

Title: SLCC Draft Budget 01 July 2013 to 30 June 2014

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Date: 22 January 2013

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1 Introduction

- 1.1 This document sets out the SLCC's draft budget for the operational year 2013/14. It provides information on the expenditure, general levy and complaints levy proposed for the 2013/14 financial year.
- 1.2 The budget spreadsheets are attached as appendices.

2 Summary

- 2.1 Anticipated expenditure: £2,913,410 (previous year (£2,813,381))
- 2.2 Anticipated income: £2,709,286
- 2.3 Anticipated funds released from reserves: £204,124 (previous year £150,000)
- 2.4 General levy: £324 full levy (previous year £318- an increase of 1.8%)
- 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 2012 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 April 30

4 Expenditure

- 4.1 Appendix 1 contains the summary of expenditure by line item, with a comparison to the previous year (i.e. the 2012/13 year). The overall budget shows an increase of 3.6%.
- 4.2 The most significant area of spend continues to be on staff. The budget for 2012/13 was based on a head count of 40.6. The budget for 2013/14 is based on a headcount of 47.1. This reflects the changes since the SLCC reviewed its staffing levels as part of the restructuring during 2012/13 and the increase in the volume of work related to complaints and oversight.
- 4.3 SLCC has sought to offset the impact of increased staff costs by ensuring efficient use of all non-staff resources. This is reflected in savings in the following areas
- (i) Property costs. SLCC is seeking to minimise the costs of its current lease and associated costs through negotiation with our landlords.
 - (ii) Insurance costs. We have sought and obtained competitive quotations for the full range of insurance services, and fixed these costs for the following year at a lower level.
 - (iii) Office running costs have been reduced through changes to stationery and photocopying suppliers.
 - (iv) Communications costs. Efficiencies have been achieved through use of electronic media wherever possible.

- (v) Corporate legal costs and special projects and research. Savings have been achieved through the use of internal resources.

4.4 SLCC have taken the decision to exclude a contingency provision from the 2013/14 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 order of £750,000 at the start of the year. This is within the three to four month level set out in the current reserves policy.

5.2 This position will change in 2013/14 as SLCC intend to utilise £204,000 from reserves within the year. SLCC is of the view that the current level of reserves is higher than will be required in future and is seeking a reduction to between two to three months running costs.

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. Appendix 3 sets out the calculation;
- (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 minimal. The amount stated is to cover archiving costs.

6.2 Income does not include complaints levy income.

Appendix 1 – Summary Budget

SLCC



Summary Budget

1 July 2013 to 30 June 2014

Expenditure £

staff	2,184,050
running costs	729,360
contingency	0
total	2,913,410

Income required to cover expenditure £

Levy from Law Society	-2,610,468
Levy from Faculty of Advocates	-73,386
Levy from Assoc of Commercial Attorneys	-432
Other Income	0
SLSO Costs Recovered from SG	-10,000
Estimate of Interest Earned	-15,000
Total	-2,709,286
Released from reserves	-204,124

General Levy £

Solicitors with 3+ years experience	324
Conveyancing Practitioner or Executry Practitioner 3+ years exp	324
Solicitors in 1st 3 years of practice	162
Conveyancing Practitioner or Executry Practitioner 1st 3 years of practice	162
Practising Outwith Scotland	108
In-house Conveyancing Practitioner or Executry Practitioner	108
In-house lawyers	108
Advocates	162
Assoc of Commercial Attorneys	108

Appendix 2 - Proposed Expenditure 2013/14

Budget 1 July 2013 to 30 June 2014

scottish legal
complaints commission **slcc**

Summary of Expenditure	Budget 2013/14 £	2012/13 for comparison £	Variance £	Variance %
Staff Remuneration and support costs				
<i>Direct Staff costs</i>				
Staff salaries and NIC	1,879,591	1,504,338	375,253	25
Member salaries and NIC	219,479	219,479	0	0
	2,099,070	1,723,817	375,253	22
<i>Indirect Staff Costs</i>				
Staff training and development	30,000	30,000	0	0
Member training and development	14,000	14,000	0	0
Staff travel & subsistence	3,600	3,600	0	0
Member travel & subsistence	10,200	10,200	0	0
Other staff costs	27,180	27,180	0	0
	84,980	84,980	0	0
Total Staff Costs	2,184,050	1,808,797	375,253	20.7
Non-staff costs				
Property costs	285,500	320,800	-35,300	-11
Insurance	24,250	35,900	-11,650	-32
Office running costs	50,010	65,104	-15,094	-23
Direct case costs	148,900	148,880	20	0
Communications	35,000	56,200	-21,200	-38
IT Costs	53,400	53,400	0	0
Corporate legal costs	46,800	76,800	-30,000	-39
Audit Fees	29,500	29,500	0	0
Special projects and research	20,000	36,000	-16,000	-44
Rechargeable costs	0	0	0	0
Building Services and maintenance	6,000	6,000	0	0
Capital Asset Depreciation	30,000	26,000	4,000	15
Total Non-Staff Costs	729,360	854,584	-125,224	-15
Total of staff and non staff running costs	2,913,410	2,663,381	250,029	9
Operational contingency	0	150,000	-150,000	-100
Total Costs	2,913,410	2,813,381	100,029	3.56

Appendix 3 – General and Complaints Levy

2013/14 Baseline Annual Levy to recover full costs



Category	Waiver	Practising Certificates	Annual Levy	Total Income
Solicitors with 3+ years experience	Annual Levy	6,550	349	2,285,950
Conveyancing Practitioner or Executory Practitioner 3+ years exp	Annual Levy	7	349	2,443
Solicitors in 1st 3 years of practice	Annual Levy less 50%	874	174	152,076
Conveyancing Practitioner or Executory Practitioner 1st 3 years of practice	Annual Levy less 50%		174	0
Practising Outwith Scotland	Annual Levy less 66.6%	586	116	67,976
In-house Conveyancing Practitioner or Executory Practitioner	Annual Levy less 66.6%	3	116	348
In-house lawyers	Annual Levy less 66.6%	2,600	116	301,600
Advocates	Annual Levy less 50%	453	174	78,822
Assoc of Commercial Attorneys	Annual Levy less 66.6%	4	116	464
		11,077		2,889,679

Complaints Levy

	2013/2014 up to	2012/2013 up to
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

Complaints Levy - Previous Years

	2010/2011 up to	2011/2012 up to
Complaint not upheld at any stage	£0	£0
Complaint resolved at mediation	£0	£0
Investigation recommends complaint upheld in full or part, proposed settlement accepted - First Settlement	£500	£500
Investigation recommends complaint upheld in full or part, proposed settlement	£700	£700
Formal Determination complaint upheld in full or part - First	£800	£800
Formal Determination complaint upheld in full or part - Second	£1,200	£1,200
Formal Determination complaint upheld in full or part - Third & Further Determin	£2,000	£2,000