

**MINUTE OF A MEETING OF THE MEMBERS OF THE SCOTTISH LEGAL COMPLAINTS
COMMISSION: 10AM TUESDAY 18th December 2018
Venue: The Stamp Office, 10 – 14 Waterloo Place, Edinburgh, EH1 3EG**

PRESENT:

LAY:

Jim Martin (Chair)
Sara Hesp
Emma Hutton
Michelle Hynd
Sarah McLuckie (via telephone)
Morag Sheppard

LAWYER:

Denise Loney
Amanda Pringle
Kay Springham (via skype)

In attendance:

Neil Stevenson (CEO) (Items 1-18)
John Ferrie (F&CSM) (Items 4 & 5)

██████████ (secretariat – minutes) (Items 1-18)

Abbreviations used:

F&CSM – Finance and Corporate Services Manager
HI – Head of Investigations
WIP – Work in Progress
FMR – Financial Management Report
AC – Audit Committee
CI – Case Investigator
SGvt – Scottish Government
ABS – Alternative Business Structures
IMT – Investigations Management Team
JT – Journey Time
WIP – Work in Progress

CM – Clerking Manager
HO – Head of Oversight
DC – Determination Committee
LSS – Law Society of Scotland
FoA – Faculty of Advocates
CIM – Case Investigations Manager
FO – Facilities Officer
OH – Oral Hearing
CoS – Court of Session
WT – Working Time

Private Member only session

This session was attended only by the Board no minute was taken of this private session.

With the private session concluded with the CEO, F&CSM and Secretariat joining the meeting at 10.45am

1. Welcome

1.1 The Chair welcomed everyone to the Board meeting and thanked everyone for their input into the private member session.

2. Apologies

2.1 None were received.

3. Declaration of Interests

3.1 Member Emma Hutton declared an interest, as she is a member of the Public and Commercial Services (PCS) Union; this is in relation the HR Update in the Key Issues paper. No other declarations of interest were made, other than the standard declarations of interest declared by Denise Loney, Amanda Pringle and Kay Springham in relation to any pecuniary interest with regards to budgetary discussions.

4. Draft Budget and Operating Plan 2018/19

4.1 Draft Budget – the CEO spoke to the paper presented and reminded Members that the budget must be out for consultation end of January 2019 and outcomes must be published by end of March 2019, as the final budget must be laid before Scottish Parliament in April 2019, though it was noted that there was no requirement to lay the

- Operating Plan on this same date. The Chair reiterated Members were required to ensure that a coherent decision was made today to allow for the SMT to prepare the Budget documents for consultation.
- 4.2 Members had a free and frank discussion on the impact that the SGvt pay award would have on the budget and how this would relate to the proposed benchmarking pay evaluation exercise that SMT planned. The F&CSM advised the SGvt proposal was 3% to be applied to salaries under £36k. Members sought clarification on the number of staff at Grades 1 and 2, the F&CSM advised most of the staff were Grade 4 and above.
- 4.3 Members sought clarification as to whether the costs associated with the IT server replacement were “front loaded or phased” over a two year basis. The F&CSM confirmed the hardware was “front loaded” and the software was phased. Discussion took place around the software licence costs and whether these could be phased throughout the financial year. It was agreed they could be. Members asked for an update on current Cap Ex spend in 2018/19, the CEO noted there were funds still available but that spend was on hold until a coherent two year plan could be developed in light of Board's decisions on 19/20.
- 4.4 Members also sought clarification on the costs planned for the refurbishment of various aspects of the office. The CEO reiterated that no internal fabrication work had been carried out in the office since it opened in October 2008. With the lease now signed for the coming 5 year minimum, now was the time to address some longstanding issues. For example, kitchen fittings were broken and there were now areas in the office of bare boards as we had run out of replacement carpet tiles. Further discussion took place regarding various spending options.
- 4.5 Following these discussions, it was agreed that within the presented CAPEX costs, the server and software would be included in the new proposed budget and refurbishment of the office would be carried out in this current financial year. Members also reminded SMT that ongoing server maintenance costs should also be taken into consideration, as the life expectancy of a server is approx. 5-8years. Cloud solutions should not be rules out (despite current estimates showing higher 5-years costs, but if better quotes can e sourced).
- 4.6 Operating Plan – Members had a free and frank discussion regarding the tone of the draft Operating Plan and it was agreed the CEO would redraft before finalisation. Members discussed in detail the three different financial models presented by the CEO.
- 4.7 The Chair summarised that the Board agreed the Operating Plan and proposed budget should reflect the need for the SLCC to be ‘fit for purpose’, as complaint numbers had increased YoY, as have the increase in statutory obligations of the SLCC.
- 4.8 Members had a free and frank discussion on the proposed percentage amount that should be applied to the Complaint Levy consultation for 2019/20. Members agreed following this discussion 9% should be applied. This must cover the required output of cases (and built in an efficiency challenge to that target), must cover the required CAPEX on facilities and IT, and must cover some element of tackling the salary issues identified.
- 4.9 Members were of the view that the consultation on draft Budget should also contain three different models of Complaint Levy. It was agreed that the CEO and SMT would revise the documents for update to be circulated to Members by email in advance of the next Audit Committee and Board Meetings in January 2019.
- 4.10 ABS Levies – Members also confirmed and agreed the proposed ABS Levies.

Action	Owner	Due Date
CEO and SMT to finalise the drafting of the draft Budget and Operating Plan prior to the January AC and Board Meetings and circulate to Members by email in advance of both meetings.	CEO/SMT	By 7 January 2019

12.35pm comfort break
12.40pm meeting resumed

5. Financial Management Report

- 5.1 The F&CSM spoke to the papers presented.
- 5.2 FMR – 5 months to 30 November 2018 – Members noted Expenditure for the month shows a continued overspend on direct staff costs. It was also noted the recruitment had concluded on the two new Investigation roles, for a CI and CIM, both of which were recruited internally. However, the F&CSM reminded Members that as these appointments were recruited internally, a new recruitment is proposed to commence for two CSOs. It was acknowledged that this recruitment, will continue to impact on Direct staff costs, with estimated out-turns being revised accordingly throughout the year.
- 5.3 Members sought clarification on the income generated from Complaint levies, and the nature of the bad debt provision. The F&CSM explained that this included the recovery from firms who had ceased trading, but that this was not always possible. We did not abandon chasing debt lightly.
- 5.4 It was noted that Reserves for end June 2019 were anticipated to be in the region of £400k.
- 5.5 Balance Sheet – Members noted the balance sheet presented.
- 5.6 The Chair thanked the F&CSM and CEO for their update and explanation to the figures presented.

12.45pm F&CSM left the meeting

6. Key Issues Update

- 6.1 Members noted the paper presented.
- 6.2 Joint work with LSS on interim improvements to the complaints system – The CEO gave a brief overview of the current position and advised they were still waiting on the formal response to the last LSS Regulatory Committee meeting.
- 6.3 Independent Review – Members noted with interest the draft 'hypothetical' timetable the CEO thought SGvt might follow over the next few years in relation to the publication of the Fit for the Future paper. Discussion followed regarding current Members' appointment dates and the Chair advised that an application could be made to Scottish Parliament to increase the number of Board Members in special circumstances.
- 6.4 Potential High Risk cases – the CEO gave a brief overview, which was noted by Members.
- 6.5 Members thanked the CEO for his update and noted the rest of the paper as read.

7. Management Information to 30 November 2018

- 7.1 The CEO spoke to the paper presented and noted the impact of the WIP backlog was down slightly at Eligibility stage. The CEO advised this was due to ongoing process improvements implemented. Members sought clarification on whether these process improvements had an impact on JT and whether older cases were now progressing through the system. The CEO confirmed it will have an effect and the reports per person had increased as a result of the new process improvements in place, and that JT was improving significantly.
- 7.2 Members noted the paper presented.

8. Risk Register

- 8.1 The CEO advised that no significant issues or major changes had been made to the Risk Register since the last meeting and Members noted the paper as read.

9. Annual H&S Report Update

- 9.1 Members noted the paper as read and recorded their thanks to the FO for the work carried out on H&S within the organisation.

10. Board Actions Register

- 10.1 Members noted the ongoing Actions and the CEO advised an update would be provided on Action 262 at the January Board Meeting.

10.2 The Chair agreed all other completed actions should be removed from the register.

11. Minutes of Previous Meeting from 25 September 2018 and 30 October 2018

- 11.1 The Minute of the Board Meeting from 25 September 2018 was approved as amended.
11.2 The Minute of the Board Meeting from 30 October 2018 was approved as read.

12. Consumer Panel Update

- 12.1 Members noted the paper as read and queried whether it was difficult to recruit members to this panel and the CEO confirmed no it was not. The Chair advised that he had attended the last Consumer Panel Meeting, which was very informative.

13. Chairman's Report

- 13.1 Members noted the verbal update from the Chair to all external and internal meetings attended.

14. Board Training Proposal from IoD

- 14.1 The CEO spoke to the paper presented and following discussion, Members agreed that whilst they found the follow-up information very informative they would like a material workshop for Members, rather than a facilitated type of session provided by IoD.
14.2 It was agreed that the CEO would explore further options to be brought back to the January Board Meeting.

Action	Owner	Due Date
CEO to explore further Board Member training options prior to the January Board Meeting.	CEO	By 29 January 2019

15. Chief Executive's Report

- 15.1 The Board noted the paper presented.

16. Date of Next Meetings

- 16.1 Members noted the dates of the next meetings as:
- Board Development Session will commence at 2pm on Monday 28 January 2019
 - Board Meeting will take place at 10am on Tuesday 29 January 2019

17. AOCB

- 17.1 None.

18. Review of the Meeting

- 18.1 With no other business the meeting concluded.

13.15pm Board Meeting ends