

Learning, change, evolution...

- Responding to the impact of Covid-19 on clients and the sector
- Improved performance: increasing quality, maintaining pace
- A culture of change and innovation
- An agile and digital future

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1 Executive Summary

THE CONSULTATION

- 1.1 This consultation document sets out our draft operating plan and budget for the operational year 2021 - 2022.
- 1.2 **The deadline for responses is 12:00 noon on Thursday 18th March 2021.** The SLCC consults at the same time each year, as set by statute. No late responses will be considered by the Board. We must publish responses to the consultation by the end of March 2020.

CONTEXT TO OUR PLANNING

- 1.3 **2020 and the global pandemic led to a year like no other.** The SLCC demonstrated strong resilience. We continued to deliver our statutory functions for the public and profession throughout, whilst continuing to improve our core performance. In **Section 2** we outline how we responded to the challenges, our work to support users of legal services and practitioners, and how this changes our planning for the future.
- 1.4 **In October 2020 we consulted solicitors, advocates, commercial attorneys, and their professional bodies on the impact of Covid-19. We asked about how the situation was likely to impact the volume and nature of complaints that might be made to lawyers and to the SLCC.** The findings suggest that we may experience similar or higher levels of work. More details are provided in **Section 2**.
- 1.5 **We have reviewed and refined our strategy.** Our new strategy had already set out a plan for a more flexible and digital organisation to cope with increased uncertainty and disruption. This was based on Brexit uncertainty, the possibility of an 'IndyRef2', the risk of recession, the increased risk of environmental events, and the need to reduce environmental impact. However, it prepared us well for Covid-19, which has only accelerated the need for changes we planned, rather than altering them. Our review of our strategy in light of the events of 2020 has led to one amendment to our long-term focus (see **Section 3**), and significant changes in the detail of our Operating Plan for this year (see below). We will continue to monitor the situation and the ongoing implications of Covid-19 for users of legal services and the sector.

KEY INFORMATION IN THE CONSULTATION

- 1.6 **Our core operational work next year** will include helping over 2,400 people resolve over 1,200 complaints. This is a slightly lower assumption than in previous years. We also anticipate dealing with 65 Data Subject Access Requests, 30 Freedom of Information requests, 10 handling complaints, and 13 Inner House of the Court of Session actions, when a party challenges one of our decisions and we have to respond. It will also include complying with our statutory duties to monitor trends and oversee the indemnity arrangements in the profession, as well as communication, education and outreach work. We explain the assumptions behind these forecasts in **Section 4**.
- 1.7 **In Section 5 we note efficiency savings of over £320,000 for the coming year.** This includes a significant reduction in headcount compared to the 2020 - 2021 business year. The reduction in resources needed also reflects the anticipation of a slightly lower number of incoming cases in 2021 – 2022.
- 1.8 **However, in Section 6 we note those factors driving cost** – including significant factors outwith our direct control, for example, the public sector pay settlement.

1.9 **Overall, we are proposing a reduction in our income and budget of £34,423.**

1.10 This is achievable based on:

- a. efficiency work delivered in the last two years leading to the lowest 'work in progress' within the business in many year (as discussed in our Annual Accounts for last year)
- b. significantly reduced incoming complaints within the 2020 – 2021 business year during the peak months of lockdown (March to June)
- c. complaint numbers rebounding in the latter half of 2020, but currently still at a lower rate than in previous years, and anticipated to remain slightly lower in 2021 -2022.

1.11 **The levy for solicitors, advocates, commercial attorneys, however, is proposed at the same level as in the previous year.**

1.12 This is because we anticipate slightly reduced income from the profession, based on our best assessment of lawyer numbers, reduced bank interest income, and reduced complaint levy income (as we anticipate significantly fewer final Determinations this year).

1.13 The proposed levies will be reviewed again in April before a final levy is set. The potential variables this year are more significant than in previous years – these include the impact of the lockdown which has just started (January 2021), and the Scottish Government pay deal (which is still to be announced). We are also seeking further information in this consultation on factors likely to impact transaction and complaint numbers. All of these are factors which could influence a revised levy at that point.

1.14 **Appendix 1** contains the full budget.

1.15 **We continue to focus on three strands of work to improve efficiency** – internal change within our control, medium term change working with the Scottish Government and professional bodies, and promoting long term change as recommended by the 2018 independent review of the regulation of legal services in Scotland.

1.16 We look forward to hearing a range of comments and views and encourage responses.

1.17 By law we must publish your response unless you specifically request in writing that it remain confidential.

1.18 The abbreviations and technical terms we use are explained in a glossary at **Appendix 2**.

STOP PRESS: On Thursday 28 January the Scottish Government announced details of the Scottish budget and the public sector pay policy for 2021-22. This took place after the SLCC's Board had approved the consultation, but only one day before the deadline by which, by law, the consultation must be issued. The announcement changed the previous assumptions that had been suggested for Non-departmental Public Bodies, such as the SLCC, to use for pay budgeting. The proposed pay policy will lead to slightly lower cost for the SLCC than the assumptions made in this budget. The SLCC has not had time to fully analyse this nor to make changes to this consultation document before the date by which it must be issued. The budget is not finalised until April, so alongside the consultation the SLCC has appropriate time to assess the impact and will be considering adjustments to the proposed budget and levy. Full details of the pay policy are available [here](#), and consultees may wish to respond on this issue.

2 Covid-19 – a changed operating environment

2.1 In March 2020 the world changed. A ‘lockdown’ led to restrictions on all aspects of life, the closure of some businesses and the move to remote working for others. Throughout the remainder of the year individuals and businesses have had to find new ways to live and to work.

2.2 **The SLCC responded quickly, and focussed on the needs for those who use our service:**

For those raising complaints: we ensured access via email and telephone, and made sure those without access to digital means could still raise complaints on paper forms. We moved mediations and determination decisions online, and continued to progress all complaints to ensure no backlogs or time lags. New work continued to arrive, although at slightly lower levels, throughout the year.

For lawyers and the sector: We immediately issued a statement on how we could adjust our approach to issues during lockdown to take account of the challenges the sector were facing: <https://www.scottishlegalcomplaints.org.uk/for-lawyers/coronavirus-advice-for-lawyers/>. We worked collaboratively, and on a firm-by-firm basis, to balance the need for access to files and responses with the business challenges being faced. Conscious of wellbeing, we made referrals to LawCare and promoted their ‘life in law’ research.

2.3 **We also made sure staff and Board members were supported,** putting in place arrangements to allow everyone to work remotely and ensuring pastoral and wellbeing support were provided.

2.4 **There were challenges.** We took time to find a solution that worked to take phone calls remotely. Our capacity was impacted, without our cost base being reduced, as we followed Scottish Government policy and ensured no staff lost wages when needing to take time off for caring responsibilities. We are still building understanding of how long-term remote working affects productivity, and how we can solve any issues arising.

2.5 **In responding to the situation, and planning for the coming year, we took a variety of factors into account:**

- a. We have a statutory duty to deliver our work;
- b. We could and can deliver almost all our work remotely;
- c. Whilst we have had a drop in work, there were and are still a significant number of incoming complaints, which means we continue to fully utilise staff resource (although this needs careful monitoring);
- d. Delaying work would lead to greater cost in the long run (additional communication with parties, backlogs, etc.);
- e. Individual parties (both lawyers and the public) were and are generally still seeking a resolution and closure of their complaint;
- f. We did not know in the initial stages if lockdown might lead to greater public need for advice on complaints and issues (one of our statutory functions) as transactions stalled;
- g. The sector was lobbying, and continues to do so, for full access to civil justice to restart, and as part of the ‘civil justice family’ in Scotland we were capable of delivering our services and meeting that demand;
- h. Scottish Government and UK Government statements on continuing to provide public services where possible.

- 2.6 Together, these factors led to our decision that furlough or ceasing work for a period of time was not appropriate. The decision was to deliver business as usual as far as was practicable, and in a way sympathetic to the challenges facing the sector and the country.
- 2.7 **We are grateful to the Law Society of Scotland for suggesting and then collaborating on a constructive way to mitigate the impact of the levy.** This involved the SLCC delaying its collection of 50% of the levy for six months, allowing the Law Society, which collects the majority of the levy, to let law firms delay their payments. A joint statement was issued on this agreement: <https://www.scottishlegalcomplaints.org.uk/about-us/news/joint-statement-from-the-scottish-legal-complaints-commission-and-the-law-society-of-scotland/>. This consultation starts our liaison on levy for the coming year.
- 2.8 Incoming numbers of complaints reduced significantly in March, April and May, the peak of lockdown. However, since then they have been consistently rebounding to more normal levels – although still somewhat lower than pre-Covid-19. More detailed data is provided in **Section 4**.
- 2.9 In starting to prepare a new budget and Operating Plan late in 2020 we have the benefit of some months of experience of widespread remote working, and of the emerging impact on the market, to inform our decision making.
- 2.10 **We consulted with the profession and professional bodies in October 2020 to assess where there may be data that could help us predict transaction or complaint numbers at firm level, and so predict our own workload and cost base.** We found significant variations in the impact across different areas of legal practice; there was a general suggestion that transaction numbers were beginning to recover in many areas where they had fallen, while others had seen a rise in transactions during this period. We heard about some of the challenges facing firms in keeping transactions moving and meeting client expectations, as well as some of the ways in which these issues had been managed. The majority of those we spoke to felt it was likely that complaint numbers would stay broadly similar or increase over the coming year. While changes are expected in the shape of the sector, there was no suggestion of a significant drop in lawyer numbers overall. However, many respondents noted the continuing uncertainty of the situation, which may mean further changes to come. We are very grateful to everyone who responded to our request for input.
- 2.11 **We have continued to review evidence coming from the sector.** This includes surveys carried out by the Law Society of Scotland in May and December 2020, which also suggest a general improvement in workload, turnover and cashflow for most firms, although not yet to pre-pandemic levels. They also highlighted the differing impact across different areas of legal practice.
- 2.12 We held a series of management, Board and dedicated working party discussions on the impact of Covid-19 for the coming year, and the opportunities and challenges we had learnt during the period of remote working.
- 2.13 However, that thinking was not all new. In the background to our strategy (available [here](#)) and the priorities selected we had recognised the need to gear the business for greater instability (around extreme weather and environment) and economic and culture instability (around Brexit and possible recession).
- 2.14 For example:

- Our **Digital** strand was all about the move to a model capable of full remote operation, and by the time Covid-19 hit new laptops and software had already fortuitously arrived.
- Our **People** strand already recognised people wanted more flexible work options, and overtly flagged a business need to examine talent pools in locations outside Edinburgh that may work remotely.
- Putting **Users** at the heart of our work focussed our response to lockdown, for example our awareness of the stress of complaints on practitioners and members of the public informed our decision to not close our services when we could still operate.
- Our need to have continuous **Improvement** of services remains as relevant as ever, both patching the final gaps as we continue to deal with reduced office access, and then return to work on efficiency and quality of service.

2.15 Everything changed in 2020, but those changes emphasised the need to accelerate the changes already set out in our strategic aims and priorities to achieve a more agile and resilient business model. We have added a **‘Respond’** priority to emphasise that need, and the work now planned, to ensure we are responding specifically to the impact of Covid-19 on clients and the sector, as well as for the other reasons we previously identified. Key themes include assessing how the following may help improve our performance:

- Moving to a fully remote IT model, meaning we can work from anywhere without dependency on an office (our pre Covid-19 approach saw a remote model, but dependent on a central hub)
- A more adaptive and flexible staffing model
- Reviewing our property and facilities needs, expecting a reduced need in the future
- Increased delivery of services digitally, although conscious of digital exclusion (including areas where previously we may not have had buy-in from the sector, for example electronic only client files, or users, for example video conference mediation).

2.16 We will be publishing further details of this planning later in the current business year.

2.17 A reminder of our strategy, updated with the ‘Respond’ strand, is in the following Section (**Section 3**).

2.18 Just before finalisation of this consultation paper we entered a further lockdown. This is initially for January 2021, but it seems likely this could continue into February or even March. The vaccines now becoming available bring some hope of a return to a more normal operating environment. However, a reasonable assumption is that during at least the first half of the operational year 2021 - 2022 we will still be working in a remote, or blended model, as offices which can work remotely are likely to be the last to be released from restrictions. This assumption can be assessed further before our budget is finalised, in April 2021, based on progress with the vaccine roll out and Scottish Government predictions at that time.

3 Our updated strategy for 2020 - 2024

3.1 Our vision is that ‘every client receives a professional service, and every lawyer adheres to professional standards’.

3.2 Our mission is to **resolve complaints, prevent the common causes of complaints, and enable quality improvement.**

3.3 **We have five strategic aims** to achieve our ambition to be an efficient and effective complaints and improvement body, delivering a quality service. Our aims are to:

Deliver	Deliver a high-quality service which is approachable, people-centric, prompt, and proportionate, and which delivers fair resolutions.
Innovate	Innovate by working as a performance-focused, change-confident and resilient team, delivering our work in new and efficient ways.
Prevent	Prevent the common causes of complaints through analysis, shared learning and improvement work.
Influence	Influence the debate on reform, and lead the change as soon as final proposals are in place.
Respond	NEW: 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.

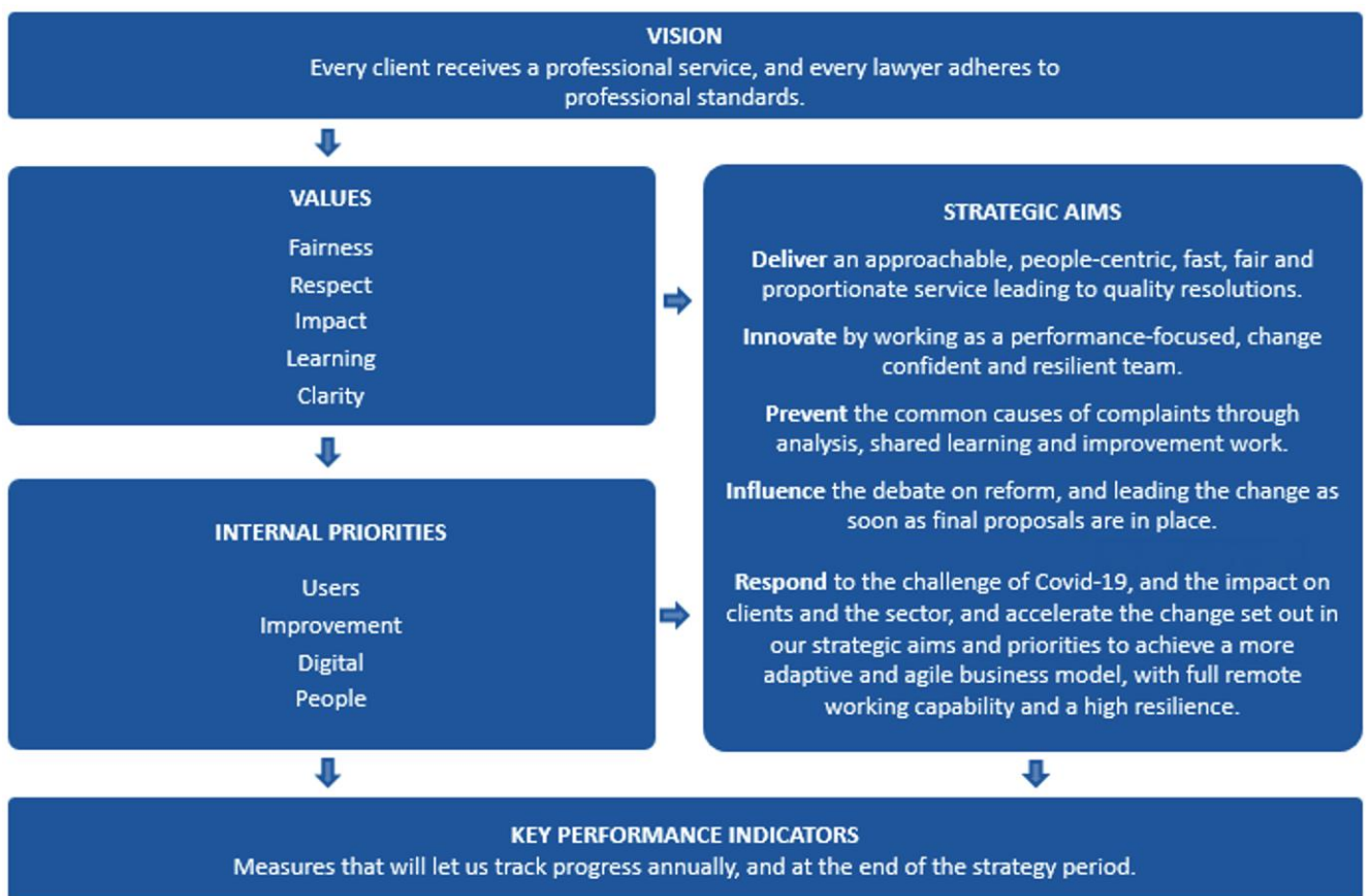
3.4 **We have four internal priorities which will influence all our work and will ensure delivery of our aims:**

Users	Good customer experience is at the heart of how we design and deliver services, and feedback drives our improvement work.
Improvement	Our people, processes, and outcomes demonstrate a commitment to, and delivery of, continuous quality improvement and best value.
Digital	Our thinking will focus on digital solutions, paperless processes and ‘social’ engagement, whilst ensuring access for all.
People	Our approach to wellbeing, development and a high performance culture ensures we can meet the challenges of ongoing change and increased demand, in a stimulating and enjoyable environment.

3.5 **Our values are:**

Fairness	Our processes and outcomes can be trusted by all as fair, independent and impartial.
Respect	We understand and respect the diverse groups we work with, work inclusively, and offer a good customer experience to all.
Impact	Every element of our work will deliver a meaningful result.
Learning	We continuously learn and develop, and share that learning, so we all improve our processes and the quality of our work.
Clarity	Our decisions, explanations, communication, and services will be clear and accessible.

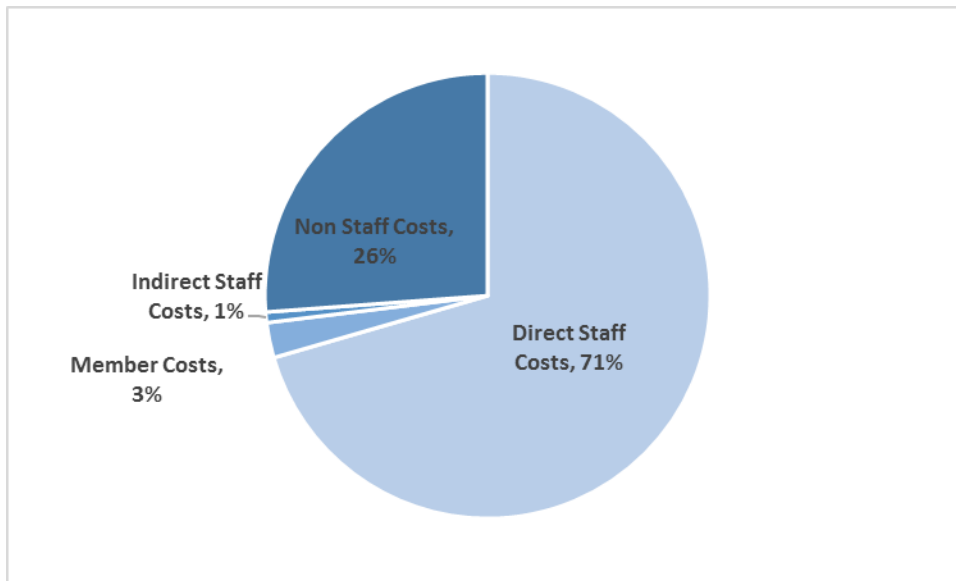
3.6 How these elements work together:



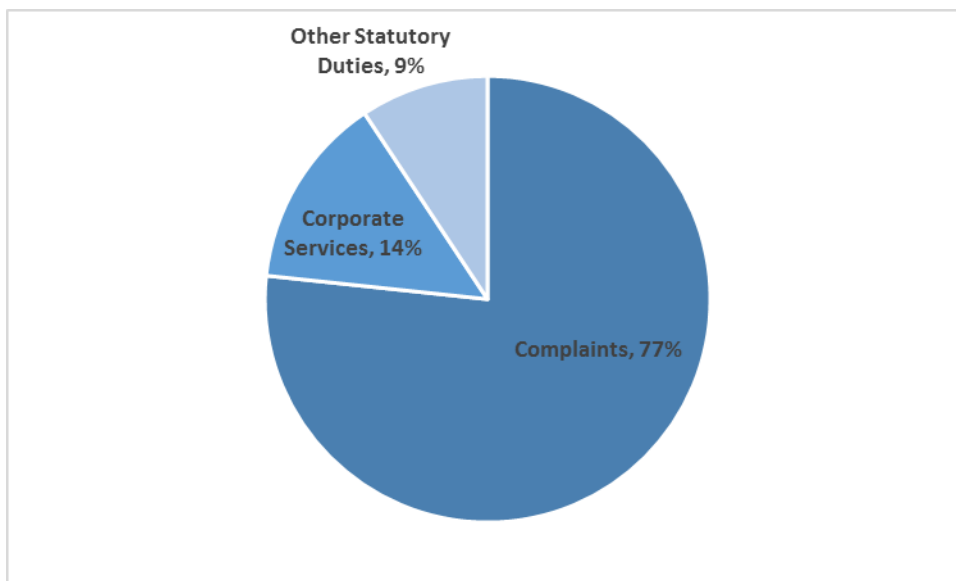
4 Our operational delivery for 2021 - 2022

Introduction

4.1 The majority of our costs relate to our people:



4.2 The majority of our people costs are spent on staff dealing directly with complaints:



Complaints about lawyers – anticipated volumes

- 4.3 Our frontline complaints service is where the majority of our staffing and resources is directed. Our performance is monitored by a non-executive Board appointed by Scottish Ministers.
- 4.4 How we deal with legal complaints is shaped by several factors. This includes the incoming number of complaints and their complexity, how these complaints are categorised, and whether they pass the first stages of our process. It then depends on whether an agreed resolution is achieved or a formal determination is required, and whether any such determination is appealed. We have to respond to a demand-driven caseload and have a statutory obligation to have adequate resources to process that workload.

- 4.5 Information about our complaints processes is available on our website at <https://www.scottishlegalcomplaints.org.uk/your-complaint/>
- 4.6 Following the imposition of the first lockdown (March 2020) we saw a dramatic reduction in incoming complaints, with a 44% drop compared to the same quarter in the previous year (186, compared to 335).
- 4.7 As business resumed in the summer of 2020 complaints quickly started to rebound. The July, August, September period saw complaints only 13% lower than the same quarter in the previous year (252, compared to 291).
- 4.8 By the most recent quarter (October, November, December) complaints have returned to a point just 4% lower than the same quarter in the previous year (274, compared to 285).
- 4.9 This can be summarised as:

Year	2018 - 2019	2019 - 2020	% reduction (same quarter in previous year)
Q4 (Apr – May – Jun)	335	186	44%
-	2019 - 2020	2020 - 2021	-
Q1 (July – Aug – Sept)	291	252	13%
Q2 (Oct – Nov – Dec)	285	274	4%

- 4.10 What we have observed in these figures corresponds with the feedback we received late in 2020 from professional bodies and the sector (as outlined in Section 2). In summary, that work was slowly returning to similar, albeit slightly lower, levels, and that there were no factors to strongly indicate either a significant drop or rise in numbers).
- 4.11 We are now entering another lockdown period, which will impact our next quarter (Q3 of 2020 – 2021, January, February, and March). However, this will be different to the first lockdown. Legal businesses have adapted, and are likely to be working remotely. In the previous lockdown Registers of Scotland and the Scottish Courts and Tribunal Service largely stopped transactions for a significant number of weeks, but this time civil business is continuing and the courts are estimating 25% of criminal business will go ahead.
- 4.12 In summary, the best assumptions we can make are:
- 2019 – 2020 was significantly impacted by lockdown, seeing the lowest aggregate incoming number in five years (1035).
 - 2018 – 2019 is a more likely comparison (1330) – but we know that this was an unusually high incoming number, influenced by 84 linked cases (as noted in our Annual Accounts for that year).
 - In the most recent quarter cases are only 4% down on the previous year (unaffected by lockdown), and the trend has been a return to levels seen prior to lockdown.

- Information from professional bodies and the sector suggests a return to previous levels of complaints or above. However, with continued uncertainty, and the new lockdown imposed from January 2021, we are currently projecting a slightly lower level than pre Covid-19.
- The new lockdown (January 2021) is different, as firms have adapted and many transactions dependent on court and Registers of Scotland are likely to continue.
- We will therefore see a gradual return in 2021 – 2022 (the year this consultation relates to) to case load similar to, but perhaps slightly lower than, before lockdown.

4.13 Our anticipated caseloads are:

Complaints about lawyers	2019-2020	2020-2021	2021-22
	Past year	Current Year	Forecast
	Actual	Forecast	Forecast
Complaints incoming and requiring a formal prematurity and / or eligibility determination.	1,036	1,100*	1,200
Of those eligibility decisions, 'FVTWM' and 'Time bar' are reserved to Commissioners:	224	250	300
Full service mediations will be required on the following:	45	60	70
Full service investigations will be required on the following:	445	430	494
Case not resolved at eligibility, mediation or investigation and requiring a panel of three commissioners to make the final determination	198	104	120

* of this forecast, 526 had already been received by 31 Dec 2020.

4.14 Forecasting the future is never fully accurate. While we use a variety of recognised techniques, and have independent support on our 'predictive model', the outputs are never more than an estimate.

4.15 Detailed information on our past performance and complaint volumes can also be found on our website at <https://www.scottishlegalcomplaints.org.uk/about-us/who-we-are/our-annual-report/>

Complaints about lawyers - KPIs

4.16 Before the start of the business year 2021 - 2022 the Board of the SLCC will set specific targets, based on:

- the latest performance data available
- the anticipated incoming complaints for the year ahead
- the improvement in performance the organisation wishes to see.

4.17 KPIs are set, and then monitored every two months in Board meetings, on areas such as:

- 'Work in Progress' within the business

- The time taken from receipt of a complaint, to allocation to a dedicated staff member to start the first stage of the process
- Whether production targets by staff and teams are achieved (productivity)
- Journey time for the complaint to be completed
- The early resolution rate (how many complaints can be settled without formal determination)
- Cost per case.

Other case related activity

- 4.18 We are also responsible for investigating ‘handling complaints’ which look at how the Relevant Professional Organisations (RPOs) deal with complaints about ‘conduct’. This can vary any year, but at the moment no indicators suggest a specific change in volumes, and so we are predicting at a similar level to previous years (discounting one past year which saw a particular peak).
- 4.19 We also have a significant caseload assisting people with Data Subject Access Requests (DSAR) and Freedom of Information (FOI) requests. These requests tend to be in proportion to the number of complaints we receive. In 2019-2020 FOI requests were slightly higher than our prediction, but DSARs slightly lower. We have adjusted predictions for the coming year based on this, anticipating marginally fewer cases. The tight statutory turnaround times, and potential for significant fines, means this work must always be fully resourced.
- 4.20 After appeals increasing in recent years, in line with increasing underlying complaints volumes, we are currently seeing a drop both in real terms, and relative to complaint numbers. We have revised forecasts down. In time, and if sustained, this may lead to cost reduction in this area (costs come at the end of the appeals process, often many months after we made a decision on the case).

Others case types	2019-2020 Actual	2020-2021 Forecast	2022-2022 Forecast
Handling complaints	8	10	10
Freedom of Information Requests	33	30	30
Data Subject Access Requests	50	65	65
Appeals	12	15	13

Other case related activity - KPIs

- 4.21 Handling complaints – respond in 14-21 days for eligibility, 4-8 months for investigation dependent on complexity.
- 4.22 Freedom of Information Requests – statutory duty to respond to all cases within 20 working days.
- 4.23 Data Subject Access Request – statutory duty to respond to cases within 1 month (with an extension available on complex cases of 3 months).
- 4.24 Appeals – less than 2.5% of cases appealed.

Our operating plan – including our other statutory duties

- 4.25 We have a range of other statutory functions which must also be included among our annual priorities. These include:
- giving advice on complaints
 - issuing guidance on best practice
 - monitoring trends
 - monitoring the effectiveness of the Client Protection Fund (Guarantee Fund) and Master Policy (these are insurance arrangements which help protect clients)
 - supporting our statutory Consumer Panel.
- 4.26 The remainder of our planned operating activity:
- supports these additional statutory duties;
 - supports or enhances our complaints functions; or
 - is part of responding to Covid-19 and preparing for a different operating model in the future.
- 4.27 In **Section 2** we explained the impact of Covid-19 on our work and planning. Strands of work now significantly realigned to reflect the new context are highlight in a green box. New work added to reflect the new challenges are marked **NEW** in the left-hand column. Changes to wording from our original strategy are also marked **in red text**.
- 4.28 We have set our planned work for 2021 - 2022 against the internal priorities (para 3.4) we believe will deliver our strategic aims.

Users:

Theme	By the end of 2024 we will have achieved...	In year two of the strategy (2021 – 2022) we need to...	Links to strategic aims
1. Using service design to place people first	Published outcomes from 'service design' projects showing diverse users (lawyers and consumers) at the heart of our improvement work.	Map and implement new digital contact services (phone and webchat) around the needs of users. Test the thinking developed by the 2020-21 working party on longer-term options for how we deliver our services to ensure a customer-centric focus.	Deliver Innovate
2. 'Delivering clarity' - quality services in clear and simple language	Delivery of a four-year programme of work, through a cross-organisational team, on accessible English to ensure everyone understands our reports and decisions.	Context: <i>In the previous year we created the 'delivering clarity' project to give focus to this work, and a full review of templates was conducted.</i> Implement testing of new templates and approach. Deliver high impact refresher sessions on core messages from Plain English training at six months and one year. Complete a year-end review drawing on results from internal QA, customer feedback, and other sources, to provide initial impact assessment of the changes. Collate and assess staff feedback on the impact of the Style Writer software. Consider 'crystal mark' accreditation for further key communications.	Deliver Innovate Influence
3. Delivering quality customer service and making people feel heard	Improvement in the quality of our customer service across all stages of our process – from enquiries to final outcome - ensuring all our diverse users feel heard, and get the information they need when they need it. Ensure this can be delivered in a more remote work context.	Context: <i>in the previous year we will have identified key opportunities to improve customer service and access, and will have scoped one to two projects for implementation within this business year.</i> Implement our new telephone service standards, developed in Year 1. Continue to develop and implement our Customer Service plan, taking into the account the impacts and changes made by Covid-19. This work will overlap with other areas and bring a customer service focus to other projects and work.	Deliver Innovate
4. Listening to, and acting on, customer feedback to improve quality	The launch of a new feedback system to allow us to understand our diverse customers' experiences of enquiries and throughout the complaints journey, and we will have undertaken a post implementation review.	Compare response rates on new feedback to track any trends. Refine questions asked based on Consumer Panel and Board feedback. Research and assess what other types of feedback other sectors are using to drive improvement.	Deliver Innovate Prevent Influence
5. Engaging directly with the profession	Better direct engagement with the profession, by working with frontline practitioners on projects and policy, with an increased focus on digital communication.	Develop and implement a multi-channel approach to engagement with Client Relations Managers to support prevention and improvement. Publicly report on key themes and issues discussed by year-end.	Deliver Innovate Prevent Influence
6. Engaging more with Consumer Organisations	More effective engagement with diverse consumers and consumer groups to understand changing expectations and ensure people are directed to our services where relevant.	Speak to key consumer and advocacy bodies to understand the changes in their client's needs, and in how they are delivering services, to identify learning for the SLCC around providing service to vulnerable users.	Deliver Innovate Prevent Influence

4.29 Improvement:

Theme	By the end of 2024 we will have achieved...	In year two of the strategy (2021 – 2022) we need to...	Links to strategic aims
1. Continually improving the quality and pace of our service	A refresh of our ongoing improvement programme, and further delivery of change, based on our work with staff and users to identify improvements it is possible to make within the current legislation to achieve a more efficient and effective process.	Following review of the new integrated systems brought in throughout 2020-21, we will implement any further improvements and developments. The Board will approve an update QA framework towards the end of the business year.	Deliver Innovate
2. Resolving complaints early and consensually	Maintenance of our successful focus on early resolution and building of understanding with our stakeholders that most of our work does not involve formal adjudication but is facilitating consensual outcomes.	Review what was published in 2020-21 and plan out content for 2021-22, ensuring we try to use multimedia to reach all stakeholders.	Deliver Innovate Influence
3. Tackling poor professional engagement	Substantial improvement in the persistent issue with firms not responding when we request documents and explanations, which involves cost and delay.	Context: <i>Because of the pressures and changes on the profession due to Covid-19 in 2020-21 it was agreed to take no formal action on this.</i> In 2021-22 we will revisit this and reconsider the work already done in light of the changes due to Covid-19. The aim will then be to publish a policy on how we will use our statutory powers, other options to tackle the problem and increase the speed and engagement of the profession with the complaints process.	Deliver
4. Increasing the effectiveness of 'Oversight' as a tool to increase quality	A final published statement and plan of work, following consultation, on how we intend to use our 'Oversight' functions more coherently and effectively. This will include how we will use data to focus on systemic issues to inform our approach to audits, handling complaints, redress, guidance, advice and trend publication. Delivery of that plan of work will also have been achieved.	Develop and deliver an action plan in line with our new approach. Identify key areas of focus for trends analysis and reporting and publish our findings. Observe the retender of the Master Policy broker to ensure consumers receive the redress they are awarded.	Deliver Innovate Prevent Influence
5. Working to prevent common causes of complaint	An enhanced model of education, guidance and outreach work which will have moved to focusing on how we prevent the common causes of complaints, and prevent the need for complaints to move from 'first-tier' to the SLCC. We will also increase our digital outreach (<i>see digital section</i>).	Continue to deliver a planned outreach programme of engagement with the profession on prevention and good complaint handling. Continue programme of refresh and development of new content to support this work.	Innovate Prevent

Theme	By the end of 2024 we will have achieved...	In year two of the strategy (2021 – 2022) we need to...	Links to strategic aims
6. 'Reimagine Regulation'	Consistently promote the core policy themes set out in our #ReimagineRegulation work.	Continue to work with the Scottish Government, the Law Society of Scotland, the Faculty of Advocates and our Consumer Panel on changes which may be possible by statutory instrument. Review all aspects of the complaints levy when implementing the changes (or as a standalone project if the changes are delayed). Continue to engage with Scottish Government on longer-term reform, and the potential for legislation in 2023.	Influence
7. Improving Transparency	Increased transparency by publishing more online information on our work and performance.	Context: work on this project planned for the previous year was delayed due to resource being allocated to deal with Covid-19. Consider the publication of a Board report, or agenda and papers (this being an outstanding action from our 2020-21 Op Plan as we prioritised resources to manage the Covid-19 situation).	Deliver Innovate
8. Delivering sustainable operations	Reduced environmental impact through staff-led initiatives, and delivery of our biodiversity duties.	Reduce our carbon footprint through the use of digital technologies and blended working model. Provide sustainability training and events for staff, with a focus on carbon reduction when home working. Ensure contractors we work with have sustainability goals in their contracts.	Deliver Innovate
9. Implementing the 2010 Act	Continued monitoring of the ongoing implementation of the Legal Services (Scotland) Act 2010, and preparation for the introduction of Alternative Business Structures.	Reactive only – we have been on standby each year since the legislation was passed to deliver if required. We have had further assurance from the Scottish Government and Law Society of Scotland that ABS may be implemented in the next 18 months.	Deliver Innovate Influence
10. NEW – Planning is in place to take opportunities coming from the Covid-19 experience	Ensure we are reviewing the opportunities and challenges coming from the Covid-19 situation and the resultant economic impact on users of legal services and the sector.	Finalise a vision of what model a 'post Covid-19' the SLCC will operate in to maximise efficiency, quality and accessibility. Publish details of the proposed changes to our operating model. Report quarterly to the Board on progress with the model.	Deliver Innovate
11. NEW – Tender for legal services	Ensure a competitive tender for legal services to the SLCC.	Publish a tender, and complete the tender process, to appoint a new legal panel for the SLCC by 1 Oct 2022.	Deliver Innovate

4.31 Digital:

Theme	By the end of 2024 we will have achieved...	In year two of the strategy (2021 – 2022) we need to...	Links to strategic aims
<p>1. Moving to a paperless and digital first approach</p>	<p>A process which can primarily be managed online and through remote IT and telephony - a 'digital first' delivery of services (see below, on digital exclusion).</p>	<p>Deploy a full remote telephony solution.</p> <p>Implement and support DC and Board process which is fully paperless.</p> <p>Complete the transition of all internal HR processes to a fully paperless approach.</p> <p>Complete the transition of all internal Finance processes to a fully paperless approach.</p> <p>Finalise the Office 365 rollout with all new features to support a remote working model.</p> <p>Finalise costing of a fully remote IT model / VPN.</p> <p>If there is no progress on our rules project (requiring firms to provide files in an electronic format), explore a complaint levy discount for those firms who send us an electronic file.</p> <p>Ongoing operational investment to ensure remote working delivers like for like or improved productivity (for example, enhanced WiFi, further licenses on software such as Adobe Pro, additional Video conference and remote working tools, further dual screen and home working kit, etc.).</p>	<p>Deliver Innovate Prevent</p>
<p>2. Developing new rules for a digital age</p>	<p>New rules which reflect a digital and paperless focus in operations and engagement with the profession.</p>	<p>Finalise and deliver consultation on updates to our Rules (subject to any developments on medium-term changes/ ABS).</p> <p>Provide supportive guidance to the profession on how to send an electronic file to us, whether scanned or from a case management system, to allow the matter to be dealt with quickly for them.</p>	<p>Deliver Innovate</p>
<p>3. Increasing our online offering of guidance, training and outreach</p>	<p>A 'digital first' approach to first-tier complaints, training, guidance, and outreach to better deliver the right messages, at the right time, to improve outcomes for users of legal services. Our social media presence will increase.</p>	<p>Develop further elements within our bank of digital tools and content for outreach. Consider options for an outreach microsite.</p> <p>Develop and implement a social media strategy for outreach.</p>	<p>Deliver Innovate Prevent Influence</p>
<p>4. Investigating Artificial Intelligence and Big Data</p>	<p>Effective tracking of Artificial Intelligence (AI) and 'Big Data' use in law firms, regulation and complaints to ensure we understand the risks and benefits for public, profession, and for use in complaints.</p>	<p>Pilot (subject to cost / availability of free demo), one AI tool to build understanding and competence.</p> <p>Continue to engage on the Scottish Government's AI strategy for Scotland.</p> <p>Amend templates at investigation to formally ask whether any AI or automated decision making / scrutiny has been applied in the client transaction under service investigation. This will be done for one year, to allow us to monitor the deployment of AI and its potential impact on complaints handling.</p>	<p>Deliver Innovate Prevent Influence</p>

Theme	By the end of 2024 we will have achieved...	In year two of the strategy (2021 – 2022) we need to...	Links to strategic aims
5. Preventing digital exclusion	Demonstrable evidence that our drive to digital does not impact those excluded from digital means for whatever reason, as informed by our risk and impact assessments.	<p>Ensure appropriate alternatives are in place using project plans and relevant sign off.</p> <p>Assess our demographic data to identify any changes in service use during lockdown and the move to more digital working, which may represent improvements in access, or may indicate a group now not accessing our services, which may then require further exploration.</p> <p>Use enquiries data (phone and email) to assess if anyone is being excluded from our services due to lack of email address, home / physical address, or other removable barrier. Liaise with SLAB, SCTS, & CABx to assess any intelligence from their user groups on issues around access to our services.</p>	Deliver

4.32 People:

Theme	By the end of 2024 we will have achieved...	In year two of the strategy (2021 – 2022) we need to...	Links to strategic aims
1. Refining our package and reward	An employment package, pay and culture which attracts and retains staff, with a focus on enabling people to deliver results whilst allowing appropriate flexibility for us to be ourselves and for our other life commitments and goals.	<p>Work with PCS on the Pay Deal for 21-22 (including further discussion on pensions).</p> <p>Implement the Scottish Government Pay Policy.</p> <p>Take advice on a longer-term move of employment contracts, tax, H&S, and policies/processes to a model more fit for purpose for high levels of blended / remote working.</p> <p>Undertake an equality impact assessment on the impact of remote working on recruitment, working, and development.</p>	Deliver Innovate
2. Refocusing our job design	Role descriptions, training, and performance systems which value flexibility, adaptability and resilience alongside existing core skills.	<p>Context: <i>work to redesign more flexible job roles has been put on hold during the lockdown as we assess long term needs in a changed external environment.</i></p> <p>Restart work on job design in 2021 - 2022 in light of learning from the lockdown period.</p>	Deliver Innovate
3. Exploring talent pipelines and markets	A review of the markets from which we can attract talent which fits with our culture of wellbeing and performance.	<p>Context: <i>Recruitment is likely to continue to only be where essential, and at significantly lower levels than previously.</i></p> <p>Continue to monitor the talent market and be aware of developments with recruitment trends to be able to respond to any changes in SLCC recruiting. Linked to 'P1' above, take advice on more remote workforce.</p>	Deliver Innovate
4. Providing positive career pathways	More visible career pathways, showing routes to promoted, managerial or technical specialist roles, and trying to offer maximum opportunity in an inclusive way (including split roles and secondments).	Review the Digital Specialist Role, and our personnel needs around IT and digital in an ongoing model with greater remote working.	Deliver Innovate
5. Delivering training, support and wellbeing	Annual training, development and wellbeing plans to support the aspirations of this strategy and to develop the CVs of our team to give them exceptional transferable skills for internal roles, and ones within the regulatory and complaints sector, while supporting wellbeing.	Deliver a training programme supporting the full operating plan, with a particular focus on responding to Covid-19 and new working arrangements, and preparing for the future. Deliver training for managers on managing in a blended and/or remote work model. Roll out leadership and management training to support our future planning. Introduce wellbeing group awards. Renew our First Aid Mental Health Training (seeking a supplier who has adapted their training to include how to deliver mental health first aid remotely). Provide training on new digital tools to support remote working, and introduce a 'short talks' programme to bring variety to our remote working experience.	Deliver Innovate Prevent Influence
6. Creating an environment that supports performance	An accommodation review (in line with lease renewal) and office environment review to support effective work and wellbeing.	Develop an initial preferred and reserve property model to be approved by Board, to then allow an initial market search in Q2 of following year to test viability. Ensure key stakeholder engagement on models will take place, including with the Scottish Government.	Deliver Innovate

Theme	By the end of 2024 we will have achieved...	In year two of the strategy (2021 – 2022) we need to...	Links to strategic aims
7. Recruiting a new Board to continue the delivery of change	The recruitment, working with the Public Appointments Team, of a new Board with the skills and aptitudes required to continue the ongoing delivery of this strategy.	Context: Recruitment of 7 x members should be complete. Implement a plan for keeping in touch and induction of the second cohort of appointments (Jan 22). Liaise with Scottish Government on a plan for recruiting the new chair (and one lay member), start the process, and ensure it is on track for a 1 January 2022 start date.	Deliver Innovate Influence
8. NEW – adapting to a blended staffing model	To ensure the effective management of a 'blended' model as lockdown restrictions ease and before long-term decisions (and investment) on operating model are taken.	Context: The SLCC had both flexible and remote working in place prior to Covid-19, however, the office remained a strong hub for key meetings, implicit sharing of knowledge, and in sharing values and culture. In a fully remote environment during lockdown we have learnt to adapt. Adapt again during a period where it is likely we will have more staff in the office but for less time and with less consistency, and working alongside colleague who are still operating remotely. We will be proactive around particular challenges we have identified around consistency, fairness, participation, development opportunity, and culture.	Deliver Innovate

4.33 Consumer Panel

- 4.34 The statutory Consumer Panel is part of the SLCC and is funded and supported by it. However, it has a remit defined in law and its decision making and prioritisation is independent of the SLCC's Board and Executive.
- 4.35 Whilst the SLCC's adjudication functions are impartial, the Consumer Panel exists to ensure an equal voice for consumers in a context where professional input is more readily available from established and well-funded organisations. It also assists in ensuring services are equally understandable and accessible to all, again in a context where lawyers already find this easier due to their professional knowledge and expertise.
- 4.36 The Consumer Panel is consulting on its priorities as part of the SLCC consultation, and welcomes comment. The planned priorities are (overleaf):

Theme	By the end of 2024 we will have achieved...	In year two of the strategy (2021 – 2022) we need to...	Links to strategic aims
1. Improving the complaints process	A better complaints system for all users which is accessible, provides clear and understandable information and decisions, and delivers a good customer experience.	Provide input and advice to the SLCC in delivering its change and improvement work to ensure it meets consumer needs, specifically: <ul style="list-style-type: none"> Assist the SLCC with improving its communications to legal service users, ensuring clarity and accessibility of messages Input to development and implementation of the SLCC customer service plan Input to ongoing SLCC review of customer feedback Advise SLCC on engagement with consumer, advocacy and support bodies. 	Deliver Innovate
2. Promoting consumer focused regulatory reform	Reform of legal regulation based on the Consumer Principles, the ‘better regulation’ agenda, and insight into and from service users and those experiencing vulnerability.	Prepare a briefing on the Consumer Panel’s work and priorities for the incoming Minister. Identify opportunities to build evidence and insight on consumer needs. Continue to engage with the Scottish Government on consumer-focused reform (if published, respond to the consultation on reform).	Innovate Influence
3. Championing consumer voice, and consumer research	A greater voice for consumers in reform, legal services, and regulation by promoting and commissioning work, including research, which values the lived experience of individual service users. Produce practical insights from this for firms and organisations.	Support the SLCC to develop its approach to service design. Identify areas where analysis of SLCC data may drive insight into consumer needs or barriers. Produce a guide for firms on using consumer feedback and insight to improve services.	Deliver Innovate Prevent Influence
4. Working across the consumer landscape	A role in wider reform of consumer affairs in Scotland, where there is a connection to legal services.	Make contact with the Consumer Scotland Board, once established, to highlight the Panel’s role and to seek an early meeting to discuss shared priorities. Monitor progress on implementing the Public Bodies Consumer Duty and consider responding to any consultation.	Innovate Influence

Our operating plan – including our other statutory duties - KPIs

4.37 The Board sets a global operating plan delivery target of 85% of projects fully delivered on time and on budget. Where there are variances (external factors, overrun outwith control, etc.) these are raised with the Board quarterly.

Conclusion

4.38 We welcome comments on all aspects of our operating plan – what is included, what you think is missing, or areas where you think we may be able to collaborate.

5 Where can we find efficiencies?

- 5.1 The SLCC is committed to finding efficiency savings each year. Where possible, we use these to offset the need for increases to the general levy.
- 5.2 Since 2015 we have set out savings made each year in this consultation. Past examples continue to deliver annual savings compared the previous arrangements, including:
- Reduction in senior management numbers
 - Successful 'agile' testing over 60 changes to our core complaints process to assess their impact in efficiency, with many delivering results (see reduced staff costs, below)
 - Pension savings negotiated with Lothian Pension Trust, as we have made arrangements for the final closure of the scheme inherited from the Scottish Legal Services Ombudsman Bringing payroll inhouse
 - Lease savings negotiated with our landlord, as well as decreasing the floor plate we rent.
 - Reductions in print and IT costs.
- 5.3 This year significant efficiency saving made include:
- The impact of efficiency work and the lower incoming numbers resulting from Covid-19 mean we are projecting a saving in staff costs in the coming year of **£278,856**.
 - Saving on various other staff and member costs leads to a further projected saving of **£7,400**.
 - Reduced travel for Board meetings and Determination Committees, as we continue a more remote model of working, means we have a potential saving of **£25,180** on travel.
 - We are reducing our comms costs by **£7,611**.
 - Our depreciation costs are reduced by **£1,807**.

6 What increases costs in the environment we work in?

- 6.1 Over the last few years a key driver of costs was increasing number of complaints. This is not a factor in the current year (for the reasons noted earlier in this consultation) and we are not projecting a significant increase for next year.
- 6.2 However, other costs have increased, and are detailed below.
- 6.3 The net position allows a small reduction in income and budget, but currently no change in proposed levy within the 2021 – 2022 budget. Further detail on the reasons for this are provided below.

Operating cost increases

- 6.4 **Salaries** – each year we must award at least the minimum Scottish Government pay settlement. No decision has been made on pay increases for the coming period, however, we have been advised that bodies should include provision for a pay deal within budgets. We have made provision for an additional **£153,747** to meet this requirement. We may be able to reduce this figure before a final budget is laid in April if the Scottish Government pay position is clear by that time.

STOP PRESS: Please note the updated statement on salaries on page 4.

- 6.5 **Covid-19 related costs** – some costs have increased entirely, or in large part, due to the Covid-19 situation. These include:
- Increased property cost – cleaning has been increased in line with new health and safety requirements (**£11,873**). The office provides a key hub for paper files coming in from solicitors to the SLCC, out to staff to process, back to the office, and then returned to firms. We are looking at rules changes or incentives for firms to send electronic files to reduce these costs. This figure does also include an element of increased property insurance, which is not directly Covid-19 related.
 - Increased courier costs – explained above (**£2,065**).
 - Cost of increased IT, increased IT support, and new packages to support remote working (**£47,124**) (this is contained within ‘other costs’ on page 38 – see 6.7 below for further information). A small element of this is not directly related to Covid-19.
 - Costs of leases on new IT equipment as we moved to a full remote model (**£3,184**).
- 6.6 We are also seeing increased costs of mediation (**£7,830**), of which an element is Covid-19 related (stages have been added to the processes which used to be combined into a single face-to-face meeting, new technology to support mediation, increased challenges of getting parties to agree dates compared to pre-lockdown).
- 6.7 Also included within our ‘other costs’ (alongside the IT described at 6.5 above), our external audit costs increased – these fees are set by Audit Scotland and not within the control of the SLCC (**£6,310**) and we have reallocated some costs from communications costs to other costs (**£7,451**).
- 6.8 Increased investment in technology to aid a possible future reduction in office accommodation needs and costs (**£54,313**). The experience of remote working has shown we could use this model more, and reduce office costs at the next lease break clause (September 2023). However this would require having the right IT to fully support remote working and maintain customer service.

Structural issues affecting cost

- 6.9 **We continue to see a measurable increase in the complexity of complaints**, with the number of distinct issues per complaint increasing. This increase in complexity is something other complaints bodies are also reporting.
- 6.10 **We have work planned to try to prevent the common causes of complaints**, and are pleased to see the Law Society of Scotland also formally included an action within its 2020 - 2021 operating plan in this area. However, none of this work is likely to lead to reduced complaints beyond the more conservative projections already made for 2021 – 2022, although it may have a longer-term positive impact.
- 6.11 **Failure of solicitors to respond** – in previous consultations and annual reports we have noted the cost of having to repeatedly chase solicitors for files, and moving to legal action to obtain them. This applies to a high percentage of cases. In the last 12 months we have taken a more flexible approach, as we needed to consider the context of lockdown and lack of access to offices and systems at some points in the year. There was a risk regulatory action was taken against solicitors willing to comply but facing issues accessing the file, rather than the group we wish to target where it is simple lack of engagement with the complaint process. This remains a significant cost to the SLCC, and we will need to return to tackling this in the future.
- 6.12 **Process complexity** – since 2015 we have been active in discussing the uniquely complex, duplicative, and costly complaints process set out in statute. This is in stark contrast to much simpler and more efficient models for other complaints bodies in Scotland, or legal complaints bodies in other jurisdictions, which deliver the same level of effectiveness. ‘Eligibility’, which was meant to be the ‘quick sift’ continues to consume more resource than investigation and adjudication combined due to the statutory provisions, again in contrast to the distribution of resource in the majority of complaints bodies.
- 6.13 Process reform at the SLCC continues at three levels:



- 6.14 We are pleased the Scottish Government is currently consulting on the medium-term changes described above.
- 6.15 Bold reform which would more fundamentally tackle appeal costs and process complexity was proposed following the independent Robertson Review published in October 2018. We continue to be a key voice calling for its implementation, and are disappointed that a consultation on this planned for autumn 2020 has been delayed, at least until the second half of 2021.
- 6.16 **We also want to continue to improve performance across three domains:**
- The time a complaint takes from the day of submission to the final outcome.
 - The customer satisfaction scores of those who use our services.

- The quality and clarity of information provided and of the final decision issued – especially in terms of clear, accessible and understandable language and reasoning.

6.17 Further details of past financial performance, in our published accounts, can be found at:

<https://www.scottishlegalcomplaints.org.uk/about-us/how-we-are-funded/our-annual-accounts/>

6.18 Audit Scotland publish the outcome of their audits of our financial performance, and these are available on their website at: [https://www.audit-](https://www.audit-scotland.gov.uk/report/search?search=Scottish%20Legal%20Complaints)

[scotland.gov.uk/report/search?search=Scottish%20Legal%20Complaints](https://www.audit-scotland.gov.uk/report/search?search=Scottish%20Legal%20Complaints)

7 What is the headline budget, and how does it impact the levies?

7.1 This section contains the key information on the overall budget and expenditure. It sets out the key statutory levies we need to consult on each year.

Overall income and expenditure:		
Anticipated income:	£ 3,958,759 (previous year £3,993,181).	
Anticipated expenditure:	£3,958,759 (previous year £3,993,167).	
Levies – individual lawyers (2007 Act):		
General levy:	£ 492* (previous year £492)	<i>* the majority of lawyers pay a discounted rate well below this.</i>
Complaints levy:	£5,000 (previous year £5,000)	
Levies – ‘alternative business structures’ (2010 Act):		
Approved Regulator (AR) Fee:	£3,000 (previous year: £3,000)	
AR complaints levy:	£8,000 (previous year: £8,000)	
Licensed Provider (LP) Fee:	£1,000 (previous year: £1,000)	

7.2 Definitions of these levies, and further details on the approach we have taken to the budget, expenditure and levies are in **Sections 8 & 9** below.

7.3 The full budget, and details of levy discounts, can be found in **Appendix 1**.

8 Approach to budgeting

- 8.1 In line with policy and the practice followed in past years, we followed the same approach this year and as set out in this section.
- 8.2 As context, the last three years of financial and operational performance are reviewed.
- 8.3 A set of assumptions are created around incoming complaint volumes, business needs, lawyer numbers, work required by law and anticipated under our strategy, and other factors.
- 8.4 Four year projections of income, expenditure, and reserves are created, giving a longer term indicative model.
- 8.5 This is then mapped to the Scottish Government's five year financial strategy – to give wider public sector context.
- 8.6 We then set out anticipated expenditures based on our operational plan.
- 8.7 The general levy is then calculated on the basis of covering anticipated expenditure in full (taking account of small amounts of additional income from bank interest and the separate complaints levy).
- 8.8 The current year forecast outturn at December 2020 is reviewed, together with the results for the financial year to 30 June 2020. This provides an estimate of anticipated reserves at year end, and the implications for the general levy for 2021 - 2022.
- 8.9 The proposed levy is set, and the budget is issued for consultation.
- 8.10 The responses to the consultation must, by law, be published before the end of March 2021.
- 8.11 The draft budget is reviewed in April 2021, taking into account consultation responses and a further quarter's financial data.
- 8.12 We set the final budget and lay it before Parliament by 30 April 2021.
- 8.13 The final strategy and operating plan are set in May 2021.

9 Further details on levies

The general levy

9.1 The general levy has been noted in **Section 7** (above). However, for completeness the proposed general levy is:

- **The suggested general levy is £492** (last year £492)

The complaints levy

9.2 We charge this when a complaint is upheld. The statutory aim was to ensure that some costs could be recovered, often known as ‘polluter pays’, when a complaint was upheld. This was to balance income from the general levy.

9.3 Since July 2019 the complaints levy has been £5,000. Prior to that it was £3,500 from July 2012. We operate a policy of discounting this levy amount where a firm has handled the complaint well, and taking into account various other factors.

9.4 The levy of £5,000 is calculated from the cost of a complaint which has gone through every stage of the complaints process to determination (only around 10% of our total caseload) and requires a panel of three independent Commissioners to make the final decision.

9.5 No change is proposed this year.

9.6 The full complaints levy policy can be found at: <https://www.scottishlegalcomplaints.org.uk/media/1341/ch037-complaints-levy-policy-from-01-july-2019-v0101-201905-public.pdf>

- **The suggested complaints levy is £5,000** (last year £5,000)

Alternative Business Structure (ABS) Approved Regulator (AR) levies

9.7 **AR levy:** Last year this was £3,000 in (having dropped from £20,000, then £8,000). Two years ago we received an element of set-up funding from the Scottish Government to cover historical costs and ensure that set-up was finalised within our last business year.

9.8 No AR complaints have been received, although we have had several enquiries.

9.9 The AR has not yet achieved ‘authorisation’ under the 2010 Act, meaning there are no Licensed Providers (LPs).

9.10 However, we understand that the Scottish Government and the Law Society of Scotland are both actively seeking ways to get to the point of ‘authorisation’ this year.

9.11 The levy is currently set at a notional amount to represent low costs. The fee ensures the minimal work we must do such as continuing to form policy on this annually, assessing the likelihood of this being the year the arrangements from 2010 are implemented, consulting on levies, and other related work are not subsidised by income from the main levy.

9.12 This year we again communicated early with the AR to indicate that if they did not wish to pay the levy, this was within their control in terms of actions they could take by stepping away from their AR status if they would not be moving to authorisation.

9.13 This levy will be collected.

9.14 In future years this levy may fluctuate significantly again, depending on the work we have to carry out.

9.15 **AR complaints levy:** The complaints levy allows some of the costs of a complaint that is upheld to be mitigated. Modelled on similar functions in other similar bodies, an investigation and a decision could range in cost from a few thousand pounds to £100,000. With set-up costs now being recovered this reduced two years ago from £10,000 to £8,000. We did not consider there is any new data to vary the amount further this year, and the fee is only charged if a complaint is upheld (and can be waived in part or full).

9.16 It is unlikely any AR complaints levy will be received within the year. The levy may change significantly in future years.

- **The suggested AR levy is £3,000** (last year £3,000).
- **The suggested AR complaints levy (for a complaint that is upheld) is £8,000** (last year £8,000).

9.17 **Licensed Provider (LP) Levy:** Complaints about LPs are similar to the types of complaint the SLCC already handles, although new systems and templates are required, and new legal issues will arise.

9.18 Based on discussions we have had with the Law Society of Scotland and Scottish Government, it appears unlikely that any LPs will be fully licensed by July 2021, when the first levy will be collected. As a consequence, it may be that no fees are collected.

9.19 An LP may have a single lawyer providing legal services within it, but may have tens or hundreds of other professionals and/or advisers working within it. While the budget consultation is still drafted, we have no information from the LSS on the likely size of new LPs, or on what model they will follow. We remain concerned that, at the moment, no advertising campaign or major engagement with possible new entrants to the market appears to be planned with a view to rapidly increasing the number of LPs that contribute to the costs of this regulatory scheme. We are thus also concerned that the market may remain small for the next three to five years.

9.20 It is unlikely any LP levies will be received within the year. The levy may change significantly in future years.

- **The suggested LP fee is £1,000** (last year, £1,000).

10 Reserves

- 10.1 Reserves are currently anticipated to be in the region of £659,330 at the start of the 2020-21 financial year.
- 10.2 This figure is below the parameters set out in the reserves policy, which is constantly under review based on risks and operating costs. It does represent an increase in reserves from the previous years, as we try to return to a position in line with our reserves policy.
- 10.3 Reserves had reduced as we invested in our core operations during consecutive years of increasing incoming caseloads. We did this to avoid excessive levy increases. This was in line with the statutory requirement to work on the basis of ‘taking one financial year with another’ to ensure sufficient funding.
- 10.4 The budget proposed for this year envisages a break even budget.
- 10.5 A higher level of reserves continues to remain a longer-term aim but now is not the time to implement such a proposal. The Board will return to this issue at year end, when the provisional outturn for the year is known, and in future years.

11 Income

11.1 The SLCC has based income on:

- Anticipated income from the **general and AR levies**. This is forecast to be £3,860,759 for 2021 - 2022.
- Anticipated income from the **approved regulator levy**. This is forecast to be £3,000 for 2021 - 2022.
- Anticipated income from **interest earned on deposits**. This is forecast to be £15,000 for 2021 - 2022, thus reflecting current and anticipated levels of investment return.
- Estimated **complaints levy** income of £80,000 has been recognised for budget purposes for the financial year 2021 - 2022. This reflects the recent changes made to the complaints levy policy and the level of awards now being made at the Determination Committee stage of the process. Development of this source of income, to reflect the costs incurred on such cases, could help lessen future rises in the general levy.

12 Covid-19 – how this may impact demand for our services

- 12.1 We know that the impact of the pandemic and the associated restrictions on business have been damaging for many lawyers, as is the case across many sectors of the economy. Even for those businesses able to continue with transactions, the challenge of remote working has meant significant changes to ways of working. However we have also seen some businesses find new opportunities and thrive, or adjust swiftly to minimise any negative impact.
- 12.2 As noted in Section 2, in October 2020 we consulted the profession and professional bodies on changes in the sector which may affect our workload. We briefly summarised the feedback we received at that time.
- 12.3 However, we know the situation is continuing to unfold, and following that consultation many restrictions eased in late summer were re-introduced, and a regional variation on the level of lockdown grew, followed by a further national lockdown in January 2021. We wanted to offer another opportunity to receive feedback on how changes may impact the volume of complaints we must consider, and therefore the costs of the organisation.
- 12.4 **We especially would welcome insight in two areas: market changes likely to impact practitioner/ firm numbers, and factors likely to impact our complaint numbers.** Of course, there will always be fluctuations in both of these areas – we want to know where the sector sees Covid-19 having, or likely to have, a disproportionate effect that would significantly affect the number of complaints reaching the SLCC.
- 12.5 The final budget is not approved until April, and additional information could still help shape the final budget and levies.

13 Issues we would especially value your feedback on

- 13.1 We value feedback on all aspects of this consultation.
- 13.2 Stakeholders may wish to comment on whether they feel further changes should be made to our strategy in light of Covid-19 (**Section 3**).
- 13.3 We would appreciate comments on our planned activity within the operating plan for 2021 -2022 (**Section 4**).
- 13.4 The Consumer Panel, and the SLCC, would value feedback on the Panel’s priorities for the next four years (also **Section 4**, with the relevant section starting at paragraph 4.32).
- 13.5 We are open to ideas on further efficiencies (**Section 6**), or ways to improve our service.
- 13.6 We welcome comment on the budget and levies, in the context of the statutory duties the SLCC must deliver (**Sections 7 and 9**).
- 13.7 We valued input from the profession and professional bodies late last year on the impact of Covid-19 on clients and the sector, and we welcome any further information available as the situation develops (**Section 12**).
- 13.8 The finalisation and the detailed scheduling of projects are carried out post-consultation in April and May 2021. This lets us take account of the consultation responses and to prepare for the 1 July 2021 start of the business year. We are grateful for offers of partnership working or involvement, and will work with interested parties after the consultation to incorporate offers into the final plan.
- 13.9 **STOP PRESS:** If it is possible to reduce budget or levies, based on the changed salary assumptions noted on page 4, we would welcome stakeholders comments as to which levy, or groups of lawyers, any reduction should be applied to.

Appendix 1: Draft budget for 2021 - 2022

Summary of levies, income and expenditure

Proposed 2021-2022 Levy & Budget	
Actual General Levy Set	£
Private Practice Solicitors +3 Years (Principals/Managers)	492.00
Private Practice Solicitors +3 Years (Employed)	400.00
Conveyancing or Executry Practitioner 3+ years	400.00
Solicitors in first 3 years of practice	200.00
Practising outwith Scotland	130.00
In-house Conveyancing or Executry Practitioner	120.00
In-house Lawyers	120.00
Advocates	189.00
Association of Commercial Attorneys	127.00
Total actual levy required from each professional body	£
Law Society of Scotland	3,778,854
Faculty of Advocates	81,270
Association of Commercial Attorneys	635
	3,860,759
Income and Levy	£
Levy from Law Society of Scotland	3,778,854
Levy from Faculty of Advocates	81,270
Levy from Association of Commercial Attorneys	635
Contribution from Complaints Levy	80,000
Approved Regulator Levy	3,000
Estimate of Interest Earned	15,000
Total from Levy	3,958,759
Expenditure	
Staff and Related Costs	2,932,407
Non-Staff Costs	1,026,352
Total Expenditure	3,958,759
Contribution to SLCC Reserves	0

Breakdown and comparison of expenditure and levy

Proposed Expenditure 2021-2022			
	2020-2021	2021-2022	
	Budget	Budget	Variance
Staffing Costs	2,890,254	2,765,146	125,109
Member Costs	125,180	100,000	25,180
Total Staff Costs	3,015,434	2,865,146	150,289
Staff Training & Development	30,000	30,000	0
Members Training & Development	6,500	6,500	0
Staff Expenses	5,000	2,500	2,500
Members Expenses	12,000	7,500	4,500
Other Staff Costs	21,162	20,762	400
Total Indirect Staff Costs	74,662	67,262	7,400
Property Costs	334,584	346,457	(11,873)
Office Running Costs	50,781	53,965	(3,184)
Direct Case Costs	227,300	237,195	(9,895)
Communication	39,561	24,500	15,061
Other Costs	168,845	229,730	(60,885)
Depreciation	82,000	80,193	1,807
Investment to reduce Office Dependency	0	54,313	(54,313)
Total Non Staff Costs	903,071	1,026,352	(123,281)
Total Expenditure	3,993,167	3,958,759	34,408

Levy Income

2021-2022	Income		
Annual Levy	Levy	No's	Income
Private Practice Solicitors +3 Years (Principals/Managers)	492.00	3,277	1,612,284
Private Practice Solicitors +3 Years (Employed)	400.00	3,616	1,446,400
Conveyancing or Executry Practitioner 3+ years	400.00	5	2,000
Solicitors in first 3 years of practice	200.00	917	183,400
Practising outwith Scotland	130.00	929	120,770
In-house Conveyancing or Executry Practitioner	120.00	3	360
In-house Lawyers	120.00	3,447	413,640
Advocates	189.00	430	81,270
Association of Commercial Attorneys	127.00	5	635
		12,629	3,860,759

Appendix 2: Abbreviations and technical terms

Abbreviation or Term	Meaning
ABS	Alternative Business Structure; the name used in the media for LPs (see below).
AR	Approved Regulator; a regulatory body created by the Legal Services (Scotland) Act 2010.
CPD	Continuing Professional Development; the ongoing training that many professionals are required to undertake as part of their right to practice.
CPI	Consumer Price Index
CRM	Client Relations Manager
DP	Data Protection.
First-tier complaints	When a law firm or advocate/advocate's clerk manages the initial complaint about a lawyer. Usually a consumer must first complain to that lawyer before they can come to the SLCC.
FoA	Faculty of Advocates; the professional body for advocates and one of the RPOs in terms of our statute.
FOI request	A request made under The Freedom of Information (Scotland) Act 2002.
FVTWM	Frivolous, vexatious, or totally without merit
HR	Human Resources.
KPIs	Key Performance Indicators; these are key elements of data from our business which let us know how we are performing and if we are meeting our goals.
LP	Licensed Provider; a new type of legal services business ('law firm') created by the Legal Services (Scotland) Act 2010.
LSS	The Law Society of Scotland; the professional body for solicitors and one of the RPOs in terms of our statute.
Our statute/the Act	The Legal Profession and Legal Aid (Scotland) Act 2007.
PCS	Public and Commercial Services Union
Reporter	An independent individual who assists in undertaking an investigation and writing an investigation report.
RPO	Relevant Professional Organisation; in terms of our statute. These are currently The Law Society of Scotland, the Faculty of Advocates and the Association of Commercial Attorneys.
Second-tier complaints	When a complaint comes to the SLCC, generally after having given the lawyer and/or firm that is the subject of the complaint the opportunity to consider that complaint first.
SLCC	Scottish Legal Complaints Commission.
SSDT	Scottish Solicitors' Discipline Tribunal; the independent tribunal at which the LSS prosecutes solicitors for professional misconduct.