

**Title: SLCC Budget 01 July 2014 to 30 June 2015**

**Date:** 28 January 2014

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## 1 Introduction

- 1.1 This document sets out the SLCC's draft budget for the operational year 2014/15. It provides information on the expenditure, general levy and complaints levy proposed for the 2014/15 financial year.
- 1.2 The budget spreadsheets are attached as appendices.

## 2 Summary

- 2.1 Anticipated expenditure: £2,772,580 (previous year £2,913,381)
- 2.2 Anticipated income: £2,695,871 (previous year £2,709,257 )
- 2.3 Anticipated funds released from reserves: £76,709 (previous year £204,124)
- 2.4 General levy: £324 full levy (previous year £324- no increase on previous year)
- 2.5 Complaints levy – there will be no change to the complaints levy

## 3 Approach

- 3.1 In line with policy and past years the approach follows these steps.
  - (i) The SLCC sets out anticipated expenditure based on its operational plan
  - (ii) The general levy is then calculated on the basis of covering anticipated expenditure in full (ie nothing available from reserves)
  - (iii) The current year forecast outturn at December 2013 is reviewed to give an estimate of anticipated reserves at year end, and what can be made available to underwrite the general levy
  - (iv) The proposed levy is set and the budget issued for consultation (including the complaints levy)
  - (v) The draft budget is reviewed in April taking into account consultation responses and a further quarter's financial data
  - (vi) The SLCC sets the final budget and lays it before Parliament by 30 April 2014

## 4 Expenditure

- 4.1 Appendix 1 contains the summary of expenditure by line item, with a comparison to the previous year (i.e. the 2013/14 year). The overall budget shows a decrease of 5%.
- 4.2 The most significant area of spend continues to be on staff. The budget for 2013/14 was based on a head count of 47.1. The budget for 2014/15 is based on a headcount of 44.2. This reflects changes in the SLCC's structure designed to improve efficiency.
- 4.3 There is a slight increase in non-staff costs driven by capital expenditure provision for investments in case management, IT and telephony which underpin improved productivity. This is partially offset by savings in the following areas
  - (i) Insurance costs. With the benefit of experience, we have reviewed our insurance provisions to ensure they appropriately reflect the risks
  - (ii) Office running costs have been reduced through changes to stationery and photocopying suppliers.
  - (iii) Audit Fees. A revision of audit requirements has resulted in a reduction in internal audit expenditure.
  - (iv) Corporate legal costs and special projects and research. Savings have been achieved through the use of internal resources.

- 4.4 We have taken the decision to exclude a contingency provision from the 2014/15 budget. It is felt that the budgeting process and experience of previous years' outturn provide a sufficiently accurate forecast of anticipated spend. In the event of additional unforeseen expenditure requirements, we would have recourse to our reserves.

## **5 Reserves**

- 5.1 Reserves are anticipated to be a minimum of £725,000 at the start of the 2014/15 financial year. This is greater than the two to three month level set out in the current reserves policy.
- 5.2 We intend to utilise £77,000 from reserves during 2014/15. This will reduce our reserves to comply with our policy.

## **6 Income**

- 6.1 We have based income on:
- (i) anticipated income from the general levy. The bulk of this is from the Law Society of Scotland and is calculated on the basis of the number of practising certificates at the start of the current year. Final adjustments will be made in consultation with the Professional Bodies. It is proposed that in addition to there being no increase in general levy, those categories which attract fewest complaints will benefit from a small reduction in levy for 2014/15. Appendix 3 sets out the number of practitioners in each category used in our calculations
  - (ii) anticipated income from interest earned on deposits. This is forecast to be lower than in previous years, reflecting the reduction in the level of reserves and increasingly low investment returns; and
  - (iii) income from Scottish Government in relation to legacy work carried out under the ex-SLSO's powers. This is anticipated to be nil for 2014/15.
- 6.2 Income does not include complaints levy income.

## Appendix 1 – Summary Budget

**SLCC**  
**Summary Budget**  
**1 July 2014 to 30 June 2015**



Expenditure	£
Staff	2,020,180
Running Costs	752,400
Contingency	0
<b>TOTAL</b>	<b>2,772,580</b>

	£
Levy from Law Society	-2,597,996
Levy from Faculty of Advocates	-72,663
Levy from Assoc of Commercial Attorneys	-212
Other Income	0
SLSO Costs Recovered from SG	0
Estimate of Interest Earned	-25,000
<b>TOTAL</b>	<b>-2,695,871</b>

Contribution from SLCC Reserves	-76,709
<b>TOTAL</b>	<b>-76,709</b>

<b>Total Funds Available</b>	<b>-2,772,580</b>
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Actual general levy set	£	£	£
	2014/15	2013/14	Change
Solicitors with 3+ years experience	324	324	0
Conveyancing or Executry Practitioner 3+ years experience	324	324	0
Solicitors in 1st 3 years of practice	162	162	0
Conveyancing Practitioner or Executry Practitioner 1st 3 years of practice	162	162	0
Practising Outwith Scotland	108	108	0
In-house Conveyancing Practitioner or Executry Practitioner	106	108	-2
In-house lawyers	106	108	-2
Advocates	159	162	-3
Assoc of Commercial Attorneys	106	108	-2

## Appendix 2 - Proposed Expenditure 2014/15

Budget 1 July 2014 to 30 June 2015		scottish legal complaints commission <b>slcc</b>		
Summary of Expenditure	Budget 2014/15	Budget 2013/14	Variance	Variance
	£	£	£	%
<b>Staff Remuneration and support costs</b>				
<i>Direct Staff costs</i>				
Staff salaries and NIC	1,775,180	1,879,591	104,411	7
Member salaries and NIC	169,000	219,479	50,479	23
	<b>1,944,180</b>	<b>2,099,070</b>	<b>154,890</b>	<b>9</b>
<i>Indirect Staff Costs</i>				
Staff training and development	24,000	30,000	6,000	20
Member training and development	9,000	14,000	5,000	36
Staff travel & subsistence	4,000	3,600	-400	-11
Member travel & subsistence	11,000	10,200	-800	-8
Other staff costs	28,000	27,180	-820	-3
	<b>76,000</b>	<b>84,980</b>	<b>8,980</b>	<b>11</b>
<b>Total Staff Costs</b>	<b>2,020,180</b>	<b>2,184,050</b>	<b>163,870</b>	<b>9.1</b>
<b>Non-staff costs</b>				
Property costs	285,400	285,500	100	0
Insurance	8,000	24,250	16,250	45
Office running costs	47,000	50,010	3,010	5
Direct case costs	129,500	148,900	19,400	13
Communications	36,500	35,000	-1,500	-3
IT Costs	71,000	53,400	-17,600	-33
Corporate legal costs	20,000	46,800	26,800	35
Audit Fees	20,000	29,500	9,500	32
Special projects and research	20,000	20,000	0	0
Rechargeable costs	0	0	0	0
Building Services and maintenance	0	6,000	6,000	100
Capital Asset Depreciation	115,000	30,000	-85,000	-327
<b>Total Non-Staff Costs</b>	<b>752,400</b>	<b>729,360</b>	<b>-23,040</b>	<b>-3</b>
<b>Total of staff and non staff running costs</b>	<b>2,772,580</b>	<b>2,913,410</b>	<b>140,830</b>	<b>5</b>
Operational contingency	0	0	0	0
<b>Total Costs</b>	<b>2,772,580</b>	<b>2,913,410</b>	<b>140,830</b>	<b>5.01</b>

## Appendix 3 – General and Complaints Levy

### 2013/14 Profile of Practitioners



Category	Practitioners
Solicitors (more than three years' experience)	6,550
Conveyancing or Executry Practitioner (more than three yrs experience)	7
Solicitors in first three years of practice	874
Conveyancing or Executry Practitioner in first three years of practice	-
Practising Outwith Scotland	586
In-house Conveyancing Practitioner or Executry Practitioner	3
In-house Lawyers	2,600
Advocates	453
Association of Commercial Attorneys	4
	<b>11,077</b>

Complaints Levy	2014/2015	2013/2014
	<i>up to</i>	<i>up to</i>
Complaint not upheld at any stage	£0	£0
Complaint resolved at mediation	£0	£0
Complaint resolved at investigation	£0	£0
Formal Determination complaint upheld in full or part	£3,500	£3,500