

Title: Proposed Budget 01 July 2015 to 30 June 2016

Date: 30 January 2015

Table of Contents

1	Introduction	3
2	Summary	3
3	Approach.....	3
4	Expenditure.....	3
5	Reserves	4
6	Income.....	4
	Appendix 1 – Summary Budget	5
	Appendix 2 - Proposed Expenditure 2015/16	6
	Appendix 3 – General and Complaints Levy	7

1 Introduction

- 1.1 This document sets out the SLCC's draft budget for the operational year 2015/16. It provides information on the expenditure, general levy and complaints levy proposed for the 2015/16 financial year.
- 1.2 The budget spreadsheets are attached as appendices.

2 Summary

- 2.1 Anticipated expenditure: £2,704,500 (previous year £2,772,580)
- 2.2 Anticipated income: £2,621,582 (previous year £2,695,871)
- 2.3 Anticipated funds released from reserves: £82,918 (previous year £76,709)
- 2.4 General levy: £312 full levy (previous year £324)
- 2.5 Complaints levy – there will be no change to the complaints levy

3 Approach

- 3.1 In line with policy and past years the approach follows these steps.
 - (i) The SLCC sets out anticipated expenditure based on its operational plan
 - (ii) The general levy is then calculated on the basis of covering anticipated expenditure in full (ie nothing available from reserves)
 - (iii) The current year forecast outturn at December 2014 is reviewed to give an estimate of anticipated reserves at year end, and what can be made available to underwrite the general levy
 - (iv) The proposed levy is set and the budget issued for consultation (including the complaints levy)
 - (v) The draft budget is reviewed in April taking into account consultation responses and a further quarter's financial data
 - (vi) The SLCC sets the final budget and lays it before Parliament by April 30

4 Expenditure

- 4.1 Appendix 1 contains the summary of expenditure by line item, with a comparison to the previous year (i.e. the 2014/15 year). The overall budget shows a decrease of 2.5%.
- 4.2 The most significant area of spend continues to be on staff. The budget for 2014/15 was based on a head count of 44.2. The budget for 2015/16 is based on a similar headcount. This reflects the changes since the SLCC reviewed its staffing levels as part of the restructuring during 2012/13 and the movement in the volume of work related to complaints and oversight.
- 4.3 SLCC has sought to offset the impact of staff costs by ensuring more efficient use of all indirect and non-staff resources. This is reflected in savings in the following areas
 - (i) Capital Asset Depreciation. A significant proportion of fixed assets are now fully depreciated which will result in reduced depreciation for 2015/16 and future periods.
 - (ii) Training. Reduced training requirements have led to a 5% fall in indirect staff costs.
 - (iii) Audit Fees. A revision of audit requirements has resulted in a freeze in internal and external audit expenditure.
 - (iv) Corporate legal costs and special projects and research. Savings have been achieved through continued use of internal resources.

- 4.4 SLCC have taken the decision to exclude a contingency provision from the 2015/16 budget. It is felt that the budgeting process and experience of previous years' outturn provide a sufficiently accurate forecast of anticipated spend. In the event of additional unforeseen expenditure requirements, SLCC would have recourse to its reserves.


5 Reserves

- 5.1 Reserves are anticipated to be in the region of £720,000 at the start of the 2015/16 financial year. This is greater than the two to three month level set out in the current reserves policy.
- 5.2 This position will change in 2015/16 as SLCC intend to utilise £83,000 from reserves within the year. SLCC is of the view that as the current level of reserves is higher than the existing reserves policy this position should be rectified and observed in future.

6 Income

- 6.1 The SLCC has based income on:
- (i) Anticipated income from the general levy. The bulk of this is from the Law Society of Scotland and is calculated on the basis of the number of practising certificates at the start of the current year. Final adjustments will be made in consultation with the Professional Bodies. The underlying calculations are based on the same approach as in previous years but it is proposed that in addition to there being a reduction in general levy, those categories which attract fewest complaints will benefit from additional percentage reductions in levy for 2015/16. Appendix 3 sets out the calculations.
 - (ii) Anticipated income from interest earned on deposits. This is forecast to be lower than in previous years, reflecting the reduction in the level of reserves and increasingly low investment returns; and
 - (iii) No income from Scottish Government in relation to legacy work carried out under the ex- SLSO's powers has been recognised for 2015/16.
 - (iv) Complaint Levy income of £25,000 has been recognised for budget purposes for the financial year 2015/16. This figure had not been recognised in previous years despite income being generated from this source.


Appendix 1 – Summary Budget

			
SLCC			
Summary Budget			
1 July 2015 to 30 June 2016			
Expenditure	£		
Staff	2,000,500		
Non Staff	704,000		
Contingency	0		
total	2,704,500		
↓			
Indicative Income and Levy (not underwritten by reserves)		Actual Income and Levy Underwritten By Reserves	
↓		↓	
Baseline income required to cover expenditure	£	Actual income including contribution from reserves	£
Levy from Law Society	-2,606,180	Levy from Law Society	-2,500,632
Levy from Faculty of Advocates	-73,005	Levy from Faculty of Advocates	-70,650
Levy from Assoc of Commercial Attorneys	-315	Levy from Assoc of Commercial Attorneys	-300
Other Income	0	Contribution from Complaint Levy	-25,000
SLSO Costs Recovered from SG	0	SLSO Costs Recovered from SG	0
Estimate of Interest Earned	-25,000	Estimate of Interest Earned	-25,000
Total	-2,704,500	Total	-2,621,582
↓		↓	
		Contribution from SLCC Reserves	
		Total	
		-82,918	
		Total Funds Available	
		-2,704,500	
↓		↓	
Baseline General Levy	£	Actual general levy set	£
Solicitors with 3+ years experience	323	Solicitors with 3+ years experience	312
Conveyancing Practitioner or Executory Practitioner 3+ years exp	323	Conveyancing Practitioner or Executory Practitioner 3+ years exp	312
Solicitors in 1st 3 years of practice	161	Solicitors in 1st 3 years of practice	156
Conveyancing Practitioner or Executory Practitioner 1st 3 years of practice	161	Conveyancing Practitioner or Executory Practitioner 1st 3 years of practice	156
Practising Outwith Scotland	105	Practising Outwith Scotland	103
In-house Conveyancing Practitioner or Executory Practitioner	105	In-house Conveyancing Practitioner or Executory Practitioner	95
In-house lawyers	105	In-house lawyers	95
Advocates	155	Advocates	150
Assoc of Commercial Attorneys	105	Assoc of Commercial Attorneys	100
		Total actual levy required from each professional body	
		£	
		Law Society of Scotland	
		2,500,632	
		Faculty of Advocates	
		70,650	
		Association of Commercial Attorneys	
		300	
		total	
		2,571,582	

Appendix 2 - Proposed Expenditure 2015/16

Budget 1 July 2015 to 30 June 2016		scottish legal complaints commission slcc		
Summary of Expenditure	Budget 2015/16	Budget 2014/15	Variance	Variance
	£	£	£	%
Staff Remuneration and support costs				
<i>Direct Staff costs</i>				
Staff salaries and NIC	1,769,000	1,775,180	6,180	0.35%
Member salaries and NIC	155,000	165,000	10,000	6.06%
	1,924,000	1,940,180	16,180	0.83%
<i>Indirect Staff Costs</i>				
Staff training and development	20,000	24,000	4,000	16.67%
Member training and development	5,000	9,000	4,000	44.44%
Staff travel & subsistence	5,000	4,000	-1,000	-25.00%
Member travel & subsistence	13,000	15,000	2,000	13.33%
Other staff costs	33,500	28,000	-5,500	-19.64%
	76,500	80,000	3,500	4.38%
Total Staff Costs	2,000,500	2,020,180	19,680	0.97%
Non-staff costs				
Property costs	291,500	285,400	-6,100	-2.14%
Insurance	7,500	8,000	500	6.25%
Office running costs	53,250	47,000	-6,250	-13.30%
Direct case costs	136,750	129,500	-7,250	-5.60%
Communications	25,000	36,500	11,500	31.51%
IT Costs	75,000	71,000	-4,000	-5.63%
Corporate legal costs	20,000	20,000	0	0.00%
Audit Fees	20,000	20,000	0	0.00%
Special projects and research	15,000	20,000	5,000	25.00%
Rechargeable costs	0	0	0	0.00%
Building Services and maintenance	0	0	0	0.00%
Capital Asset Depreciation	60,000	115,000	55,000	47.83%
Total Non-Staff Costs	704,000	752,400	48,400	6.43%
Total of staff and non staff running costs	2,704,500	2,772,580	68,080	2.46%
Operational contingency	0	0	0	0.00%
Total Costs	2,704,500	2,772,580	68,080	2.46%

Appendix 3 – General and Complaints Levy

2015/16 Baseline Annual Levy to recover full costs				
				
2015/16 Proposed Annual Levy				
Category	Waiver	Practising Certificates	Annual Levy	Total Income
Solicitors with 3+ years experience	Annual Levy	6,575	312	2,051,400
Conveyancing Practitioner or Executry Practitioner 3+ years exp	Annual Levy	6	312	1,872
Solicitors in 1st 3 years of practice	Annual Levy less 50%	735	156	114,660
Conveyancing Practitioner or Executry Practitioner 1st 3 years of practice	Annual Levy less 50%	-	156	0
Practising Outwith Scotland		690	103	71,070
In-house Conveyancing Practitioner or Executry Practitioner		4	95	380
In-house lawyers		2,750	95	261,250
Advocates		471	150	70,650
Assoc of Commercial Attorneys		3	100	300
		11,234		2,571,582
2015/16 Baseline Annual Levy to recover full costs				
Category	Waiver	Practising Certificates	Annual Levy	Total Income
Solicitors with 3+ years experience	Annual Levy	6,575	323	2,123,725
Conveyancing Practitioner or Executry Practitioner 3+ years exp	Annual Levy	6	323	1,938
Solicitors in 1st 3 years of practice	Annual Levy less 50%	735	161	118,335
Conveyancing Practitioner or Executry Practitioner 1st 3 years of practice	Annual Levy less 50%	-	161	0
Practising Outwith Scotland		690	106	73,012
In-house Conveyancing Practitioner or Executry Practitioner		4	105	420
In-house lawyers		2,750	105	288,750
Advocates		471	155	73,005
Assoc of Commercial Attorneys		3	105	315
		11,234		2,679,500