

# **Strategy 2020 - 2024**

## ***Background information***

**Version 1 – consultation**

***January 2020***

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## 1. INTRODUCTION

We are currently consulting on a draft Strategy, operating plan and budget.

A summary of our proposed Strategy is available online at:

<https://www.scottishlegalcomplaints.org.uk/consultation>

That summary contains our **values** and our **vision and mission**. It also sets out our **main strategic aims** and **priorities**, and the **work themes** that will deliver them. It is designed as a concise summary we will constantly refer to in planning work and making decisions.

However, some people will also want information on the process of creating the Strategy – how we examined the market and environment we work in, the challenges which we consider are ahead, and how our work links to other relevant national strategies and performance measures.

## 2. THE DEVELOPMENT PROCESS

We used a variety of techniques, and engaged a variety of sources, to develop the Strategy:

### Conversations

We ran workshops, and held one to one conversations, to gather ideas and examine prioritisation. This included:

- Board workshops
- Leadership team workshops
- Management team workshops
- Staff workshops
- Stakeholder meetings (consumer groups, professional groups, Scottish Government etc.)

### Structured enquiry

We used questionnaires with Board members, staff, and via service user feedback, to identify key issues, and focus our prioritisation.

### Literature

We undertook a literature review examining:

- Emerging practice in regulation and complaints
- Ombudsman and complaints body performance data
- Example strategies - from similar bodies and 'wild cards' we felt we could learn from
- Digital and Artificial Intelligence (AI) use in regulation and complaints
- The extensive paperwork generated as part of the Independent Review of Legal Services Regulation
- Original parliamentary and policy papers on the establishment of the SLCC was
- Data on the legal sector – for example the number of solicitors, firms, size of firms, and data on turnover\*
- Data on legal service users – from research in England and Wales on expectations of legal services users, to our own consumer research \*

*\* Although some sources were identified, there is a noticeable lack of data on the legal profession, legal regulation, and legal consumer needs in Scotland. Much of the literature reviewed originated from England and Wales, and discussion by the SLCC focused on where this may or may not be relevant.*

### Data

We examined our incoming complaints numbers and performance data in detail for the last three years, and in general for the last ten years.

### Three year spending review

We considered the last three years of spending. We looked at what had driven cost, the balance of efficiency and quality, and the impact on the annual levy on legal practitioners and on services.

### **Four year budget projection**

Building on the spending review, we developed a four year set of budget assumptions, informed by known specific future costs, management estimates and a CPI increase (more details are provided in Section 9).

### **Expert input**

We asked key providers, such as our legal panel and auditors, what they anticipated in the coming four years which was relevant to the SLCC.

### **Prioritisation and focus**

We held Board, management and staff workshop sessions to draw out key issues from the collated input and to test thinking on emerging themes.

### **Scrutiny**

We invited our internal auditors, Scott Moncrieff, to review our strategy, budget and the development of our operating plan to ensure we were following a robust process and to aid learning.

### 3. ASSESSING OUR PERFORMANCE AND PROGRESS

We reviewed our previous strategy, covering the period 2016 - 2020, and examined our performance against the strategic intent set out.

#### What went well?

There was consistent feedback that some things had gone well in the last four years:

- Our focus on early resolution (helping parties resolve a complaint without the need for a final determination), and the results achieved from this
- Our mediation service – which recognised nationally as a best practice service frequently being cited by the Scottish Mediation Network and other ombudsman services
- The ‘agile’ process improvement work which had delivered significant results in 2018/19
- The 2018/19 improvement in ‘Work in Progress’ and ‘Journey Time’ – indicators of the overall performance of the business
- All four budgets and operating plans within the period delivered to targets
- Coping with significantly increasing workloads, due to increased incoming complaints and the complexity of those complaints
- Visibility of the organisation with those who may need to use our services
- Our work to minimise barriers to making a complaint
- Staff culture, and wellbeing at work
- The new management structure introduced in 2018
- A focus on consumers to assist them to engage in the system (which is more familiar to lawyers due to their professional knowledge)
- The establishment of the statutory Consumer Panel
- Making the case for legislative change, and informed the outcome of the Independent Review of Legal Services Regulation
- Coping with legal challenges – the outcomes of Appeals to the Court of Session and Judicial Review
- Making use of a strong Audit Committee ensuring scrutiny and effective assurance
- Clean audits and accounts in every year within the period
- The appointment (between April 2016 and January 2018) of a strong Board, who have bought effective accountability and strategic leadership
- Our increased ‘risk appetite’ helping to enable change
- A positive and productive relationship with our Scottish Government sponsor team
- Joint work with Faculty of Advocates on audits, with the Law Society of Scotland on training delivery, and with the Association of Commercial Attorneys on rules and reform
- Continued staff charity work

- Improvement in our communications and website, focusing on a more accessible and conversational approach
- Rigorous performance management throughout the organisation
- Publication of our process manual and tariffs (giving greater transparency on how we manage complaints within detailed internal processes, and in on our policies around compensation)
- An effective relationship with the PCS Union

### **What went less well?**

There was a range of feedback on things that had gone less well in the last four years:

- Our annual general Levy (the fee charged each year to lawyers) – increases, and reputational issues around that
- First tier complaints – no real improvement in the quality of complaint-handling by law firms
- Poor engagement of law firms and practitioners in the SLCC complaints process - ~40% fail to provide a response/the files on first contact
- Our relationship with the Law Society of Scotland – no substantive joint work on prevention / reduction of complaints, legal challenges, media and MSP campaign on cost (with no acknowledgement of increased complaints), not response to our *'#ReimagineRegulation'* consultation
- ABS (Alternative Business Structures) – another four years later and this legislation has still not been implemented, creating work and uncertainty with no benefit for the public or profession
- Lack of progress towards full digital working
- We have not used our oversight powers as strategically as we might have
- Our proposed reform of the complaints process being blocked
- Attraction and retention of talent to our staff team
- Legal and appeal costs (even when winning, costs are often not awarded or are irrecoverable)
- Our reserves have reduced
- The complaints process remains overly legalistic
- Our external visibility, at key touch points, is still too low

### **What can be built on?**

Positive current themes it was thought we could build on further included:

- Early resolution
- Mediation
- Moving from a legalistic approach to complaints to a customer centric one

- Relationship with Consumer Groups
- Our 'risk appetite' for change
- Our 'Agile' project management approach to work to improve efficiency
- Reform work on complaints and regulation (medium and long term)
- Our management approach to scenario planning / planning ahead for various 'futures' - in individual projects and overall

### **What needs changed?**

In other areas we identified a change of direction are new concerted focus were required::

- Focusing on quality of work, as well as volume (after a necessary focus in the last few years on reducing work within the business and the journey times for users of our service)
- Customer experience and customer satisfaction for those that use our services
- Greater focus on digital working
- Obtaining new examples of best practice from more innovative sources (outside the 'echo chamber' of professional regulation)
- Greater engagement directly with the legal profession
- Improving our approach to attracting, retaining and developing staff



## 4. ASSESSING THE MARKET AND ENVIRONMENT

We undertook conversations with various groups and analysis to inform our thinking, using the P.E.S.T.L.E. model (see headings below). Some key themes were:

### Political

Most commentators would agree that a dominant feature of the recent landscape has been Brexit, and Brexit uncertainty. A general election has just taken place giving a majority government, and exit on 31 January 2020 is now a certainty. However, we anticipate continued uncertainty and political unrest around related matters, and that post-Brexit issues will continue to dominate parliamentary time and debate.

In December 2019 the Scottish Government stated the case for “giving the people of Scotland the right to choose their constitutional future” in the document *‘Scotland’s right to choose: putting Scotland’s future in Scotland’s hands’*. Another independence referendum is possible within the four years of the planned strategy.

In Scotland, elections are due to take place in May 2021. It is possible that there will be a ministerial change during the period of the strategy.

Combined, it is likely that constitutional debate and uncertainty will continue throughout the early years of the strategy, and perhaps throughout the four years.

These issues could directly affect the chances of legislative reform, based on parliamentary time and priority or depending on the election outcomes.

Globally there appears to be a rise in populist candidates and politics, with the rule of law often being seen as one of the stabilising counterbalances. We have a role to play in offering independent and impartial adjudication on issues of concern to consumers and lawyers, if we can ensure those individuals trust our service.

We also noted that in regulation there is always the risk of a ‘scandal’ driving reform.

The implications of legal services regulatory reform is considered below, but other policy themes may impact our work. These include the establishment of Consumer Scotland and broader consumer policy, emerging policy on the use of mediation in the civil justice system and in the field of legal aid, and the developing focus on service design and user involvement in policy development and service delivery. Aspects of the broader justice sector strategy may also have an impact.

### Economic

We are conscious of changes in the legal services market that might impact upon our work, including the growing proportion of in-house lawyers. There may be moves towards significant changes to the legal services market, for example through the entry of different business models or types of firm. Increasingly, large Scottish firms have been taken over by English firms, creating cross-border business models.

We also note cautious predictions about future economic growth and the potential for a recession during the strategy period, which could impact on our work (e.g. on our income or recruitment). We have taken account of the Scottish Government's five year projections (see Section 7). The Law Society of Scotland has predicted (in November 2019) a decrease in the number of lawyers in Scotland in the coming year.

Outsourcing may continue to grow – in relation to areas like Cash Room or IT. This has benefits bringing scale and investment, and expertise. There are also new risks, for example, a large number of providers outsourcing to one company, that company not itself being within legal regulation, and the risk of company failure.

The growth of freelance working (which we already utilise with our mediators and reporters) and the gig economy may begin to have a greater effect on our workforce or the wider legal services sector. We may also see increased automation, and the increased use of non-lawyer staff.

### **Sociological**

We have looked at data on consumers' views on complaints and complaints systems, and have noted demographic differences (for example, younger generations currently being less confident raising formal complaints). More broadly, we have noted increasing levels of consumer expectations, both of services and of opportunities for redress.

Social media will continue to be a defining part of human interaction and indemnity, with video and voice technology potentially overtaking text as the primary engagement options. Trends for people to look for social meaning and value, work life balance, and workplace wellbeing are likely to continue. #MeToo will continue to have an impact, but organisations should also be considering what the next large 'movement' may be.

There has been a growing understanding of the more complex nature of consumer vulnerability and the need for more nuanced understanding and responses from practitioners and services.

### **Technological**

We have noted the growth in AI, and the growth in smart speaker ownership as particular trends, alongside the growing dominance of video as a search and communication tool, and the increasing rebalance of the internet to a medium accessed on mobiles, and even wearable technology.

We anticipate further experimentation with online dispute resolution by the state, state agencies and commercial entities.

The SLCC has just updated much of its hardware and software, as our previous systems had reached the end of their supported life. However, by the end of this four year strategy much of this hardware will be five years old, and basic updating may need to be examined again alongside any transformation work. The business case for capital expenditure is complex when significant reform is being discussed, but with no clear timeline or outcome yet emerging.

Cybersecurity will continue to be a major issue for the SLCC and for law firms.

## **Legal**

We worked with our legal providers, and used our own knowledge, to consider legal issues that could be relevant. Under the last SLCC Strategy, increasing court fees and GDPR had an impact.

In the coming period it was noted there would be legal impacts from any new legislation on legal regulation and complaints. Likewise, there would also be implications if the 2010 Act is implemented to allow 'Alternative Business Structures'. We consider it likely that legislation will be brought forward on mediation and civil justice, and in relation to legal aid.

It was considered likely that the GDPR regime will continue to evolve and will need close attention.

The ongoing focus on preventing money laundering was also seen as an area likely to potentially lead to changes in both complaints and regulation.

Finally, there was discussion of the Civil Litigation (Expenses and Group Proceedings) (Scotland) Act 2018. Most litigators seemed to agree that that Act has the ability to dramatically change the way that litigations are run. Solicitors are now in a position to enter success fee arrangements with clients. This could result in a rise of litigation but perhaps more importantly, from a claims perspective, has the potential to generate a whole new area of dissatisfaction. It may take some time to see the impact of additional contractual arrangements between clients and solicitors in respect of success fees but we can also foresee an additional area of grievance not previously under the consideration of the SLCC.

## **Environmental**

Particularly in our staff workshops, there was a significant focus on making sure we played our part in terms of environmental responsibility and our carbon footprint.

We already have an active programme of work and many considerations in the strategy, like the move to more paperless working, aimed at reducing waste. The limited number of actions we can take as a small, niche organisation have also led us to try to support our staff around their personal environmental impact, through the provision of information and events.

There could be impacts from increased energy costs, or investment to reduce energy use. We may see more unpredictable weather impacting staff and our services. The pressure to purchase more sustainable products and services will escalate, and may impact costs.

The SLCC is covered by the Scottish Government Biodiversity duty. To meet the duty we must plan activity, and report publicly on outcomes every three years.

It was felt that in this Strategy, in contrast to previous ones, it was important that explicit reference was made to sustainability.

## 5. THE CONTEXT OF REFORM: FIT FOR THE FUTURE

### Reimagine Regulation

Since July 2016 the SLCC have been making the case for reform.

Our detailed papers and proposals are all available online at:

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

Our original call for change focused on six themes which we suggested would benefit both consumers and lawyers, by:

1. *Unravelling the current complex complaints maze*
2. *Reducing statutory detail that focuses on processes, not outcomes for people*
3. *Ensuring that when redress is awarded the client receives it*
4. *Targeting risk, and not seeing all legal services as the same*
5. *Embedding the consumer principles*
6. *Learning from complaints and data to improve future outcomes*

When the independent review set up by Scottish Government started to consult (see below), we encouraged the following aim and policy themes for the work:

#### **Aim**

*Better outcomes for consumers and the legal market achieved through agile, 'future proof', responsive and proportionate regulation that manages risks, aids choice, improves quality of services and is transparent and accountable in its operation.*

#### **Policy themes**

1. *Delivering a better statutory framework: simple, understandable, agile, proportionate, affordable, fair*
2. *Enabling a focus on the needs of consumers and clients, including reducing risk and improving quality: using data sharing, co-production, and consumer research to identify issues, and then target interventions*
3. *Affording opportunities to innovate, and delivering greater and more informed choice: legal services can be provided in a variety of ways and innovation is encouraged, leading to greater consumer choice and a sustainable market*
4. *Increasing trust and confidence in regulation and the sector: an independent, transparent and accountable model, with joined-up and co-ordinated 'end to end' regulation and redress*
5. *Ensuring better protection and faster redress: a single gateway, enabling fast and proportionate processes, ensuring redress is received when appropriate, and avoiding duplication and delay*

We remain committed to these views, and they continue to influence our operational work and strategy.

### Fit for the Future

In 2017 an independent review was established by the Scottish Government to look at the regulation of legal services.

This Independent Review of Legal Services Regulation published its report in October 2018: <https://www2.gov.scot/About/Review/Regulation-Legal-Services>

The SLCC has welcomed the findings, and encouraged the Scottish Government to implement them.

In October 2019 the Scottish Government set up a working party to explore alternative models, which may inform a consultation in 2020 alongside the 'Fit for the Future' recommendations.

### **What next?**

A working party has been set up by the Scottish Government to look at possible alternative models which would deliver the broad aims of the review but in different ways, and ideally in a manner more likely to make a consensus possible. These alternatives will be consulted on, alongside the original recommendation of a new, single, independent regulator.

We also await the outcome of work by the Competition and Markets Authority looking at legal services in Scotland: <https://www.gov.uk/government/news/cma-to-research-scottish-legal-services-market>.

### **Impact of the debate on reform**

Throughout the period of this strategy, debate on the benefits and various options for reform will continue, and may become an operational reality.

We recognise that this is a great opportunity to make improvements to the complaints process and the broader regulatory framework which are not possible within the current legislation. We will continue to influence reform, and stand ready to respond swiftly and positively once reform is agreed.

We are aware of the potential impact this uncertainty could have on our organisation. This includes an impact on our staff, and the attraction of future staff and Board members. It also relates to uncertainty around capital investment. We will ensure that this uncertainty is carefully managed. We have discussed the scale of the challenge in dealing with increased volumes of complaints if reform does not arrive.

## **6. ALIGNMENT TO THE NATIONAL PERFORMANCE FRAMEWORK**

### **Introduction**

While the SLCC is an independent body, the work we do is influenced by the Scottish Government's National Performance Framework. We reviewed the framework and considered both how this should influence our delivery and how we could contribute towards its aims.

### **Key themes**

The key areas of relevance are:

#### **(i) we live in communities that are inclusive, empowered, resilient and safe**

Our process is inclusive of all members of the community by being free to those raising complaints, and through our work to ensure it is as accessible as possible. Information and guidance on making a complaint, and our statutory duty to provide advice, ensure we empower citizens.

By resolving disputes, we ensure parties do not have to resort to other means, and that fair redress is awarded where appropriate, assisting resilience and safety.

We make sure adequate professional service is provided, which is especially important for vulnerable users.

#### **(ii) we are creative and our vibrant and diverse cultures are expressed and enjoyed widely**

We actively support diversity and inclusivity, and this work is acknowledged in our staff equality survey results and through our Board being cited as an exemplar of diversity in action in board governance.

We provide a range of accessibility and language options and train all our staff to be proactive and respond to requests for adjustments to our process.

We theme our profile-raising work around inclusive themes, from International Women's Day to Mental Health Awareness Week.

#### **(iii) we have a globally competitive, entrepreneurial, inclusive and sustainable economy;**

**and**

#### **(iv) we have thriving and innovative businesses, with quality jobs and fair work for everyone**

The legal sector is a large employer and net contributor to the Scottish economy. Effective redress mechanisms, as provided by the SLCC, encourage consumer confidence and consumer spending.

We ensure our rules and statutory guidance do not artificially limit growth or innovation.



## 7. THE CONTEXT OF THE SCOTTISH GOVERNMENT’S FIVE YEAR FINANCIAL STRATEGY

### Introduction

The five year plan is published at: <https://www.gov.scot/publications/scotlands-fiscal-outlook-scottish-governments-five-year-financial-strategy/>

The SLCC is not directly impacted, as we receive no funding from central government, and our financial model operates in a different way.

However, we are a public body, and it is right that we review the themes of the financial plan and assess where they may be relevant.

### Key themes

There are various key themes in the review:

- Financial constraints and pressure
- Concern about GDP following Brexit
- Ageing population
- Concerns around immigration, which has been the main contributor to population growth
- The change in the sources of Scottish Government funding
- High economic uncertainty
- The relevance of the Public Finance and Accountability (Scotland) Act 2000
- The relevance of the Scottish Public Finance Manual
- Investment in business
- Fair work and pay (including a commitment to protecting lower paid workers)
- The principles of Scottish taxation policy (certainty, convenience, efficiency, proportionality)

The report also contains a summary of the economic forecast made by the Scottish Fiscal Commission:

**TABLE 5.1 – HEADLINE ECONOMIC FORECASTS (CALENDAR YEAR BASIS)**

	2017 (outturn)	2018	2019	2020	2021	2022	2023
GDP (per cent growth)	0.8%	0.7%	0.8%	0.9%	0.9%	0.9%	0.9%
Employment (millions)	2.64	2.65	2.65	2.65	2.66	2.66	2.66
Earnings (per cent growth)	1.1%	1.6%	1.9%	2.2%	2.6%	2.9%	3.2%

### Application to the SLCC

The Strategy has relevance in a number of ways.

The data helps us make predictions about the sector, our own income, in terms of economic uncertainty, immigration and an ageing population.

That said, we can also base our decisions on long term trend data in lawyer numbers and demographics, which can be more directly relevant. We assessed data from the Law Society

of Scotland Financial Benchmarking survey available publicly at:

<https://www.lawscot.org.uk/members/business-support/financialbenchmarking/>

Some very specific elements help our forward projections. For example, the focus on protecting lower earners means we are more likely to see wage inflation in some of our suppliers who use lower paid labour (for example, cleaning and waste contractors) as we and they meet Living Wage commitments. This also helps us model future salary costs as it gives some indication of the likely approach in Scottish Government pay settlements.

The changes in the sources of Scottish Government income, and to 'block' funding, do not affect us. However, the impact on the legal sector is relevant. Large numbers of lawyers work in legal aid and in criminal prosecution and pressure on these budgets could have a knock on effect in terms of lawyer numbers, suggesting we should be prudent in our forecasts in this area.

Overall, we also need to consider themes and constraints in the public sector, whilst being mindful of our own fiscal duties set out in the 2007 Act.



## 8. EQUALITY, DIVERSITY AND HUMAN RIGHTS

### Background

As part of our 2019/20 published Operating Plan, and in preparation for a new Strategy, we are reviewing our equality and diversity statement and auditing our current operations for issues. We have already improved the accessibility of our website, and improved access generally through a range of measures.

The SLCC is covered by the Equality Act 2010, although not subject to the ‘specific duties’.

We tend to refer to the *diverse people of Scotland* who use our services and those services provided by lawyers. In this term we include the protected characteristics from the Equality Act 2010 (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation). However, we also include wider issues of socio-economic status, geographic and digital exclusion, literacy, and circumstance (like fleeing domestic violence or oppression abroad). We are conscious of intersectionality creating particular issues. Our Consumer Panel has done particular work on transient vulnerability aligned to being involved in a legal transaction.

We have aimed for an increasingly inclusive workplace, for example introducing policies to support transitioning (gender), menopause, and mental health. We expect to continue this journey in the coming Strategy, leading best practice in a manner appropriate to our size of organisation and our funding base.

We have also aimed to improve the experience of our services users, for example, creating a more accessible website, providing information on how to make complaints in multiple languages, and doing in depth work on the needs of vulnerable service users by working with a range of frontline agencies. Again, we expect to continue to evolve this work.

We are also conscious of human rights issues around our work, in particular, with reference to the European Convention on Human Rights:

#### **Article 6: Right to a fair trial**

#### **Article 7: No punishment without law**

These relate to our role in formal adjudications and the award of redress.

#### **Article 8: Respect for your private and family life, home and correspondence**

This can relate to the evidence we can use, and the distinction between the actions of a lawyer in public and private life.

#### **Article 9: Freedom of thought, belief and religion**

#### **Article 10: Freedom of expression**

These concepts require to be balanced with professional standards and ethics, in particular around comments by lawyers in public and their willingness to act in certain cases.

#### **Article 11: Freedom of assembly and association**

Lawyers and complainers have the right to be members of unions and associations which may represent them in their interaction with us. Lawyers and complainers have rights to protest, although lawyers must balance this with their professional duties.

## **Article 14: Protection from discrimination in respect of these rights and freedoms**

We have to ensure these rights are respected, and those who seek to enforce these rights are respected (even if that represents a challenge to an action we have taken).

### **Mainstreaming**

In this paper, our Strategy, and our operating plans you will see reference to the diverse people of Scotland who use our services and those services provided by lawyers.

In this term we include the protected characteristics from the Equality Act 2010 (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation).

However, we also include wider issues of intersectionality, socio-economic status, geographic and digital exclusion, literacy, and circumstance (like fleeing domestic violence or oppression abroad).

When we talk about independence, fairness and impartiality we are including the issues of human rights discussed above.

Our approach is based on believing that it is better that the concepts of equality and human rights are built into everything we do, rather than a stand-alone objective.

On occasion, we will set a specific objective, where we feel it is especially important to flag that these considerations are built into our work. For example, in the move to a 'digital' first approach we wanted to make especially sure stakeholders understood we were conscious of issues around digital exclusion and were taking those into account.

## 9. OUR ASSUMPTIONS ON WORKLOAD AND FINANCES

### Projected workload in complaints

Over the last four years we have seen a 30% rise in complaints, with an annual increase during that time ranged between 2% and 12%.

No specific pattern is discernible – complaints increased across legal areas, the nature of complaints and business types. This suggested an underlying trend was driving the increase – either an increase in transactions and work volumes (linked to an increase in lawyers) or changing customer expectations.

We know from other complaints bodies that complaints in general have been increasing.

Equally, we know from our own data and looking at that of other complaints bodies, that complaints rarely rise steadily year on year. Fluctuations are likely, as are periods where complaints flat line or even decrease.

We have to make the best assumptions we can. Our current modelling work uses a higher assumption of increase in the 2020 - 2021 and 2021 - 2022 operational years but with this levelling off to smaller increases in subsequent years. We have modelled on a 5% increase in the present year, and next year, levelling to a 2% increase each year thereafter.

These projections are regularly reviewed. Even the gap between when projections are made to inform the consultation (approved by Board in December 2019) and projections at the start of the business year (July 2020) can vary significantly. This could see more or less work than anticipated be predicted at that point, although a final figure is never known until year end.

If work is more than anticipated, the target would remain to try to meet that demand within the existing budget. If this is not possible, it impacts the next year's budget. If demand is lower, and resources are not expended, then money can be returned to reserves.

Complaints about lawyers	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Complaints incoming and requiring a formal prematurity and / or eligibility determination.	1,326	1,392	1,462	1,491	1,521	1,551
Of those eligibility decisions, 'FVTWM' and 'Time bar' are reserved to Commissioners:	261	274	288	294	299	305
Full service <b>mediations</b> will be required on the following:	80	84	88	90	92	94
Full service <b>investigations</b> will be required on the following:	341	358	376	383	391	399
Case not resolved at eligibility, mediation or investigation and requiring a panel of three commissioners to make the final determination	138	145	152	155	158	161

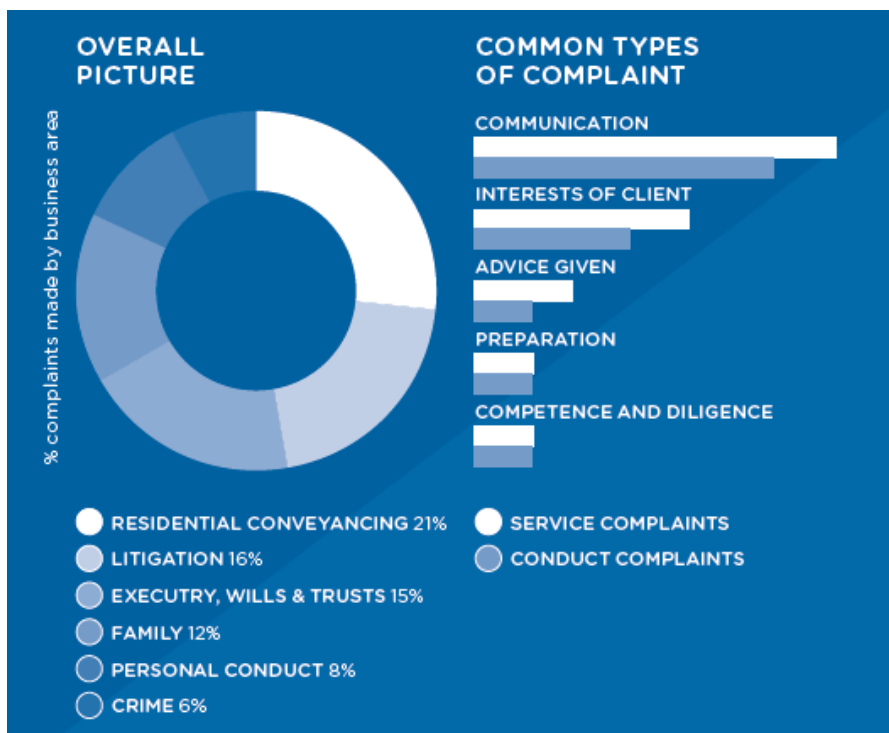
*\* This table summarises key stages with the most significant resource implications. It does not cover all our work, and complaints exit the system in other ways. This includes a significant number which we handle at eligibility but then passed to the Relevant Professional Bodies for the next stage.*

Our main areas and types of complaint are fairly stable.

Typically, the largest proportion of complaints we deal with relate to residential conveyancing followed by litigation, WTE (wills, trusts and executries), family law, personal conduct and criminal law.

In terms of what complainers are unhappy about, the most frequent issue we see is communication. This is followed by failure to represent the interests of the client, inadequate advice, failure to prepare and lack of competence and diligence.

The 2018/19 figures are:



Assumptions have also been made for other case types, based on our assessment of past patterns.

Others case types	2018-2019	2019-2020	2019-2020	2021-2022	2022-2023	2023-2024
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Handling	13	6	8	8	8	8
Freedom of Information Requests	27	29	31	33	35	37
Data Subject Access Requests	63	67	72	74	76	78
Appeals	20	25	27	28	29	30

## **Projected financial position**

### ***Year end 2018 - 2019***

Outturn for 2018-2019 was a surplus of £5,197 against a budgeted surplus of £14,224. This increased our reserve position to £393,455.

### ***End Q2 position for 2019 - 2020***

Outturn for 2019-2020 is currently forecast to be a surplus of £68,365 against a budgeted deficit of £406. This is predicted to increase reserves to £461,821 at the end of the year.

While this position is a positive is it worth noting that with the forecast we are offsetting an increased cost in legal fees.

### ***Further ahead***

Forecasting models are being worked to cover the period from 2021-2022 to 2024-2025, and version were reviewed by the Board as part of the decision making process on strategy.

These models are telling us that while we keep headcount static, salary costs will continue to increase and operational costs such as property costs and IT costs are increasing in line with inflation.

The key unknown factor is the volume of incoming complaints, but the trend over the last four years has been of increases. This means increasing levies may need to be considered in the future, if we continue with the current funding model.

SLCC will work to create efficiencies, where possible, to offset this increased cost where possible. However, cost cutting efforts over the last five years, which continues to have an impact, leaves relatively limited options. The greatest opportunity comes from reform of the process, to bring it more in line with other, more proportionate, complaints systems. This is why reform continues to be a priority.

## **General assumptions – 2020 - 2024**

We also have to make assumptions about other factors:

- Lawyer numbers have steadily grown over the last 20 years. As our statutory power is to levy a fee per lawyer this affects our income. A key growth area has been the number of 'in house' lawyers. At some point this may flatten. We are currently assuming small overall growth in numbers in the next four years. If growth is higher, extra funds are generated in that year but carry forward (in reserves, or to the next year).
- The Scottish Government pay deal has been between 1% and 3% over the last few years. Future deals will be dependent on the economy and union negotiation at a national level. The SLCC must reflect the pay deal. It is prudent to assume 3% per annum increases over the coming four years.
- Rent can be projected accurately for this period, up to September 2023 (when there is a tenant-only break clause) but a new market review will be needed and a business case made to Scottish Government to justify continuing the lease.

- Legal costs can be modelled on increasing case numbers, with fixed rates until October 2021 when we will re-tender.
- Most suppliers and contractors are projected at the current CPI (Consumer Price Index) rate (2%). In some specific cases we assume that moves to match the living wage will mean increases above CPI.

A detailed budget for 2020 - 2021 is included as part of the consultation:

<https://www.scottishlegalcomplaints.org.uk/consultation>

## 10. CONCLUSIONS

We hope this document gives a flavour of all the work that has informed the development of our vision and mission for the next four years, and the aims and priorities we have set.

We thank all those who shared views during the development process, and through our regular stakeholder interaction, to help us identify major themes and issues to consider.

It is important we ensure a robust planning process. Our internal auditors, Scott Moncrieff, have been appointed to audit our Strategy development and business planning approach. A mid-point assessment, leading to an 'audit memo', was considered by the Board of the SLCC before issuing the consultation. A final assessment will be carried out prior to publication of a finalised Strategy. If you have views on how the process can be improved, please let us know.

As noted at the start, the details of our proposed Strategy, budget and operating plan can be found at: <https://www.scottishlegalcomplaints.org.uk/consultation>

**We welcome views on all aspects of this work up to 12:00 noon on Thursday 19<sup>th</sup> March.**

Details of how to respond are on our website (by following the link above).