



Law Society  
of Scotland

# Annual Report 2019

1 November 2018 to 31 October 2019



# Annual report 2019

Welcome to the Law Society of Scotland's annual report for the period of 1 November 2018 to 31 October 2019.

As the professional body for over 12,000 Scottish solicitors, we have an overarching objective of leading legal excellence. We strive to excel and to be a world-class professional body, understanding and serving the needs of our members and the public.

As well as representing and regulating our members, we also have an important statutory duty to work in the public interest. It is a responsibility entrusted to us by parliament and one we take extremely seriously. We are passionate about maintaining and improving professional standards, ensuring the clients of solicitors are protected whenever things go wrong. We benefit enormously from the volunteerism of hundreds of solicitors and non-solicitors who give their time, knowledge and expertise without remuneration to ensure sound regulatory decisions are taken.

Our annual report covers our performance against the objectives set out in our 2018/19 annual plan. This was the fourth year of activity under our Leading Legal Excellence strategy.

If you have any questions about the content of our annual report, **please get in touch**.

## Explore our annual report

Our annual report 2019 is made up of the following sections:

- **President's welcome from John Mulholland** (p.2)
- **Chief executive's welcome from Lorna Jack** (p.3)
- **Financial review 2019** (p.5)
  - Our financial review of 2018/19, including our full accounts and Governance report.
- **The five objectives of our 2018/19 annual plan:**
  - **Assure** (p.13)
    - How we assured our members' clients and employers by setting and upholding standards.
  - **Serve** (p.23)
    - How we served our members through a detailed understanding of their needs, providing tools and services which they can use every day.
  - **Excel** (p.26)
    - How we sought to excel by operating as a world-class organisation through four key projects.
  - **Influence** (p.28)
    - How we used our influence to create a fairer and more just society by being an international centre of excellence in thought leadership.
  - **Grow** (p.31)
    - How we grew our membership and income by being a vibrant, influential and inclusive organisation.



## **President's welcome**

### **John Mulholland, President**

I wish you a very warm welcome to the Society's Annual Report. Whilst this report covers our previous financial year ending on 31 October 2019, we publish it at a time of extreme financial challenge for the legal sector. The global outbreak of coronavirus pandemic resulted in the suspension of courts and a sudden halt to the property market. We know firms have been furloughing staff and deferring traineeships as they seek to control costs. The long-term consequences of this virus are far from certain. The outbreak has inevitably and dramatically

changed our planning for next year. Our priority is to do all we can to support and guide our 12,000 members through these difficult and unprecedented times.

Throughout 2018-19, the review and reform of legal services regulation in Scotland continued to play a major part in our work, following the publication of the Legal Services Review Report at the end of our last operating year. We continued to advocate for change that will better serve the public and the profession than the creation of single regulator of legal services, one of the report's main recommendations. We embarked upon an extensive engagement programme with our members, stakeholders, other professional bodies and MSPs on this issue. We also sit on the Scottish Government's working group whose aim it is to reach a consensus on models which will deliver reforms to legal services regulation. We expect the agreed models to be put out to consultation by the middle of this year.

Brexit, of course, continued to play an important part in our conversations with our members. We provided advice and guidance throughout the year, as well as producing a series of webinars looking at the impact of the UK's departure from the EU on Scots law and legal practice. As we move through the transition period, we will continue to support our members, providing guidance and sharing relevant information and publications that may be of interest.

On the subject of legal aid, we welcomed the 3% rise in fees in April 2019. However, it is imperative that this is seen as a short term rise and a step towards a more appropriate rate of remuneration for solicitors. We are determined to ensure that legal aid provides individuals across Scotland with access to a range of legal services from local and independent experts when they are at their most vulnerable. Building a fairer and simpler legal aid system is essential, and in our response to the Scottish Government consultation on legal aid reform, we highlighted the importance of making the legal aid system more efficient and easier to navigate for members of the public and solicitors alike.

In 2019 we also launched the first ever sector wide survey on mental health in Scotland, in partnership with See Me, the national programme to end mental health stigma and discrimination. I was delighted to see such a high level of engagement and response rate from the profession, with over 2000 individuals agreeing to participate, telling us that this is a subject that we should continue to invest in and develop our Lawscot Wellbeing offering in response to. The full results will be published later this year.

It has been an immense honour to have been both Vice President and President throughout our 70th anniversary celebrations. A particular highlight was the privilege of presenting our Journal cover competition winners with their prizes in July – their artistic talents were fantastic. I also had the honour of presiding over the re-dedication of the Paisley 'Snail in a Bottle' commemorative plaques, the case which laid the foundations of the modern law of

negligence. 70 years is a tremendous milestone for an organisation that now boasts over 12,000 members, and we continue to be respected and admired both at home, and on the global stage.

I would like to sign off by saying thank you. Thank you to all members of Council, committees and working groups for all your hard work benefitting the profession, civic Scotland and the public interest. The value of our volunteers is immeasurable.



## **Chief executive's welcome Lorna Jack, Chief Executive**

When I joined the Law Society as chief executive in 2009, the legal sector was working hard to recover from the financial crisis that emerged from the previous two years. At time of publication of this report, our profession faces another historic challenge. The global coronavirus pandemic has required flexibility, resilience and innovation from our members across Scotland and beyond. There is huge uncertainty as to what the future holds both economically and socially. We do not know when normality

will return and what normal will look like when it does.

At the Law Society, we have responded by looking carefully at our own costs, furloughing staff through the UK Government Job Retention Scheme, freezing staff recruitment and re-balancing our budgets to reduce discretionary spend. Meanwhile, our staff continue to work with our President and Council to provide members with a wide package of support and guidance. We have a clear statutory objective to ensure Scotland has a strong, varied and effective legal profession. This will remain our top priority over the coming year.

2019 will remain in my memory for a long time, being the year that we celebrated our 70th anniversary, which ran concurrently with the nationwide celebration of 100 years of women in law, a project marking the centenary of the Sex Disqualification (Removal) Act 1919 which paved the way for women to become lawyers for the first time. What a privilege it was to play my part in our profession's professional body during this momentous year.

Back in January, we kicked our platinum celebrations off by welcoming over 200 women to our offices at Atria One to have their photograph taken as part of the First 100 Years project. Further events followed throughout the year culminating in our platinum themed annual conference in October.

While not quite meeting all of our ambitious membership growth targets, our numbers did increase across all categories, with practising members surpassing the 12,000 mark for the first time. We also increased our Accredited Paralegal and Student Associate membership categories and launched two new categories – Legal Technologists and Fellows, the latter for retired members.

Our work on accredited specialisms, has resulted in a 5% increase in the number of members who hold accredited specialisms. We also received a significant number of enquiries for the creation of new specialisms, indicating greater awareness of the scheme and the benefits it offers our members. I will be watching with interest to see how this work develops in 2020.

We continue to take our responsibilities as an anti-money laundering (AML) supervisor extremely seriously and made significant progress against the objectives we set out for ourselves in response to our 2018 review by the Office for Professional Body Anti-Money Laundering Supervision (OPBAS). This included the implementation of a fully risk-based approach to AML supervision, strengthening our AML governance structure, setting up an AML 'Reporting Concerns' helpline, providing further AML training for internal colleagues and strengthening our enforcement powers.

Our digital transformation journey continued, and all our regulatory and governance committees now use our secure online portal to receive and share documentation. Internal reporting processes were also improved and financial reporting dashboards developed. We will continue to seek ways to use digital technology to make ourselves more efficient and effective as we go forward into our next operating year.

We delivered a major project to integrate the Journal Online website into our own, improving the way in which we are able to share news, updates and information with our members.

Our social mobility charity, the Lawscot Foundation, secured two new major sponsors and welcomed eight new students to the scheme, bringing the total number of students it now supports to 25. Another particularly exciting development in the area of social mobility was our partnership with Rare. We worked with them to launch a pilot contextualised recruitment system to help improve the chances for less-advantaged young people to get into their dream career in the legal sector.

As ever, the many achievements of the past year have only been possible with the efforts of my colleagues – a diligent, hardworking and committed team - for which I thank them all. I take immense pride in leading such a dedicated team and am grateful for their continued support.

## Financial review 2019

### Overview and principal activity

The Law Society of Scotland (the 'Society') is the professional governing body and regulator for Scottish solicitors. It promotes excellence among solicitors through the support and regulation of its members. It also promotes the interests of the public in relation to the legal profession. The Society was established by statute in 1949 and its core legislative framework is set out in the Solicitors (Scotland) Act 1980. All practising solicitors are members.

The Society operates through five directorates covering its main areas of work:

- regulation and standards
- member services and engagement
- education, training and qualifications
- external relations
- finance and operations.

The work of the Society is supported by solicitors and non-solicitor volunteers who contribute their time and expertise through many committees and working groups.

The Society also controls and administers the Client Protection Fund, the operating name of the Scottish Solicitors' Guarantee Fund (SSGF). The fund exists solely to protect clients who have lost money as a result of dishonesty of a solicitor or a member of their staff in connection with the practice of the solicitor. It is paid for entirely by solicitor firms without the use of taxpayer money from government. The fund is only available to clients who use solicitors who are employed by legal firms regulated by the Society.

### Major event

During the early part of 2020, the Covid-19 pandemic struck the world. The severe threat to health in the UK has resulted in widespread disruption to ordinary life and has presented major challenges to individuals and organisations. The significance of this event is reflected within this report and is given particular prominence within the going concern section where detailed commentary is provided.

### Review of the financial year

#### Group

In compliance with Financial Reporting Standard 102, the Society's financial statements have been consolidated with those of the Scottish Solicitors' Guarantee Fund and with the Law Society of Scotland (Services) Limited) and presented as group financial statements. The statutory basis, day to day management and governance oversight of the SSGF is unaltered by consolidation which is essentially about presentation of the Society group year-end financial statements in accordance with FRS102. The SSGF is included within the consolidated financial statements in recognition of the Society exercising control over the management, governance and operation of the fund.

It should be noted that, as required by statute, all income received by the SSGF is legally ringfenced to meet only future claims and therefore not available under any circumstances

for the Society's use. Similarly, the reserves of the SSGF are legally designated for that purpose and do not under any circumstances form part of the Society's free reserves. However, control of the SSGF is bestowed on the Society by law, and, more widely, the SSGF is considered to be of benefit to the Society in helping underpin the positive reputation of the profession.

The Group (as defined above) reports a profit (prior to the actuarial adjustments to the closed final salary pension scheme liability) of £899,000 for the financial year ended 31 October 2019 (2018 - £87,000 loss). This comprises the following components:

	2019 £,000	2018 £,000
Law Society of Scotland	39	(312)
Law Society of Scotland (Services) Ltd.	(7)	(27)
Scottish Solicitors' Guarantee Fund	867	252
<b>Total - Group</b>	<b>899</b>	<b>(87)</b>

The significant improvement in the performance of long term investments held by the group in addition to continued low volumes of claims against the SSGF contributed to the increase in surplus reported by the Group.

Profit reported by the Group after actuarial adjustment was £698,000 (2018: £988,000 loss).

## The Society

The Society reports a profit (prior to the actuarial adjustments to the closed final salary pension scheme liability) of £39,000 for the financial year ended 31 October 2019 (2018 - £312,000 loss). Further detail of the Society's financial performance is given in the Income Statement on page 18 of the full financial statements (appended below).

There was a significant improvement in the performance of the investment portfolio. The gain reported on long term investments held by the Society was £215,000 (7.5%). In 2018 the equivalent figure was a loss of £96,000. These investments are held for the long term, and produce an income of around £90,000 per annum, so will be subject to market volatility.

Looking ahead, in the context of the Covid-19 outbreak, Council is aware of the need to support the profession but also to ensure the ongoing viability of the Society. Council is confident that an appropriate range of measures and steps are being taken within the Society to both protect reserves and to address the pressures being experienced within the profession. Detailed commentary is provided within the going concern section of the full financial statements appended below.

Loss reported by the Society after actuarial adjustment was £162,000 (2018: £1,213,000).

## Operating income – Society

Income for the year (excluding investment gains) was £11.5 million, an increase of 6% from the previous year. Income is analysed as follows:

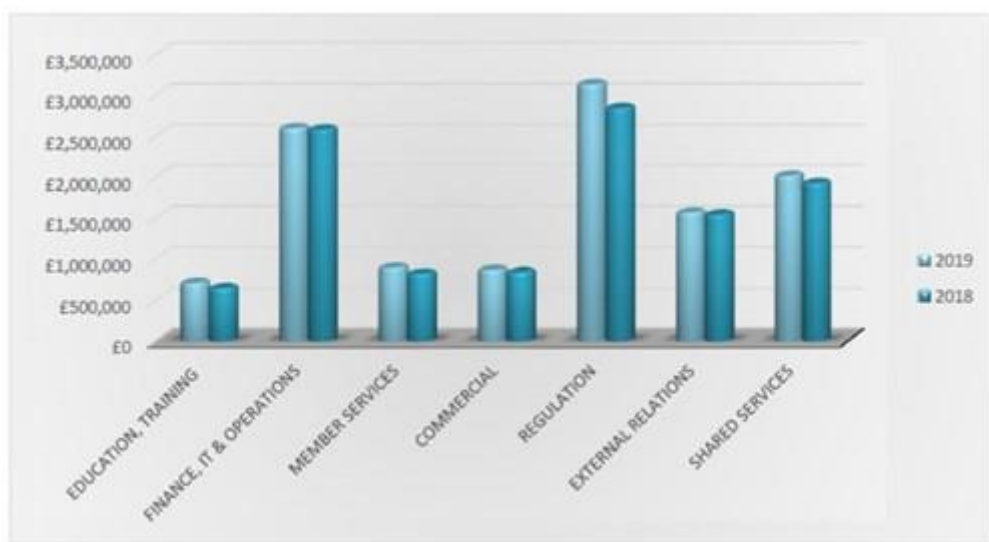


Membership income comprises Practising Certificates, Retentions and Non-Practising Member fees. Other Core Income comprises fees from regulatory activity. This includes an element of the Scottish Solicitors' Guarantee Fund Accounts fee paid by firm principals towards financial compliance and interventions, recovery of costs awarded to the Society by the Scottish Solicitors Disciplinary Tribunal, and commission and recoveries from Judicial Factories.

Income was higher than 2017/18, driven principally by three factors; Commission and recoveries from Judicial Factories up on the previous year by £153,000 (57%) due to healthy recoveries relating to current and prior year cases. Membership income grew by £373,000 (4%), driven by a combination of increased Practising Certificate fees and higher roll numbers, while commercial revenues were up £38,000 (3.7%) to £1,145,000.

## Operating expenditure – Society

Expenditure (excluding actuarial movements in closed pension scheme) was £11.7 million, an increase of 4% from 2018. Expenditure is analysed as follows:



Although control over expenditure remains tight, an increase in Regulation expenditure covered the establishment of the Anti-Money Laundering team, while Commercial expenditure grew to support a restructuring of our CPD offering.

## Investments – Group



The Group's investment portfolio performed well during the year, returning a gain against the market value at 31 October 2019 of £539,000 (2018: loss of £230,000), equating to approximately 6.4% of investments held. The Finance sub-committee monitors investments at least quarterly and reserves are diversified to enable investments to be held over the long term (defined as 5-10 years). The balance of cash and investments held is monitored. Fluctuations in investment values are accepted and the portfolio produces a much higher dividend yield than achieved by interest rates on deposits.

Cash		
Cash balances for the Society and its subsidiaries at the year-end were:	2019 £,000	2018 £,000
Law Society of Scotland	10,646	9,763
Law Society of Scotland (Services) Ltd.	227	229
Scottish Solicitors' Guarantee Fund <i>(not available under any circumstances for the Society's use)</i>	1,676	2,619
<b>Total - Group</b>	<b>12,549</b>	<b>12,611</b>

## Pension debt & actuarial movement

The Society is responsible for a defined benefit pension scheme which was closed to future accrual from 1 May 2010. The most recent full actuarial valuation was carried out at 31 March 2019 by a qualified actuary, independent of the scheme's sponsoring employer.

The overall deficit shown by most recent valuation at 31 March 2019 was £1,423,000 (March 2016: £1,722,000) with the value of assets covering 86% (March 2016: 78%) of the value of the liabilities. The main reasons for the improvement in the funding level are the contributions paid by the Society over the intervaluation period, combined with better than expected investment returns and the adoption of new mortality tables.

However, these factors were offset by changing market conditions, falling gilt yields and rising inflation which resulted in an increase in the value of the liabilities.

The current deficit recovery repayment plan agreed in 2017 has resulted in aggregate contributions of £1,559,000 in the three years to March 2019, with further annual payments of £170,000 scheduled for the years to March 2020 and 2021. The Society meets the scheme running costs as they fall due. The Society is currently finalising negotiations with the scheme trustees to determine the next recovery plan following the recent triennial valuation; which will be agreed prior to 30 June 2020.

Financial Reporting Standard 102 applies less prudent assumptions than those in the triennial actuarial valuation (as explained in note 13). Consequently, the majority of sums paid to the scheme this year have resulted in a reduction in reserves as the FRS102 valuation resulted in a surplus. The valuation surplus is not carried as an asset in the financial statements as the Society does not have an unconditional right to any surplus funds remaining at the cessation of the scheme. The actuarial valuation reported a loss for the year of £201,000 (2018: £901,000).

At 31 October 2019 there was no scheme deficit for financial reporting purposes (2018: deficit £nil).

## Reserves

The Society's reserves fell from £5.4m to £5.2m in the year under review. The principal reasons for this reduction was due to the actuarial valuation of the defined benefit pension

scheme which reported a loss of £201,000 in the year, combined with a deferred tax charge of £57,000 on unrealised investment gains.

Reserves held by the SSGF are legally designated solely for the purposes of the fund and are not available to the Society. At 31 October 2019 the SSGF reserves were £6.8m (2018: £5.9m).

The Society's policy for free reserves (excluding designated SSGF reserves) is to hold between three and six months' average expenditure for the Society. Reserves for this purpose are calculated as follows:

Free reserves calculation at 31 October 2019	£,000
Net Current Assets	1,855
Realisable Investments	3,100
<b>Less:</b> Creditors falling due after more than one year	<u>(1,533)</u>
Reserves per policy (A)	<u>3,422</u>
<b>Expenditure for the year – operating costs, Society only (B)</b>	11,780
<b>Number of months' coverage from reserves (A / (B/12))</b>	<b>3.5 months</b>

The reserve levels are monitored by the Society's Finance sub-committee at least quarterly. The sub-committee regards this level as reasonable and is content that a break-even financial performance in 2019/20 remains the expected outcome, despite the actual and anticipated impacts of the Covid-19 outbreak. The sub-committee reviews the appropriateness of the policy on an annual basis. It is possible that changes may be necessary in future periods to reflect the impact of a prolonged period of economic recovery. In setting reserve targets the sub-committee also recognises the remaining operating lease commitment for the rent of the Society's premises (note 16), as reflected in future cash flow projections.

## Financial statements

Download our full accounts:

- [2019 Law Society of Scotland Financial Statements.pdf](#)
- [2019 Lawscot Foundation Accounts.pdf](#)
  - The Trust's total income for the period was £105,739 (2018: £90,818). Expenditure was £112,384 (2018: £224,471) which includes grant commitments for the duration of the courses of each student awarded support. This includes grants paid in the current year along with those awarded for future years.

## Benevolent Fund Accounts

- [Scottish Solicitors Benevolent Fund Accounts 2019.pdf](#)

## Governance report 2019/20

## The Society's role

We are the professional body and regulator of Scottish solicitors. We have responsibility for promoting the interests of the solicitors' profession in Scotland and the interests of the public

in relation to the profession. Our responsibilities as a professional body and regulator are overseen by both our Council and our Regulatory Committee. The Council consists of up to 48 seats, of which 31 are elected solicitor members, up to nine lay members, eight co-opted solicitor members, and such ex officio members as may be required.

## **The UK Corporate Governance Code**

We are a statutory body governed by the Solicitors (Scotland) Act 1980 with a constitution made under that Act and accompanying standing orders. We are committed to the principles of good corporate governance and seek to comply with the relevant parts of the 2018 UK Corporate Governance Code where it is practicable given our scale and operations.

## **Strategic management**

Our governing body is the Council which sets the overall strategy as well as the annual corporate plan and associated budget. The Council has put in place an ambitious five-year strategy entitled “Leading Legal Excellence” which is due to be delivered by late 2020. The Council with input from a wide range of stakeholders is developing the next five-year strategy. The Council manages the overall strategic direction for the Society within the context of the annual operational plan and annual budget. The Council also measures our performance against the annual operational plan within the context of our longer-term goals set out in the current five-year strategy. The Council delegates the monthly oversight of our implementation of the operational plan to the Board. The Board is chaired by our President and is made up of the Vice President, Past President, Treasurer and five other elected Council members. Sitting beneath the Board is the Chief Executive, the senior leadership team and management team, who all work together to implement the annual operational plan, deliver the five-year strategy as well as managing the Society on an operational basis.

## **Governance**

There are a number of checks and balances within our governance model which seek to ensure an appropriate and fair discharge of our statutory responsibilities as a professional body and regulator. These checks and balances include the monthly reporting of progress on the implementation of the annual operational plan to the Board and the Council. The oversight of the regulatory duties of the Council is discharged by the Regulatory Committee through a delegated authority scheme in conjunction with the various regulatory sub-committees and our employees.

Our Audit Committee has, as one of its main roles, responsibility for reviewing and making recommendations on our internal control and risk management systems, in order to monitor and assess the effectiveness of those procedures and management and reporting systems. The convener of the Audit Committee reports quarterly to the Council on these matters as well as to the members at the annual general meeting. The Audit Committee also benefits from the provision of internal audit services provided by Wylie & Bisset CA.

We also have a Finance Sub-committee chaired by a Council member who is the Society’s Treasurer. The Finance Sub-committee has responsibility for producing and then presenting the annual budget for approval by the Council. The Finance Sub-committee also proposes the annual practising certificate subscription, first to the Council and then to members for approval at the annual general meeting in May. There is also a Nominations Committee chaired by a Council member, which oversees the system for the appointment of members to our committees as well as making recommendations for the appointment of the conveners for such committees.

The Public Policy Committee is now in its third year of operation. Its modus operandi is now well established. This committee replaced the former Law Reform Committee. The principal role of the committee is to oversee all of our public policy work and to ensure that it is in line with our five-year strategy.

## **Office bearers**

We have three Office Bearers: the President (who is the Chairman of the Society), the Vice President, and the Past President. Each of these three Office Bearers takes office for one year. The Vice President becomes President, with the handover taking place at the Council meeting in May. The Office Bearers, together with the Chief Executive, are our main ambassadors and represent the Society at home and abroad.

## **Chief Executive – Secretary of the Society**

Our Constitution provides for a Secretary of the Society, more commonly referred to as the Chief Executive. The Chief Executive's key responsibilities include the provision of leadership and the vision necessary to create a professional body which effectively regulates and represents the interests of its members and delivers a range of services and products as required by the profession. The Chief Executive is responsible for advising the Council and the Board on the development and implementation of policy as well as managing our staff and resources. The Chief Executive works alongside the Office Bearers and Council in providing effective and meaningful communications and representing us as an organisation. Additionally, the Chief Executive is responsible for ensuring effective relationships with members, external bodies (including governments) at the highest level and internationally, and with all other appropriate third parties, the public and the media. The Chief Executive is also responsible for ensuring that the respective parts of our governance structure operate effectively and efficiently.

## **Council**

The Council's responsibilities are set out in statute, the constitution and the standing orders. The principal role of the Council is to approve the strategy, annual corporate plan and the annual budget for the Society. The Council also sets the most significant fees for members as well as recommending the practising certificate subscription for members to consider at the autumn special general meeting. There is also a Code of Conduct which sets out the standards of behaviour expected of Council members. The Chair of the Council is the President. Greater details of our governance arrangements are available on our website.

## **The Board**

The principal roles of the Board are:

- to provide guidance to our executive on initial drafts of strategy and the annual corporate plan, which will include resource plans, before their submission to the Council for approval
- to provide direction to both the executive and committees on any strategic level initiative or project before submission to the Council for approval
- to monitor the Society's quarterly performance against our targets contained in the annual corporate plan and report any major variance to the Council
- to regularly monitor our financial performance against budget and to ensure that all risks identified in our risk register are managed and escalated to the Council for

those which the Board considers to have the potential to have a high impact on the work of the Society, and with a medium to high likelihood of occurring.

## **The Regulatory Committee**

The principal roles of the Regulatory Committee are:

- to ensure that the standards for the profession are set by way of making relevant and appropriate rules, to be applied in a uniform and consistent way and regularly reviewed
- to ensure that the internal processes, policies and procedures adopted by the regulatory sub-committees are effective, appropriate and proportionate in order to ensure the making of consistent regulatory decisions and to build and develop relations with appropriate third parties to ensure confidence in the work of the profession and our regulatory regime.

**David Cullen**  
**Registrar**

## Assure

We planned to assure our members' clients and employers by setting and upholding standards that ensure excellent legal and customer service.

### Key facts and figures

219 financial compliance inspections carried out at Scottish firms

#### 17 new claims were made against the Client Protection Fund in 2018-19

- 0 rejected in full
- 14 agreed in full
- 1 partially agreed
- 1 withdrawn
- 1 was carried forward to 2019/20
- £206,000 was paid out

416 conduct complaints received 2018-19:

- Investigations closed: 409
- Active investigations at year end: 493
- Suspended file at year end: 131

#### 377 Professional Conduct Committee decisions (2018-19)

- Complaint rejected: 272
- Misconduct: Solicitor referred to fiscal for prosecution before the tribunal: 57
- Misconduct: Solicitor not referred to fiscal for prosecution before the tribunal: 5
- Unsatisfactory conduct – censure: 6
- Unsatisfactory conduct censure and training order: 2
- Unsatisfactory conduct censure and fine: 10 (£7,050)
- Unsatisfactory conduct – censure and compensation: 20 (£8,090)
- Unsatisfactory conduct – censure, fine and compensation: 3 (£11,750)
- Unsatisfactory conduct – censure, compensation and training order: 2 (£2,000)
- Unsatisfactory conduct – censure, fine, compensation and training order: 1 (£2,500)

## Scottish Solicitor's Discipline Tribunal decisions:

### Sanctions:

- Censure – 8
- Censure & Restriction – 3
- Censure & Fine – 11
- Censure, Fine and Restriction (1)
- Struck Off – 5
- Suspension – 2

## Assure projects

Action	Outcome	Complete / not complete
<p><b>Anti-money laundering</b> We will enhance our role as an anti-money laundering supervisor by implementing the recommendations of the Office of Professional Body Anti Money Laundering Supervisors (OPBAS).</p>	<p>We implemented the recommendations of OPBAS as agreed and reported to them, which included the training of our internal teams and the AML sub-committee. We have implemented an internal AML policy and have appointed internal auditors for our processes.</p>	Complete
<p><b>Complaints handling</b> We will undertake a review of our existing procedures for investigating complaints and work with the Scottish Government and Scottish Legal Complaints Commission to agree changes to improve the statutory processes around legal complaints handling.</p>	<p>We successfully worked with the SLCC and the Faculty of Advocates to come up with a package of “quick fixes” which we believe will improve the current position and are capable of being made by Regulations. We are discussing plans for a consultation with Scottish Government in early 2020. We have reviewed and proposed changes to the decision making and reporting processes which are aimed at improving the speed of the process for those who have complained and members who are the subject of complaints.</p>	Complete
<p><b>Practising certificate regulation</b> We will review and improve (if required) the policies, processes and rules around the issuing of practising certificates and removal from the roll of solicitors.</p>	<p>We reviewed two key areas where there may be future rules and/or guidance changes. Significant progress was made with a review of the delegated powers functions within the Practising Certificate sub committee's remit, with a revised scheme of individual delegation and agreement around reporting being approved by the Regulatory Committee.</p>	Complete
<p><b>Licensed Providers</b> We will seek final authorisation from the Scottish Government as</p>	<p>There has been limited progress during the year. The Scottish Government carried out its consultation on the revised Regulatory Scheme, however this has yet to be</p>	Complete

an approved regulator of licenced legal service providers and commence our first licensing of new entities.	concluded. Limited progress has been made on the licensing application process.	
<b>Financial compliance and client accounts</b> We will consider whether it is possible to enhance existing public protection around client funds by assessing best practice from other legal jurisdictions.	This project was put on hold in the early part of the year following the publication of the Legal Services Review report, but may return for consideration in 2020.	Complete
<b>Review of legal services regulation</b> We will work with the Scottish Government and stakeholders, using the report of the independent review of legal services regulation to build a consensus in creating new, flexible and permissive legislation.	Both our Council and our Regulatory Committee responded to the Legal Services Review Report in autumn 2018. The Scottish Government has now committed to a consultation on the report's proposals and we are part of a group working with the government and other stakeholders to find areas of agreement. A consultation or options paper is likely to be published in early 2020. We have also engaged with the Competition and Markets Authority who are producing a report on the Scottish market, likely to be published early 2020.	Complete
<b>Admission to the profession</b> We will embed the processes and guidance around our new admission regulations and allow, subject to the Lord President's approval, early admission by trainees.	The new admissions regulations were approved by the Lord President and the Regulatory Committee and came into effect on 1 November 2019, alongside guidance and website content.	Complete
<b>Accreditation standards</b> We will agree changes to enhance the standards for accredited providers of the LLB law degree and Diploma in Professional Legal Practice.	Following consultation with providers and consideration by the Education and Training (Standard Setting) Sub-Committee, changes to the accreditation standards were approved and communicated to providers in September.	Complete
<b>Route to qualification</b> We will introduce changes to the outcomes required from the current process to qualify as a solicitor and work towards a solicitor apprenticeship route to qualification.	Following consultation with providers and the profession, revised outcomes were considered and approved by the Education and Training (Standard Setting) Sub-Committee and intimated to providers. Development work has commenced with Skills Development Scotland and a university provider to create an apprenticeship route to qualification as a solicitor. Several firms are engaged in the process. As planned, this work will continue into the next business year.	Complete



<p><b>Specialist accreditation</b> We will develop new categories of specialist accreditation based on previous research and promote new and existing categories, while maintaining specialist accreditation as a quality mark within the profession.</p>	<p>There has been an over-all increase in the number of accredited specialisms held by members from around 580 towards the end of 2017/18 to 611, an increase of over 5%. There has also been an increase in the number of enquiries for the creation of new specialisms, indicating a greater awareness of the scheme and the benefits it can offer members. Two enquiries have proceeded to draft applications for new specialisms which will be taken forward in 2019/20.</p>	<p>Complete</p>
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## Regulatory Committee annual report 2019

Working to our statutory objectives to protect the public interest and support the interests of justice, the Regulatory Committee has continued to deliver robust and fair regulation of the solicitor profession over the last year.

It can be common for regulation to be considered only in the area of complaints. Whilst the handling of consumer complaints is a vital component of any regulatory system, the responsibility of the Regulatory Committee runs much wider. It includes oversight of the route to qualifying as a solicitor; updating the professional standards to which solicitors must adhere; the proactive inspection of firms to account for client money; and effective management of the Client Protection Fund.

These are responsibilities which members of the Committee take extremely seriously. As convener, I am grateful to all members; solicitors and non-solicitors; for their expertise, commitment and good judgement. That underlying principle of partnership between those from within and outwith the legal sector is a strong one and something I believe helps to deliver effective scrutiny, oversight and improvement.

## Our work in 2018/19

### Fit for the Future – Legal Services Review

The first half of our operating year focused on “Fit for the Future” – the report of the independent review of legal services regulation in Scotland. This report to the Scottish Government was published in October 2018.

The Committee considered the content carefully. We welcomed much of the report, including its recommendations for improved regulation of entities and broader cross-border regulation. Many of the proposals in the report reflected the suggestions which have been pursued by the Committee for some time.

However, the Committee believed the report failed to provide a convincing argument or detailed evidence to support the core proposal of creating a new single independent regulator for all legal services.

We have voiced concerns about the potential impact of such a change on the costs that will have to be met by legal service providers and clients. We also believe a new politically appointed body risks undermining the independence of the legal profession, a key element of the rule of law and something the Regulatory Committee has a statutory duty to support. We have made sure these views featured prominently in the Law Society’s consideration of the report.

We strongly welcomed the Scottish Government’s considered response to the report, its commitment to consult widely and its wish to build, where possible, a consensus. We were pleased to host Scottish

Government officials at one of our meetings that followed the publication of the report. This allowed for a thorough and positive discussion, one where the Committee's independence from the Law Society Council could be underscored.

We now look forward to the Scottish Government consulting further and the committee having the opportunity to submit additional proposals ahead of new legislation.

## Complaints

An area of continued concern to the committee is the current complaints process. Too often, the time taken for even simple complaints to be considered and resolved is unacceptably long. This neither benefits the client nor the solicitor complained against.

It is clear that aspects of the reforms introduced in 2008 are not fit for purpose. Change is urgently needed to make the system simpler, quicker and more effective.

The Regulatory Committee has been positive and determined in trying to ensure improvements can be made through secondary legislation where possible. We were pleased to agree a number of suggested reforms with the Scottish Legal Complaints Commission. Taken as a package, these changes offer an opportunity to improve the system, particularly to address the complexity and delay within the eligibility stage of the complaints process administered by the SLCC.

Whilst the Committee has several other ideas on how it can reform the Law Society's own conduct complaints handling, such changes would require primary legislation and cannot be made by regulations. We will continue to argue for these changes when time is found for a new Bill. Meantime, we hope the Scottish Government will prioritise these short-term regulatory reforms.

## Price Transparency Guidance

A priority area for the Committee during the year was our work to improve price transparency within the legal services market.

This project followed issues raised in the Competition & Markets Authority (CMA) report on the legal services market in England and Wales in 2016. That report led some legal regulators south of the border to introduce rules requiring legal service providers to be more transparent about their pricing. Research also shows that an absence of upfront pricing information can leave consumers people overestimating the cost of legal services.

The Committee looked carefully at the arguments which emerged from the CMA report. We recognised that many of the issues highlighted were also relevant and applicable to the Scottish market. Indeed, in the summer of 2019, the CMA announced its own research into the Scottish legal services market with a further focus on price transparency.

Our early consultation with the profession and stakeholders on this issue highlighted strong views on both sides of the argument. The Committee acknowledged that not all areas of legal work easily allow for transparent pricing. Indeed, given the uncertainty which can arise from some legal services such as litigation, forcing publication of prices could inadvertently mislead consumers.

However, recognising that some firms already proactively publish price information, we believed the correct and proportionate way forward was through robust guidance to the profession. That guidance, which is now published, will provide assistance to the profession in terms of how greater transparency can be delivered. The impact of the guidance will be evaluated after the first year of operation.

## Scottish Solicitors Discipline Tribunal – Consultation on the Standard of Proof

The Regulatory Committee welcomed the SSDT's consultation on whether the civil or criminal standard of proof should apply in cases of professional misconduct.

The Committee concluded it was appropriate to change to the civil standard and submitted a response to the SSDT in support of that position. We recognise that, having considered all views and responses to the consultation, the SSDT has chosen to retain the current standard of proof, namely beyond reasonable doubt.

The process around this particular consultation underscores the importance of the Regulatory Committee, with its 50% solicitor and 50% lay membership, being properly equipped to consider significant regulatory issues of this kind.

### **Anti-Money Laundering (AML) and Working with Office for Professional Body Anti-Money Laundering Supervisors (OPBAS)**

One of the key areas highlighted in the committee's 2017/18 report was the Society's compliance with the EU Fourth Directive on money laundering and the requirements of the new Office for Professional Body Anti-Money Laundering (OPBAS).

This has continued to be a key area of focus and the Committee ensured delivery of an action plan to implement recommendations made by OPBAS. This involved a significant amount of successful work by the AML Team within the Society's executive.

During the year, we formed a new standalone Anti-Money Laundering Regulatory Sub Committee. Issues relating to AML compliance had previously been dealt with by the Client Protection Sub-Committee. However, it had been agreed with OPBAS that there should be a separate sub-committee to deal this complex landscape and oversee the specialist work required. That sub-committee, made up of solicitors and non-solicitors, is working well and providing support to the work of the staff team.

The Law Society's Director of Financial Compliance, Ian Messer has continued to chair the United Kingdom Legal Services Affinity Group (LSAG), a group which works with HM Treasury and OPBAS. Ian, whose skills and expertise have been widely recognised, will complete his third year as chair during 2020.

### **Reflections**

The Committee met a total of six times during the year with a considerable exchange of information between meetings. Committee members also joined the Law Society's Council strategy session in January 2019 to discuss wider issues relating to the profession and legal services market.

Whilst I have served as a member of the Regulatory Committee for 6 years, this has been my first year as convener. In taking up this role, I have come to appreciate more fully the depth of the work and expertise within the regulatory sub-committees and the Law Society executive team. Colleagues carry out an increasingly complex series of tasks in a professional and effective way. However, I also believe we need to continue to embrace a culture of continuous improvement, looking at everything we do and how we do it, ensuring our regulation of the profession is truly fit for purpose.

I also want to take this opportunity to pay tribute to my predecessor Carole Ford who concluded her term on the Committee at the end of 2018/19. Carole served on the Regulatory Committee since its inception in 2011 and had been convener for the first seven years. She continued for a further twelve months in order to assist me in my new role. Carole was a highly regarded and respected chair, encouraging contributions and, at the same time, driving the Committee towards making good decisions. We all wish her well for the future.

More broadly, the Regulatory Committee has evolved considerably over the last seven years and will continue to do so. The Committee has moved from being a brand new body to one increasingly confident of its role at the apex of solicitors' regulation. In the interesting times in which we live, the Committee continues to give thought to how 21st Century regulation should look, protecting the public interest and supporting the profession in ways that are consistent, accountable and proportionate.

**Craig Cathcart**  
**Regulatory Committee Convener**

## **Scottish Solicitors' Guarantee Fund annual report 2019**

- **Download the full Scottish Solicitors' Guarantee Fund annual report and financial statements**
  - The Fund reports an overall surplus for the year of £867,000 (2018: £252,000).

## **Equality and Diversity Report**

The focus of our equality work in 2017-18 was our fourth Profile of the Profession survey and our response to the survey. Nearly 3,000 solicitors and accredited paralegals took part in the survey giving us a robust evidence base for future equality work. We published a blueprint for a more diverse profession outlining 28 steps that we will take in the coming years.

This year we will:

- produce guidance on providing reasonable adjustments
- host a summit aimed at preventing bullying and harassment in the profession
- hold a series of roundtables on gender equality within the profession
- run a digital campaign highlighting solicitors from different backgrounds
- hold a series of roundtables focusing on the experiences of BAME people on the route to qualification
- meet with organisations across the profession to work with them to help create a more inclusive profession.

We published our gender pay gap in April although we are not covered by the gender pay gap reporting regulations as we employ significantly below the 250 staff threshold. We chose to publish our pay gap because we thought it was the right thing to do. Our median pay gap is 21%. As well as providing context for our figures, we identified a number of action points. Recognising that gender equality is not solely a women's issue, our action points were focused on ensuring everyone in organisation was involved in addressing our gender pay gap by:

- offering unconscious bias to all staff. We ran two optional in-person sessions on unconscious bias (around 30% of staff attended) and followed this with mandatory online training (over 90% of staff have taken part)
- instituting a mentoring programme for our staff (building on our successful mentoring service for members)
- our senior leadership team committing to champion gender equality across all of our activities
- our colleague forum considering how and where we could improve
- beginning to monitor gender at recruitment and selection stages and we will publish findings in early course.

We continued to support the Scottish Ethnic Minorities Lawyers Association; the GLASS Network; and Women in Law Scotland.

## Gender pay gap report

We have an overarching objective of leading legal excellence and to be a world-class professional body, understanding and serving the needs of our members and the public.

### At a glance

We are pleased to set out our gender pay report in accordance with the statutory gender pay gap regulations. Under these regulations we are not required to report, however, we believe it is important to our employees, our members and the wider public that we do so to demonstrate our commitment to equality.

The gender pay gap figures provided are based on the difference between the hourly rate of pay for full-pay relevant male and female employees. The gender bonus gap figures are based on the difference between the performance awards paid to relevant male and female employees during the specified 12 month period.

Gender Pay & Bonus Pay Gap		
	Mean	Median
Gender Pay Gap	21%	21%
Gender Bonus Gap	-1.9%	0%

Our gender pay gap shows a mean and median hourly pay gap of 21% in favour of men. Our median gender pay gap for bonus pay shows there is no gap between male and female employees.

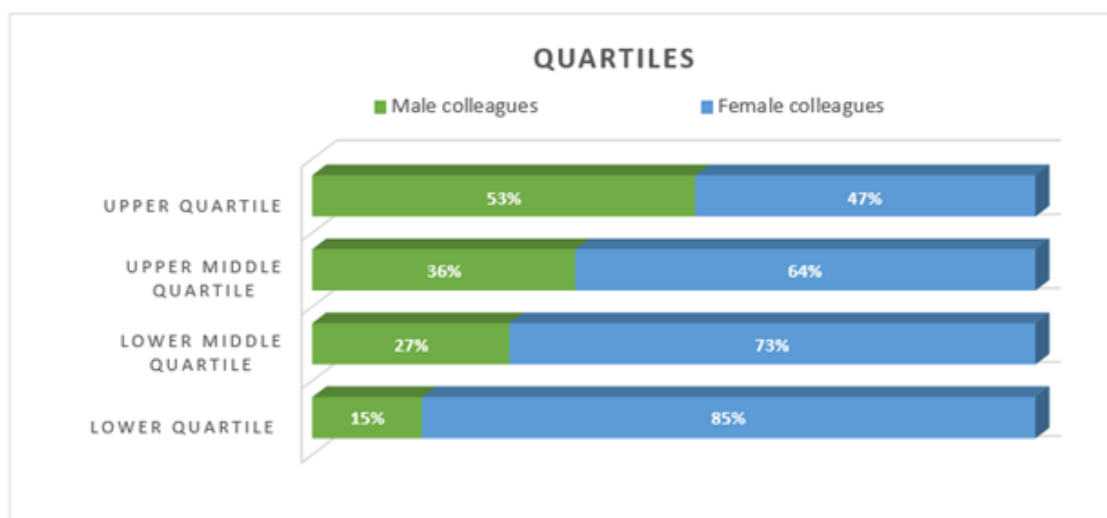
Our mean gender pay gap for bonus pay is 1.9% in favour of women.

### Profile of employees

Our employee profile is 67% female and 33% male.

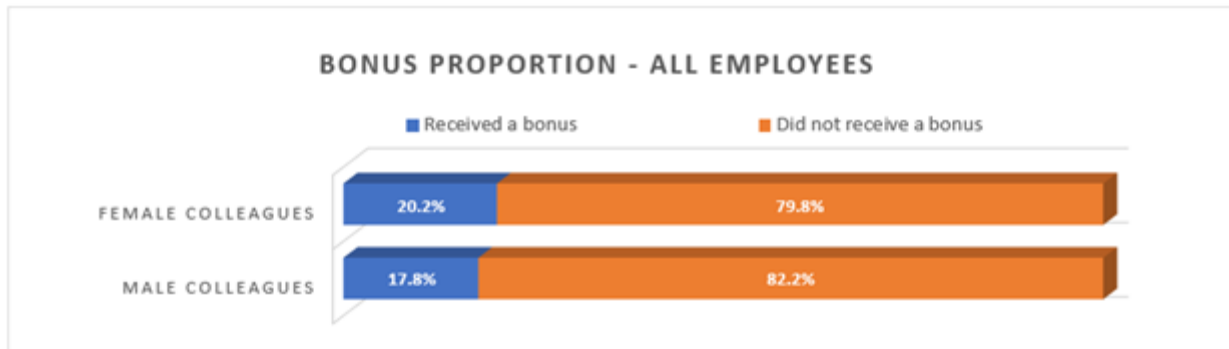
### Quartiles

The percentage of male and female full-pay relevant employees working across pay quartiles.



## Bonus Proportions

The percentage of male and female relevant employees receiving a performance award payment in a specified 12-month period.



## Understanding the gap

Our gender pay gap can largely be attributed to an imbalance of male and female employees across the organisation. Approximately 67% of our employees are female yet a higher percentage of our female workforce are concentrated in the lower quartiles. Accordingly, we have proportionally fewer males in the lower quartiles whilst also having a higher percentage of males represented in the upper quartile when compared with the percentage of males employed throughout the organisation.

Monitoring of our recruitment and selection processes has shown that we attract, shortlist and appoint a high percentage of females however we will continue to monitor this to maintain a fair recruitment process.

As a small organisation (circa 130 staff) we are also aware that our figures can fluctuate around the time of gathering our snapshot data.

## Tackling our gender pay gap

We have undertaken several actions to promote the importance of gender equality to our organisation, these include:

- Offering unconscious bias training to all our employees.
- Implementing a mentoring programme to aid with career development and succession planning.
- Championing gender equality through the commitments of our senior leadership team to promote gender equality across all our strategic themes.
- Monitoring the gender breakdown at each stage of the recruitment and selection process to identify any areas of improvement.
- Continuing to anonymise candidate data in our selection process to remove the potential for bias.
- Enhancing our flexible working processes to support employees in working more flexibly.
- Undertaking a major profile of the legal profession as part of our wider equality work.

## Looking forward

We recognise we need to continue in our efforts to address our gender pay gap. We remain committed to targeting gender equality and have agreed actions to help us achieve this commitment. We understand that gender equality is everyone responsibility and in recognising that, we commit to:

- ensuring our workplace is inclusive by benchmarking our work practices

- removing salary history from our recruitment and selection processes
- continuing to offer our career mentoring programme to aid with career development
- ensuring we use inclusive language in our job adverts
- continuing to develop a strong flexible working culture
- Providing unconscious bias training to those recruiting
- understanding why women leave the organisation and learning from that
- continuing to develop and promote our work on equality in the legal profession

## **Declaration**

We confirm that our gender pay calculations are accurate and meet the requirements of the regulations.

**Lorna Jack**  
**Chief Executive**

## Serve

We planned to serve our members through a detailed understanding of their needs, providing tools and services which they can use every day.

### Key facts and figures

- 7,600 telephone queries and 3,800 written queries from solicitors dealt with by our professional practice team
- Our GDPR web pages got 24,400 unique views
- 108 CPD events held, and 160 modules made available online.
- Our CPD team had 3450 face-to-face engagements at hosted events
- We had 2499 registrations for Online CPD, including 1800 for online risk management.

### Serve projects

Action	Outcome	Complete / not complete
<p><b>World class services</b> We will create innovative new services for our members, with a focus this year on business growth, career development, technology and Alternative Dispute Resolution.</p>	<p>We published guidance for starting a new practice and ceasing a practice, taking a wider perspective beyond rule requirements.</p> <p>We have continued to work with new lawyer sponsors Barbri, raising awareness of career options and international opportunities. We also launched two new accreditations this year in legal technology and housing.</p> <p>We ran a number of workshops and events under the LawscotTech programme to raise awareness and encourage engagement between firms and the tech sector.</p> <p>We hosted three Lawscot Wellbeing steering group meetings and 12 wellbeing events.</p> <p>We initiated the first survey of the profession on mental health.</p>	Complete
<p><b>CPD and Training</b> We will improve our delivery of continuous professional development (CPD) and training, using new online platforms to make our services more accessible, creating new content and developing a new accredited CPD programme for paralegals.</p>	<p>In 2019, we grew delegate numbers on our:</p> <ul style="list-style-type: none"> <li>• Annual Conference by 4%</li> <li>• Sole and High St Conference by 88%</li> <li>• Inhouse conference by 10%</li> <li>• Flagship Tech conference by 143%</li> </ul> <p>We increased engagements from Highland and Island members by 81%</p> <p>We redesigned and relaunched our online CPD, installing a world class LMS learning management system with Bolt. We currently have over 160 modules available online.</p> <p>Our redesigned Trainee CPD grew revenues by 197%</p> <p>Online revenues grew by 45%.</p>	Complete
<p><b>Member Engagement</b> We will develop a deeper understanding of our</p>	<p><b>High street</b> We delivered 112 events across 23 locations, representing an increase of 27% on the previous year.</p>	Complete



<p>members and increase our engagement across big firms, the high street, the in-house sector and those working outside of Scotland. We will also develop a new forum for members no longer in practice.</p>	<p><b>In-House</b> We hosted 82 member engagement events throughout the year across 14 locations. The events included 2 Hot Topic events, 2 best practice conferences and 3 inhouse traineeship focus groups.</p> <p><b>England &amp; Wales</b> Four networking receptions held in London through the year. Other visits to members in Channel Islands, Oxfordshire and Sussex. Delivered a well-being roundtable in London and our first “Scottish Professionals” in London.</p> <p><b>Fellows</b> We developed and launched our new Fellow membership, for retired members who are no longer in practice, subject to conditions.</p> <p><b>Big Firm</b> We held eight member engagement events throughout the year and eight group meetings with professional support lawyers in big firms.</p>	
<p><b>Digital Service Delivery</b> We will support the profession as it embraces technology in the delivery of legal services and compliance with regulation, championing innovation and leading LawscotTech, a hub that matches legal expertise with technology talent.</p>	<p>We are now routinely delivering remote connections to our events and seminars. LawscotTech now has a community of 20 stakeholders in addition to regular support from the profession. The first-year strategy was completed and a new three-year strategy is soon to be launched. We led three legaltech trade missions to Europe standing out as thought leaders and an innovative community. We have published a second edition of our cyber security guide to reflect current developments, working closely with one of our member benefit partners.</p>	Complete
<p><b>Members’ self-service online</b> We will make our services and registration processes for members easier and simpler to use through ‘self-serve’ online platforms.</p>	<p>We exceeded our 90% online practising certificate renewal by 31 October. Trainee contracts are now online.</p>	Complete
<p><b>Lawscot website and Journal Online</b> We will improve the news, updates and information we make available for our members by successfully integrating the Lawscot and Journal Online websites.</p>	<p>The Journal Online and Law Society website were successfully integrated shortly after year end on 31 October. This was a conscious decision to avoid increasing website traffic during our busiest online practising renewal and CPD period.</p>	Complete
<p><b>Careers</b> We will develop a new strategy for our delivery of careers activity, drawing together our current work</p>	<p>We have designed a new three year career strategy focusing on giving the profession a more holistic and broad access to a range of careers advice, ranging from our established options like accredited specialisms and solicitor advocates to others that have not previously been highlighted such as</p>	Complete

<p>on mentoring and post-qualification milestones and introducing new approaches for returners to the profession.</p>	<p>freelancing and dual-qualifying. Our three mentoring training sessions have been full this year and new online platform a success with 57 relationships active or completed. We have signed a contract with Project Scotland to be our new training provider, with developments planned for online refresher sessions for existing mentors next year. Women returners have been researched as a group and a session was dedicated to the theme at the annual conference, with support resources and an event due to complete in 2020.</p>	
<p><b>Digital signatures/Smartcard</b> We will review the use of digital signatures within the profession and agree a long-term plan on our member Smartcard.</p>	<p>We reviewed the use of digital signatures within the profession and a plan was approved in October 2019 for implementation in 2020.</p>	Complete
<p><b>Equality, diversity and well-being</b> We will better support the well-being of the profession including addressing the well-being issues which arose from our 2018 Profile of the Profession report.</p>	<p>All aspects of our 2018 Profile of the Profession report to be taken forward were completed. We have engaged with over 30 organisations and 700 solicitors about the report.</p>	Complete
<p><b>Certificated courses</b> We will develop content for a range of certificated courses and work with Members Services to deliver them.</p>	<p>We announced a new Cyber-Resilience Certification course for 2019/2020 in partnership with Bolt, our online learning partner.</p>	Complete

## Excel

We planned to excel by operating as a world-class organisation through four key projects.

### Key facts and figures

- We raised a grand total of £7700 for West Lothian Foodbank, our charity partner of the year and collected 167kg of food, equating to 397 meals for the foodbank's clients
- 15,000 visits per month to our Find a Solicitor website tool
- 8 students selected to receive the Lawscot Foundation bursary, and matched with mentors and student buddies

### Excel projects

Action	Outcome	Complete / not complete
<p><b>Law Society platinum anniversary</b> We will celebrate the Law Society's platinum anniversary, using this major milestone to showcase the contribution of Scottish solicitors over the last 70 years.</p>	<p>We celebrated the Law Society's 70th anniversary throughout the year, involving our members, colleagues and partner organisations. This included a successful link with the national 100 years of women in law celebrations. From themed blogs on the changes in the profession over the years, to competition winning designs gracing the cover of the Journal, we celebrated our history and the role of our members within it.</p> <p>Towards the end of the year we celebrated with members at the platinum annual conference with a themed cake, and held a platinum themed diversity debate.</p> <p>We had the Paisley Snail plaques refurbished and reinstalled with an official unveiling by our President, the Provost and local MSP. This took place shortly after the year end, on 8 November 2019.</p>	Complete
<p><b>Management Information</b> We will improve our processes for internal reporting to our Council, Board and committees by better using technology and automation.</p>	<p>A number of internal reporting processes, including those providing financial information and related key performance indicators have been developed and improved, which includes the introduction of dashboards.</p> <p>Work has been done on how our suite of management information should be further developed to meet identified business needs and will be implemented during 2020 under our digital transformation strategic roadmap.</p>	Complete
<p><b>Developing digital solutions – Finance &amp; Operations</b> We will achieve digital transformation on all our administrative processes by making use of digital technologies to streamline workflows and minimise the use of paper.</p>	<p>Our Digital Transformation strategy commenced with elimination of analogue dictation and the use of cheques. All of our regulatory and governance committees are now using our secure online portal to receive and share documentation. The Digital Transformation roadmap has been written, and subject to Board approval will commence full implementation during 2020.</p>	Complete

<p><b>Interventions</b> We will review the way in which we currently deal with interventions in legal firms, including judicial factors, to ensure our current approach is effective and efficient.</p>	<p>Our current approach to dealing with interventions and judicial factors in legal firms was reviewed and the report produced did not recommend any changes. However, we did develop and produce some key performance indicators to monitor the progress of our judicial factor work.</p>	<p>Complete</p>
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## Corporate Social Responsibility

The principle focus of our CSR activity is to utilise all resources efficiently to reduce our carbon footprint, engage in various activities that promote health & wellbeing and promote ourselves as a good neighbour assisting and contributing in the community and charitable causes.

Within our offices, we have segregated waste recycling points, have stopped providing disposable cups and encourage colleagues to only print where necessary.

All colleagues are entitled to take one day or two half 'CSR' days, the only qualification being that the time is spent dedicated to a charitable or socially responsible activity.

Throughout 2019, 32 members of staff participated in a CSR day which equates to 25% of colleagues. This is an increase of 12% on the previous year.

For the first time we entered into a partnership with Business in the Community and organised a Paired Reading Scheme, where a number of colleagues have spent time with primary school children in a deprived area of Edinburgh, supporting them in learning to read.

Additionally, colleagues have:

- helped to decorate West Lothian Foodbank's new charity shop in preparation for its opening
- spent the day shaking collection buckets for Waverly Care
- volunteered with Girl Guiding Scotland
- run a cricket after school club at a local primary school
- spent the day painting an elderly neighbour's fence
- volunteered as a case study for medical students
- sat on charitable boards
- volunteered with Leuchie House, a respite centre in North Berwick.

This year our charity partner of the year has been West Lothian Foodbank, nominated and voted for by colleagues. Throughout the year we have organised many fundraising activities such as a weekly 'soup kitchen' for colleagues, run the Edinburgh Marathon Hairy Haggis Relay, walked the Kiltwalk, held a number of bake sales and organized a pub quiz.

Over the year we have raised a grand total of **£7708.67**.

Additionally, we have collected 167kg of food and household supplies for the foodbank, which equates to around 397 meals.

Colleagues are also entitled to donate blood during the working day at the Edinburgh Blood Donor Center, which is close to our offices. This year we have donated 20 litres of blood.

## Influence

We planned to influence the creation of a fairer and more just society by being an international centre of excellence in thought leadership.

## Key facts and figures

- 159 consultations responded to across the Scottish and UK governments and the European Commission
- We commented on 25 bills passing through Holyrood and Westminster

## Influence projects

Action	Outcome	Complete / not complete
<p><b>UK withdrawal from the European Union</b> We will continue to provide a leading, non-partisan voice as the UK moves towards leaving the European Union in March 2019, ensuring the interests of the profession and the public are properly considered by political decision makers.</p>	<p>Despite the ongoing uncertainty surrounding the UK's departure from the EU throughout 2019 we continued in our own planning and participation in the Brexit process. This included:</p> <ul style="list-style-type: none"> <li>• detailed examination of all Brexit-themed legislation and consideration of related secondary legislation</li> <li>• Continued participation in the Lord Chancellor's Brexit Law Committee</li> <li>• Continued engagement with the UK and Scottish governments on Brexit (specifically no-deal) planning</li> <li>• Regular and meaningful engagement with members in the form of focus groups, webinars, articles, blogs and responses to individual queries</li> <li>• Examination of our own practice rules and draft admissions regulations to ensure that they were "Brexit-proofed" and that necessary steps were taken to approve the required changes in advance of 31 October</li> <li>• Ongoing internal advice provision, including to HR on guidance for EU employees, and to colleagues through our internal channels.</li> <li>• Engagement with other EU bars either directly or through CCBE and management of CCBE relationship</li> </ul>	Complete
<p><b>Legal aid</b> We will advocate for a realistic level of legal aid funding and for fee rates consistent with reasonable remuneration. In addition, we will push for additional funding for Scotland's legal aid system and work with the Scottish Government as legislation</p>	<p>Through 2018-19 we advocated for sustainable funding for legal aid while reducing the bureaucracy of the system. Legal aid fees were increased by 3% across all types in April 2019, a step forward while the expert legal aid fee review framework panel carries out its work. Our legal aid conveners have participated on the panel as representatives, we have presented to and prepared research for the panel and await the outcome of this process at year end. We responded to the Scottish Government consultation on legal aid reform, highlighting the importance of fees, simplification and a new approach to outlays, while</p>	Complete

<p>is developed to implement recommendations from the independent review of legal aid.</p>	<p>maintaining that targeted intervention and new statutory powers were unnecessary.</p>	
<p><b>Social mobility</b> We will take forward our action plan in response to the Fair Access to the Legal Profession report, expanding our Street Law programme, encouraging the fair and open recruitment processes and supporting the Lawscot Foundation.</p>	<p>We conducted a Street Law in the Community pilot project. This may develop into a future initiative with an alternative partner in a more central location to increase participation. Work has begun on employer education in social mobility – new website pages published along with several complementary articles, a pilot project with RARE recruitment bringing contextualised recruitment to Scotland and a well-attended session at our annual conference for members to discuss the issue. Plans to evolve this further are in place for next year. We reached £81.5K income for the Lawscot Foundation by 31 October. We signed up two new sponsors Lockton and Burness Paull.</p>	<p>Complete</p>
<p><b>International Trade in Legal Services</b> We will to seek to ensure that, post-Brexit, our members maintain access to international clients and markets and have access to resources devoted to promoting legal services internationally.</p>	<p>We have ensured that Scottish interests are represented in UK-wide consideration of trade in legal services by responding to numerous UK parliamentary and Department for International Trade (DIT) inquiries and consultations on the UK's future trading position and by appointing a colleague to the DIT's Expert Trade Advisory Group. We positioned ourselves as integral to Scottish trade discussions by briefing MSPs in advance of a parliamentary debate on Scotland as a trading nation, organising a high-profile trade themed round-table with the University of Edinburgh and briefing the Scottish Government on Scottish trade interests to enable them to participate fully in discussions with their UK government counterparts. On an international stage, we hosted a well-received panel session at the World Trade Organisation Public Forum in Geneva. On creating opportunities for our members, we held a roundtable with our firms and the South African High Commissioner to the UK to identify new business opportunities; developed a programme for an African legal services trade mission; held three international trade events, including the Lord Mayor of London and ICCA; and participated in three overseas UK DiT Legal tech trade missions that promote Scottish firms' innovation. We recently also hosted the High Commissioner of Namibia to explore partnership opportunities between our countries. We had increased contact with Scottish Development International to ensure that legal services form a key part of their promotional efforts and we are developing a new approach to supporting Scottish Legal International with Scottish Enterprise.</p>	<p>Complete</p>
<p><b>Public Policy committee priorities</b> We will undertake new proactive policy projects</p>	<p>We completed projects on cohabitants rights and on vulnerable accused persons. We carried out our planned work in relation to the law on cohabitation in the first half of the year. We ran a public</p>	<p>Complete</p>

<p>on reform of co-habitants' rights and improvements to the treatment of vulnerable people in the criminal justice system.</p>	<p>consultation and engaged with the Scottish Law Commission. We published a proposal paper in March 2019 which was promoted to our membership, stakeholders and Scottish Government, responded to the Scottish Government's consultation on Succession Law Reform in May 2019, incorporating relevant parts of our report in our response. We have since engaged further with Scottish Government and the Scottish Law Commission around implementation of this reform.</p> <p>The Report on the Vulnerable Person's project, initiated by our Criminal Law Committee, was published in April 2019 which focused on people being treated consistently and fairly within the criminal justice system. The report made five recommendations to improve how vulnerable accused people are identified and progressed through the criminal justice system.</p> <p>Work has continued following up on these recommendations.</p>	
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## Grow

We planned to grow our membership and income by being a vibrant, influential and inclusive organisation.

### Key facts and figures

- 12,244 solicitors at end of year – 54% female and 46% male
  - Newly admitted solicitors – 545 (346 (63%) female and 199 (37%) male)
  - Non-practising members/retained on the roll 2218
- Solicitors working in private practice:
    - large firms (10+partners) 4198
    - small-medium firms (2-9 partners) 2809
    - sole practitioners – 603 firms (1007 solicitors)
- Solicitors working in-house:
    - local gov 535
    - central gov 630
    - crown office 583
    - other 2482
- Outside Scotland:
    - Solicitors working outside Scotland 941 (included in solicitor numbers above)
    - Number of multi-national partnerships 51 (including limited companies, LLPs, and traditional partnerships)
    - Number of registered foreign lawyers 2150
- Traineeships commenced - 591
  - Number of accredited paralegals - 555
  - Number of student associates – 2329

### Grow projects

Action	Outcome	Complete / not complete
<b>Membership retention and growth</b> We will: <ul style="list-style-type: none"> <li>• Grow our numbers of practising members to 12,000.</li> <li>• Increase our number of</li> </ul>	We grew our practising numbers past 12,000 for the first time in 2019.  The number of Accredited Paralegals rose to 548 with 72 applications in progress. This compares with the start of the year when we had 519 Accredited Paralegals with 35 applications in progress. The retention rate is currently 95%.  In August we launched a new area of work for in-house financial services and fund management.	Not complete



<p>accredited paralegals to 630</p> <ul style="list-style-type: none"> <li>• Expand our student associate scheme through the recruitment of 500 new associate members.</li> <li>• Add 100 legal technologists with the launch of this new associate membership category.</li> </ul>	<p>We now have 2322 Student Associates, of which 539 were new enrolments this year.</p> <p>The Legal Technologists associate membership category launch was delayed however by 31 October we had a number past the application stage.</p> <p>We launched the Fellow membership for retired members in August. By 31 October we had 20 Fellows signed up.</p>	
<p><b>Non-core income</b> We will maintain a competitive set of fees by continuing to grow our non-core income to £2.3 million. We will work with our Board to identify prospective investment opportunities that seek to generate non-core income in future years.</p>	<p>Our non-core income for the year, including investment performance, was £2.2m for the year. CPD and Training, our largest non-core income function, has grown, and following investment in our online offering. It is expected to grow further in the coming years. Other non-core income streams have performed strongly in a more difficult economic climate during a year when new initiatives such as accountancy panels, LegalTech and cyber resilience were introduced, to improve our future financial resilience.</p>	Not complete