



Scottish Legal Complaints Commission

Annual Report and Financial Statements

Year ended 30 June 2022

Laid before the Scottish
Parliament by the Scottish
Ministers under section 15(2) of
Schedule 1 to the Legal Profession
and Legal Aid (Scotland) Act 2007
and section 22(5) of the Public
Finance and Accountability
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1. Performance report

Performance overview

Introduction

The purpose of this section is to provide an overview of the organisation, how our work links to the national performance outcomes, our functions and powers, and our strategy.

With that context set, details are then provided of our performance and key outcomes for the year.

History and statutory background

The Scottish Legal Complaints Commission (“the SLCC”) is constituted under the terms of the Legal Profession and Legal Aid (Scotland) Act 2007, enacted on 1 October 2008.

The SLCC is a body corporate and is domiciled in Scotland.

Purpose: statutory powers and responsibilities

The SLCC’s main functions are set out under the Legal Profession and Legal Aid (Scotland) Act 2007 and the Legal Services (Scotland) Act 2010.

The SLCC’s statutory functions cover three main areas: legal complaints, oversight of complaint handling by the legal profession, and monitoring the effectiveness of the Scottish Solicitors’ Guarantee Fund (more recently trading as the “Client Protection Fund”) controlled and managed by the Law Society of Scotland (“the LSS”) and professional indemnity arrangements maintained by the Relevant Professional Organisations (“RPOs”) on behalf of their members (e.g., the Master Policy).

The SLCC’s statutory function in respect of legal complaints is to:

- Provide a **gateway for all complaints** about lawyers in Scotland;
- **Give advice** on complaints to all parties;
- Assess if the complaint is **eligible**, against a number of legal tests;
- Directly manage complaints that relate to the **service** provided by lawyers – providing redress where appropriate (whether that service is provided by a traditional law firm or a new “Licensed Provider”);
- Refer complaints about the **personal conduct** of lawyers to the RPO;
- Refer **regulatory complaints** about Licensed Providers to the Approved Regulator;
- Manage complaints about how the RPO and “Approved Regulators” have dealt with those conduct issues (called ‘**handling complaints**’); and
- Manage complaints about “**Approved Regulators**”.

A register of Approved Regulators is published by the Scottish Government:

<https://www.gov.scot/policies/access-to-justice/alternative-business-structures/>

The SLCC’s statutory function in respect of oversight of complaint handling includes:

- **Investigating “handling” complaints about RPO** investigations into conduct;
- **Auditing RPOs’** conduct complaints records;

- **Monitoring and reporting on trends** in the way the legal profession deals with complaints – to help ensure the sector learns from complaints made; and
- **Issuing guidance** to the legal profession on dealing with complaints and promoting best practice.

The SLCC's function in respect of the effectiveness of the Client Protection Fund and indemnity arrangements allows us to make recommendations to the RPOs about the arrangements in place and has included research into the Client Protection Fund and the Master Policy.

The SLCC supports an independent advisory Consumer Panel. Its statutory functions are to:

- Make recommendations on how SLCC can improve our policies and processes;
- Suggest topics for research connected to legal consumers; and
- Express a view on matters relating to the SLCC's functions.

While the SLCC is an independent body, the work we do is influenced by the Scottish Government's National Performance Framework. We contribute through the delivery of our functions to the following outcomes:

- **Communities:** live in communities that are inclusive, empowered, resilient and safe;
- **Culture:** are creative and vibrant and diverse cultures are expressed and enjoyed widely;
- **Economy:** have a globally competitive, entrepreneurial, inclusive and sustainable economy;
- **Fair Work and Business:** have thriving and innovative businesses, with quality jobs and fair work for everyone.

We also take account of the Scottish Government "Vision for Justice in Scotland" (which was updated in 2022). Although less directly relevant, we also reviewed the Scottish Courts and Tribunals Service "Respond, Recover, Renew: Supporting Justice through the pandemic and beyond" document.

Organisational Structure



Purpose: strategy and process

Our current strategy covers the period July 2020 to June 2024. The operational year covered in this annual report (2021/22) is the second year of the strategy.

The process we used to develop the strategy was published as part of our annual statutory consultation on work planning and budgets. This background context can be found at:

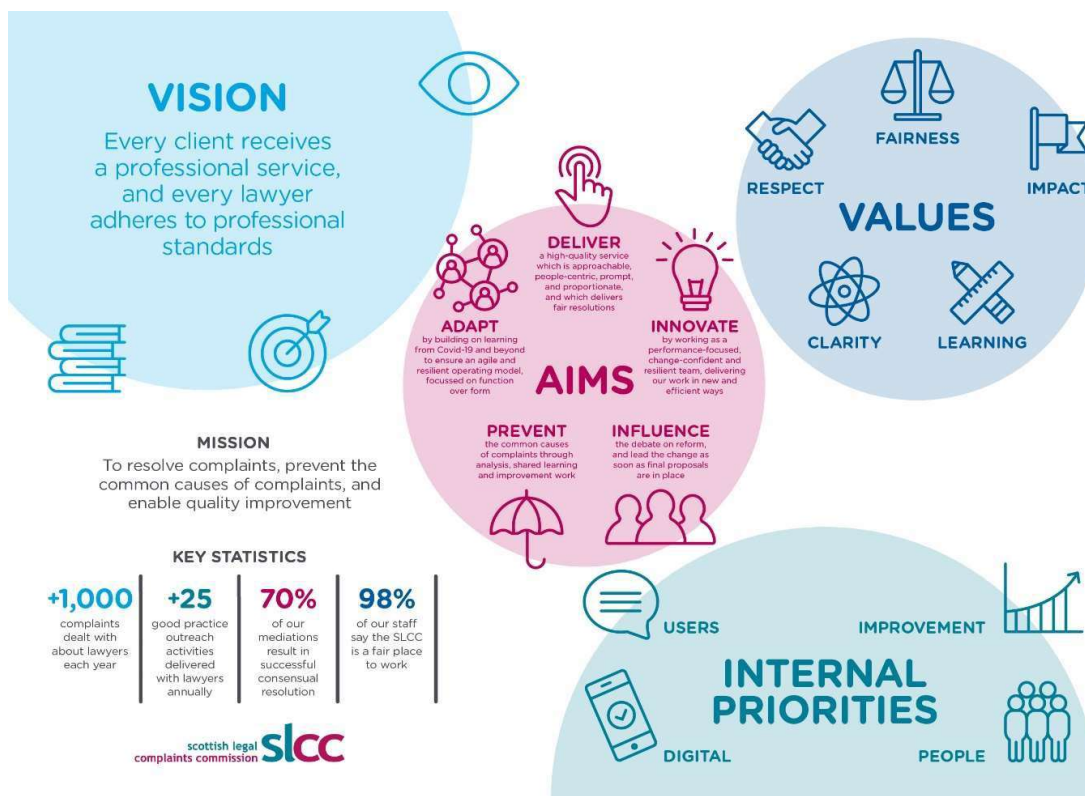
<https://www.scottishlegalcomplaints.org.uk/media/2118/background-document-final.pdf>. Full details of the strategy can be found at: <https://www.scottishlegalcomplaints.org.uk/media/2172/strategy-and-op-plan.pdf>

Adjustments were made in response to Covid-19, adding an objective last year to:

***Respond** to the challenge of Covid-19, and the impact on clients and the sector, and accelerate the change set out in our strategic aims and priorities to achieve a more adaptive and agile business model, with full remote working capability and a high resilience.*

We again reviewed the situation in this business year. We had responded well throughout Covid-19 and had no major impacts on delivery. This meant as statutory restrictions ended the above objective became redundant. It was agreed to remove it, and replace it with a new one from the start of the coming business year (from 1 July 2022) focussing on using learning from Covid-19 as an opportunity to improve the business further in the future:

***Adapt** by building on learning from Covid-19 and beyond to ensure an agile and resilient operating model, focussed on function over form.*



Summary statement of the CEO

Our business planning cycle is set in statute. Each year we must consult in January on an operating plan and on a budget sufficient to meet planned expenditure. We must publish consultation responses in March and lay a budget before Parliament in April. Our Annual Report and Financial Statements then complete the cycle, reporting on performance within that year.

In this performance analysis section, we give a full account of our performance against our operating plan, key achievements and activity, our key performance data (on the complaints process), our financial position, key risks, and the future development of the organisation. Later we provide remuneration information, governance information, the full financial statements, and the detailed notes to the financial statements. However, this section provides a high-level summary.

We delivered the majority of the projects in our published Operating Plan for 2021/22 with the Board approving a mid-year update on one project based on changes of circumstances and priorities. This meant 91% of projects were completed, which exceeds the 85% completion target set by the Board. This compares to 97% of projects completed in 2020/21, and 90% in 2019/20).

We continued the improved core performance of our complaints process. While the time taken to complete complaints, and the work in progress, increased marginally the significant improvements over the last few years were retained. The marginal increases came from reducing staff resource to the lowest point possible to ensure a cost saving from the new levels of efficiency was delivered. We will now seek to hold performance at this level. On both work in progress and journey time, we met the targets set by the Board.

Our rapid response to the Covid-19 situations allowed significant savings in our 2021/22 budget. The SLCC has usually achieved income and expenditure close to the levels predicted in advance as part of the budgeting process. The formal target, in usual circumstances, is that actual expenditures is +/- 5% of planned expenditure.

In 2020/21 significant savings were made on staff spending. This followed the removal of backlogs from the business in previous two years, through efficiency work, and was caused by incoming complaints dropping meaning we had a reduced staff need. We worked quickly to realise these savings (for example, seconding staff out to other organisations, and not replacing leavers). This in turn allowed a reduction in levies for the profession in 2021/22.

In 2021/22 we have again been able to make savings on staff (and in other areas) and saved a total of £140,448 overall for the year. Savings included:

Staff Costs	£218,954
Member Costs	£ 43,413

However, we did overspend within case related legal costs (£85,330), largely due to increased costs in pursuing solicitors failing to provide files on request, and training costs (£35,220).

These further savings could not have been predicted at the time the budget was set (April 21). Complaints were starting to rebound after the lockdown, but we managed to continue to operate on lower staffing and to meet targets for longer than anticipated despite complaints volume starting to go back up.

Savings were visible by the mid-point of the year, and this allowed our proposed budget for the 2022/23 year to include further reductions in levies, with a deficit budget also using savings from the past two years (effectively 'returning' these to the profession in the form of a lower levy).

However, as discussed later in this report incoming numbers of complaints are starting to increase, and just before year end, we started to increase staffing levels in response to the growing volume of complaints received. It is therefore unlikely we will see any further salary savings in 2022/23.

Key issues and risks – looking forward

Our risk policy and risk register were maintained, updated, and scrutinised at Audit Committee and Board throughout this year.

An exercise was carried out in the previous year to rethink risks from first principles (sometimes called a ‘de novo’ review) and to ensure alignment of the risk register to the new strategy. This thinking was used to fully refresh the risk register at the end of that operational year, and ensure it was aligned to the new strategy.

The impact of Covid-19 has been significant for us as an organisation, for the sector that funds us and to which we provide services, and for the nation.

While we managed to ensure there was little or no impact on front end delivery of services and customer service, as noted elsewhere, this was achieved by dramatic changes of staff working pattern and location, hardware, software, systems and processes, and work practices internally. In our 2019/20 financial statements we set out detailed information on how we responded – supporting the profession and complainers, and ensuring all services continued to be offered. This can be found starting on page 8 (<https://www.scottishlegalcomplaints.org.uk/about-us/how-we-are-funded/previous-annual-accounts/>). We provided an update in our 2020/21 accounts, available on the same web page.

No new issues arose from Covid-19 in this operational year. Like many organisations at the start of the year we continued to work remotely (but were able to offer all of our services), faced the uncertainty of when lockdowns would ease, and have had to work hard to support staff in a variety of ways (hardware, software, pastoral support, training, etc.) as they coped with this situation. As the year progressed, we consulted staff on a new hybrid working arrangement (Your Job, Your Way), implemented this as a pilot, and at year end had an independent facilitator hosting workshops to evaluate it. We continue to implement other recommendations (including around digital and reducing property overhead) from a Working Party which met in 2020/21 to identify learning opportunities coming from the Covid-19 situation.

In terms of workload during Covid-19 it was initially difficult to predict whether it would lead to a reduction in complaints (as transaction numbers fell) or an increase (as clients mid transaction encountered issues). However, overall, we saw reductions in both 2020/21 and 2021/22, although towards the end of that period we saw a rebound getting back to close to our longer-term average trend.

The SLCC may need to prepare for an office move. In the 2022/23 business year we may seek to use a break clause in our lease. With a new hybrid working model, our need for office space is reduced, and we will seek to make savings if we can. Although the move itself would not come until 2023/24 there would be preparation in 2022/23 and some increased risk (impact on morale and productivity, activating break clause before a new property is secured, etc.). This is being managed and mitigated through a specific project plan and team.

The SLCC may be subject to external reform. Four years ago, an independent review of the regulation of legal services in Scotland was published (October 2018). The Report (the ‘Roberton’ report) recommended the creation of a single regulator, merging the functions of five statutory bodies, including the SLCC.

This could be seen as a major strategic risk to the business, and something needing to be considered in all planning.

However, this was in line with many of the SLCC's own recommendations to the review, and the report was positively welcomed by the SLCC, which continues to consider the current map of five separate statutory bodies regulating approximately 13,000 people as inefficient and in need of modernisation in many areas.

Furthermore, the Scottish Government response to the review did not appear to fully endorse these recommendations and raised concern at a debate which had 'polarised' around the issue of a single organisation. The response noted a need to find consensus. A working party was established by the Scottish Government, which the SLCC are part of, and met throughout the previous year. It sought to identify other models to consult on, alongside the model proposed in the Robertson report.

In October 2021 the Scottish Government launched a consultation on the models discussed by the working party, to assess if there were possible consensus on an option. Just after year end (July 2022) the analysis and responses were published. However, this continued to see a polarisation with roughly half of respondents in favour of a single, independent regulator (tending to be consumer and consumer bodies) and roughly half favour minor adjustments to the status quo (tending to be lawyers and legal organisations).

In September 2022 the Programme for Government committed to laying a bill on legal services reform within the 2022 to 2023 parliamentary year. We do not yet know the full contents, the legislation will take time to pass, and there will then need to be time given for implementation. It appears more likely to amend the SLCC's role than merge the functions into a new body. Whilst changes would need to be implemented this would not be a strategic risk, being similar to when our functions were amended in 2010 and 2014.

However, until a bill is passed into law we cannot be certain of what change may look like. On this basis, and until notified otherwise, the Board of the SLCC need to plan on a 'business as usual' basis for at least a two-to-three-year period.

Inflationary pressure. Like all organisations we face the risk of inflationary pressures potentially driving up costs in our supply chain (IT providers, property, utilities, legal providers, etc), impacting our staff through rising costs, and potentially reducing our funding base (if lawyer numbers decline as their own firms are affected). Strike action in the UK appears to be increasing, potentially affecting availability of staff (our own, and for suppliers) in relation to transport strikes, and wider pressure on public sector pay settlements.

This year we avoided any serious IT security or failure incidents. We have achieved this by ensuring regular software updates and patches are carried out, as well as an upgrade programme this year to ensure all software in use is fully supported. We have invested in independent penetration testing and an independent IT review including examining security. We have followed cyber-attacks on other organisations to ensure we learn lessons and take appropriate action. We continue to focus on mitigations around security and staff training to minimise risk.

In 2021/22 we invested in a cyber incident response partner and contracted with our existing IT supplier to provide vulnerability management scanning, which will be rolled out in 2022/23. Some members of our management team took part in an 'exercise in a box' session run by the Scottish Business Resilience Centre and Azets carried out an internal audit on our cyber security procedures and made some recommendations.

Other issues. No other major financial risks, issues or process failures were reported or identified. There were no data breaches within the course of the year requiring a report to the Information Commissioner's Office (ICO), compared with none in 2020/21.

These medium and long-term risks continue to be reviewed regularly by the Audit Committee and Board.

Summary: the long-term impact of Covid-19 on the economy, inflation and on the legal services market remains the biggest uncertainty for the coming year leaving us less able to predict both workload and income than in past years. This risk is highly rated on our risk register and will be monitored closely. Reform remains a longer-term uncertainty. As with many organisations cybersecurity is a key ongoing risk, with multiple

mitigations but the risk is still considered high simply due to how sophisticated and intense attacks can now be. In other respects, our assumption is that the operating environment will be similar in the coming year.

The link between KPIs, risk and uncertainty

The most important factor influencing our performance is the incoming case load of complaints. We can make assumptions, but there is uncertainty in any forecast model. The key risk for the business is a sharp increase, or decrease, in complaints which takes resource and budget out of alignment with workload.

In the first year of Covid-19 (2019/20) we saw a dramatic fall in complaints (1,326 down to 1,036), which had not been anticipated when budgets were set in back in April 2019.

In the second year of Covid-19 (2020/21) we saw a small rebound (1,036 to 1,054). However, this was less than expected due to the unanticipated second lockdown and the overall length of time day to day life was impacted, which was not envisaged at the start of the pandemic. This was one factor which allowed a reduction in levy to be consulted on within this year (for the following year, 2022/23).

The current year, 2021/22, saw a stronger rebound, with incoming numbers rising to 1,159. However, the prolonged period of lower than previous rates was again one factor that allowed a further reduction in levy to be consulted on within this year (for the following year, (2022/23), even in a context where further rebound is predicted for 2022/23.

After two years without recruitment (and a reducing staff through departures and secondments) rising workloads required us to start re-hiring, and this will increase cost pressure on the future year budgets based on levies reduced and then reduced again in the last two years.

We will need to carefully monitor the situation in the first two quarters of 2022/23 as we develop budget proposals to consult on for 2023/24.

If there is an increase above our budgeted prediction, this immediately affects KPIs. Contingency plans for higher workloads can be put in place, but this will often have an implication for the following year's levy. Increases also reduce our capacity to deliver projects or deal with other risks that materialise within the year.

Statement of going concern

In preparing the accounts, the Scottish Legal Complaints Commission's Accountable Officer is required to comply with the Government Financial Reporting Manual (FRoM) and in particular to prepare the financial statements on a 'going concern' basis, unless it is inappropriate to presume that the SLCC will continue in operation.

Management have assessed the appropriateness of the going concern basis of accounting required by IAS 1 and have concluded that the use of going concern basis is appropriate. This is informed by the following:

- There has been no substantive change to the Legal Profession and Legal Aid (Scotland) Act 2007 in the operational year;
- If the SLCC did not exist it is likely the Scottish Government would be required to appoint another organisation to carry out the legal complaints process;
- There is a strategic plan in place until 2024;
- Financial planning in place for 2022/23 and the budget has been laid before parliament;
- Funding levels are linked to the number of practitioners in the sector and data shows this is not declining; and
- Scottish Government published the consultation analysis for the Legal Services Regulation Reform and will continue to explore the best way forward with regulatory reform in the legal sector, considering the findings from both this consultation and other work in the area. There is currently

no policy statement on what form that reform might take, and therefore we do not expect any changes to come from this in the immediate future (2 to 3 years).

This is further referenced in the Accountability Report (see page 19).

Performance Analysis

In our Strategy for 2020-2024 we set out four strategic aims as well as internal priorities to support this.

This performance report sets out progress towards our strategic aims, cross referencing that to the internal priorities: (U) Users, (I) Improvement, (D) Digital, and (P) People.

DELIVER a high-quality service which is approachable, people-centric, prompt, and proportionate, and which delivers fair resolutions.

- Building on last year's basic training we deployed advanced training on accessible English to all staff. (U, P)
- Following last year's review of all standard template letters and emails for accessible English, we redesigned template formats, uploaded these to our system and commenced use. (U, P)
- We continued an extensive programme of improvement, with 7 new 'sprints' (rapid test and deploy cycles of improvement) started during the operational year. These included using digital telephony to improve customer service, changing communication and administration at eligibility and mediation to create faster and more efficient communication for customers, testing of different remote mediation models, and new software to improve the accessibility of English in our customer communications. (U, I, D, P)
- We used a service design approach to explore the contact options customers prefer, leading to the design of a new system to allow call times to be booked (including a website booking form). (U, I)
- We worked with staff and users to define new expectations for how telephone calls will be handled, and the level of customer service being provided. These have been rolled out to staff with associated training. They have also been published and are being promoted on our social media to make them transparent to users. (U, I)
- We fully reviewed our Quality Assurance system for the handling and decision making in case files, with Board endorsing the review and suggested changes in January 2021. (U, I, D)
- We learned from consumer groups about the specific needs of their service users (including, for example, a presentation to all staff from Citizens Advice Scotland on vulnerable service users) to inform our accessibility and customer service. (U)
- Our Consumer Panel informed and challenged our work on customer service, our planned rule changes, and plain English, as well as promoting the need for consumer-focused regulatory reform. (U, I)
- We completed training and roll-out to staff of a 'digital exclusion checklist' to ensure that despite our focus on digital services we always have other methods of delivery for those that need it. (U, I, D)
- We implemented a rigorous new process for 's17 work' (seeking to access files and explanations from law firms) following ongoing poor performance in the sector in responding to complaints. After many years of concern, we have also raised this issue with the Lord President as ultimate regulator of the sector. (U)

- We worked with Scottish Government to recruit two new legal members for our Board (with one of these members being appointed just after year end on 1 July 2022) and provided training and induction to ensure a smooth transition which did not impact customer service levels for those awaiting a decision on complaints. (U, P)
- We carried out website accessibility testing, using third party expertise and testers with a range of impairments, and have developed an action plan to tackle issues identified. (U, D)
- We continued our focus on early resolution, developing key messages and ‘myth-busting’ communications to use in our engagement with the legal profession. This included a dedicated section of our Annual Report last year. (I)
- Last year we reviewed all of our statutory ‘oversight’ powers and considered how these can be used to improve quality within the sector, and we created a new strategic approach to how we will use these powers. We also consulted with key stakeholders both informally and formally. This year we published the approach in a policy document and used the identified priorities to contextualise other oversight work during the course of the year for stakeholders. (U, I)
- A first outcome from this new approach has already been delivered, with our review of the ‘Master Policy’ tender by the Law Society of Scotland leading to a strategic plan for the coming five years, which SLCC will monitor to ensure the effectiveness of indemnity arrangements. This was completed in 2020/21, but the report was made public in November 21. (U, I)

INNOVATE by working as a performance-focused, change-confident and resilient team, delivering our work in new and efficient ways.

- We received the Holyrood Public Services award for Project and Programme management in December 2021 for our work on ‘Delivering results – agile improvement in action’. (D, I, P)
- We took part in a documentary for Sky TV on innovation in case management in the ombudsman sector. (D, I)
- Our IT change programme saw the full deployment of VOIP phone systems to all staff, a secure Virtual Private Network (VPN), and increased cybersecurity. (U, D)
- We created and piloted a new app (using Power Automate) to support setting up mediations with practitioners, members of the public, and the independent mediator. (D, I, P)
- We carried out a review of AI products and approaches in common use in the legal sector. (I, D)
- We identified Data Lab as a potential partner for work on data science and AI, and at the end of 2022 took on a master’s student intern to work on a 12-week project with our data. Our focus in this area is to assess opportunities for the SLCC to improve its work (either our own processes, or to identify where AI use by firms may be an issue within complaints). (I, D)
- We consulted on amendments to our rules, issued under our statutory powers, to ensure they empower a ‘digital first’ organisation and approach, and will implement these in the coming year. (U, I, D)
- We completed a successful consultation on, and then pilot of, our new hybrid approach ‘Your Job, Your Way’. We supported people in new ways of working and remote working through training, coaching, and guidance. (P)
- We worked with our Wellbeing and Inclusion Staff Group, with Union representatives, and with our staff ambassador to ensure the health and wellbeing of colleagues during a challenging year through a range of online events, resources, care packages and one to one support. (P)

- We completed a tender for legal services for the SLCC, which sought to appoint three firms to a panel to support us over the next four years. (I)
- We have initiated a property review process. Our current lease has a break clause in September 2023, and we have a reduced need for space due to hybrid working. (I, P)
- We reviewed other organisations' Biodiversity Reports that were published in Dec 2020 for examples of best practice to inform our own work, and our staff took part in climate week. (U, I)

PREVENT the common causes of complaints through analysis, shared learning and improvement work.

- We held two roundtables with the profession – one with leaders from the 'high street' sector and one with leaders from the larger commercial firms in Scotland. These were focused on learning their views about current issues in the sector, and future opportunities and challenges, to help inform our own work. (U, I)
- We updated our statutory s40 guidance on complaints handling in firms and will be launching this just after year end. (U, I)
- We delivered 16 outreach sessions to the profession, met for 1:1 meetings to support individual firms, developed 4 pre-recorded sessions for diploma students, and had 13 'best practice' discussions where issues with how firms handled complaints had been identified. (U, I)
- We consolidated information on our outreach work onto one section of our website to make this easier for firms to access and to make the work more visible. (U, I, D)
- We further increased our engagement with the profession via social media, developing bite-sized messages that can be delivered in an engaging way via LinkedIn and Twitter (including more graphics, gifs and animated and live video), and using that to highlight our wider guidance, advice and support. We used articles in the Scotsman to promote a number of key messages about how we work. (U, I, D)
- We used our quarterly e-newsletter to deliver engaging content to the profession, including on early resolution, consumer vulnerability, and the impact of Covid-19 on complaints. We used case studies from our decisions to bring this to life and used our social media activity to signpost to this content and increase our readership. (U, I)

INFLUENCE the debate on reform and lead the change as soon as final proposals are in place.

- We engaged in specific discussions on the drafting of a statutory instrument to implement policy proposals for medium term changes to the legislation, and on impact assessments for those changes. (U, I)
- We continued to publish articles and give talks to make the case for longer-term and wider reform of the system for legal regulation. (U, I)
- We responded to the Scottish Government consultation on longer term reform of legal regulation published in October 2021. (U, I)
- We met with MSPs, policy makers and stakeholders to discuss views on longer term reform. (U, I)
- In December 2021, when The Law Society of Scotland was finally authorised as an Approved Regulator under the Legal Services (Scotland) Act 2010, we moved immediately to publish consumer information and implement longstanding plans to meet our responsibilities under the Act. (U, I)

- We started work to draft new rules to complete implementation of the Legal Services (Scotland) Act 2010 (now there is a fully approved regulator) and will consult early in the 2022/23 business year. (U, I)
- We responded on the consultation on the public sector consumer duty for public sector bodies in Scotland. (U, I)

Work we had planned, but which did not take place or where we amended our approach:

This year only one project was reprioritised:

- We had intended to change our approach to the production and publication of information on the work of our Board. This was again put on hold as we prioritised actions around our Covid-19 response and then seizing opportunities to implement that learning to improve long term efficiency and effective working. (I)

Summary: We delivered over 91% of our Operating Plan for the year, with 85% being the target set by our Board (to take account of the fact that some projects will always be affected by external factors out with our control, or priorities may change mid-year). Performance on quantitative performance measures is detailed below in the Performance Report.

Key performance data in complaints

Set out below are comparative volumes of work over the last four years. These figures are similar to the statistical information we share with the relevant professional organisations on a quarterly basis.

COMPLAINTS & ELIGIBILITY	2021/22	2020/21	2019/20	2018/19
Complaints in hand at start of year	388	436	685	849
Complaints received in year	1,159	1,054	1,036	1,326
Premature complaints reopened (closed in previous years)	8	7	11	13
Premature complaints reopened (closed in year)	64	77	81	67
Net change – reassessed as eligible/ineligible on appeal	-2	0	-1	0
Complaints under consideration	1,617	1,574	1,812	2,255
Ineligible	-222	-180	-224	-253
Withdrawn	-33	-25	-48	-69
Discontinued	-21	-24	-31	-38
Resolved at eligibility	-253	-236	-239	-336
Premature	-162	-196	-215	-192
Conduct	-112	-96	-155	-216
Adjustments for administrative reasons*	-5	16	26	-21
Potential service complaints	809	833	926	1,130
Complaints closed	-350	-445	-490	-445
Complaints awaiting eligibility assessment at year end	242	201	157	344
Eligible service or hybrid complaints in progress	217	187	279	341
Complaints in hand at end of year	459	388	436	685

METHOD OF RESOLUTION (Complaints Closed)	2021/22	2020/21	2019/20	2018/19
Mediation	80	90	45	80
Investigation (conciliation without report)	60	104	138	111

Investigation (settlement with report)	48	81	63	71
Withdrawn at investigation	29	39	46	45
Determination	133	131	198	138
Total	350	445	490	445
% Upheld at Determination	51%	43%	43%	51%

* "Adjustment for administrative reasons" – not all numbers will add to the totals provided. We are making more transparent a number of adjustments that take place for administrative reasons. Examples would include where someone has submitted an identical paper and electronic complaint form, or where two complaints are merged (issues a complainer has raised separately but which represent one complaint).

Incoming complaints rose 10% compared to last year. This followed historically low levels of complaints in the last two years, influenced by Covid-19 and in particular, the two significant periods of 'lockdown'. Complaints remain a little lower than the years immediately pre Covid-19 (which saw particularly high incoming numbers) but are now almost back to an underlying steady trend of increasing complaints over the last decade.

Although there are variations in all other data, none of these are significant in percentage terms. In many ways this year represents a 'steady state' in terms of the outcomes for complaints and the overall performance of the business. This comes after several years of significant improvement in performance and was the predicted position as we aimed to hold performance steady on reduced resource (leading to our financial surplus this year) to make savings while incoming complaints rates had been lower (in the previous two years).

Ineligible remained at a similar level to in recent years; all of these are subject to a final determination by a member of our Board.

Resolution at eligibility remained high, at 256 cases (equivalent to almost a quarter of incoming cases within a year). In these cases, we invest time in trying to identify a solution which both parties are comfortable with, this can take some weeks and considerable staff resource, but remains a more cost-effective way of resolving complaints than moving to a formal adjudication. We also generally find that both parties are more content with an outcome which they have been involved in the negotiation of and have agreed to. Almost all these cases would progress to being a full-service complaint without the investment of resource in resolution at this early stage (although that does not necessarily mean they would go on to be upheld at final determination).

Complaints admitted as service (eligible, and not resolved at eligibility) remained at similar levels to recent years.

Following four years of reducing complaints in hand at the end of the year, we saw a small rise this year to 459. This comes from complaints rising again after Covid-19 whilst we still operated on considerably reduced resource which let us make financial savings. The end of the year saw us return to recruiting staff and increasing the resource available to handle complaints. Another recruitment round will take place early in the coming year (2022/23). Whilst in 2020/21 and this year 2021/22 we were able to bank savings from reduced numbers, this is unlikely to be the case in 2022/23 as we already enter it with increased complaints in hand.

We also monitor the average 'Journey Time' of cases - the aggregate of the average age of cases at each stage of our process. For 2021/22 we saw a small increase in average journey time at year end to 7.3 months (up from of 6.7 months last year). This remains dramatically different to 2016/17 when this figure was 14.7 months, with process improvement seeing this drop each subsequent year until this year. Again, this links to us having reduced resource and cost during the period of lower incoming numbers, but now seeing incoming numbers building back up. Again, it means next year the challenge will be aiming to hold performance in the face of increased demand.

All parties are issued a customer service feedback form at the end of each complaint. During 2021/22 we received an 18% response rate (compared to 10% in 2020/21) and during the year we had a more even split of responses from both consumers and practitioners 58%:42% (70%:30% 2020/21).

Responses based on Stage in Complaints Process	2021/22		2020/21	
	Consumer	Practitioner	Consumer	Practitioner
Eligibility	8%	10%	13%	20%
Mediation	17%	25%	7%	7%
Investigation	33%	33%	42%	40%
Determination	42%	32%	38%	33%
Total	100%	100%	100%	100%

We monitor several factors in these surveys – asking if individuals are satisfied (or not) with our helpfulness, the information we provide, how we explain the process, clarity of communication, the reasoning provided for our decision, and so on.

Practitioner feedback is strongly positive (irrespective of the case being upheld or not). Information provided by the SLCC, process explanation and SLCC staff were helpful, all scored above 73% in terms of practitioners recording they were satisfied. Across the whole year satisfaction rates for all criteria were between 37% (recommend the SLCC to others) and 76% (process explanation).

Consumer feedback varies and there is a link between level of satisfaction and the case being upheld or not. Process explanation, information provided was clear and easy to understand and SLCC staff were helpful all scored above 50% in terms of consumers recording they were satisfied. Across the whole year satisfaction rates for all criteria were between 25% (timescales) and 59% (process explanation).

Budget performance

The SLCC outturn against budget is shown in the table below:

	Year ended 30th June 2022		Year ended 30th June 2021
	Budget	Actual	Actual
Income	(3,840,657)	(3,992,519)	(4,101,986)
Expenditure	3,834,476	3,694,031	3,568,878
(Surplus)/Deficit	(6,181)	(298,488)	(533,108)

Income was £151,862 higher than expected, based on higher complaint levy income than anticipated (paid when a complaint is upheld) and recovered secondment income.

Expenditure was underspent by £185,445 or 5% under the anticipated budget.

The main area of underspend was staffing costs and member costs. We also saw overspends within legal costs (case related) and training.

This has meant the SLCC is reporting a year end surplus of £343,488 for 2021/22.

The SLCC Board has committed to strengthening the reserves position to three months to better prepare for any impact on our cash flow. By returning the current year surplus to our reserves we are now in a position

where we will hold more than three months average expenditure within reserves. However, the Board is also considering the potential need for reserves to empower longer term efficiency work, for example, a potential downsizing of property need with upfront costs but the potential for long term savings. The need for operating reserves, and for this type of investment reserve, will be fully considered in the budgeting process for 2023/24 (which take place in the autumn of 2022). There is also the need to consider the impact of increasing costs due to inflation and pay on the SLCC's finances.

Payment of creditors and regularity of expenditure

The SLCC is committed to prompt payment of bills for goods and services received. Payments are made as specified in the agreed contract conditions. Where there is no contractual obligation or other understanding, we aim to pay for goods and services within 30 days. On average the SLCC took 16 days to pay for goods and services (2020/21: 15 days) and the SLCC's payment performance was 93% (2020/21: 97%).

Social matters

The SLCC is an equal opportunities employer, and all staff are expected to comply with a range of policies covering legal and behavioural matters and are encouraged to play an active part in our sustainability and dignity at work initiatives. Staff policies are regularly updated for any new legislation and these changes are flagged to staff so they can review the relevant policy. Our staff code of conduct adopts the nine key principles for public bodies. Staff are reminded on an annual basis of the organisation's whistleblowing policy. The staff conflict of interest policy covers fraud and anti-bribery legislation and is reviewed regularly.

Sustainability Report

The SLCC recognises that the changing climate will have far reaching effects on Scotland's economy, people and environment. One of our strategic objectives is to deliver a sustainable operation and reduce our environmental impact through staff led initiatives and delivery of our biodiversity duties.

As sustainability features in our current strategic plan, the SLCC Board has sight of the work done in this area through our Operational Plan reporting and within our Strategic Risk Register we highlight any key risk to the organisation.

The SLCC is also committed to supporting national aims and policies on Environmental and Sustainable Development. We published an updated three-year review (2018-2020) in December 2020, reporting on our work to meet the Scottish Bio-diversity Duty, this is available online: <https://www.scottishlegalcomplaints.org.uk/about-us/rules-policies-and-publications/biodiversity-reporting/>.

Explanation of the development and performance of the entity

For the last two years the primary challenge has been reducing workforce to match lower incoming numbers whilst retaining talent and expertise where possible (for example, we authorised a number of secondments to external bodies).

After several years of improving performance against key indicators (like Journey Time) the focus was on maintaining performance whilst reducing resource, and this was achieved.

The improvements of previous years, combined with lower incoming work, allowed levies to be reduce two years in a row, delivering savings to the sector. The challenge ahead is numbers rebounding, and the need to increase resource to address that.

Annual Audit

The financial statements are audited by external auditor's appointed by the Auditor General for Scotland, and he has appointed Deloitte LLP as the SLCC Auditor's for 2021/22. As Accountable Officer, I am not aware of any relevant audit information of which our auditor's is unaware. I have taken all necessary steps to ensure that I myself am aware of any relevant audit information and to establish that the auditor's is also aware of this information.

DocuSigned by:

67BAFE99DFEE42D...

Neil Stevenson
Chief Executive Officer

14 November 2022

2. Accountability report

Corporate Governance Report

Details of our governance arrangements are published online. This includes a governance statement, a scheme of delegation, the arrangements for the management of conflict of interest, a code of conduct and a risk management policy.

<https://www.scottishlegalcomplaints.org.uk/about-us/rules-policies-and-publications/the-slccs-governance-arrangements>.

Compliance with our governance framework is periodically reviewed, including the use of internal audit where appropriate. There were no reported breaches or concerns this year. Further details on governance are provided in the remainder of this section.

The Directors Report

Date of Issue

The Accountable Officer authorises these financial statements for issue on 14 November 2022.

The Senior Management Team

The SMT is responsible for the day-to-day management of the SLCC's activities and operations. Key legal responsibility for the organisation rests with the Board, and with the Chief Executive and the Accountable Officer (a single role, and not a Board member), as outlined in this report.

The Board

The SLCC should comprise of a lay chair, and eight further members – five lay and three legal. The Board has responsibility for establishing and taking forward the strategic aims and objectives of the SLCC and demonstrating high standards of corporate governance by using the Audit Committee to address key financial and other risks.

Board Appointments	Appointment		Years	Notes on change over
	From	To		
Chairing Member (Lay)				
Jim Martin	01/01/2018	31/12/2022	5	
Lay Members				
Sara Hesp	01/01/2017	31/12/2021	5	Departed during year
Sarah McLuckie	01/01/2017	31/12/2021	5	Departed during year
Morag Sheppard	01/01/2018	31/12/2022	5	
June Andrews	01/04/2021	31/03/2026	5	
Niki Maclean	01/04/2021	31/03/2026	5	
John Stevenson	01/01/2022	31/12/2026	5	Started during year
Jean Grier	01/04/2022	31/12/2026	5	Started during year
Legal Members				
Denise Loney	01/01/2017	31/12/2021	5	Departed during year
Kay Springham QC	01/01/2017	31/12/2021	5	Departed during year
Frank Gill	01/04/2021	31/10/2021	-	Departed during year
Richard McMeeken	01/01/2022	31/12/2026	5	Started during year

During 2021/22 two lay members stepped down from Board and were successfully replaced, with new members receiving a full induction to support them in their role.

Three legal members departed during the course of the year. Two came to the end of their statutory term, and one stepped down to take up a judicial role.

One new legal member was appointed in January 2022, and we thank them for carrying the workload alone for the six months to year end.

Scottish Government had in place recruitment plans for the other two legal roles, but there were a number of issues (for example, another legal member who accepted a role, but before starting took up a judicial role instead).

Just at year end a second legal appointment was made (Lynne Collingham), with a start date of 1 July 2022 (just after year end). She will show in next year's governance report.

The remaining legal member vacancy was filled in September 2022 (Dale Hughes) and planning is now going on for their induction. This has been a challenging time for the organisation and has been closely monitored through the risk register given the impact this could have had on journey time or the barrier to making decisions it could have been if there was a conflict.

In 2022/23 there are two further members to depart the SLCC Board in December 2022 as part of our normal cycle. One of these is the Chair, with this transition also on the risk register. Scottish Government have been working on this, but to date no appointment has been made. The outgoing Chair, with support from the CEO, is currently working on a contingency plan for an interim chair in case no appointment is made before the 31 December 2022.

The recruitment of the lay member has taken place and is now going to the relevant external stakeholders for approval. It is hoped SLCC will be able to begin induction for this vacancy in mid to late November 2022.

The Board met formally for six meetings during the course of the year, as well as taking part in a planning and strategy workshop and several development sessions. Five of these meetings were conducted remotely by video conference. We were able to hold our May 2022 meeting in person and let new members meet each other face to face for the first time. Minutes are published on our website: <https://www.scottishlegalcomplaints.org.uk/about-us/who-we-are/our-board/board-meeting-minutes/>.

Board meetings deliver the governance function of the Board. Under our governing statute Board members have a separate role in determining individual cases at two stages in our process, either sitting individually or in groups of three, chaired by a legal member.

The Board reviewed their effectiveness through a confidential discussion at the start and end of each Board meeting, through dialogue on the planning of Board agendas and papers, and through discussion of topics and learning needs for the five development sessions in this operational year.

Accountable Officer's responsibilities

The CEO is designated in statute the Accountable Officer for the SLCC. This is confirmed in the SLCC's governance arrangements.

The relevant responsibilities as Accountable Officer are set out in the Memorandum to Accountable Officers for other Public Bodies issued by the Scottish Government and published in the Scottish Public Finance Manual and reflected in the SLCC's rules. These responsibilities include responsibility for the propriety and regularity of finances and for the keeping of proper records. The Memorandum is available at: <http://www.scotland.gov.uk/Topics/Government/Finance/spfm/Accountability/aomemoothor>

Under paragraph 15 (1) of Schedule 1 of the Legal Profession and Legal Aid (Scotland) Act 2007, the SLCC is required to prepare a statement of accounts for each financial year in accordance with directions as required by the Scottish Ministers. The financial statements are prepared on an accruals basis and must give a true and fair view of the SLCC's affairs and financial activities at the year end.

In preparing the financial statements, the Accountable Officer is required to comply with the Government Financial Reporting Manual (FRM) and in particular to:

- (i) Observe the accounts direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- (ii) Make judgements and estimates on a reasonable basis;
- (iii) State whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- (iv) Prepare the financial statements on a 'going concern' basis, unless it is inappropriate to presume that the SLCC will continue in operation.

Neil Stevenson joined the organisation as the Chief Executive and the Accountable Officer on 20 July 2015.

The Accountable Officer is required to confirm that he is unaware of any relevant audit information of which our auditor's is unaware and further confirm that he has taken all necessary steps to ensure that he is aware of any relevant audit information and to establish that the auditor's is also aware of this information.

The Accountable Officer must be of the opinion that the Annual Report and Financial Statements as a whole are fair, balanced and understandable. I accept personal responsibility for the Annual Report and Financial Statements and for the judgements required for determining that they are fair, balanced and understandable.

Governance statement

Scope of responsibility

I took up the permanent post of Accountable Officer on 20 July 2015. As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of organisational policies, aims and objectives, whilst safeguarding the organisation's assets, and the funds levied from the legal profession, for which I am responsible.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control will continue to evolve to identify the principal risks to the achievements of the SLCC's policies, aims and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively and economically.

The processes within the organisation have regard to the guidance to Public Bodies in Scotland issued by the Scottish Ministers and set out in the Scottish Public Finance Manual, and the Scottish Government Audit Handbook (updated April 2019).

Governance framework

The SLCC has a governance framework which comprises of the systems and processes (including a formal scheme of delegation covering all aspects of work), culture and values by which the SLCC is directed and controlled.

The governance framework has been in place for the year ended 30 June 2022 and up to the date of approval of the annual report and financial statements.

The governance framework is overseen by the Senior Management Team comprising the Chief Executive Officer, the Director of Business Performance, the Director of Public Policy, and the Director of Resolution.

Our Audit Committee meets four times per year. The Audit Committee consists of three members of the Board. From June 2021 to December 2021 the committee comprised Sara Hesp (as Chair), with Denise Loney and Morag Sheppard as members. Following the changes to Board membership from the start of January 2022 to year end the committee comprised Morag Sheppard (as Chair), with Niki Maclean and John Stevenson as members.

The meeting is attended by our internal and external auditor's. The Committee provides support to the Board in respect of their responsibilities for issues of risk, control and governance. Through the year the Committee met by video conference due to 'lockdown'.

A Board level Health and Safety Committee assists with this key area, and met four times, again by video conference.

The Remuneration Committee met four times during the course of this business year. This year they have discussed succession planning, absence, equal pay, a competency framework, member expenses, staff survey results, CEO salary process, the impact of Covid-19 and pay discussions.

Declarations of Interest for the Senior Management Team, and for all staff, are managed under a policy approved by the Board and are updated regularly. For the Senior Management Team there were no significant company directorships or other interests held which may have conflicted with their management responsibilities.

The Board register of interests is available at: <https://www.scottishlegalcomplaints.org.uk/about-us/rules-policies-and-publications/board-member-register-of-interests/> and there are no significant interests that conflict with their responsibilities.

As part of the framework the SLCC has a risk policy which sets out our approach to risk management and appetite for risk. It is supported by a corporate risk register, monitored by the Audit Committee, which is part of an ongoing process designed to identify and manage the principal risks to the SLCC achieving its corporate objectives.

The SLCC's risk management system identifies the key risks facing the organisation, their potential impact and the control measures put in place to mitigate either the likelihood of a risk materialising, and/or its impact on achievement of corporate aims. This involves evaluating the nature and extent of risks and putting in place effective and affordable management and control systems.

A detailed Scheme of Delegation was in place throughout the year, and an updated version approved by the Board during the course of the year. We updated our arrangements for how business would be conducted in the absence of the Chair.

Other than a move to video conference meetings, no changes in our governance processes, controls or rigour have been required due to Covid-19 as systems already took account of remote working and agile approaches.

Review of effectiveness and Annual Report of the Audit Committee

It is part of my responsibility as Accountable Officer to review the effectiveness of the system of internal control. My review is informed by:

- (i) The work of the Board, and in particular the strategic direction it gives to the SLCC;
- (ii) The work of the Audit Committee in its consideration of risk, financial management, risk and audit reports;
- (iii) Reports from the internal auditor's on the adequacy and effectiveness of the system of internal control; and
- (iv) The work of the management team.

During the year 2021/22 the SLCC has worked continuously to review and refine its systems of internal control. These items also represent the 'Annual Report' of the Audit Committee. In particular we have:

Formal Internal Audit (Azets)

- Reviewed the close out report on the internal audit plan for the previous year (2020/21).
- Approved an internal audit plan for the current year (2021/22).
- Started preparation of the internal audit plan for the coming year (2022/23).
- Received reports from our outsourced internal auditor's on our Hybrid Working Pilot/Return to Work after Covid-19, how we process handling complaints and identify trends, and our cyber security arrangements. These are part of our internal audit plan for the current year (2021/22).
- Subsequent to year end (July 22 meeting) reviewed the close out report on the internal audit plan for the year (2021/22).

Formal External Audit (Deloitte, on behalf of Audit Scotland)

- Reviewed the governance statement and financial statements from the previous financial year (2020/21).
- Reviewed the ISA 260 external audit report on the previous (2020/21) financial year.
- Held a review discussion on the outcome and effectiveness of the external audit for the previous year (2020/21).
- Approved the external audit plan for the year (2021/22).

Ensuring compliance with best practice

- Provided external training on audit to new members joining the committee.
- Received updates on fraud risks in the public sector and reviewed learning and key themes from the work of the Scottish Parliament Public Audit Committee.
- Attended external events to grow knowledge and help identify best practice. For the Accountable Officer this included NDPB Chief Executive Forums.
- Reviewed the Audit Scotland Code of Audit Practice 2021.
- Reviewed the Scottish Futures Trust – New Frontiers for Smarter Working Work and Workplace post Covid-19.

Other assurance activity

- Reviewed our approach to medium term financial planning, and current three-year projections for income and expenditure (to aid future planning, and in response to a recommendation within the external audit).

- Added Cyber Security as a standing item to the Audit Committee agenda as a result of reviewing the learning from the Scottish Environmental Protection Agency attack.
- Continued to ensure a lead Board member was in place to lead on cyber security issues.
- Delivered cyber security training from the Scottish Business Resilience Centre to our Audit Committee and full Board.
- Discussed every risk on the strategic risk register on a quarterly basis, with a detailed discussion at the Audit Committee and approval at Board.
- Began work on a De Novo risk review for planning for the risk register for 2022/23 (the final version of a new register was approved by the Board just after year end in July 2022).
- Reviewed the Assurance Map for all sources of assurance and reviewed its links to the risk register.
- Refreshed all Health and Safety risk assessments during this year – working with our Board level Health and Safety Committee.
- Reviewed and updated our Business Continuity Plan in line with recommended best practice.
- Provided regular updates on our IT infrastructure including progress, cost and risks.
- Appointed and trained a new Whistle Blowing Officer and started a review of our service user complaints process (to be completed in 2022/23).
- Started preparation for the transition to a new external auditor from 2022/23, with Audit Scotland having been appointed.

The SLCC complies with the principles of the Scottish Public Finance Manual and the Scottish Government Audit Handbook (updated April 2019).

I am satisfied that the SLCC has robust, proportionate and appropriate systems of control in place.

Remuneration and staff report

Remuneration policy and report

The Board, having considered the requirements of the Government Financial Reporting Manual and the responsibilities of managers within the SLCC, considers that only the remuneration of the CEO, SMT and Board Members should be disclosed.

Remuneration - CEO

The CEO's remuneration is approved by the Board. It is subject to and compliant with The Public Sector Pay Policy for Senior Appointments. Neil Stevenson joined the SLCC on 20 July 2015. The CEO's salary shown includes basic salary only. It does not include employer national insurance or pension contributions. During the year to 30 June 2022, £10,453 was paid into a money purchase pension scheme on behalf of the CEO in line with his contract. The table below has been audited by our external auditor.

	Year Ended 30 June 2022				Year Ended 30 June 2021			
	Salary £000	Pension Benefit £000	Benefit in Kind	Total £000	Salary £000	Pension Benefit £000	Benefit in Kind	Total £000
Neil Stevenson	85-90	10-15	Nil	95-105	80-85	10-15	Nil	90-95

Remuneration - SMT

The SMT's remuneration is approved by the CEO. It is subject to and compliant with the Public Sector Pay Policy and their grades are included within the overall SLCC grading structure. The three Directors salaries shown include basic salary only. They do not include employer national insurance or pension contributions. During the year to 30 June 2022, a total of £14,060 was paid into a money purchase pension scheme on behalf of the three Directors in line with their contracts. The table below has been audited by our external auditor.

	Year Ended 30 June 2022				Year Ended 30 June 2021			
	Salary £000	Pension Benefit £000	Benefit in Kind	Total £000	Salary £000	Pension Benefit £000	Benefit in Kind	Total £000
Caroline Robertson	60-65	5-10	Nil	70-75	60-65	0-5	Nil	65-70
Louise Burnett	55-60	0-5	Nil	60-65	50-55	0-5	Nil	55-60
Vicky Crichton	50-55	0-5	Nil	55-60	50-55	0-5	Nil	55-60

Chair and Board fees

SLCC Board members are eligible to claim out of pocket expenses relating to their work as SLCC Board members (both in relation to their governance role, and their role in determining individual cases). Board remuneration has been determined in line with Public Sector Pay Policy for Senior Appointments, Chief Executive, Chairs and Members. The table below has been audited by our external auditor. Further information can be found at www.scotland.gov.uk/publications.

	Year Ended 30 June 2022		Year Ended 30 June 2021	
	Daily Fee	Total	Daily Fee	Total
	£	£000	£	£000
Jim Martin, Chair	322	10-15	319	15-20
Emma Hutton <i>(left 31/03/21)</i>	-	-	216	0-5
Michelle Hynd <i>(left 31/03/21)</i>	-	-	216	5-10
Sara Hesp <i>(left 31/12/21)</i>	218	0-5	216	5-10
Sarah McLuckie	218	0-5	216	0-5
Morag Sheppard	218	5-10	216	5-10
Amanda Pringle <i>(left 31/03/21)</i>	-	-	216	10-15
Denise Loney <i>(left 31/12/21)</i>	218	0-5	216	5-10
Kay Springham QC <i>(left 31/12/21)</i>	218	0-5	216	0-5
Frank Gill <i>(left 31/10/21)</i>	218	0-5	216	0-5
Niki Maclean	218	0-5	216	0-5
June Andrews	218	5-10	216	-
John Stevenson	218	0-5	-	-
Richard McMeeken	218	0-5	-	-
Jean Grier	218	0-5	-	-

Note: Overall payments vary between members due to several factors. Not all members were present for the whole year (either starting or finishing statutory terms during the course of the year). The Chair's role is affected by the number of external engagements. Each member will be involved in a differing number of Eligibility and Determination Committee decisions and have a caseload of varying complexity. Legal members have an additional role to play as 'Chairs' of Determination Committees. Some members also sit on other Committees (such as the Audit Committee).

Fair Pay Disclosure

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The relationship between the remuneration of the highest paid member of staff and the median remuneration of the staff is as follows:

	Year ended 30 June 2021	Year ended 30 June 2020
Remuneration Band for highest paid member of staff	£85-90,000	£80-85,000
Percentage change from previous year	+2.5%	+1.5%
Average percentage change for employees	+2.0%	+3.9%
Lower quartile remuneration	34,976	35,877
Lower quartile ratio	2.5	2.4
Median remuneration	38,873	38,622
Median ratio	2.2	2.2
Upper quartile remuneration	38,873	38,622
Upper quartile ratio	2.2	2.2
Remuneration Range	£23,000 – £85-90,000	£23,500 – £80-85,000

The reduction in percentage change for the highest paid individual and average percentage change for employees was linked to the cost-of-living element being less within public sector pay policies. The FTE used to calculate the average in this pay scale was 55.51 in 2020/21 and reduced to 52.86 in 2021/22. During 2021/22 the SLCC had 2 agency members of staff; one was made permanent, and one was cover for long term absence. Therefore no agency staff have been included in the median calculations.

In 2021/22, no employees received remuneration in excess of the highest-paid director. Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The SLCC implemented the nationally agreed Public Sector Pay Policy, in April 2021, which was an increase of £800 for those earning under £25,000, 2% for those earning between £25,000 and £40,000 and 1% for those earning over £40,000. The SLCC also used pay bill flexibilities to provide a further 0.65% pay increase to support with the rising inflation costs. Pay discussions for April 2022 were finalised in September 2022, using the flexibilities in the Public Sector Pay Policy for 2022-23, the following increase was agreed and back dated to April 2022:

- A cash underpin of £1,700 to all staff earning £25,000 or less;
- 5% increase to those earning between £25,001 and £52,000;
- 3.75% increase to those earning between £52,001 and £80,000

The following table shows the salary and related costs for all staff for the year ended 30 June 2022, identifying staff and members separately.

	Year ended 30 June 2022			Year ended 30 June 2021		
	Staff £000	Members £000	Total £000	Staff £000	Members £000	Total £000
Salaries	2,078	55	2,133	2,186	67	2,253
Social security costs	201	1	202	208	2	210
Pension costs	166	-	166	179	-	179
Total Salary Costs	2,445	56	2,501	2,573	69	2,642

During the year to 30 June 2022 no employees received an exit package (2020/2021 zero exit packages).

No off-payroll payments were made.

The SLCC currently holds the Living Wage accreditation.

Salary bandings, median remuneration and salary costs disclosed within the Remuneration Report were reviewed by Deloitte to ensure consistency with the financial statements.

Staff report

	Year ended 30 June 2022	Year ended 30 June 2021
Average FTE	51	56
Gender	71% Female 29% Male	70% Female 30% Male
Board	57% Female 43% Male	78% Female 22% Male
Management Team	75% Female 25% Male	75% Female 25% Male
Absence <i>CIPD Benchmark¹</i> <i>8 days public sector</i>	6.4 days	5.9 days
Turnover Rate <i>Civil Service Benchmark²</i> <i>13.60%</i>	13.40%	10.48%

1. https://www.cipd.co.uk/Images/public-sector-summary_tcm18-73787.pdf

2. <https://www.instituteforgovernment.org.uk/explainers/civil-service-turnover>

In March 2022 we ran our annual staff engagement survey, after making some changes to the questions. The response rate this year was down on the previous year to 80% (87% in 2020/21). We saw positive increases across 9 of the 16 questions asked, compared with our 2021 survey. We were particularly pleased to see a positive increase in responses to “I am supported in my health and wellbeing by my manager” (84% 2021/2, 78% 2020/21).

The biggest increase in positive responses from our 2020/21 survey was to “I am kept well informed about what the organisation is doing” which increased from 79% in 2020/21 to 89% in 2021/22.

Equal pay

All staff, irrespective of gender, are paid according to our current pay and grading structure, are treated equally, and are progressing through our current pay and grading structure based on performance and length of service.

In our management grades we have one male and one female in a Grade D role (two post holders at that grade). At Grade E roles there are more males than females (three males to two females). At Grade F there are two females, while at Grade G there is one female. The current Chief Executive is male.

Grade C is our largest grade in terms of numbers of staff. Within this Grade there are 33 staff, 24 females (73%) and 9 males (27%). Within the lower two spine points there are 4 females and 1 male, and within the top two spine points there are 17 females and 7 males. This relates solely to length of satisfactory service and suggests no structural issue.

In Grades A and B, we have 8 females (80%) and 2 males (20%). We will continue to consider in terms of recruitment, benefits and other aspects of employment how we can continue to be attractive to different genders.

In terms of both grades and the organisation overall we continue to deliver equal pay.

Equal opportunities and diversity statement

The SLCC is committed to the principle of equal opportunities across our functions and in our employment practices. We are committed to pursuing positive action in our policies and practices to ensure that no individual is discriminated against directly or indirectly, unlawfully, unjustifiably or unfairly because of their personal status in relation to race, ethnic or national origin, religion, age, sex, gender identity, pregnancy or maternity, disability, sexual orientation or marital/civil partnership status.

To further support this the SLCC has developed and finalised a blind recruitment policy to allow us to recruit inclusively. We are also reviewing example job adverts for best practice on how to advertise flexible working.

Staff policies for disabled staff, and other employee matters

The SLCC follows the Civil Service Recruitment principles to ensure fair recruitment for all and encourages applications from those with disabilities who meet the essential selection criteria.

We continue to improve our policies and practices on disability and are aware of our equality duties under the Equality Act 2010. When developing a new policy, we always have due regard to equalities (and human rights) to ensure our policies do not discriminate or disadvantage any of our staff protected under the Equality Act.

Reasonable adjustment, unconscious bias, and equality training are provided annually for all staff and HR provide advice and support to line managers and individuals to make sure all staff are well supported. We

also make reasonable adjustments and seek advice from our occupational health specialists to ensure all staff have the correct support for their disability.

In our 2022 survey 22% of our staff indicated they have a disability or long-term health condition. This compares higher than the reported UK averages for the Civil Service in the 2022 survey (which has rates around 6% to 15% depending on grade).

In 2021/22 we reviewed best practice advice from Working Families and have implemented flexible working rights from day 1. We have also made changes to our sickness absence policy so that staff are now entitled to 26 weeks full pay and 26 weeks half pay after they complete a successful probation period with us; previously staff were not entitled to full sick pay until they had one year's service.

We also continued with our focus on mental health and wellbeing and provided additional training for both individuals and our mental health first aiders on mental health topics. We also trained a further 10 staff to be a mental health first aider and trained all managers in first aid. We also offered greater flexibility in how our staff worked this year and we can see the benefits this has to support a disability, caring responsibilities or simply managing a work life balance. We have made a commitment to staff to develop future working policies that build on this flexibility to continue to support staff.

There is a staff and Board member Health and Safety Committee, which met throughout the year. Risk assessments are refreshed annually, as is our policy statement on Health and Safety and staff are consulted on the risk assessments. We took part in the annual Health and Safety week and focused on health and safety while working from home due to the lockdown period.

Trade Union Facility Time

The SLCC recognises one trade union for the purpose of collective bargaining, Public and Commercial Services Union (PCS). The SLCC recognises the benefits of a positive and open relationship with our recognised trade union. As part of our commitment to working in partnership, and in accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, we offer paid facility time to our workplace representatives to enable them to carry out union activities and duties.

Trade Union Representatives (TU)

Number of employees who were relevant Union Officials during the relevant year	FTE employee numbers
2	2

Percentage of time spent on Facility Time

Percentage of Time	Number of Representatives
1% -50%	2

Percentage of pay bill on Facility Time

Total Cost of Facility Time	£2,119
Total Pay Bill	£2,345,697
Percentage of Total Pay Bill Spent on Facility Time	0.09%

Paid TU Activities

Time spent on paid TU Activities as a % of total paid Facility Time	45%
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Parliamentary accountability

The SLCC is held to account by the Scottish Parliament under the terms of its founding Act. The Statement of Accounts of the SLCC is subject to audit by the Auditor General for Scotland and the audited statement is laid before Parliament in accordance with such directions as may be given by Scottish Ministers. The SLCC must also prepare an annual report on its functions and submit that report to the Scottish Ministers as soon as practicable after the end of each financial year.

DocuSigned by:

Neil Stevenson
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Neil Stevenson
Chief Executive Officer

14 November 2022

3. Independent auditor's report to the members of Scottish Legal Complaints Commission, the Auditor General for Scotland and the Scottish Parliament

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Scottish Legal Complaints Commission for the year ended 30 June 2022 under the Legal Profession and Legal Aid (Scotland) Act 2007.

The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flow, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Government Financial Reporting Manual (the 2021/22 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Legal Profession and Legal Aid (Scotland) Act 2007 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 30 June 2022 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2021/22 FReM; and
- have been prepared in accordance with the requirements of the Legal Profession and Legal Aid (Scotland) Act 2007 and directions made thereunder by the Scottish Ministers.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is 6 years. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

We report in our separate Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- considering the nature of the body's control environment and reviewing the body's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired with management, internal audit and those charged with governance about their own identification and assessment of the risks of irregularities;
- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the body operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the Legal Profession and Legal Aid (Scotland) Act 2007.

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These included the Data Protection Act 2018 and relevant employment legislation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of the performing the above, we identified the greatest potential for fraud was in relation to the recognition of income from levies. The risk is that the income recognised is not complete and accurate. In response to this risk, we have tested a sample of levy income recognised in the year and performed cut-off procedures to test the accuracy of the amounts received.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

Reporting on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities to detect material misstatements in the financial statements in respect of irregularities, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Legal Profession and Legal Aid (Scotland) Act 2007 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

Our responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this statutory other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the statutory other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Legal Profession and Legal Aid (Scotland) Act 2007 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Legal Profession and Legal Aid (Scotland) Act 2007 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

DocuSigned by:

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Pat Kenny, CPFA (for and on behalf of Deloitte LLP)
110 Queen Street
Glasgow
G1 3BX
United Kingdom
14 November 2022

4. Statement of comprehensive net expenditure for year ended 30 June 2022

	Notes	Year ended 30 June 2022 £000	Year ended 30 June 2021 £000
Operating Income	2	(3,992)	(4,102)
Expenditure			
Staff Costs	3,4	2,501	2,642
Other Administration Costs	5	1,125	849
Interest and Other Finance Costs	6	5	5
Depreciation and Amortisation	7,8	63	73
Net Operating (Income)		(298)	(533)
Other Comprehensive Income		-	-
Total Comprehensive (surplus) for the year		(298)	(533)

All amounts relate to continuing activities.

The accompanying notes on pages 39 to 49 form an integral part of these financial statements.

5. Statement of financial position as at 30 June 2022

	Notes	Year ended 30 June 2022 £000	Year ended 30 June 2021 £000
Non-Current Assets			
Property, Plant and Equipment	7	58	107
Intangible Assets	8	4	18
Total Non-Current Assets		62	125
Current Assets			
Trade and Other Receivables	9	221	185
Cash and Cash Equivalents	10	1,749	1,493
Total Current Assets		1,970	1,678
Current Liabilities			
Trade and Other Payables	11	(381)	(449)
Total Current Liabilities		(381)	(449)
Net Current Assets		1,589	1,229
Total Assets less Current Liabilities		1,651	1,354
Non-Current Liabilities			
Creditors - amounts falling due after more than one year	12	(16)	(43)
Provisions for liabilities and charges	13	(145)	(119)
Assets less liabilities		1,490	1,192
Equity			
General Fund		1,490	1,192
Total Equity		1,490	1,192

The General Fund represents net assets available to the SLCC at the balance sheet date. The accompanying notes on pages 39 to 49 form an integral part of these financial statements.

DocuSigned by:

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Neil Stevenson
Chief Executive Officer
14 November 2022

6. Statement of cash flow for year ended 30 June 2022

		Year ended 30 June 2022	Year ended 30 June 2021
	Notes	£000	£000
Cash Flow from Generated Activities			
Net Operating Income/(Expenditure)		303	538
Interest and Other Finance Costs	6	(5)	(5)
Adjustment for Non Cash Transactions			
Depreciation	7	49	52
Amortisation	8	14	21
(Decrease)/Increase in Trade and Other Receivables	9	(36)	(32)
(Decrease)/Increase in Trade and Other Payables	11	(67)	25
(Decrease)/Increase amounts falling due after more than 1 year	12	(27)	(97)
(Decrease)/Increase in Provisions for liabilities and charges	13	25	5
Increase from Generated Activities		256	507
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment	7	-	-
Purchase of Intangible Assets	8	-	-
Net Cash Outflow used in Investing Activities		-	-
Increase in Cash		256	507
Net Increase/(Decrease) in Cash and Cash Equivalents			
Cash and Cash Equivalents at the beginning of year		1,493	986
Cash and Cash Equivalents at the end of year		1,749	1,493
Increase in Cash		256	507

7. Statement of changes in equity for year ended 30 June 2022

	Year ended 30 June 2022	Year ended 30 June 2021
Notes	£000	£000
Balance as at 1 July 2021	1,192	659
Surplus on Provision of Services	298	533
Balance as at 30 June 2022	1,490	1,192

The accompanying notes on pages 39 to 49 form an integral part of these financial statements.

8. Notes to the Financial Statements

1. Accounting policies

In accordance with the accounts direction issued by Scottish Ministers under section 15(1) of The Legal Profession and Legal Aid (Scotland) Act 2007, these accounts have been prepared in compliance with the principles and disclosure requirements of the Government Financial Reporting Manual. This follows generally accepted accounting practice as defined in International Financial Reporting Standards (IFRS), International Financial Reporting Interpretation Committee (IFRIC) and Interpretations and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context. The particular accounting policies adopted by the Scottish Government are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The accounts and financial statements have been prepared using the going concern basis.

The accounts are prepared using accounting policies and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles, set out in International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors. The increased complexity of cases in relation to interpretation of the Legal Profession and Legal Aid (Scotland) Act 2007 has been reflected in the estimation of legal provision and in the treatment of potentially bad debts arising from determination decisions made by the SLCC.

Critical accounting estimates and judgements

The SLCC makes estimates and assumptions about financial transactions or those involving uncertainty about future events. There are no specific judgements in relation to accounting policies which have a material impact upon these financial statements.

Provisions are based on estimates. A provision has been included to take into account appeals that we had conceded by the end of the financial year and are expecting to pay expenses in the new Financial Year. Legal provisions are calculated on 80% of the cost involved to defend or bring the action.

Accounting convention

These accounts have been prepared under the historical cost convention. The going concern basis has also been adopted in the preparation of these financial statements.

Newly adopted IFRS

In the current operational year, a number of amendments to IFRS Standards and Interpretations that are effective for an annual period that begins on or after 1 January 2021 have been applied. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

- Amendments to IAS 39, IFRS 4, IFRS 7 and IFRS 9: Interest Rate Benchmark Reform (Phase 2).
- Amendments to IFRS 4: Insurance contracts – deferral of IFRS 9.
- Covid-19 Related Rent Concessions beyond 30 June 2021: (Amendment to IFRS 16).

There are no new standards, amendments or interpretations early adopted this year.

IFRS issued but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted):

- IFRS 16: Leases. HM Treasury have agreed to defer implementation until 1 April 2022.
- IFRS 17: Insurance Contracts. Applicable for periods beginning on or after 1 January 2023.

- Amendment to IAS 1: Classification of Liabilities as Current or Non-Current. Applicable for periods beginning on or after 1 January 2023.
- Amendment to IAS 1: Disclosure of Accounting Policies. Applicable for periods beginning on or after 1 January 2023.
- Amendment to IAS 8: Definition of Accounting Estimates. Applicable for periods beginning on or after 1 January 2023.
- Amendments to IAS 16: Property, Plant and Equipment proceeds before intended use. Applicable for periods beginning on or after 1 January 2022.
- Amendments to IAS 37: Onerous Contracts, cost of fulfilling a contract. Applicable for periods beginning on or after 1 January 2022.
- Amendments to IAS 39, IFRS 4, IFRS 7 and IFRS 9: Interest Rate Benchmark Reform (Phase 2). Applicable for periods beginning on or after 1 January 2021.
- Annual Improvements to IFRS Standards 2018-2020 Cycle. Applicable for periods beginning on or after 1 January 2022.

The SLCC does not expect that the adoption of the Standards listed above will have a material impact on the financial statements in future periods, except as noted below.

IFRS 16 Leases supersedes IAS 17 Leases and is being applied by HM Treasury in the Government Financial Reporting Manual (FRm) from 1 April 2022. IFRS 16 introduces a single lessee accounting model that results in a more faithful representation of a lessee's assets and liabilities, and provides enhanced disclosures to improve transparency of reporting on capital employed.

Under IFRS 16, lessees are required to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. While no standard definition of 'low value' has been mandated, the SLCC have elected to utilise the capitalisation threshold of £5,000 to determine the assets to be disclosed. The SLCC expects that its existing finance leases will continue to be classified as leases. All existing operating leases will fall within the scope of IFRS 16 under the 'grandfathering' rules mandated in the FRm for the initial transition to IFRS 16. In future years new contracts and contract renegotiations will be reviewed for consideration under IFRS 16 as implicitly identified right-of-use assets. Assets recognised under IFRS 16 will be held on the Statement of Financial Position as (i) right of-use assets which represent the SLCC's right to use the underlying leased assets; and (ii) lease liabilities which represent the obligation to make lease payments.

The bringing of leased assets onto the Statement of Financial Position will require depreciation and interest to be charged on the right-of-use asset and lease liability, respectively. Cash repayments will also be recognised in the Statement of Cash Flows, as required by IAS 7.

The SLCC has assessed the likely to impact the Comprehensive Net Expenditure and the Statement of Financial Position of applying IFRS 16. The figures below represent existing leases at 30 June 2022.

The standard is expected to increase total expenditure by £19k in 2022/23. Right to use assets of £168k will be brought onto the Statement of Financial Position with an equivalent lease liability of £169k and interest costs of £1k.

We are only recognising the value to the break clause in September 2023, as we may seek to use the break clause at this point.

Property, plant and equipment

Capitalisation

Purchases of qualifying assets with a value exceeding £2,000 inclusive of irrecoverable VAT are treated as capital.

Valuation

Assets are valued at depreciated historic cost as a proxy for fair value.

Depreciation

Depreciation is provided on all tangible non-current assets at rates calculated to write off the cost or valuation in equal instalments over the remaining estimated useful life of the asset. These are as follows:

- Furniture, fixtures and fittings - 5 years; and
- IT and telecoms equipment - 3 years.

Intangible assets comprise externally purchased software licenses, recognised at cost less amortisation.

- Amortisation is charged on cost in equal instalments over the estimated useful life of the software which is 3 years.

Finance Leases

Where substantially all of the risks and rewards of ownership of a leased asset are borne by the SLCC, the asset is recorded as an asset and a corresponding liability is recorded. Assets held under finance leases are valued at their fair values and are depreciated over the remaining period of the lease in accordance with IFRS.

The asset and liability are recognised at the inception of the lease and are derecognised when the liability is discharged, cancelled or expires. The minimum lease payments (annual rental less operating costs e.g. maintenance and contingent rental) are apportioned between the repayment of the outstanding liability and a finance charge. The annual finance charge is allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of the liability. At the end of the lease the goods belong to the SLCC.

Operating Leases

Other leases are regarded as operating leases and the rentals are charged to expenditure on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to expenditure over the life of the lease.

Pension Costs

The SLCC operates a money purchase scheme administered by Standard Life. All existing and new staff are enrolled in this scheme, unless the individual chooses to opt out.

Value Added Tax

The Commission is required to pay VAT on the provision of goods and services. All VAT is charged to the income and expenditure account as incurred.

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual agreement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the organisation after deducting all of its liabilities.

Recognition of Income

Levy income is recognised in the accounting year to which it relates. Interest income is credited to the Statement of Comprehensive Income and Expenditure in the year in which it is receivable. Grant income is recognised in the year to which it relates.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits.

2. Operating Income

	Year ended 30 June 2022	Year ended 30 June 2021
	£000	£000
Levy from Law Society of Scotland	3,597	3,779
Levy from Faculty of Advocates	77	82
Approved Regulator Levy (Law Society of Scotland)	3	0
Complaints Levies	211	179
Total levies for the year	3,888	4,040
Bank interest	21	5
Recovery of legal expenses	11	0
Secondment Income	69	57
Scottish Government SLSO contribution	3	0
Total other income	104	62
Total income from all sources	3,992	4,102

3. Staff Costs and Numbers

Staff employed

The average number of staff full time equivalent (FTE) employed by the SLCC during the year was 51 FTE, detailed as follows:

	Year ended 30 June 2022	Year ended 30 June 2021
CEO	1	1
SMT	3	3
Staff	47	52
Total average FTE	51	56
Permanent FTE	51	55
Temporary FTE	-	1
Total average FTE	51	56

Breakdown of Board members

	Year ended 30 June 2022	Year ended 30 June 2021
Chair	1	1
Members	6	8
Total average FTE	7	9

Breakdown of staff and member costs

	Year ended 30 June 2022			Year ended 30 June 2021		
	Staff £000	Members £000	Total £000	Staff £000	Members £000	Total £000
Salaries	2,078	55	2,133	2,186	67	2,253
Social security costs	201	1	202	208	2	210
Pension costs	166	-	166	179	-	179
Total Salary Costs	2,445	56	2,501	2,573	69	2,642

4. Pension Costs

For 2021/22, employer's contributions of £165,799 (2021/21: £176,007) were payable to Standard Life at 8% and 12% of pensionable pay.

5. Other Administration Costs

	Year ended 30 June 2022	Year ended 30 June 2021
	£000	£000
Property	350	354
Office	64	63
Staff Training & Recruitment	80	43
Travel & hospitality	4	0
IT	200	142
Outreach	29	16
Research	32	27
Legal	292	155
Financial	39	26
Other Professional Fees	4	-
Bad Debt Provision	31	23
Other Administration Costs	1,125	849

The above total includes the external auditor's remuneration of £13,130 (2020/21: £12,890).

The external auditor's received no fees in relation to non-audit work.

6. Interest and Other Finance Costs

	Year ended 30 June 2022	Year ended 30 June 2021
	£000	£000
Interest Payable from Leases	5	5
Total Operating Expenditure	5	5

7. Property, Plant and Equipment

	Year ended 30 June 2022			Year ended 30 June 2021		
	Furniture fixtures & fittings	IT and telecoms equipment	Total tangible assets	Furniture fixtures & fittings	IT and telecoms equipment	Total tangible assets
	£000	£000	£000	£000	£000	£000
Cost						
As at 1 July 2021	242	293	535	243	295	538
Additions	-	-	-	-	-	-
Disposals	-	(30)	(30)	(1)	(2)	(3)
As at 30 June 2022	242	263	505	242	293	535
Depreciation						
As at 1 July 2021	185	243	428	168	209	377
Charge for year	17	32	49	17	35	52
Disposals	-	(30)	(30)	-	(1)	(1)
As at 30 June 2022	202	245	447	185	243	428
Net Book Value	40	18	58	57	50	107
Owned Assets	40	1	41	57	5	62
Leased Assets	-	17	17	-	45	45
Net Book Value	40	18	58	57	50	107

8. Intangible Assets

	Year ended 30 June 2022	Year ended 30 June 2021
	Software	Software
	£000	£000
Cost		
As at 1 July 2021	362	362
Additions	0	0
As at 30 June 2022	362	362
Depreciation		
As at 1 July 2021	344	323
Charge for year	14	21
As at 30 June 2022	358	344
Net Book Value	4	18
Owned Assets	0	3
Leased Assets	4	15
Net Book Value	4	18

9. Trade and Other Receivables

	Year ended 30 June 2022	Year ended 30 June 2021
	£000	£000
Other Debtors	158	125
Expected credit losses	(127)	(96)
Prepayments	190	156
Total	221	185

All of the debtors are held at amortised cost. The expected credit losses are in relation to the trade receivables as a whole which are similar in nature. These receivables relate to complaints levy invoices. An expected credit loss provision has been made where the Solicitor Firm, or Sole Trader or Partnership has gone out of business or the invoice is more than 28 days overdue. This is based on historic default rates and this is not expected to change looking forward and is therefore appropriate. The expected credit loss provision has increased year on year due to the total amount of complaints levy increasing and therefore the debtors increasing.

10. Cash and Cash Equivalents

	Year ended 30 June 2022	Year ended 30 June 2021
	£000	£000
Opening Balance	1,493	986
Net change in cash and cash equivalent balances	256	507
Total	1,749	1,493
Analysed as:		
Cash	4	60
Term Deposits	1,745	1,433
	1,749	1,493

11. Trade and Other Payables

	Year ended 30 June 2022	Year ended 30 June 2021
	£000	£000
Trade Payables	179	166
Taxes and Social Security Costs	79	85
Accruals and Other Creditors	97	100
Lease Payments	26	31
Pension Cessation	0	67
Total	381	449

All of the creditors are held at amortised cost.

12. Creditors – amounts falling due after more than one year

	Year ended 30 June 2022	Year ended 30 June 2021
	£000	£000
Lease Payments	16	43
Total	16	43

Analysis

Due within one year	26	31
Due within one and five years	17	43
Due later than five years	0	0
Total	43	73

13. Provisions for liabilities and charges

	Year ended 30 June 2022			Year ended 30 June 2021		
	Dilapidation Provision	Legal Provision	Total Provisions	Dilapidation Provision	Legal Provision	Total Provisions
	£000	£000	£000	£000	£000	£000
As at 1 July 2021	86	33	119	69	45	114
Provided in year	7	52	59	17	33	50
Release from provisions	-	(33)	(33)	-	(45)	(45)
As at 30 June 2022	93	52	145	86	33	119

The provision for dilapidation costs relates to the SLCC's contractual duty to repair leasehold property on termination of the lease. The provision is made on the basis of a dilapidations report that the SLCC commissioned to assess the likely liability. The provision has been made on the assumption that there would be the requirement for a strip out, repairs and redecoration to the current floor space. It also assumes we would have to replace floor coverings and remove all alterations to return the space back to an open plan office.

The provision in respect of legal expenses reflects an estimate of costs payable by the SLCC in respect of recent appeal decisions.

14. Operating Lease Commitments

	Year ended 30 June 2022	Year ended 30 June 2021
Operating Lease Payment Commitments expiring:	£000	£000
Not later than One Year	125	125
Later than one but less than Five Years	502	502
Later than Five Years	150	276
Total	777	903

The current 10 year lease began in September 2018 and has a five year break clause, annual lease costs are £125,000 (2020/21: £125,000). Future annual costs will average £125,000 over the duration of the lease which ends in September 2028. There are no restrictions on activities in respect of this lease.

From 2022/23 under IFRS 16, this lease will be recognised as a right to use asset. More information on this is shown in our accounting policies section (page 39 to 42)

15. Capital commitments

There were no contracted capital commitments as at 30 June 2022 (2020/21: Nil).

16. Related party transactions

The SLCC is an Executive Non-Departmental Public Body (NDPB) and not part of the Scottish Government or Scottish Administration. As an NDPB the SLCC carries out regulatory functions on behalf of Government.

During the year there were no related party transactions undertaken by the SLCC Management Team or Board.

17. Contingent liabilities

Third parties have sought to appeal the SLCC's decisions under the Legal Profession and Legal Aid (Scotland) Act 2007. The SLCC may defend these cases and is liable to pay legal expenses and costs if appeals are upheld. It's not practicable to quantify and there isn't an actual liability at the year end, given that the cases are ongoing.

Given the nature of our services provided, there are a number of appeals ongoing at any given time.

18. Post Balance Sheet Events

No event has occurred since the date of the balance sheet which materially affects the financial statements.

Appendix 1 – Direction by Scottish Ministers



SCOTTISH LEGAL COMPLAINTS COMMISSION

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of section 15(1) of The Legal Profession and Legal Aid (Scotland) Act 2007, hereby give the following direction.
2. The statement of accounts for the financial year ended 30 June 2009, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. In accordance with section 15(1) (c) of the Act a copy of the statement of accounts should be sent to the Scottish Ministers. following the financial year ended 30 June. The accounts will be sent by Scottish Ministers to the Auditor General for Scotland and will be subject to audit by auditors appointed by the Auditor General for Scotland. The audited statement of accounts will be laid before the Scottish Parliament.
5. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers

Dated 19 October 2009

Scottish Legal Complaints Commission

The Stamp Office
10 – 14 Waterloo Place
Edinburgh, EH1 3EG
Tel 0131 201 2130

www.scottishlegalcomplaints.org.uk

DX: ED573 Edinburgh

PRIVATE AND CONFIDENTIAL

Pat Kenny
Deloitte LLP
110 Queen Street
Glasgow
G1 3BX

14 November 2022

Your Ref: PK/SLCC/2022

Dear Pat Kenny

LETTER SUBJECT

This representation letter is provided in connection with your audit of the financial statements of Scottish Legal Complaints Commission ('the entity') for the year ended 30 June 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the entity as of 30 June 2022 and of the results of its operations, other comprehensive net expenditure and its cash flows for the year then ended in accordance with the applicable accounting framework as interpreted by the directions given by the Scottish Ministers.

It is also provided for the purposes of expressing an opinion as to whether in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

In addition to the above, this representation letter is provided in connection with your audit of the other information in the Annual Report and Accounts, for the purposes set out in the Code of Audit Practice 2016.

We are aware that it is an offence to mislead an auditor of a public body. On behalf of the entity, I confirm as Accountable Officer, to the best of my knowledge and belief, the following representations.

Financial statements

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with the applicable financial reporting framework, as set out in the directions given by the Auditor General for Scotland ('the Auditor General') in accordance with, Section 21 of the Public Finance and Accountability (Scotland) Act 2000, which give a true and fair view, as set out in the terms of the audit engagement letter.
2. Significant assumptions used by us in making accounting estimates, including those measured at fair value and assessing the impact of COVID-19 on the entity are reasonable. We have made sufficient and appropriate disclosure of the general increased estimation uncertainty arising from the impact of COVID-19.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS24 "Related party disclosures".
4. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.
5. There are no uncorrected misstatements and disclosure deficiencies.
6. We confirm that the financial statements have been prepared on the going concern basis and disclose in accordance with IAS 1 all matters of which we are aware that are relevant to the entity's ability to continue as a going concern, including principal conditions or events and our plans. We do not intend to cease operations as we consider we have realistic alternatives to doing so. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.
7. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent.
8. We have reconsidered the remaining useful lives of the property, plant and equipment and confirm that the present rates of depreciation are appropriate to amortise the cost less residual value over the remaining useful lives.
9. We are not aware of events or changes in circumstances occurring during the period which indicate that the carrying amount of property, plant and equipment may not be recoverable.

10. With respect to accounting estimates, we confirm:
- the measurement processes, including related assumptions and models used to determine accounting estimates in the context of the applicable financial reporting framework are appropriate and have been applied consistently;
 - the assumptions appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity where relevant to the accounting estimates and disclosures;
 - the disclosures related to accounting estimates under the entity's applicable financial reporting framework are complete and appropriate; and
 - there have been no subsequent events that require adjustment to the accounting estimates and disclosures included in the financial statements.
11. We confirm that we consider the depreciated historic cost is an appropriate proxy for the fair value of non-property assets, and are not aware of any circumstances that would indicate that these assets require revaluation.
12. We confirm that the provisions included within the financial statements are our best estimate of the liability due by the entity.

Information provided

17. We have provided you with all relevant information and access as agreed in the terms of the audit engagement letter with Audit Scotland.
18. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
19. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error. We are not aware of any deficiencies in internal control of which you should be aware.
20. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
21. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity or group and involves:
- (i) management;
 - (ii) employees who have significant roles in internal control; or
 - (iii) others where the fraud could have a material effect on the financial statements.

22. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
23. We are not aware of any instances of non-compliance, or suspected non-compliance, with laws, regulations, and contractual agreements whose effects should be considered when preparing financial statements.
24. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
25. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the applicable financial reporting framework. No other claims in connection with litigation have been or are expected to be received.
26. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
27. We confirm that:
 - (i) we consider that the entity has appropriate processes to prevent and identify any cyber breaches other than those that are clearly inconsequential; and
 - (ii) we have disclosed to you all cyber breaches of which we are aware that have resulted in more than inconsequential unauthorised access of data, applications, services, networks and/or devices.
28. We have performed an assessment of the impact on the financial statements of events in Russia and Ukraine including consideration of the impact of sanctions and have disclosed the results of that assessment to you.
29. All minutes of Board and Committee meetings during and since the financial year have been made available to you.
30. We have drawn to your attention all correspondence and notes of meetings with regulators.
31. We confirm that all of the disclosures relating to sections of the Annual Report and Accounts which are considered 'other information' as set out in the Code of Audit Practice 2016 have been prepared in accordance with relevant legislation and guidance.
32. I confirm that I have appropriately discharged my responsibility for the regularity of transactions.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence)

sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

DocuSigned by:

Neil Stevenson

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Signed as Accountable Officer, for and on behalf of Scottish Legal Complaints Commission

Certificate Of Completion

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Subject: Complete with DocuSign: SLCC Annual Report and Financial Statements 2021-2022.pdf, SLCC Repres...	
Source Envelope:	
Document Pages: 57	Signatures: 5
Certificate Pages: 2	Initials: 0
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	Rebecca McConnachie
Time Zone: (UTC) Dublin, Edinburgh, Lisbon, London	Head office
	1 New Street Square
	London, London EC4A 3HQ
	rebeccamconnachie@deloitte.co.uk
	IP Address: 82.39.231.162

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Status: Original	Holder: Rebecca McConnachie	Location: DocuSign
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Neil Stevenson
 Neil.Stevenson@scottishlegalcomplaints.org.uk
 Security Level: Email, Account Authentication (None)

Signature

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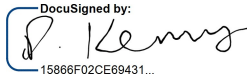
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Timestamp

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Pat Kenny
 pakenny@deloitte.co.uk
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In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
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Envelope Summary Events	Status	Timestamps
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Payment Events	Status	Timestamps
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