

SLCC GOVERNANCE REVIEW

Background

The Board of the SLCC is committed to a cycle of internal assurance, audit, and quality improvement, across all areas of our work.

In discussing assurance plans for 2024-2025 it was noted that it was some time since we had received external assurance on our governance arrangements.

We consulted on and published an operating plan for 2024-2025 containing the following commitment:

“We will scope an external review of our governance framework (including governance elements of complaints handling/oversight), ensuring our governance is up to date and fit for the future, taking account of best practice and the requirements of any reform implementation, with a view to obtaining recommendations for the short, medium, and long-term.”

Tendering and appointment

A specification for the work was developed by a sub-group of the Board and put out to tender in August 2024.

Several submissions were received, and these were assessed and scored in line with public procurements standards.

In September 2024 a contractor, Andrew Harvey, a consultant with extensive experience of board governance and governance reviews was appointed.

Scope of the review

The scope of the review was as follows:

1. To ensure that the following functions are effectively delivered by the Board and its committees, including:
 - a) **The Board** – remit, operations, governance practices, policies, and procedures, (SLCC) values, information and papers provided (inc. policy assessment), management of risk and oversight of finance, meeting cycles, interactions (committees, members, executive), best value, quality assurance, stakeholder relations, etc.
 - b) **The Audit Committee** – remit, operations, governance practices, policies and procedures, information and papers provided, meeting cycles, interactions (Board, Remuneration Committee, members, executive), best value
 - c) **The Remuneration Committee** – remit, operations, governance practices, information and papers provided, meeting cycles, interactions (Board, Audit, members, executive)

2. To ensure that **the arrangements that are in place comply with the requirements of the Legal Profession and Legal Aid (Scotland) Act 2007** and any draft or formal framework agreement in place with Scottish Government.
3. To ensure **appropriate best practice models** are reviewed on a timely basis and followed where appropriate, in particular the Scottish Government 'on board' guidance, Scottish Government Audit manual and the National Audit Office guidance on Boards.
4. To take account of relevant considerations for public sector boards (including the Scottish Principles for Public Life and any other relevant codes of conduct, and all general legal duties, including DP, FOI, EDI, Human Rights, Consumer Duties).
5. To specifically examine how the Board and its committees can best oversee the governance of the adjudicative functions (as this is an area where Board members also have an operational role under the current legislation).

The review

The review was conducted between November 2024 and March 2025.

The reviewer:

- was provided with a full back of information including copies of governance documentation, past agendas and papers, minutes of meetings, accounts, audit reports, etc.
- was also provided with any additional documents requested (with no refusals from the SLCC to provide information requested).
- attended Board and Committee meetings as an observer
- interviewed all Board members
- interviewed the senior management team and the board secretariat.

The reviewer attended a workshop of the Board to discuss findings in person and presented a list of recommendations which are detailed in the action plan below, along with the SLCC Board's response to each recommendation.

Summary of findings

In receiving the findings, the Board noted the reviewer's headline summary that;

"There is positive evidence that supports the view that performance across all areas of SLCC's governance is strong and (having reviewed many other organisation's governance arrangements) beyond the standard of many similar bodies. In risk management terms it achieves, at least, reasonable assurance and significantly better in a number of areas.

There is not a great deal to be done to achieve excellence in governance. However, as is to be expected from such a project, some potential improvement opportunities were identified in the course of this review."

The report went on to make 19 recommendations for improvement. These are documented verbatim in **Appendix 1** of this document. The SLCC Board has accepted all of these.

Implementing the recommendations

The report was discussed by the Board, who then requested that the sub-group on governance develop a detailed action plan to implement the recommendations.

The action plan is provided in **Appendix 2** of this document.

Some actions have been grouped to aid delivery.

The Board sub-group on governance will support implementation of these projects.

The SLCC operating plan for 2025-2026 committed to implementing the recommendations within this business year:

D.1. Following an independent governance review in 2024-2025 we will implement any recommendations from the report which have been accepted by the Board and in a proportionate manner. [D, Iv]

All projects this year may be subject to change depending on the implementation of legislative reform, which has timescales out with our control and is a priority for the organisation.

If changes are made to the planned programme of work, this will be documented in our annual report and accounts for the year.

APPENDIX 1 – VERBATIM RECOMMENDATIONS FROM THE REVIEW

The review noted that:

“recommendations in green are suggested as priorities for the Board’s action planning. Those in red are equally important but may be best considered as specific actions in the implementation for reform, following completion of the passage through parliament of the Bill. Those in black are suggested to be of lesser priority.”

	Governance structure
1	<p><i>Compliance with key provisions</i></p> <p>Should the Board take further action to ensure that a framework agreement is in place with SG? (suggested that the Board might return to this in six months’ time as part of reform planning)</p>
2	<p><i>Size of Board</i></p> <p>Should the Board plan to undertake a bi-annual review of its size and the impact of that on its effectiveness and efficiency, reporting any conclusion that change would be desirable to Scottish Ministers? (suggested initial review in context of reform and then in plan as bi-annual)</p>
3	<p><i>Board leadership</i></p> <p>When should the Board plan to identify the skills required for a future Chair appointment, noting that approaching this task well in advance will be important to influence a public appointments process?</p>
4	<p><i>Board skills and experience</i></p> <p>Should the Board refine the approach to identifying the current skills on the Board and assessing the most relevant skills in respect of any future vacancy, including how such an approach may best be kept up to date?</p>
5	<p><i>Board skills and experience</i></p> <p>Should the Board do more (or should SG through the public appointments process) to attempt to ensure that the composition of the Board is reflective of contemporary Scottish society?</p>
6	<p><i>Board induction and on-going development</i></p> <p>Should the Board ask the leadership team to review the approach taken to member induction and make recommendations to it? (suggested this could be developed in reform with a focus on ensuring the Board’s then new powers and responsibilities)</p>
7	<p><i>Board induction and on-going development</i></p> <p>Should the Board consider if a development programme focused on governance issues might help assure it as to it being up to date on current thinking around governance?</p>
8	<p><i>On-going effectiveness review</i></p> <p>Does the Board wish to undertake any further work in the area of board effectiveness and, if so, what form that should take?</p>
	Board committees
9	<p><i>Audit Committee</i></p>

	How can the Board assure itself that those appointed as Audit Committee members (either from the Board or independent members) have on appointment, the relevant skills, or a commitment to develop those?
10	<i>Audit Committee</i> Is a clear provision around financial leadership skills is required in the Committee composition?
11	<i>Audit Committee</i> Would it ever be appropriate for the Board Chair to chair the Audit Committee and, if not, to reflect that in the Committee's terms of reference?
12	<i>Remuneration Committee</i> Should the title of the Committee be changed?
13	<i>Remuneration Committee</i> Should the Board provide greater clarity about its composition and chair appointment arrangements?
14	<i>Remuneration Committee</i> Should the terms of reference clearly reflect the areas which the Board expects the Committee to focus on and how such business can best be transacted?
	Stakeholder relationships
15	Would any greater involvement in stakeholder relationships, on the part of Board members be valuable?
	Reform
16	When might be appropriate, post implementation, for the Board to undertake 'lessons learned' activity with a view to continuous improvement in other parts of its work?
	Board skills and the adjudicative function
17	How should the Board ensure a shared understanding of the role of the Board in assurance and strategy relating to operational matters around complaints?
18	How should the Board ensure that all members of the Board (regardless of professional background) have common skills training allow them to perform at their best in their adjudicative function, in the context of SLCC's particular framework of rules?
19	Does the Board consider alongside other skills work (see recommendation 3), that there is sufficient weight given to quasi-judicial decision-making skills given in the assessment of Board candidates?
	Other issues arising from the review
20	<i>Governance arrangements document</i> Should the Board undertake a more structured, regular review of its 'Governance Arrangements' summary document?
21	<i>Other Board processes</i> Is there any need for a standardised cover sheet for Board decision papers?
22	<i>Other Board processes</i> Is there any need for contingency planning (beyond what might already be in place) in respect of governance support?
23	<i>Other Board processes</i> Is there a need for a clear set of expectations about in-person meeting attendance?

APPENDIX 2 – SLCC ACTION PLAN

NOTES:

- The below sets out an SLCC Action plan, structured around how we intend to group work and deliver projects (column 2).
- In column 3 it is noted which of the specific review recommendations (Appendix 1) is being actioned in the SLCC relevant project. This ensures no review recommendations are missed during the detail of delivery.
- All of the recommendations from the review are accepted and are covered.
- Some recommendations may appear more than once (in column 3). This is where we want an element of the recommendation to feed into more than one SLCC project. This will help ensure we're embedding changes across different systems (for example, making sure skills are considered in an overall skills policy, and in the terms of reference for individual committees).
- The aim is to deliver all actions within the 2025-2026 business year. However, this will sit alongside reform implementation work, which has deadlines not in our control and it has been recognised by the Board may need to take precedence at some times.
- The CEO will be the responsible officer for all actions. The sub-group will support the development of projects prior to Board approval.

	SLCC ACTION	REVIEW RECOMMENDATIONS ACTIONED IN SLCC PROJECT	FURTHER DETAIL	PROPOSED TIMING
	Governance structure			
A	To actively pursue the sign-off of a Framework Agreement with Scottish Government, escalating this as appropriate (whilst recognising it is not fully in our control).	<i>1. Compliance with key provisions</i> <i>Should the Board take further action to ensure that a framework agreement is in place with SG?</i> <i>(suggested that the Board might return to this in six months' time as part of reform planning)</i>	It was agreed it was important to pursue this, and to consider the implications of reform. It was noted this was also on the Audit Committee and Board action registers. It was agreed we would pursue throughout the year.	Q1 – escalate Q2 – chase Q3 – escalate further Q4 - chase

B	<p>To develop a proportionate policy on Board competencies, composition, effectiveness, and learning needs. To ensure this covers relevant communication with Scottish Government on these issues in the lead up to recruitment campaigns. To ensure a system of annual review of the policy.</p>	<p>2. Size of Board Should the Board plan to undertake a bi-annual review of its size and the impact of that on its effectiveness and efficiency, reporting any conclusion that change would be desirable to Scottish Ministers? <i>(suggested initial review in context of reform and then in plan as bi-annual)</i></p> <p>3. Board leadership When should the Board plan to identify the skills required for a future Chair appointment, noting that approaching this task well in advance will be important to influence a public appointments process?</p> <p>4. Board skills and experience Should the Board refine the approach to identifying the current skills on the Board and assessing the most relevant skills in respect of any future vacancy, including how such an approach may best be kept up to date?</p> <p>5. Board skills and experience Should the Board do more (or should SG through the public appointments process) to attempt to ensure that the composition of the Board is reflective of contemporary Scottish society?</p> <p>6. Board induction and on-going development Should the Board ask the leadership team to review the approach taken to member induction and make recommendations to it? <i>(suggested this could be developed in reform with a focus on ensuring the Board's then new powers and responsibilities)</i></p> <p>7. Board induction and on-going development Should the Board consider if a development programme focused on governance issues might help assure it as to it being up to date on current thinking around governance?</p> <p>8. On-going effectiveness review Does the Board wish to undertake any further work in the area of board effectiveness and, if so, what form that should take?</p> <p>18. How should the Board ensure that all members of the Board (regardless of professional background) have common skills training allow them to perform at their best in their adjudicative function, in the context of SLCC's particular framework of rules?</p>	<p>This project is one of the main ones required to deliver the recommendations.</p> <p>It was felt that we could better document our position on a number of issues, and by collating these into one policy it would ensure appropriate Board oversight.</p> <p>This policy should be reviewed annually, and / or in the lead up to a Scottish Government recruitment round, which would ensure an ongoing light touch system to prioritise these governance issues as part of ongoing Board discussion.</p> <p>The policy will cover skills needs for board and committees.</p>	<p>Q1 – policy outline discussed by sub-group</p> <p>Q2 – development of detail</p> <p>Q3 – Board discussion</p> <p>Q4 – Board sign-off</p>
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		19. Does the Board consider alongside other skills work (see recommendation 3), that there is sufficient weight given to quasi-judicial decision-making skills given in the assessment of Board candidates?		
C	To review the induction process with Board member and staff input.	<p><i>6. Board induction and on-going development</i></p> <p>Should the Board ask the leadership team to review the approach taken to member induction and make recommendations to it? <i>(suggested this could be developed in reform with a focus on ensuring the Board's then new powers and responsibilities)</i></p>	<p>This emerged early on in the review as a possible recommendation.</p> <p>With a new Board member appointment approaching, a review was undertaken.</p> <p>All Board members were asked to contribute, alongside relevant staff. The findings were implemented (including changes to the training on the adjudication role, and a reduction of documents in the initial reading list, the current board buddying system was thought useful and continued).</p> <p>We have also added ongoing review to action B above.</p>	COMPLETE
D	To develop a proportionate member training and development policy, along with an ongoing tracker of training deliver and proposed.	<p><i>7. Board induction and on-going development</i></p> <p>Should the Board consider if a development programme focused on governance issues might help assure it as to it being up to date on current thinking around governance?</p> <p>18. How should the Board ensure that all members of the Board (regardless of professional background) have the appropriate skills training to support them to perform at their best in their adjudicative function, in the context of SLCC's framework of rules?</p>	<p>This needs to be developed after the project at B, to be able to link to member competencies.</p> <p>A tracker is already in place but will be formalised and shared with members.</p> <p>The policy will cover training for committee roles as well as board roles.</p>	Q3
E	To deliver one Board workshop on board effectiveness and good governance in the 25/26 workshop programme.	<p><i>8. On-going effectiveness review</i></p> <p>Does the Board wish to undertake any further work in the area of board effectiveness and, if so, what form that should take?</p>	<p>In the future such a training need would be picked up in the policy/process noted above at D.</p>	Q2

			However, to meet the recommendations we want to specifically deliver this training in 25/26.	
	Board committees			
F	To review the standing orders, governance framework, and Terms of Reference for all committee to implement the findings of the review, in a way which ensures consistency and integration.	<p><i>9. Audit Committee</i> How can the Board assure itself that those appointed as Audit Committee members (either from the Board or independent members) have on appointment, the relevant skills, or a commitment to develop those?</p> <p><i>10. Audit Committee</i> Is a clear provision around financial leadership skills is required in the Committee composition?</p> <p><i>11. Audit Committee</i> Would it ever be appropriate for the Board Chair to chair the Audit Committee and, if not, to reflect that in the Committee's terms of reference?</p> <p><i>12. Remuneration Committee</i> Should the title of the Committee be changed?</p> <p><i>13. Remuneration Committee</i> Should the Board provide greater clarity about its composition and chair appointment arrangements?</p> <p><i>14. Remuneration Committee</i> Should the terms of reference clearly reflect the areas which the Board expects the Committee to focus on and how such business can best be transacted?</p> <p><i>20. Governance arrangements document</i> Should the Board undertake a more structured, regular review of its 'Governance Arrangements' summary document?</p> <p><i>23. Other Board processes</i> Is there a need for a clear set of expectations about in-person meeting attendance?</p>	<p>It was agreed that reviewing all these policies together would allow us to ensure consistency across them and that they integrated into an overall framework.</p> <p>This is another more significant project on the plan.</p>	<p>Q1 – sub-group to finalise drafts</p> <p>Q2 – Board discussion</p> <p>Q3 – Board sign-off</p>
	Stakeholder relationships			
G	To present further opportunities to members in 2025/26 to meet stakeholders, including attendance at SLCC's own training (outreach) sessions and	15. Would any greater involvement in stakeholder relationships, on the part of Board members be valuable?	In the last year we had increased the number of opportunities available (for example, the Law Society Annual Conference). This was felt useful, and the Board wished this to continue and evolve. It was noted there would be	Q1-Q4

	opportunities to be involved in stakeholder engagement work supporting reform.		opportunities alongside reform implementation consultation work.	
	Reform			
H	To add a formal 'lessons learnt' exercise to the reform transition plan.	16. When might be appropriate, post implementation, for the Board to undertake 'lessons learned' activity with a view to continuous improvement in other parts of its work?	In keeping with effective project management methodologies, to be completed once the main elements (complaints change, consumer panel, guidance) are implemented. This recognises some elements may take longer (like entity charging) and a 'top up' lessons learnt can be done after those.	Q1 – ensure this is added to transition plan
	Board skills and the adjudicative function			
I	To further develop the QA policy to note the Board's arrangements for oversight and to discuss the potential for a formal annual appraisal policy for members (in line with Scottish Government NDPB best practice).	17. How should the Board ensure a shared understanding of the role of the Board in assurance and strategy relating to operational matters around complaints?	<p>A recent review of the QA system for the SLCC was informed by interim findings from the governance review to action some elements of this.</p> <p>Annual appraisal system might include an additional 1-2-1 with the Chair and at the end of induction (3/4 months into appointment).</p> <p>There is some overlap with B above in terms of defining Board member competencies.</p>	Q2
	Other issues arising from the review			
J	To develop and implement a standardised Board cover sheet for key decision-making papers.	21. Other Board processes Is there any need for a standardised cover sheet for Board decision papers?	The group noted the value of this, and that it can be a time saving for everyone focussing papers. It was noted this was only needed for decision papers and more complex papers (rather than CEO diary etc.)	<p>Q1 – agree format with Board</p> <p>Q2 – implement</p>
K	To review the capture of knowledge, and	22. Other Board processes	The Rem Co (April 25) have just reviewed our wider succession planning across the organisation.	Q1

	documentation of processes, of the secretariat role	Is there any need for contingency planning (beyond what might already be in place) in respect of governance support?	We wish to do a light touch review to ensure specific arrangements around this role are in place.	
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