

**Scottish Legal Complaints Commission**

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Mr Fergus Ewing MSP  
Minister for Community Safety  
Scottish Government  
St Andrews House  
Regent Road  
Edinburgh  
EH1 3DG

29 April 2010

Dear Fergus

**SLCC Annual Budget Consultation 2010/11**

I refer to the recent discussions in relation to the SLCC's budget consultation and reserves. In particular I refer to your letter to us of 22 February 2010 in which you set out your views on why the SLCC should reduce its reserves and in turn reduce the levy by £50.

I will not rehearse our subsequent discussions again here as you are now fully aware of the risks facing the SLCC and our rationale for setting the level of reserves we have. However, I do think it worth setting out some of the key points:

- The SLCC is aiming over time to have reserves of three months. This is on the advice of our auditors and not a point of dispute with the Professional Bodies. This is also reflected in our reserves policy.
- The SLCC has identified three key issues that in our view impose additional risk. You are aware of these: the Law Society Appeals; a general issue about SLCC decisions about eligibility which may emerge through appeals; and our IT system. Our view is that additional reserves need to be held in respect of managing the impact of these risks.
- The SLCC recognises the role you have played in promoting the debate about these issues and remains optimistic that the solutions sought will be in place for the next budget round. However, the risks remain for the current budget.

It is in this context that I enclose the budget laid before Parliament. As you can see, the SLCC has retained reserves at the level of four-and-a-half months. However, the unexpected benefit of you raising the debate has been a delay in finalising our budget which has enabled us to look for other means of reducing the levy.

In response to representations from the Law Society, the SLCC originally intended to lay the budget as early as it could in March. This was to give the Society the time they requested to collect the general levy from its members. The SLCC set its budget and the levy in early January in the knowledge that it was only six months into a financial year and that the outturn might change over the second half of the year –

especially as we are still a relatively new organisation still going through set-up. With this in mind, it undertook to place any under-spend (particularly in relation to in-year contingency) into reserves to feed into the next budget round.

The delay in finalising the budget has meant that since the original budget was consulted on in January 2010, the following has occurred:

- Harmonisation of staff terms and conditions was completed and so contingency is no longer required in respect of this
- There have been efficiency savings in respect of staffing costs and other operational costs
- It has become apparent that it is unlikely the full legal costs in respect of appeals will fall in the current year so the planned level of contingency is no longer needed for this.

This has given us an additional three months of actual cost data, making the financial outturn more robust. The net result of this is that there is more funding available to underwrite the levy. This situation is a reflection of the passage of time and would have occurred irrespective of the consultation process. The levy has been reduced by £40 (at the top level) to £235. I appreciate this is not the reduction requested, but to reduce it further would require reducing the reserves; something the SLCC is not prepared to do for the reasons stated.

Whilst the SLCC has not felt it appropriate to reduce reserves as you suggested, I would hope that you appreciate we have listened to the representations from the profession to try to address their concerns in other ways that still enable us to manage our risks and finances in the way that we as an independent body see fit.

I do assure you that the SLCC aims always to be a listening body, focussed on constructive resolution of not just the complaints we have to deal with, but also other issues we face. We welcome face-to-face dialogue with all our stakeholders and opportunities to resolve concerns in this way.

If you have any questions about the budget, please contact me or Rosemary Agnew (Acting CEO).

Yours sincerely



**Jane Irvine**  
**Chair of the Scottish Legal Complaints Commission**