

2010/11 Budget for Consultation
Scottish Legal Complaints Commission



Date: 19 January 2010

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1 Introduction

- 1.1 Each year the SLCC is required to consult with the Professional Bodies concerning the budget it intends to set for the forthcoming financial year and the Annual General and Complaint Levies.
- 1.2 I attach as appendices to these notes the draft budget and levy proposals.

2 Summary

- 2.1 Anticipated expenditure - **£2,839,336** (appendix 2)
- 2.2 General Levy - **unchanged** from the current year (appendix 4) but with extra categories added for Conveyancing Practitioners with less than three year's experience or in house.
- 2.3 Complaint Levy – **unchanged** from the current year (appendix 5).

3 Approach

- 3.1 The approach the SLCC is taking in setting its budget and the General Levy is:
- To set out anticipated expenditure (appendix 2),
 - From this calculate the indicative General Levy (appendix 3), taking into account any other income (as summarised on appendix 1)
 - To then review reserve levels and see what funds are likely to be available to underwrite and reduce the General Levy (appendix 4)
 - Set the actual General Levy (appendix 4)

4 Notes

Expenditure

- 4.1 It is not intended in this document to set out a line-by-line explanation of the anticipated expenditure as many of the costs are fixed. As can be seen from the summary sheet at appendix 1, the largest proportion of anticipated expenditure is on staff and Board remuneration and support costs. These include salaries, Member expenses and other costs such as pension administration.
- 4.2 The headcount on which these figures are based is 35 staff (including three part-time staff) and 11 Members. The figures are based on actual costs. The staffing figures are unchanged from the current year while Member numbers are to be increased by two.
- 4.3 The majority of running costs are based on actual running costs and known or anticipated increases. The three main exceptions to this are:
- costs for legal fees which have been estimated based on current activity. The contingency also includes a budget for legal funds for any challenges that may be made against the SLCC;
 - costs in respect of communications which is based partly on actual costs in respect of known items, such as the website and costs of producing the Annual Report and Accounts and estimated costs for other communications activity such as outreach work and production and printing of communications materials; and

- costs in respect of research and special projects, which has been estimated based on current activity.

4.4 Contingency has been set to allow for an operational float, a legal defence fund and to settle any disputes that may occur under staff transfers under TUPE and COSOP.

Reserves

4.5 The SLCC has on the advice of external auditors formally set a reserve. The reserve is to be set at 'up to six months of running costs (excluding contingency)'. The purpose of the reserve is two-fold: to allow for catastrophic unforeseen events that fundamentally affect business and the financing of business; and to enable the SLCC to maintain a constant approach when setting the General Levy.

4.6 As can be seen in appendix 4, the SLCC is making £370,000 available from reserves to maintain the levy at current levels. This leaves the SLCC with anticipated reserves of approximately five months of running costs. It should be noted, however, that this takes into account the anticipated outturn for the current year. The outturn includes the assumption that an operational contingency of £225,000 should be available to the SLCC but in the event it remains unused, it will be added to reserves to bring them back up to a level of approximately six months of running costs.

Income

4.7 The SLCC has used the following to calculate income:

- anticipated income from the General Levy and reserves;
- anticipated income from the Scottish Government to cover work carried out under old SLSO powers (based on current actual recoveries); and
- anticipated income from interest earned.
- It does not include income from complaint levies

General Levy setting

4.8 The General Levy has been set using the same basis for calculations as the current General Levy.

Complaint Levy

4.9 The levels of the complaint levy itself remain unchanged from the current year but they have been set as *up to...* (see amounts in appendix 5). This is to reflect the recent change that was made to the SLCC's Rules that enables it to waive all or any part of the complaint levy in respect of a specific case. The figures shown in appendix five are the maximum amount at which a complaint levy will be set.

Appendix 1 – Summary

Expenditure

staff	1,675,208
running costs	886,065
contingency	278,064
total	2,839,336

Indicative income required based on expenditure

Levy from Law Society	-2,538,989
Levy from Faculty of Advocates	-118,195
Levy from Assoc of Commercial Attorneys	-1,056
Other Income	0
SLSO Costs Recovered from SG	-160,000
Interest Earned	-16,875
Total	-2,835,115

Indicative Levy

Solicitors with 3+ years experience	320
Conveyancing Practitioner or Executry Practitioner 3+ years exp	320
Advocates	259
Solicitors in 1st 3 years of practice	160
Conveyancing Practitioner or Executry Practitioner 1st 3 years of practice	160
Practising Outwith Scotland	106
In-house Conveyancing Practitioner or Executry Practitioner	106
In-house lawyers	106
Assoc of Commercial Attorneys	106

Contribution from reserves

Amount from reserves	370,000
total	370,000

Actual Levy Requested

Solicitors with 3+ years experience	275
Conveyancing Practitioner or Executry Practitioner 3+ years exp	275
Advocates	223
Solicitors in 1st 3 years of practice	138
Conveyancing Practitioner or Executry Practitioner 1st 3 years of practice	138
Practising Outwith Scotland	91
In-house Conveyancing Practitioner or Executry Practitioner	91
In-house lawyers	91
Assoc of Commercial Attorneys	91

Total actual levy required from each professional body

Law Society of Scotland	2,181,944
Faculty of Advocates	101,574
Association of Commercial Attorneys	908

Appendix 2 – Expenditure

2010/11 Draft Budget

Summary of Expenditure

	2010/11 Budget £	Comments
Staff Remuneration and support Costs		
SLCC Remuneration Costs	1,427,368	
Board Members	208,167	
Temporary and subcontracted staff	15,500	
Staff support costs	24,172	
Total Staff Costs	1,675,208	
Running Costs		
Staff Development	50,000	
Member Development	15,000	
Staff Travel & Subsistence	10,000	
Board Member Expenses	11,547	
Casework expenses	8,400	
Canteen costs	4,418	
Communications	67,402	
IT Costs	81,042	
Rent	224,185	
Rates	64,420	
Building Services and maintenance	14,600	
Utilities	15,269	
Office equipment and copying	6,500	
Bank Charges	600	
Stationery	20,000	
SLCC PI Insurance	26,000	
Insurance - Commercial	8,431	
Recruitment Costs	10,600	
Subscription/Membership Fees	1,500	
Legal Fees	63,000	
Postage and Couriers	24,152	
Special Projects & Research	90,000	
Audit Fees	33,000	
Capital Asset Depreciation	36,000	
Total Running Costs	886,065	
total of staff and non staff running costs	2,561,273	
Contingency	278,064	
Total Costs	2,839,336	

Appendix 3 – Indicative Levy to Cover Expenditure

2010/11 Annual Levy to recover full costs

Category	Waiver	Practising Certificates	Annual Levy	Total Income
Solicitors with 3+ years experience	Annual Levy	6,633	320	2,122,560
Conveyancing Practitioner or Executry Practitioner 3+ years exp	Annual Levy	14	320	4,480
Advocates	Annual Levy less 19%	456	259	118,195
Solicitors in 1st 3 years of practice	Annual Levy less 50%	858	160	137,280
Conveyancing Practitioner or Executry Practitioner 1st 3 years of practice	Annual Levy less 50%	2	160	320
Practising Outwith Scotland	Annual Levy less 66.6%	430	106	45,408
In-house Conveyancing Practitioner or Executry Practitioner	Annual Levy less 66.6%	1	106	106
In-house lawyers	Annual Levy less 66.6%	2,167	106	228,835
Assoc of Commercial Attorneys	Annual Levy less 66.6%	10	106	1,056
		10,571		2,658,240

Appendix 4 – Actual Levy Required

Revised Levy Using Reserves

Total Expenditure (staff and running costs)	2,561,273
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Contribution from reserves

Amount from reserves	370,000
Total contribution	370,000

If the levy is used to underwrite the levy, the total amount the SLCC would need from the levy is	-2,288,240
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This gives revised levy figures of:

Category	Waiver	Practising Certificates	Annual Levy	Total Income
Solicitors with 3+ years experience	Annual Levy	6,633	275	1,824,075
Conveyancing Practitioner or Executry Practitioner 3+ years exp	Annual Levy	14	275	3,850
Advocates	Annual Levy less 19%	456	223	101,574
Solicitors in 1st 3 years of practice	Annual Levy less 50%	858	138	117,975
Conveyancing Practitioner or Executry Practitioner 1st 3 years of practi	Annual Levy less 50%	2	138	275
Practising Outwith Scotland	Annual Levy less 66.6%	430	91	39,023
In-house Conveyancing Practitioner or Executry Practitioner	Annual Levy less 66.6%	1	91	91
In-house lawyers	Annual Levy less 66.6%	2,167	91	196,655
Assoc of Commercial Attorneys	Annual Levy less 66.6%	10	91	908
		10,571		2,284,425

Appendix 5 – Complaint Levy



Complaints Levy 1 July 2010 to 30 July 2011

	2009/10 up to	2010/2011 up to
Mediation Complaint Levy	£0	£0
No Complaint Upheld	£0	£0
Complaint Accepted - First Settlement	£500	£500
Complaint Accepted - Second & Further Settlements	£700	£700
Formal Determination - First	£800	£800
Formal Determination - Second	£1,200	£1,200
Formal Determination - Third & Further Determinations	£2,000	£2,000