

IMPROVING TRUST AND CONFIDENCE IN SCOTTISH LEGAL SERVICES

Scottish Legal Complaints Commission Budget - 01 July 2016 to 30 June 2017

2016 – 2017
Independent | Fair | Impartial

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1 Introduction

- 1.1 This document sets out the SLCC's budget for the operational year 2016/17. It provides information on the expenditure, general levy and complaints levy proposed for the 2016/17 financial year.
- 1.2 The budget spreadsheets are attached as appendices.
- 1.3 This budget was consulted on alongside other key documents: a draft strategy, a draft operating plan for 2016/17, and accompanying consultation questions. Full details of the consultation we held are at: <https://www.scottishlegalcomplaints.org.uk/consultation>

2 Summary

- 2.1 Anticipated expenditure: £2,863,300 (previous year £2,704,500)
- 2.2 Anticipated income: £2,718,135 (previous year £2,621,582)
- 2.3 Anticipated funds released from reserves: £145,165 (previous year £82,918)
- 2.4 General levy: £316 full levy (previous year £312)
- 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 (i.e. nothing available from reserves)
 - (iii) The current year forecast outturn at December 2015 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, 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 April 30 2016.

4 Expenditure

- 4.1 Appendix 1 contains the summary of expenditure by line item, with a comparison to the previous year (i.e. the 2015/16 year). The overall budget shows an increase of 5.9%.
- 4.2 The most significant area of spend continues to be on staff. The budget for 2015/16 was based on a full time equivalent staff of 44.2. The budget for 2016/17 is based upon a similar full time headcount but also includes a number of fixed term contracts. This reflects the additional resource changes identified in the second half of the 2015/16 financial year focussing on improving complaints times.
- 4.3 Staff costs also reflect an increased provision of £29,000 to cover employer contributions in respect of Lothian Pension Fund members and the abolition of contracted out rates of national insurance.
- 4.4 SLCC has always sought to offset the impact of staff costs by ensuring where possible more efficient use of all indirect and non-staff resources. However a number of these costs will rise in 2016/17
- (i) Property Costs – significant property maintenance over a two year period has led to an anticipated 8.1% increase on the previous year.
 - (ii) Training – the development of a detailed training plan, focussed on our complaints process, for staff allied to training for new members will cost an additional £8,000.
 - (iii) IT Costs – increased staff numbers and associated licence costs account for a 5.6% increase.
 - (iv) There are also increases in case costs and capital depreciation.
- 4.5 Our projects budget, and staffing, remains the same as previous years, alongside a small reduction in communication costs. Once our operating plan for the year is finalised, in light of consultation feedback, work will be managed within these constraints (although we anticipate more efficient and effective working may allow us to achieve more).
- 4.6 SLCC have again taken the decision to exclude a contingency provision from the 2016/17 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, SLCC would have recourse to its reserves.

5 Reserves

- 5.1 Reserves are anticipated to be in the region of £600,000 at the start of the 2016/17 financial year. This figure is within the parameters set out in the reserves policy which is currently under review.

5.2 This position will change in 2016/17 as SLCC intend to utilise £145,000 from reserves within the year. SLCC is of the view that as the current level of reserves provides a short term source of funding and helps restrict any proposed levy increases. The anticipated reserves position for 30 June 2017 will be in the region of £455,000.

6 Income

6.1 The SLCC has 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. The underlying calculations are based on the same approach as in previous years but it is proposed that while the general levy increase by 1.3% , those categories which attract fewest complaints will have present levies held for a further twelve months. Appendix 3 sets out the detail.
- (ii) Anticipated income from interest earned on deposits. This is forecast to be the same as in previous years, reflecting the current levels of investment return.
- (iii) Complaint Levy income of £30,000 has been recognised for budget purposes for the financial year 2016/17. This figure was recognised for the first time in the year 2015/16 and a modest increase is anticipated.

7 Preparing for implementation of the Legal Services (Scotland) Act 2010

- 7.1 We sought initial views on the levies we may, in due course, need to set under powers in the Legal Services (Scotland) Act 2010. The legislation places new duties on us from the moment an 'Approved Regulator' is authorised, but requires us to consult with the 'Approved Regulator' on the setting of fees (meaning no levy model could be finalised until after such time as our new responsibilities would have started). To ensure we can act promptly it was seen as valuable to gain feedback on our initial thinking, and we are now considering responses.
- 7.2 This version of the budget contains no allowance for any fee that may, in due course, be generated if an 'Approved Regulator' is authorised, and likewise contains no spend allocated to set-up and operating costs for those new responsibilities which could fall on the SLCC if an 'Approved Regulator' is authorised.

Appendix 1 – Summary Budget

scottish legal complaints commission slcc			
SLCC Summary Budget 1 July 2016 to 30 June 2017			
Expenditure		£	
Staff	2,124,500		
Non Staff	738,800		
Contingency	0		
total	2,863,300		
			
Indicative Income and Levy (not underwritten by reserves)			
			
Baseline income required to cover expenditure		£	
Levy from Law Society	-2,733,061		
Levy from Faculty of Advocates	-74,704		
Levy from Assoc of Commercial Attorneys	-535		
Contribution from Complaint Levy	-30,000		
Estimate of Interest Earned	-25,000		
Total	-2,863,300		
			
Baseline General Levy		£	
Solicitors with 3+ years experience	346		
Conveyancing Practitioner or Executory Practitioner 3+ years exp	346		
Solicitors in 1st 3 years of practice	175		
Conveyancing Practitioner or Executory Practitioner 1st 3 years of practice	175		
Practising Outwith Scotland	112		
In-house Conveyancing Practitioner or Executory Practitioner	103		
In-house lawyers	103		
Advocates	160		
Assoc of Commercial Attorneys	105		
			
Actual Income and Levy Underwritten By Reserves			
			
Actual income including contribution from reserves		£	
Levy from Law Society	-2,593,035		
Levy from Faculty of Advocates	-69,600		
Levy from Assoc of Commercial Attorneys	-500		
Contribution from Complaint Levy	-30,000		
Estimate of Interest Earned	-25,000		
Total	-2,718,135		
	Contribution from SLCC Reserves	-145,165	
	Total	-145,165	
	Total Funds Available	-2,863,300	
			
Actual general levy set		£	
Solicitors with 3+ years experience	316		
Conveyancing Practitioner or Executory Practitioner 3+ years exp	316		
Solicitors in 1st 3 years of practice	158		
Conveyancing Practitioner or Executory Practitioner 1st 3 years of practice	158		
Practising Outwith Scotland	103		
In-house Conveyancing Practitioner or Executory Practitioner	95		
In-house lawyers	95		
Advocates	150		
Assoc of Commercial Attorneys	100		
Total actual levy required from each professional body		£	
	Law Society of Scotland	2,593,035	
	Faculty of Advocates	69,600	
	Association of Commercial Attorneys	500	
	Total	2,663,135	

Appendix 2 - Proposed Expenditure 2016/17

Budget 1 July 2016 to 30 June 2017		scottish legal complaints commission slcc		
Summary of Expenditure	Budget 2016/17	Budget 2015/16	Variance	Variance
	£	£	£	%
Staff Remuneration and support costs				
<i>Direct Staff costs</i>				
Staff salaries and NIC	1,901,000	1,769,000	-132,000	-7.46%
Member salaries and NIC	143,000	155,000	12,000	7.74%
	2,044,000	1,924,000	-120,000	-6.24%
<i>Indirect Staff Costs</i>				
Staff training and development	25,000	20,000	-5,000	-25.00%
Member training and development	8,000	5,000	-3,000	-60.00%
Staff travel & subsistence	6,500	5,000	-1,500	-30.00%
Member travel & subsistence	15,000	15,000	0	0.00%
Other staff costs	26,000	28,000	2,000	7.14%
	80,500	73,000	-7,500	-10.27%
Total Staff Costs	2,124,500	1,997,000	-127,500	-6.38%
Non-staff costs				
Property costs	308,450	285,400	-23,050	-8.08%
Insurance	7,750	8,000	250	3.13%
Office running costs	49,300	47,000	-2,300	-4.89%
Direct case costs	135,500	129,500	-6,000	-4.63%
Communications	35,500	36,500	1,000	2.74%
IT Costs	75,000	71,000	-4,000	-5.63%
Corporate legal costs	10,000	20,000	10,000	50.00%
Audit Fees	20,000	20,000	0	0.00%
Special projects and research	20,000	20,000	0	0.00%
Capital Asset Depreciation	77,300	70,100	-7,200	-10.27%
Total Non-Staff Costs	738,800	707,500	-31,300	-4.42%
Total of staff and non staff running costs	2,863,300	2,704,500	-158,800	-5.87%
Total Costs	2,863,300	2,704,500	-158,800	-5.87%

Appendix 3 – General and Complaints Levy

2016/17 Baseline Annual Levy to recover full costs				
2016/17 Proposed Annual Levy				
Category	Waiver	Practising Certificates	Annual Levy	Total Income
Solicitors with 3+ years experience	Annual Levy	6,740	316	2,129,840
Conveyancing Practitioner or Executory Practitioner 3+ years exp	Annual Levy	5	316	1,580
Solicitors in 1st 3 years of practice	Annual Levy less 50%	755	158	119,290
Conveyancing Practitioner or Executory Practitioner 1st 3 years of practice	Annual Levy less 50%	-	158	0
Practising Outwith Scotland		765	103	78,795
In-house Conveyancing Practitioner or Executory Practitioner		4	95	380
In-house lawyers		2,770	95	263,150
Advocates		464	150	69,600
Assoc of Commercial Attorneys		5	100	500
		11,508		2,663,135
2016/17 Baseline Annual Levy to recover full costs				
Category	Waiver	Practising Certificates	Annual Levy	Total Income
Solicitors with 3+ years experience	Annual Levy	6,740	332	2,237,729
Conveyancing Practitioner or Executory Practitioner 3+ years exp	Annual Levy	5	332	1,660
Solicitors in 1st 3 years of practice	Annual Levy less 50%	755	166	125,330
Conveyancing Practitioner or Executory Practitioner 1st 3 years of practice	Annual Levy less 50%	-	166	0
Practising Outwith Scotland		765	108	82,620
In-house Conveyancing Practitioner or Executory Practitioner		4	103	412
In-house lawyers		2,770	103	285,310
Advocates		464	161	74,704
Assoc of Commercial Attorneys		5	107	535
		11,508		2,808,300