



Matthew Vickers
Chief Executive
Scottish Legal Complaints Commission
The Stamp Office
10-14 Waterloo Place
EDINBURGH
EH1 3EG

Our Ref: KL/LJ/LB
Date: 14 March 2014

Dear Matthew

RE: CONSULTATION ON THE OPERATING PLAN AND 2014/15 BUDGET FOR THE SLCC

Thank you for your letter of 3 February and for providing us with a copy of your draft operating plan and budget for 2014/15. As with previous years, we took the opportunity to provide this information to our members and we have listened carefully to their views before responding.

We are pleased that you not proposing to increase the general levy this year, which we recognise represents a real terms cut given inflation. We believe this cash terms freeze is important given the concern which we and our members have expressed over levy increases in the last two years.

As I have discussed with you on a number of occasions, the Scottish legal profession, like all sectors, has been significantly impacted by the sluggish economic recovery which has followed the recession. With a still uncertain economic outlook, we know that our member firms have to work harder than ever to sustain their businesses. Similarly, in-house lawyers have to work to very limited and in many cases reduced budgets. Whilst the number of unemployed solicitors remains small when compared with other jurisdictions, numbers have increased.

This requires all those with an interest in a successful Scottish legal profession to take an equal interest in the costs incurred by that profession. It is why the Society itself has so carefully managed its own costs over recent years, with a real terms cut to the main practising certificate fee in each of the last five years and careful management of our other membership fees.

Whilst respecting the need for a robust system and an adequately funded complaints handling body, we have long argued that the SLCC should not be immune from the



drive for efficiencies as being seen in other public bodies. To that end, we are pleased to see the clear effort which you are making to control the operating costs at the SLCC for the forthcoming year shown by the 5% reduction in overall expenditure, driven by a headcount reduction and 9% reduction in staff costs. However, we do note the use of £76,000 of the SLCC reserves to subsidise this year's operating budget.

In your letter, you rightly raise the ongoing challenge of non-payment of compensation, fee rebates and complaints levies. We have discussed these matters on a number of occasions and I recognise how this issue of non-payment means the rest of the profession has to incur higher costs than would otherwise be the case. I know that resolving this issue is a personal priority for you and I am keen to continue to work with you to consider what new solutions can be deployed in reducing the burden of non-compliance, both on your organisation and the wider profession.

Equally, we are keen to continue our joint working with you and other stakeholders to see how the whole complaints process can be made more streamlined and efficient, ultimately placing less cost on those who are required to fund it.

We understand the Scottish Government will soon bring forward regulations which will progress some areas where a consensus has been reached. I hope this will provide a catalyst for further discussion and I note the further meeting of the steering group which is due to take place next month.

In 3(b) and 3(c) of your operating plan, you make clear your intention to carry out a more significant review of your financial and charging model, with a possible matching of the general levy to risk and increasing the proportion of your running costs funded by the complaints levy. Eight years on from the setting up of the SLCC, we recognise that this is an appropriate time to review and discuss the mechanisms for funding the organisation.

Whilst we would need to carefully consider any new model and charging structure, we recognise the strongly held views of in-house lawyers over the levy which they must pay, with many feeling the charge bears little reflection of the costs which they as in-house lawyers place on the SLCC. However, we believe either of the two options which you list in section 3 of your operating plan have the potential to fundamentally change the way the SLCC is financed and, as such, we hope any changes would form part of a full and open consultation, both with ourselves and with the profession. To that end, it would be useful to get clarity around the process and associated timetable for this review.

I hope this feedback is helpful and, as always, I would be more than happy to meet with you to clarify matters or to discuss any aspect of the issues within this response.

With best wishes,

A handwritten signature in black ink that reads "Lorna B Jack". The signature is written in a cursive style with a large, looped initial 'L' and a distinct 'B'.

Lorna Jack
Chief Executive