cases. Secondly, there has been some variance of views in the sector as to the best way to handle the situation, and some parties impacted may have concerns, leading to a heightened risk of appeal cases in the coming year. Whilst the SLCC is confident these issues can be addressed, it does mean this work has a higher risk profile at the moment, which is being closely monitored by the executive team and the management.

Budget performance

- 1.38 The SLCC set its anticipated expenditure requirements for 2015-16 at £2,704,500 against which it received income of £2,703,965. Actual expenditure was £2,818,451 leaving a deficit of £35,000 after pension adjustments. This compares with a deficit of £27,000 for the previous year but reflects an investment in staff to deal with increased caseload whilst acknowledging the need to restrict the level of levy.
- 1.39 The main areas of over spend against budget were direct staff costs, property and legal expenses. Increased legal spend reflects the increased number and complexity of cases being brought against the SLCC in relation to interpretation of the Legal Profession and Legal Aid (Scotland) Act 2007.
- 1.40 Under spend against budget were achieved in relation to member salaries and expenses. This reflects the drive towards earlier resolution of complaints and a reduction in the number requiring determination.

1.41 Total reserves held at the end of the financial year amounted to £675,000 compared to £710,000 at 30 June 2015. This figure is in keeping with a reserves policy position of between two and three months average expenditure.

Payment of creditors

1.42 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 position or other understanding, we aim to pay for goods and services within 30 days. In respect of bills for goods and services paid within 30 days, the SLCC's payment performance was 95% (2015 – 89%)

Audit

1.43 The accounts are audited by an auditor appointed by the Auditor General for Scotland and she has appointed KPMG LLP as the SLCC Auditor for 2015-16. As Accountable Officer, I am not aware of any relevant audit information of which our auditor is unaware. I have taken all necessary steps to ensure that I myself am aware of any relevant audit information and to establish that the auditor is also aware of this information.

Performance analysis

Introduction

1.44 This section provides a summary of our core performance, a statement of key activities, key issues and risks,

Key performance data

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

COMPLAINTS & ELIGIBILITY	2015/16	2014/15
Complaints in hand at start of year	473	487
Complaints closed post compliance work in previous year	0	0
Complaints received in year	1,132	1009
Premature complaints reopened	15	9
Complaints reassessed as eligible on appeal	1	0
Complaints under consideration	1,621	1505
ELIGIBLE COMPLAINTS		
Accepted as eligible service complaint	138	237
Accepted as eligible conduct complaint	72	79
Accepted as eligible hybrid complaint	198	98
INELIGIBLE COMPLAINTS		
Time barred, without merit or ineligible for other reasons	-230	-348
Withdrawn / resolved before eligibility decision made	-32	-60
Resolved at eligibility	-113	-130
Premature	-268	-90
Conduct	-72	-79
Complaints closed	-274	-300

Complaints awaiting eligibility assessment at year end	365	218
Eligible service or hybrid complaints in progress	299	255
Complaints in hand at end of year	664	473

METHODS OF RESOLUTION	2015/16	2014/15
Mediation	44	56
Investigation (conciliation without report)	45	21
Investigation (settlement with report)	65	60
Withdrawn at investigation	18	31
Determination	102	132
Total	274	300
% Upheld at Determination	57%	60%

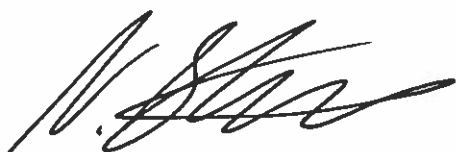
- 1.46 By the end of the year the average 'Journey Time' for a complaint to be dealt with from start to finish was 11.7 months.
- 1.47 All parties are issued a customer service feedback form at the end of each complaint. We receive around a 15% response rate. We monitors several factors – asking if individuals are satisfied with our helpfulness, the information we provide, how we explain the process, clarity of communication, the reasoning provided for our decision, and so on.
- 1.48 Practitioner feedback is highly positive (irrespective of the case being upheld or not). Across the whole year satisfaction rates for all criteria were between 77% and 100%. Consumer satisfaction levels are lower. 60% to 70% over the year were satisfied with our helpfulness, information provided, communication and explanation of our process, but scores were lower for comprehension (36% to 50%) of our decisions and the reasoning provided (27% to 30%).

Explanation of the development and performance of the entity

- 1.49 A key point to note is a 12% increase in incoming cases. We have looked at various factors (practice area, complainer type, nature of complaint) and at the moment see no specific trend which helps explain this increase. Similar proportions of complaints progress to later stages, and whilst there is an increase in premature cases (which may come back to us at some point) there is a drop in ineligible cases (which will never come back to us), so many of the increased number are valid complaints and so it is positive they are reaching us. One factor may be the recent work of the SLCC to increase its visibility to consumers.
- 1.50 Potential service complaints have increased. This directly affects the resource we need at investigation, mediation and potentially at determination in the future, and we will be monitoring this trend closely.
- 1.51 The number of cases going to full determination continues to drop, as would be expected as we continue to pursue a policy of encouraging early resolution and redress where possible and appropriate. This is more cost effective and tends to be faster for both parties and deliver a consensually agreed outcome. Whilst our power to determine is essential to the system and necessary in some cases we will continue with this approach in the coming year.
- 1.52 At the end of the year we are showing an improvement in the 'journey time' (in June this was reported to Board at 11.7 months) - this is how long a complaint takes to progress through our system, and we will work in the coming year to consolidate and further address this,

however, the issue noted at 1.37 may have an initial impact of lengthening average journey times, until the cases requiring additional work have progressed fully through the process.

- 1.53 We continue to resolve high numbers of cases early in our process – which is efficient, and often delivers a better overall outcome for both parties.
- 1.54 During this reporting year the Board approved a recommendation that in the next year (2016/17) quarterly performance data would be published on our website to increase our transparency.
- 1.55 The Board also approved a new model for reporting data using a ‘balanced scorecard’ approach which will, be developed throughout 2016/17 more overly linking cost, productivity and delivery. This will take time to develop, but should allow improved performance reporting.
- 1.56 We will consider how to improve our customer feedback score, and in particular for consumers the two scores around comprehension and reasoning. However, the facts our decisions are appealable to the Court of Session means we must reference legal standards, solicitor’s standards, and technical definitions to explain our decisions, even although we know these are not ‘consumer friendly’.
- 1.57 The difference between high satisfaction rates with lawyers and slightly lower rates with consumers influences our planned work for the coming year, and the need to ensure we support consumers within our process to have the same level of experience as lawyers.



Neil Stevenson
Chief Executive Officer

27 October 2016

2. Accountability report

Accountable officer's responsibilities

- 2.1 The CEO is designated in statute the Accountable Officer for the SLCC. This is confirmed in the SLCC's governance arrangements.
- 2.2 The relevant responsibilities as Accountable Officer are set out in the Memorandum to Accountable Officers for other Public Bodies issued by the Scottish Government and published in the Scottish Public Finance Manual and reflected in the SLCC's rules. These responsibilities include responsibility for the propriety and regularity of finances and for the keeping of proper records. The Memorandum is available at <http://www.scotland.gov.uk/Topics/Government/Finance/spfm/Accountability/aomemooother>
- 2.3 Under paragraph 15 (1) of Schedule 1 of the Legal Profession and Legal Aid (Scotland) Act 2007, the SLCC is required to prepare a statement of accounts for each financial year in accordance with directions as required by the Scottish Ministers. The accounts are prepared on an accruals basis and must give a true and fair view of the SLCC's affairs and financial activities at the year end.
- 2.4 In preparing the accounts, the Accountable Officer is required to comply with the Government Financial Reporting Manual (FREM) and in particular to:
 - (i) observe the accounts direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
 - (ii) make judgements and estimates on a reasonable basis
 - (iii) state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements and
 - (iv) prepare the financial statements on a 'going concern' basis, unless it is inappropriate to presume that the SLCC will continue in operation.
- 2.5 Neil Stevenson joined the organisation as the Chief Executive and the Accountable Officer on 20 July 2015.

3. Governance statement

Scope of responsibility

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

The Board

- 3.4 The SLCC comprises a lay chair, and eight members – 5 lay and 3 legal. The board has responsibility for establishing and taking forward the strategic aims and objectives of the SLCC, and demonstrating high standards of corporate governance by using the Audit Committee to address key financial and other risks.
- 3.5 During this year three members departed – 2 lay members, Iain McGrory and Fiona Smith, and 1 legal member, Maurice O'Carroll.
- 3.6 After a full public appointments process three new members were appointed – 2 lay members, Emma Hutton and Michelle Hynd, and one legal member, Amanda Pringle. A full induction process was developed and delivered.

	Appointment		Years
	From	To	
Chairing Member (Lay)			
Bill Brackenridge	01.01.2013	31.12.2017	5
Lay Members			
Ian Gibson	01.01.2012	31.12.2016	5
Kevin Dunion OBE	01.03.2013	28.02.2018	5
Dr Samantha Jones	01.01.2012	31.12.2016	5
Iain McGrory	01.04.2011	31.03.2016	5
Fiona Smith	01.04.2011	31.03.2016	5
Emma Hutton	01.04.2016	31.03.2021	5
Dr Michelle Hynd	01.04.2016	31.03.2021	5

	Appointment		Years
	From	To	
Legal Members			
George Clark	01.01.2012	31.12.2016	5
Ian Leitch CBE	01.01.2012	31.12.2016	5
Maurice O'Carroll	01.01.2011	31.03.2016	5
Amanda Pringle	01.04.2016	31.03.2021	5

- 3.7 The Board met formally for 13 meetings during the course of the year, as well as taking part in a planning and strategy workshop and several development sessions.
- 3.8 Board meetings deliver the governance function of the Board. Under our governing statute board members have a separate role in determining individual cases at two stages in our process, either sitting individually or in groups of three, chaired by one of the legal members.

Governance framework

- 3.9 The SLCC has a governance framework which comprises the systems and processes (including a formal scheme of delegation covering all aspects of work), culture and values by which the SLCC is directed and controlled. The governance framework has been in place for the year ended 30 June 2016 and up to the date of approval of the annual report and financial statements.
- 3.10 As part of the framework the SLCC has a risk policy which sets out our approach to risk management and appetite for risk. It is supported by a corporate risk register, monitored by the SLCC's Audit Committee, which is part of an ongoing process designed to identify and manage the principle risks to the SLCC of achieving its corporate objectives.
- 3.11 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 risk training workshop was held for the full Board in May 2016.
- 3.12 The Audit Committee consists of three members of the Board, and provides support to the Board in respect of their responsibilities for issues of risk, control and governance. During the year the Board reviewed and approved revised terms of reference for the Audit Committee. The Audit Committee meet quarterly.

Review of effectiveness

- 3.13 It is part of my responsibility as Accountable Officer to review the effectiveness of the system of internal control. My review is informed by:
- (i) The work of the Board, and in particular the strategic direction it gives to the SLCC
 - (ii) The work of the SLCC's Audit Committee in its consideration of risk, financial management, risk and audit reports
 - (iii) Comments made by the external auditor.
 - (iv) Reports from the internal auditor on the adequacy and effectiveness of the system of internal control
 - (v) The work of the SLCC's management team

3.14 During the year 2015-2016, the SLCC has worked continuously to review and refine its systems of internal control. In particular we have:

- Provided training to our Board on risk management
- Reviewed and updated our Audit Committee Terms of Reference
- Developed a register of tenders and contracts to ensure appropriate oversight of these arrangements and that renewal/re-tender is managed
- Revised our reserves policy, moving to a risk-based system
- Reviewed all Health and Safety risks assessments during this period
- Used external expertise to examine statistical data on the throughput of our complaints process
- Sought external expertise to guide our approach to our small pension liability
- Revised our member expenses policy, and now have quarterly monitoring of this by our Audit Committee
- Completed appointments to a new management structure to underpin more efficient and effective delivery of our complaint handling functions
- Worked with the Scottish Government on the appointment of three new board members, and have run a full induction to the organisation and their functions.

3.15 Towards the end of the business year a revised approach to assurance also started to be developed. The aim is to ensure a simple matrix of key areas of responsibility and delivery, and to provide a clear map of first, second and third lines of defence (where appropriate). A simple example would be:

Internal financial procedures

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

Second line – annual internal audit of financial control

Third line – external

This work will be developed further in the early part of the 2016/17 to assist Audit Committee and Board in assessing our current assurance levels, identifying gaps or areas to add to our rolling internal audit plan, and in generally delivering their assurance function.

3.16 We have identified a self-assessment process to use with our Audit Committee to consider our current performance, and look for improvements, and will be undertaking this exercise in 2016/17.

3.17 I am satisfied that the SLCC has robust, proportionate and appropriate systems of control in place. The SLCC complies with the principles of the Scottish Public Finance Manual.

4. Remuneration and staff report

Remuneration policy and report

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

Remuneration - CEO

- 4.2 The CEO's remuneration is approved by the Board. It is subject to and compliant with Public Sector Pay Policy. 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 twenty day period of CEO vacancy in this financial year the SLCC was managed by the five members of the Senior Management Team who had performed a similar role in the closing months of the previous financial year. Their total annualised salary is in the range £230-235,000.

	Neil Stevenson		Matthew Vickers	
	2015-16 £'000	2014-15 £'000	2015-16 £'000	2014-15 £'000
Salary range	70-75	0	0	70-75
Pension Contributions	5-10	0	0	5-10
Benefits in kind	Nil	Nil	Nil	Nil
Total	<u>75-80</u>	<u>0</u>	<u>0</u>	<u>75-80</u>

Chair/Board fees

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

Remuneration – Band 2	2015-16	2015-16	2014-15	2014-15
	Daily Fees £	£'000	Daily Fees £	£'000
Bill Brackenridge , Chair	313	25-30	313	35-40
Iain McGrory	212	5-10	212	10-15
George Clark	212	10-15	212	15-20
Ian Gibson	212	5-10	212	10-15
Fiona Smith	212	0-5	212	5-10
Maurice O'Carroll	212	0-5	212	10-15
Dr Samantha Jones	212	5-10	212	10-15
Ian Leitch CBE	212	5-10	212	10-15
Kevin Dunion OBE	212	5-10	212	5-10
Michelle Hynd	212	0-5		
Amanda Pringle	212	0-5		
Emma Hutton	212	0-5		

Hutton review of fair pay

- 4.4 Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.
- 4.5 The banded remuneration of the highest-paid employee in the SLCC in the financial year 2015-16 was £70,000 to £75,000 (2014-15, £70,000 to £75,000). This was 2.5 times (2013-14, 2.3 times) the median remuneration of the workforce, which was £28,931 (2014-15, £32,599).
- 4.6 In 2015-16, no employees received remuneration in excess of the highest-paid director. Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.
- 4.7 SLCC salaries, in line with public sector pay policy, have been restricted to a one percent increase over this period for those earning in excess of £21,000 per annum.
- 4.8 During the year to 30 June 2016 no exit packages were considered or approved.
- 4.9 The SLCC received Living Wage accreditation during the year to 30 June 2016.

Staff report

- 4.10 The average number of full time equivalent staff (FTE) employed by the SLCC during the period was 47. Staffing was slightly higher than last year, with resource dedicated to increasing the speed of dealing with complaints (with this goal being achieved, a being beneficial to the public and to lawyers).
- 4.11 Two formal meetings with staff representatives have taken place this year, as set out in our policy. In addition, the representatives have been involved in the updating of various policies (discipline, grievance, workplace investigation, sickness absence), helped design a staff survey, and ran consultation sessions with staff on the new organisational strategy.
- 4.12 Average staff absence for the year was 9.07% (including all long-term absences in the period).
- 4.13 Turnover averaged at 3.65% for the year.
- 4.14 No grievances were submitted during this period. One disciplinary process was completed within this period.
- 4.15 A staff survey was conducted and achieved an 84% response rate. There was significant positive feedback, and a staff working group is looking at how we improve for next year.

Staff composition and equal pay

- 4.16 An equal pay evaluation was carried out in May 2016 (one month before the end of this reporting period). It was based on the staffing in the month the assessment was carried out (and is therefore a slightly different number of employees than our statutory declaration of average staff numbers, made elsewhere in this report – 51 employees, 34 females (66.66%) and 17 males (33.33%))
- 4.17 All staff irrespective of gender are paid according to our current pay and grading structure and are treated equally, and are progressing through our current pay and grading structure based on performance and length of service

- 4.18 Women outnumber men in all our lower grades (1-4) and in our 'manager' grades (5-7) there are equal numbers (6 men and 6 women).
- 4.19 On our senior management team, a sub-group of the above which runs the organisation on a day to day basis, there were 4 males (66.66%) and 2 females (33.33%).
- 4.20 In our most populated grade, more females were at the top pay levels than males - (71.42% females top of grade, 28.58% males). This is driven by length of service.

Equal opportunities and diversity statement

- 4.21 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, disability, sexual orientation or marital/civil partnership status.

Environmental and sustainable development matters

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



Neil Stevenson
Chief Executive Officer

27 October 2016

5. Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SCOTTISH LEGAL COMPLAINTS COMMISSION, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT

We have audited the financial statements of the Scottish Legal Complaints Commission for the year ended 30 June 2016 under The Legal Profession and Legal Aid (Scotland) Act 2007. The financial statements comprise the Statement of Comprehensive Income and Expenditure, the Statement of Financial Position, the Statement of Cash Flows and the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2015/16 Government Financial Reporting Manual (the 2015/16 FReM).

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 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of Accountable Officer and Auditor

As explained more fully in the Statement of the Accountable Officer's Responsibilities the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, we read all the financial and non-financial information in the Annual Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements, irregularities, or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SCOTTISH LEGAL COMPLAINTS COMMISSION, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT (continued)

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with the Legal Profession and Legal Aid (Scotland) Act 2007 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 30 June 2016 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 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.

Opinion on regularity

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

Opinion on other prescribed matters

In our opinion:

- the part of the Remuneration Report to be audited has been properly 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 Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration and Staff Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers.

We have nothing to report in respect of these matters.



Andrew Shaw
for and on behalf of KPMG LLP

Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

28 October 2016

6. Statement of comprehensive income and expenditure for year ended 30 June 2016

	Notes	2016 £'000	2015 £'000
Operating Income	2	(2,704)	(2,773)
Expenditure			
Staff Costs	3,4	1,949	1,912
Other Administration Costs	5	802	742
Depreciation and Amortisation	6,7	67	126
Net Operating Cost		114	7
Other Comprehensive Income			
Actuarial (Gain) / Loss on Pension Scheme		(212)	20
Pension Surplus not Recognised		133	-
Net Deficit for Year		35	27

All amounts relate to continuing activities.

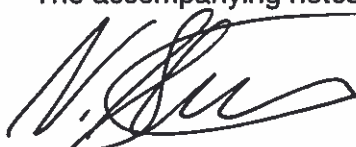
The accompanying notes on pages 25 to 34 form an integral part of these accounts.

7. Statement of financial position as at 30 June 2016

	Notes	2016 £'000	2015 £'000
Non- Current Assets			
Property, Plant and Equipment	6	19	26
Intangible Assets	7	78	103
		97	129
Current Assets			
Trade and Other Receivables	8	73	73
Cash and Cash Equivalents	9	917	1,045
Total Current Assets		990	1,118
Total Assets		1,087	1,247
Current Liabilities			
Trade and other payables	10	(353)	(395)
Total Current Liabilities		353	395
Net Current Assets		637	723
Non- Current Assets plus Net Current Assets excluding Pension Liabilities		734	852
Pension Scheme Liability	18	0	(87)
Non- Current Assets plus Net Current Assets including Pension Liabilities		734	765
Non- Current Liabilities- Provision for Dilapidations	11	(59)	(55)
Assets less Liabilities		675	710
Equity			
General Fund		675	710
Total Equity		675	710

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

The accompanying notes on pages 25 to 34 form an integral part of these accounts.



Neil Stevenson
Chief Executive Officer

27 October 2016

8. Statement of cash flows for year ended 30 June 2016

	2016 £'000	2015 £'000
Cash Flows From Operating Activities		
Net Operating Expenditure	(114)	(7)
Adjustment for Non Cash Transactions		
Depreciation	11	56
Amortisation	56	70
Net Charges for Retirement Benefits	25	26
Net Interest on Pension Scheme	(37)	(17)
Employer's Contribution payable to LPF	4	2
Increase in Trade and Other Receivables	-	(24)
Decrease in Trade and Other Payables	(42)	(50)
Increase in Provisions	4	4
Net Cash (Outflow)/Inflow from Operating Activities	(93)	60
Cash Flows From Investing Activities		
Purchase of Property, Plant and Equipment	(4)	(14)
Purchase of Intangible Assets - Software	(31)	(57)
Net Cash Outflow from Investing Activities	(35)	(71)
Net Cash (Outflow) / Inflow	(128)	(11)
Net Increase in Cash and Cash Equivalents		
Cash and Cash Equivalents at the beginning of Year	1,045	1,056
Cash and Cash Equivalents at the end of Year	917	1,045

9. Statement of changes in equity for year ended 30 June 2016

	General Fund £'000
Balance at 30 June 2015	710
Deficit on Provision of Services	(114)
Actuarial (Gain)/Loss on Pension Scheme	212
Pension Surplus Not Recognised	(133)
Balance at 30 June 2016	675

The accompanying notes on pages 25 to 34 form an integral part of these accounts.

10. Notes to accounts

1. Accounting policies

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

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

1.1 Critical accounting estimates and judgements

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

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

1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, financial instruments and inventories where material, at their value to the organisation by reference to their fair values.

1.3 Newly adopted IFRS

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

1.4 Adopted IFRS not applied

The following Adopted IFRS have been issued but not been applied in these financial statements. Adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 9 "Financial Instruments";
- IFRS 15 "Revenue from Contract";
- Amendments to IAS19 and IAS38 "Clarification of Acceptable Methods of Depreciation and Amortisation"

1.5 Property, plant and equipment

1.5.1 Capitalisation

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

1.5.2 Valuation

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

1.5.3 Depreciation

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

Furniture and equipment	5 years
Fixtures & Fittings	5 years
IT Equipment	3 years

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

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

1.6 Leases

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

1.7 Pension Costs

Employees

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

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

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

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

1.8 Value Added Tax

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

1.9 Financial Instruments

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

1.10 Recognition of Income

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

1.11 Cash and cash equivalents

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

2. Operating Income

	2016	2015
	£'000	£'000
Levy from Law Society of Scotland	2,548	2,634
Levy from Faculty of Advocates	70	75
Complaints Levies	49	36
Total levies for year	2,667	2,745
Bank interest	37	28
Total other income	37	28
Total income from all sources	2,704	2,773

3. Staff numbers and costs

3.1 Staff employed

The average number of staff full time equivalent (FTE) persons employed by the SLCC during the period was 47 FTE, detailed as follows:

	2016	2015
CEO	1	1
Staff	46	45
Total average FTE	47	46

3.2 Breakdown of Board members

	2016	2015
Chair	1	1
Members	8	8
Total average FTE	9	9

3.3 Breakdown of staff and member costs

	2016			2015		
	Total £'000	Staff £'000	Members £'000	Total £'000	Staff £'000	Members £'000
Salaries / wages	1,632	1,537	95	1,612	1,493	119
Social security costs	155	147	8	152	129	23
Pension costs	139	139	-	121	121	-
Outsourced staff costs	23	23	-	27	27	-
Total salary costs	1,949	1,846	103	1,912	1,770	142

4. Pension Costs

For 2015-2016, employer's contributions of £108,527 (2015 - £91,818) were payable to Standard Life at 8% and 12% of pensionable pay and £27,626 (2015 - £29,588) to Lothian Pension Fund at 25.8% and 33.3% of pensionable pay, based on salary bands.

On death, pensions are payable to dependents of members of the Local Government Pension Scheme (Scotland). On death in service, the scheme pays a lump sum benefit of three times pensionable pay from April 2009.

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

5. Operating Expenditure

	2016 £'000	2015 £'000
Property	330	316
Office	81	70
Staff Training & Recruitment	17	51
Travel & hospitality	14	19
IT	84	71
Outreach	28	21
Research	8	0
Legal	220	173
Financial	20	21
	802	742

The above total includes the external auditor's remuneration of £11,210 (£11,210 2014-15). The external auditor received no fees in relation to non-audit work.

6. Property, Plant and Equipment

Tangible Non- Current Assets

	Furniture & fixtures and fittings	IT & telecoms equipment	Total tangible assets
	£'000	£'000	£'000
Cost			
At 1 July 2015	157	226	383
Additions	-	4	4
At 30 June 2016	157	230	387
Depreciation			
As 1 July 2015	143	214	357
Charge for year	4	7	11
At 30 June 2016	147	221	368
NBV at 30 June 2016	10	9	19
NBV at 30 June 2015	14	12	26

7. Intangible Assets

Included in the above is £179,000 of assets (£179,000 2014-15) donated by the Scottish Government. These assets are now fully depreciated and the Donated Assets Reserve has consequently been reduced to zero.

	Software	Total intangible assets
	£'000	£'000
Cost		
At 1 July 2015	244	244
Additions	31	31
At 30 June 2016	275	275
Amortisation		
As 1 July 2015	141	141
Charge for year	56	56
At 30 June 2016	197	197
NBV at 30 June 2016	78	78
NBV at 30 June 2015	103	103

8. Trade Receivables and Other Current Assets

	2016	2015
	£'000	£'000
Other Debtors	61	68
Bad Debt Provision	(50)	(63)
Prepayments	62	68
	73	73

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

9. Cash and Cash Equivalents

	2016	2015
	£'000	£'000
Opening balance	1,045	1,056
Net change in cash and cash equivalent balances	(128)	(11)
Balance at 30 June 2016	917	1,045
Analysed as:		
Cash	1	50
Term Deposits	916	995
Total	917	1,045

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

	2016	2015
	£'000	£'000
Trade Payables	36	55
Taxes and Social security Costs	44	39
Accruals and Other Creditors	273	301
	353	395

11. Provisions for liabilities and charges

	2016	2015
	£'000	£'000
Balance at 1 July 2014	55	51
Provided in the year	4	4
Balance at 30 June 2015	59	55

The provision for dilapidation costs relates to the SLCC's contractual duty to repair leasehold property on termination of the lease. Provision is made for the estimated cost of fully repairing leasehold properties at the balance sheet date.

12. Operating leases

	Building £'000	Totals 2016 £'000	Totals 2015 £'000
Operating Lease Payment Commitments Expiring:			
Not later than One Year	158	158	158
Later than One but less than Five Years	198	198	198
Later than Five Years	-	-	-
	356	356	356

The current five year property lease expires in September 2018. Other leases in respect of office equipment expire in August 2016.

13. Capital commitments

There were no contracted capital commitments as at 30 June 2016 (£13,530 2014-15).

14. Related party transactions

There were no related party transactions during the year.

15. Contingent liabilities

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

16. Post Balance Sheet Events

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

17. Defined Benefit Pension Scheme

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

The most recent actuarial valuation was carried out by independent actuaries to 30 June 2016. This valuation was based on rolling forward valuation data at 30 June 2011 (the last formal valuation) to 30 June 2014 on the basis of a number of financial assumptions.

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

	2016 %	2015 %
Discount rate at 30 June	3.0	3.8
Expected return on plan assets at 30 June	3.0	6.8
Future salary increases*	2.0	4.6
Future pension increases	2.0	2.7
Inflation assumption	2.2	2.9

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

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

30 June 2016 are based on the analysis used for the formal valuation as at 31 March 2014, with improvements from 2008 in line with the medium cohort and a 1% p.a. underpin. Based on these assumptions, the average future life expectancies at age 65 for current pensioners are 22.1 years for males and 23.7 years for females, and for future pensioners 24.2 years for males and 26.3 years for females. The mortality assumptions are identical to those used in the previous accounting period.

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

The amounts charged or (credited) in operating cost statement are as follows:

	2016	2015
	£'000	£'000
Current service cost	25	26
Interest on obligation	20	11
Expected return on plan assets	(16)	(9)
Total	29	28

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

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

	2016	2015
	£'000	£'000
Fair value of plan assets	537	415
Present value of funded retirement benefit obligations	(404)	(502)
Pension surplus not recognised	(133)	-
Net liability	(0)	(87)

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

	2016	%	2015	%
	£'000		£'000	
Equities	0	0	315	76
Bonds	537	100	34	8
Property	0	0	28	7
Cash	0	0	38	9
	537	100	415	100

18. Movement in net defined benefit liability/asset

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2016	2015	2016	2015	2016*	2015
	£000	£000	£000	£000	£000	£000
Balance at 1 July	502	255	415	199	87	56
Included in profit or loss						
Current service cost	25	26	-	-	25	26
Interest cost/(income)	20	11	16	9	4	2
Included in OCI						
Re-measurements loss/(gain):						
Actuarial loss (gain) arising from						
Change in financial assumptions	(143)	(6)	-	-	(143)	(6)
Return on plan assets excluding interest income			67	185	(67)	(185)
Other Experience						
Changes in Demographic assumptions	(2)	188	-	-	(2)	188
		23	-	-	-	23
Other						
Contributions paid by the employer	-	-	37	17	(37)	(17)
Contributions paid by employee	6	7	6	7	-	-
Benefits paid	(4)	(2)	(4)	(2)	-	-
Surplus not recognised	133	-	-	-	133	-
Balance at 30 June	<u>537</u>	<u>502</u>	<u>537</u>	<u>415</u>	<u>(133)</u>	<u>87</u>

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

	2016 £'000	2015 £'000
Opening defined benefit obligation at 1 July	502	255
Current service cost	25	26
Benefits paid	(4)	(2)
Interest cost	20	11
Change in financial assumptions	(143)	(6)
Surplus not recognised	133	-
Changes in demographic assumptions	0	23
Other experience	(2)	188
Contributions by plan participants	6	7
Closing defined benefit obligation at 30 June	537	502

The cumulative actuarial gain recognised in the statement of total recognised gains and losses at 30 June 2016 was £79,000.

Amounts for the current and previous periods are as follows:

	2016 £'000	2015 £'000	2014 £'000
Fair value of plan assets at 30 June	537	415	199
Present value of defined benefit obligation at 30 June	(537)	(502)	(255)
Surplus/(deficit) in the plan	(0)	(87)	(56)
Experience adjustments arising on plan assets	(16)	(9)	(8)
Experience adjustments arising on plan liabilities	-	-	-

During the year to 30 June 2017, SLCC estimates that contributions of £19,000 will be paid to the Local Government Pension Scheme.

20. Sensitivity analysis

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

	Approximate % increase to Employer	Approximate monetary amount £(000)
0.5% decrease in Real Discount Rate	18%	72
1 year increase in member life expectancy	3%	12
0.5% increase in the Salary Increase Rate	10%	36
0.5% increase in the Pension Increase Rate	8%	35

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