



Law Society
of Scotland

Annual Report 2017

1 November 2016 to 31 October 2017



Annual report 2017

Welcome to our annual report covering the period from 1 November 2016 to 31 October 2017.

As the professional body for over 11,000 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. We set and uphold standards to ensure the provision of excellent legal services and ensure the public can have confidence in Scotland's legal profession.

Our annual report covers our performance against the objectives set out in our 2016/17 annual plan. This was the second 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

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 - Our financial review of 2016/17, including our full accounts and Governance report.
- **Our performance against the five objectives set out in our 2016/17 annual plan:**
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 - How we assured our members' clients and employers by setting and upholding standards that ensure excellent legal and customer service.
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 - 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 seven key projects.
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 - How we used our influence to create a fairer and more just society by being an international centre of excellence in thought leadership.
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 - How we grew our membership and income by being a vibrant, influential and inclusive organisation through two projects.



President's introduction Graham Matthews, President

Over the past year, we have continued to campaign to support the profession and in the interests of the public and justice, while ensuring the necessary consumer protections are robust and effective.

With ongoing, and significant, change to the way legal services are provided, we argued strongly for new, flexible legislation to replace the current patchwork governing solicitors. During the year, the Scottish Government established an independent review of the regulation of legal services. We met members of the review group and drafted a comprehensive response paper outlining the case for change.

Discussions with the government also took place over how to better shape the future of the legal aid system. In response to the independent review of legal aid, we called for an urgent overhaul of the system, increased investment and less bureaucracy. Our high-profile #DefendLegalAid campaign continued, focussing on the importance of legal aid and access to justice, and our research work highlighted the preventative benefits of legal aid. For instance, for every £1 spent on legal aid in housing cases, we found there was a beneficial return of around £11 to the client and to wider society, with significant beneficial returns also in family and criminal defence cases.

During the year, the Council agreed to commence legal proceedings against the Scottish Legal Complaints Commission (SLCC) to get clarity on how existing hybrid complaints issues should be handled in light of a previous court ruling that they were unlawful. We were concerned by the SLCC's new approach for dealing with complaints already in the system, which involved re-categorising a number of cases that were already in progress and identified as having conduct within them as service only, removing our power to investigate and, if required, pursue disciplinary action against individual solicitors. Our decision to take the matter to the Court of Session was a difficult one. We made every attempt to try to resolve the issue by working with the SLCC and offered to take a joint special case to the court to get legal clarity. However, this offer was rejected by the SLCC board.

Although it was a split decision, the court ruling found that the SLCC did have the power to re-categorise complaints issues already classed as hybrid. The judges admitted it was a highly complex case and the divergent views within the final judgment underlined that complexity and showed how difficult it was to identify the correct way forward. It also helped to prevent any attempt to unpick historic cases.

In January 2017, we were approved as a regulator of licensed legal services providers (LPs). However, before we can accept applications from interested businesses to become LPs, Scottish ministers have to authorise us to act. We are still engaged in discussions with Scottish Government officials and the SLCC about a number of outstanding matters, including the scheme for complaints made against approved regulators. We will also need to resubmit our regulatory scheme because of other changes to practice rules, specifically those required around anti-money laundering as a result of the EU's fourth directive and regulations.

In other work to influence the many changes taking place, we provided a leading voice for the solicitors' profession and the public as the UK continues the process of withdrawing from the European Union, participating in a number of high-profile events and responding

promptly and fully to government policy positions and legislative proposals. Our new Public Policy Committee took forward a range of other priority policy proposals including making the case for the creation of an Equalities and Human Rights Ombuds in Scotland.

We continued our extensive programme of engagement with members in all sectors, visiting solicitors around Scotland – and elsewhere in the UK – as well as holding meetings with specific sectors, such as in-house lawyers. This annual rolling programme of meetings gives a face to our name no matter how far away from our Edinburgh office a member may be and ensures we can listen to our members and respond to their needs.

As ever, all those who sit on our governing Council, committees and working groups are due enormous credit for all the work they carry out on behalf of the profession and the public – a big thanks to all.



Chief Executive's introduction Lorna Jack, Chief Executive

Technology continues to transform the delivery of legal services. Used effectively, it offers many business advantages – increasing efficiency, reducing costs and allowing innovative ways of working. But technological advances have created challenges too.

In concentrating on areas of business and professional support, we provided a range of new services to our members, including producing well-received cybersecurity guidance to help solicitors and their colleagues understand and avert cyber threats. We also conducted a technology audit of the profession and staged a technology and cybercrime conference in Glasgow. Among other new services, we developed a new, world-class website and launched a massive open online course (MOOC) on shipping law. We also worked with the Scottish Government and its agencies in using digital technology to improve the justice system, for instance, completing research around public-facing technology and access to justice, and considering the potential for public legal education, crowdfunding, online dispute resolution, online courts and artificial intelligence.

Our membership numbers continued to grow throughout the year, both our core practicing solicitor members and our new associate categories. We introduced the Accredited Paralegal scheme to replace our previous registered paralegals, acquiring the intellectual property rights for the term and promoting the new status. Student Associates continued to grow in numbers and we improved our communication of the value of membership for those growing number of members outside of Scotland, not practising and retained on the roll.

Among other key improvement projects last year, we moved forward with the development of new, alternative routes to qualification, continued to grow our non-core income and considered ways to improve the way we handle conduct complaints.

We introduced a much-improved and varied continuing professional development service, restructuring our team – now known as CPD and Training – and changing the ways we deliver CPD. The results exceeded expectations, with 3,500 members welcomed to 94 events and revenue increasing more than 40% to £540,000 – the highest level on record. Our new live webinars attracted high viewing numbers – an exciting start to significant plans in the area of online learning. I really recommend you take a look at our upcoming events.

Increasing numbers across almost all membership categories and generating non-membership income through services such as CPD are amongst the reasons for keeping the cost of our practising certificate at the same level as the previous year.

In seeking to better promote the information we provide to the public – in particular, through our popular, online **Find a Solicitor** search tool – we launched a campaign encouraging potential clients to consult a regulated Scottish solicitor.

Our charity, the **Lawscot Foundation**, was successfully launched with the aim of helping academically talented students from less-advantaged backgrounds through their legal education. We organised various fundraising initiatives and eight students starting law degrees in the autumn were selected to receive the first bursaries and mentoring. The successful candidates were inspirational, with some facing huge challenges at a young age,

and will no doubt prove a credit to the profession and make positive contributions to society in the years to come. I would encourage members who can, to support its great work and I thank those who have and have already made the early work of the Foundation possible.

Of course, the many achievements of the past year have only been possible with the efforts of my colleagues – they deserve our gratitude for their hard work, diligence and commitment. It remains an immense pleasure to be part of that team.



51 applications to the Lawscot Foundation and first eight students granted financial and mentoring support



Our legal aid research found that for every £1 spent on legal aid in housing cases, there was a beneficial return of around £11 to the client and to wider society, with significant beneficial returns also in family and criminal cases



1,536 people joined our first ever Massive Open Online Course, 'Maritime Law: An Introduction to Shipping Transactions'

Financial review 2017

Overview and principal activity

We've reported a deficit of income over expenditure (prior to the actuarial charge to the Society's closed final salary pension scheme) of £119,000 for the financial year ended 31 October 2017 (2016 - £33,000 surplus). The actuarial surplus in respect of the scheme was £805,000 (2016 – £1,495,000 charge), giving a total recognised surplus for the year of £686,000 (2016 – recognised deficit of £1,462,000).

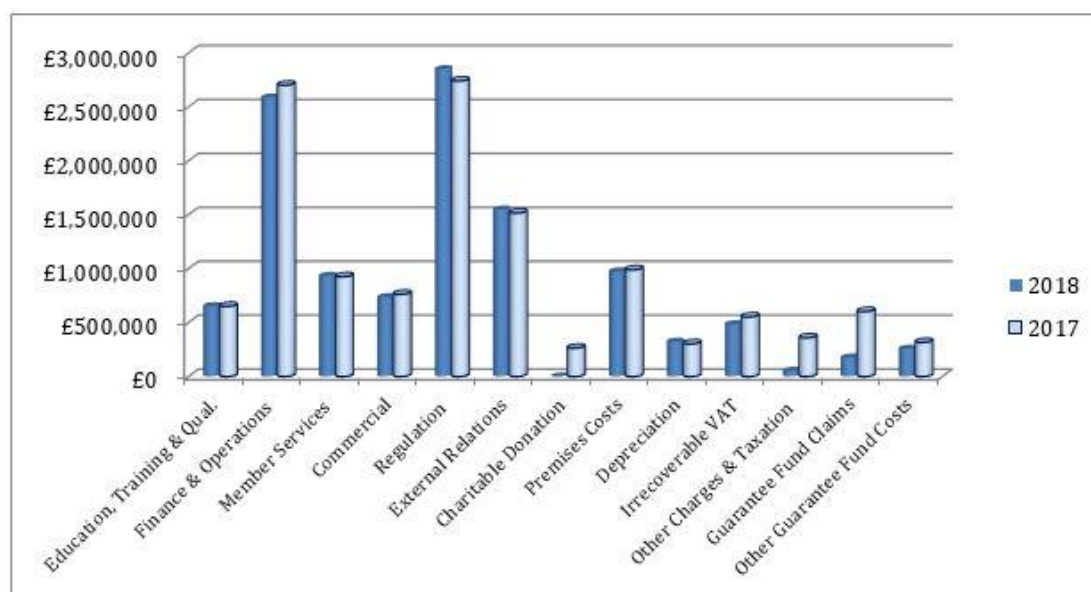
Income

The Group's income in the year amounted to £11.50 million, an increase of 5.1% from last year. Income sources were as follows:

Membership	63%
Other Core Income	16%
Other Fee Categories	7%
Commercial	9%
Other Income	5%

Expenditure

The Group's expenditure (excluding actuarial charge to the closed pension scheme) was £11.62 million, an increase of 6.1% from last year. Expenditure was split as follows:



Regulation	24%
Finance & Operations	22%
Member Services	15%
External Relations	12%
Education, Training & Qualifications	6%

Other Operational Charges	18%
Charitable Donation	2%
Corporation Tax	1%

Investments

The Society's investment portfolio performed strongly, showing unrealised gains of £252,000 and realised gains of £25,000.

The Society's wholly-owned subsidiary company, Law Society of Scotland (Services) Limited, undertakes certain commercial opportunities on behalf of the Law Society of Scotland. It holds an investment in Altis Legal Limited, and also had a shareholding in Legal Post (Scotland) Limited which was sold during the year. Within the group accounts a provision has been made to reduce the valuation of Altis Legal Limited. In its first full year of operation Altis failed to meet its sales volume targets; as a consequence a provision of £58,000 has been made, calculated with reference to both anticipated sales over the next three years and current asset values, leaving a remaining value of £23,000.

Following a takeover, the shareholding in Legal Post (Scotland) Limited was sold. The Council determined that proceeds from the final distribution from Legal Post (£261,585) were donated to the Law Society of Scotland Educational Foundation, a charity registered in Scotland.

Cash

Cash balances at the year-end were £11.29 million, an increase of £559,000 from 2016. The principal factors were the receipt of the final instalment from the premises sale (£1.25m) and a reduction in creditors of £314,000. Subscription income received in advance of 1 November 2017 was £7.10 million.

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 2016 by a qualified actuary, independent of the scheme's sponsoring employer. The next triennial valuation date is 31 March 2019.

The overall deficit shown by this valuation was £1,722,000 with the value of assets covering 78% of the value of the liabilities. A deficit recovery repayment plan has been agreed with the scheme trustees which has resulted in a contribution of £219,000 on 31 March 2017, and £170,000 per annum thereafter. The Society will also pay £1,000,000 to the Scheme by 31 March 2018. These contributions are designed to remove the deficit by 31 March 2021. The liability is reflected in these accounts using Financial Reporting Standard 102, which involves less prudent assumptions than those applied in the triennial actuarial valuation as explained in note 19.

At 31 October 2017 there was a scheme deficit for financial reporting purposes of £277,000. This compares to a deficit of £1,267,000 at the previous review date. This change is mainly due to higher than expected returns on the Scheme's assets, changes in demographic assumptions in line with the most recent actuarial valuation and the annual

employer contributions paid into the Scheme. This has been partially offset by a fall in corporate bond yields which increased the value of the liabilities as at 31 October 2017.

Reserves

The Society's reserves policy is to hold between three and six months' average expenditure. Reserves for this purpose are defined as net current assets plus realisable investments, less pension scheme deficit (from the most recent valuation less recovery plan payments made subsequently).

At 31 October 2017 this figure amounted to £4.94 million, which is between four and five months' average expenditure. The committee regards this level as satisfactory. In monitoring reserves the committee recognises the remaining operating lease commitment for the rent of the Society's premises (note 27).

Annual report

The Society's annual report includes the president's introduction, chief executive's overview of the year, sections measuring progress made against the corporate plan, a report on governance arrangements, the accounts of the Guarantee Fund and a summary of work on equality and diversity. It is available on the Society's website.

The Society remains committed to achieving continual improvement in its financial performance through:

- achieving efficiencies and cost savings across the business
- improved financial forecasting
- growth of non-subscription incomes
- maintenance of reserves at an appropriate level
- managing historic final salary pension scheme liabilities through close liaison with the scheme's trustees

Key risks

The Society carries out ongoing monitoring and management of the risks it faces. Risks are also considered for each activity within the Society's strategic objectives and annual plan. The risk register is reviewed monthly by the Society's executive team and subject to additional scrutiny by the Audit Committee, Board and internal auditors. Key risks include:

- the independent review of the regulation of legal services established by the Scottish Government, the purpose of which is to make independent recommendations to reform and modernise the framework for the regulation of legal services and complaints handling.
- the remaining liability on the closed final salary pension scheme and exposure to market risk
- GDPR, which provides both commercial and compliance risks
- failure to deliver the Society's strategic objectives

The effectiveness of controls to mitigate every risk on the risk register is continually monitored by the senior leadership team and reported to Audit Committee and Board quarterly.

Financial year 2017/18

The budget approved by the Council for 2016/17 left the cost of the practising certificate unchanged at £550. The retention fee and non-practising member fee also remained unchanged at £100 and £200 respectively.

View our full accounts

- [The Law Society of Scotland Accounts 2017.pdf](#)

Governance report 2017

The Society's role

The Society is the professional body and regulator of Scottish solicitors. It has responsibility for promoting the interests of the solicitors' profession in Scotland and the interests of the public in relation to the profession. The Society's responsibilities as a professional body and regulator are overseen by both its Council and its 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.

Corporate governance

The Society is a statutory body governed by the Solicitors (Scotland) Act 1980 with a Constitution made under that Act and accompanying standing orders. The Society is committed to the principles of good corporate governance.

Strategic management

The Society's 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 2020. 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 the Society's performance against the annual operational plan within the context of the Society's longer term goals set out in the current five year strategy. The Council delegates the monthly oversight of the Society's implementation of the operational plan to the Board. The Board is chaired by the Society's 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 the Society's governance model which seek to ensure an appropriate and fair discharge of the Society's statutory responsibilities as a professional body. These checks and balances include the monthly reporting of progress on the implementation of the annual corporate 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 the Society's employees.

The Society's Audit Committee has, as one of its main roles, responsibility for reviewing and making recommendations with respect to the Society's internal control and risk management system 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 annually to the members at the annual general meeting. The Audit Committee benefits from the provision of internal audit services provided by Wylie & Bisset CA.

The Society also has a Finance Committee chaired by a Council member who is the Society's Treasurer. The Finance Committee has responsibility for producing and then presenting the annual budget for approval to the Council and thereafter to the special general meeting in September. There is also a Nominations Committee chaired by a Council member, which oversees the system for the appointment of members to the Society's committees as well as making recommendations for the appointment of the Conveners for such committees.

There is a short life Governance Working Party chaired by Council member George MacWilliam which is looking at making improvements to the operation of all representative committees.. The new Public Policy Committee has completed its first year of operation This new committee has replaced the former Law Reform Committee which has been stood down. The principal role of this new committee is to oversee all the public policy work of the Society and to ensure that it is in line with the Society's five year strategy.

Office bearers

The Society has 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 take 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 the Society's main ambassadors and represent the Society at home and abroad.

Chief Executive/Secretary

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 the Society's staff and resources. The Chief Executive works alongside the Office Bearers and Council in providing effective and meaningful communications and representing the Society. 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 the Society's 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 for Council members. The Chair of the Council is the President. Greater details of the Society's governance arrangements are available on the Society's website.

The Board

The principal roles of the Board are:

- to provide guidance to the Society's 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 Council for approval
- to monitor the quarterly performance of the Society against its targets contained in the annual corporate plan and report any major variance to Council
- to regularly monitor the Society's financial performance against budget and to ensure that all risks identified in the Society's risk register are managed and escalated to Council for those which the Board consider 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 the Society's regulatory regime.

Assure

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

2016-17 highlights



339 financial compliance inspections carried out at Scottish firms



58 new claims were made against the Client Protection Fund in 2016/17:

- 1 rejected in full
- 38 agreed in full
- 2 partially agreed
- 13 carried forward to 2017/18
- £488K was paid out



Conduct complaints:

- 318 New investigations
- 238 Investigations closed
- 360 Active investigations at year end
- 131 Suspended file at year end



Professional Conduct Committee decisions:

- 134 Complaint rejected
- 25 Misconduct: Solicitor referred to fiscal for prosecution before the tribunal
- 4 Unsatisfactory conduct – censure
- 7 (£4,350) Unsatisfactory conduct - censure and compensation
- 2 (£1,300) Unsatisfactory conduct censure and fine
- 3 Unsatisfactory conduct censure and training order
- 9 Continued into new year



Scottish Solicitor's Discipline Tribunal decisions:

- 10 - Struck off
- 6 - Censure and fine
- 4 - Censure and restriction
- 5 - Censure
- 1 - Not guilty
- 2 - Not guilty and remitted back to the Law Society
- 1 - Finding under Section 53(1)(b)

Assure projects

Action	Summary of progress for the year	Complete / not complete
<p>Legislative change We will make a positive case for change during the Scottish Government's review of legal services regulation, arguing strongly for modern and flexible legislation which protects the public and meets the needs of a modern legal profession.</p>	<p>Our working group has met on several occasions and is currently considering several draft chapters of a paper we will submit to the review group as a follow up to our December 2015 paper – 'The Case for Change'.</p> <p>We have engaged with the chair of the review group and the chair and three members of the group attended our Regulatory Committee meeting on 2 November.</p>	Complete
<p>Anti-money laundering We will improve our performance ahead of our 2018 Financial Action Task Force inspection and provide new information and guidance on the 4th Directive to ensure</p>	<p>We've passed all the required information to HM Treasury (HMT) ahead of the FATF inspection in March 2018 and work is progressing for implementation of 4th Directive and regulations.</p> <p>The Special General Meeting scheduled for 15 December to consider and approve rule changes is likely to be delayed until issues with the legislation are</p>	Complete

<p>continued role as an AML supervisory body.</p>	<p>resolved and draft HMT guidance in relation to compliance is issued to firms . The final version will be available after HMT's review – probably early 2018.</p> <p>Our internal work on complying with the processes required by the regulations are on target.</p>	
<p>Regulatory Committee We will use the expertise of our Regulatory Committee to review the way we fulfil our regulatory objectives, ensuring all aspects of our processes are fit for purpose and that the interests of the profession and public are properly served.</p>	<p>The Regulatory Committee have been closely involved in projects throughout the year including the new complaints regime approach, AML and the challenges of the 4th Directive and the review of sub-committee remits and delegated powers.</p> <p>The committee is also looking at the implementation of the internal audit report and the six recommendations arising following a review of the operation of three regulatory sub committees: Admissions, Appeals and Reviews and the Practising Certificate Sub-Committee.</p>	Complete
<p>Handling complaints We will build on our recent performance and improve the way we handle complaints through an international benchmarking exercise and learning from other world class complaints handling bodies.</p>	<p>The outcome from the court action with the SLCC is almost finalised; matters are with the courts and we have added extra resource to the team to deal with backlog issues and improving performance over the next twelve months.</p> <p>The SLCC are considering our proposals for an 'interim fix' by reforming their gateway process to improve performance and our Council and Regulatory Committee have now signed off the proposed longer term complaints model to form part of our submission to the independent review of the regulation of legal services.</p>	Complete
<p>Consumer research and advocacy We will actively support the Scottish Government's development of a new consumer and competition strategy to ensure there is strong and effective consumer research and advocacy in the legal services market.</p>	<p>In December 2016, the Scottish Government announced it was deferring any decision on setting up a unified consumer body for Scotland until Autumn 2017. At 31 October 2017, this is still awaited.</p>	Not complete
<p>Rules review and development We will continue to ensure our practice rules are relevant, effective and proportionate, starting the first year of a two year reform project on (i) Financial Well Being, (ii) Conflict of Interest (iii) Whistleblowing and (iv) third party managed accounts.</p>	<p>The consultation on 'raising concerns' ends on 10 November and the Rules, Waivers and Guidance Sub-Committee will review the responses and consider the way forward thereafter.</p> <p>A paper has been produced on the issue of 'Financial Wellbeing' which recommends a guidance type approach rather than rules – that is now before the Regulatory Committee for comment.</p> <p>Work is yet to progress on third party client accounts</p>	Complete

	because of additional pressures caused by AML issues. This will be caught up in year two of the project.	
<p>Licensed legal service providers</p> <p>We will seek to conclude the process of applying to become an Approved Regulator of licensed legal services providers and issue the first licences.</p>	<p>There has been some progress this year. Whilst we have been authorised as a regulator by Scottish Ministers, they have yet to authorise us and therefore we are not able to act as a regulator at this time.</p> <p>Discussions continue with Scottish Government officials and the SLCC about the Approved Regulator complaints regime where it will be necessary for regulations to be approved before authorisation can be considered.</p>	Not complete
<p>Permissible ways to practise</p> <p>We will clarify what “regulated by the Law Society of Scotland” means for consumers by reviewing the scope of existing legislation and practice rules in terms of permissible ways of practising and the requirements in terms of insurance, the Accounts Fee and Client Protection Fund subscription for consumers.</p>	<p>This project is in the process of concluding. The main issue has been around ‘designated bodies’ and with the help of Senior Counsel a flow chart was produced to ascertain whether solicitors operating in businesses met certain tests around designated body status and that has led to engagement of those in relevant businesses. As a result we can now be satisfied that those with the status should have it. It is intended going forward that this check will continue each year.</p>	Complete
<p>Alternative routes to qualification</p> <p>We will consider new alternative routes to qualification as a Scottish solicitor, working with Skills Development Scotland and the Scottish Qualifications Authority in assessing the feasibility of a Foundation Apprenticeship and Modern Apprenticeship in Law.</p>	<p>We received around 50 responses to our consultation on alternative routes to qualification and the Education and Training (Standard Setting) Committee asked for two new routes to qualification to be progressed:</p> <ol style="list-style-type: none"> 1. A form of apprenticeship route 2. Creating a method for non-Scottish LLB/JD graduates to be able to access the DPLP via our examinations. <p>A small working party has been set up to look at this area of work.</p>	Complete
<p>Equality and Diversity</p> <p>We will deliver the year-three projects from our equality strategy.</p>	<p>Our Equality and Diversity Committee agreed that it would give the profession one more year to embrace the equality and diversity standards before conducting a review.</p> <p>The committee also agreed that it could not set a future strategic direction until the new profile of the profession report, due in 2018.</p>	Complete

Regulatory Committee annual report 2017

Introduction

The role of the Regulatory Committee of the Law Society of Scotland is to oversee all regulatory activity in respect of every aspect of the legal profession from initial training and education through entry to the profession and professional practice, waivers and rules to financial compliance issues and conduct complaints.

It is important to emphasise that conduct complaints only form a small part of the regulatory regime. The Regulatory Committee also oversees enforcement of sanctions where things go wrong, ensures that the right standards are set in the first instance, and that those standards are regularly reviewed.

The Regulatory Committee also has a duty to protect the public interest and the interest of the legal profession. These are not conflicting responsibilities and some of the work carried out in the course of the last year has highlighted this. Maintaining trust and respect for solicitors is as much in the interest of the solicitors themselves as it is in the interests of the public. An honest, reliable, effective legal system is the basis of an ordered society and that is in everyone's interests.

The role of the Regulatory Committee is to ensure that there is an efficient and effective procedure for each area of regulatory activity. The further development of key performance indicators and regular reporting by Regulatory Sub Committees is designed to facilitate the monitoring process and identify areas requiring further attention. It is important to reflect on emerging trends to assist in considering future challenges and how to meet them, and in highlighting areas where, for example, more education might be provided to the profession to help them improve and understand either existing or new areas of the sector.

Both the non-solicitor and solicitor members of the Regulatory Committee consider their role to be a challenging one, but one which they are happy to undertake. The combination of legal expertise and outside opinion provides a solid basis for oversight of a regulatory system which meets the needs of the public and the profession.

Our work in 2016/17

Legal Services Review

In April the Scottish Government announced a Legal Services Review chaired by Esther Robertson, the Chair of NHS24.

The review commenced its work by receiving information from the Society following the original paper put to Scottish Government in December 2015 seeking a new enabling Act to allow the regulation of the legal profession and legal services to be brought up to date for the 21st century and to be futureproofed. Earlier in the year an event was held involving the complaints team, the Regulatory Committee and others currently involved in various parts of the complaints process to consider how a new complaint process might look, given the challenges presented by the system which currently exists under the Legal Profession and Legal Aid (Scotland) Act 2007. A number of views were discussed and a benchmarking exercise undertaken with other jurisdictions and professions to investigate how they deal with conduct and consumer complaints.

As a result of that, an updated paper will go to the Legal Services Review when they call for evidence in early 2018. The Society will propose a clear model for dealing with complaints in the future. In addition, the Society will propose immediate amendments to the current legislation which would improve the speed at which complaints flow through the process, in particular looking at the eligibility process operated by the Scottish Legal Complaints Commission.

The committee believes that it is important that a complaint system is fair to all parties involved, and that it is simpler and more transparent than the current system appears to be.

Complaints against solicitors – Appeals in the Court of Session

In the early part of the year the appeals to the Court of Session arising from the Anderson Strathern case progressed.

The Regulatory Committee agreed with the decision of the Council that it was right to challenge the Scottish Legal Complaints Commission about its approach to categorisation of complaints following the outcome of that appeal, and whilst judicial review was contemplated at one stage, it was decided to take matters forward on the basis of a series of appeals.

The reason for seeking a Court Decision in this area was to bring certainty to the process because there was, as acknowledged by the Court in its Judgement, room for doubt as to what was intended. Whilst the Society's position was not vindicated by the Court, the outcome has brought certainty and has again highlighted the challenge of the current system and the need for reform.

The Fourth EU Anti-Money Laundering Directive

The Regulations bringing the Directive in to force were passed in June 2017. The Society contributed to the consultation exercise, although the final regulations turned out to look very different to those which had originally been suggested.

The Regulations do bring some additional regulatory burden for the profession, and equally, the Society, as an Anti-Money Laundering Supervisor, now has further obligations which will be overseen by the newly created Office for Professional Body Anti-Money Laundering Supervisors (OPBAS). OPBAS takes over this role from HM Treasury and will be charging the Supervisors for their oversight work, unlike HM Treasury.

The Society has worked hard to develop an AML regime for big firms, in particular, and the work done over the course of the year has moved the Society forward significantly in this area. As the year ends work continues to be done on the guidance in relation to anti-money laundering, which is common across the whole UK legal sector, and, in addition to that, work continues to be done to finalise Practice Rules which will implement the regulations under the Directive. The challenge at the present time with this is that there needs to be amendment to the Solicitors (Scotland) Act 1980 to enable the Society to carry out its supervisory functions in a proper manner and these issues are being pursued both with Scottish Government and HM Treasury.

Quality Assurance – Regulatory sub-committees

The Society's internal auditors again this year looked at three regulatory sub committees. It was reassuring that their report indicated "substantial" assurance but there were six recommendations which it was agreed to implement across regulatory sub committees.

Amongst the recommendations was the need to ensure that criteria for decision making are clear and known to those making the decisions, as well as being transparent to those who are the subject of these decisions; that the scheme of powers delegated by the Council to the Regulatory Committee, sub committees and executive is adequate, and that powers are delegated at the right levels; and to ensure that the papers being given to regulatory sub committees are appropriate and sufficient to enable them to make reasoned, consistent decisions.

Regulatory issues and development

A number of issues have come up over the course of the year which the Regulatory Committee have discussed connected to the Legal Services Review:

a) Entity Regulation

This issue was discussed again and the Council, in a debate which followed a discussion by the Regulatory Committee, reaffirmed its commitment to entity regulation, although the detail will need to be worked out at a later stage.

b) The Unregulated Sector

This issue was highlighted in various discussions arising from a review of designated bodies under Section 35 of the Solicitors (Scotland) Act 1980. Work was done in order to regularise the way in which designated body applications were dealt with, and as a result of this the question of those in legal services providing advice who are not regulated was highlighted.

This led to work being carried out, including public polling, in order to establish whether members of the public differentiated between solicitors and lawyers. The result clearly indicated that the majority of the public did not make this distinction, and one of the issues now covered in the Society's representations to the Legal Services Review is the need to treat the title "lawyer" as equivalent to that of "solicitor".

Review of Rules

During the course of the year the Rules, Waivers and Guidance Sub Committee continued its consideration of the "raising concerns" issue and conducted a review of the current Conflict of Interest rules and guidance.

During the latter part of the year a consultation was held in relation to the introduction of rules relating to raising concerns. The consultation drew a number of responses with different views, and these are being considered by the Rules, Waivers and Guidance Sub Committee with a view to a formal report to the Regulatory Committee for consideration, in particular as to whether or not matters should move forward by way of rules or guidance.

That subcommittee has also undertaken a significant amount of work in reviewing the current conflict of interest rules and guidance. In the course of the next year it is likely that a proposal will come forward in this area, which will be consulted on with members.

Alternative Business Structures – Application to become an Approved Regulator under the Legal Services (Scotland) Act 2010

In January 2017 the Society was approved as a Regulator by the Scottish Government, but was not yet authorised.

Authorisation remains some way away as work has still to be done internally in relation to the building of various systems and guidance in respect of licensed providers, but discussions continue with Scottish Government about the need to lay certain regulations, in particular around complaints, both in relation to licensed providers and approved regulators.

The Scottish Government will delegate responsibility for dealing with complaints against approved regulators to the Scottish Legal Complaints Commission, but there remain challenges at this stage in

understanding how the system will work and who will be responsible for payment for the system, including its set up costs.

Scottish Legal Complaints Commission – Budget and Levy consultation

The Regulatory Committee also had input in to the Budget and Levy Consultation by the Scottish Legal Complaints Commission, which the Council responded to in the early part of the year.

The Committee were concerned at the proposed level of the increase in the levy to be paid by the legal profession, particularly against a continuing background of complaints taking too long to be dealt with without a clear and adequate explanation as to why this was the case, given that numbers were increasing but not at a significant rate. The Committee continues to be concerned by the lack of meaningful oversight of the work of the Commission.

Regulatory statistics

The annual report contains statistics for conduct complaints for the past year. These figures are closely scrutinised by the Regulatory Committee and discussed with the relevant executive officers and subcommittee conveners.

The total number of complaints fluctuates slightly from year to year. In the year 2016/17, as a result of the appeals to the Court of Session, a number of complaints had to be suspended for a significant period of time. This has meant that the number of cases disposed of during the year was lower than it might otherwise have been given that the outcome of the Court case was not determined until June.

It is anticipated, as a result of additional resource added to the complaints team, that over the course of the next 12 months, subject to there not being a significant increase in the number of complaints received, that it will be possible to catch up and reduce the current live load.

Scottish Solicitors' Guarantee Fund annual report 2017

- [Scottish Solicitors' Guarantee Fund 2017.pdf](#)

Annual report and financial statements for the year ended 31 October 2017.

The Guarantee Fund trades as the Client Protection Fund and reports a surplus for the financial year ended 31 October 2017 of £114,000 (2016 – deficit £1,010,000).

Equality and diversity report

We continued to embed our equality and diversity standards during the year. Take-up across the profession has been relatively slow. If this continues to be the case, the Equality and Diversity Committee will need to look again at how best to embed these standards.

Early in 2017, alongside the GLASS Network, we hosted a digital campaign called #TheseAreOurPrinciples. Numerous leading lawyers – including the Rt Hon Nicola Sturgeon and Professor Hector MacQueen – took part in the campaign which gained widespread engagement and support from the profession. In the spring we re-issued an updated version of our '*Preventing Bullying and Harassment*' guidance.

We hosted a well-attended Equality Means Business conference with the Lord Justice Clerk, Lady Dorrian, and Alan Masson, the then Chief Operating Officer of Anderson Strathern, providing keynotes as well as numerous informative panels.

We hosted the launch event of the Scottish Ethnic Minorities Lawyers Association with the President of the Society, the Dean of the Faculty of Advocates and the Lord Advocate all speaking. We have worked closely with SEMLA, GLASS and Women In Law Scotland over the course of the year.

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.

We are pleased to set our gender pay report in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. Under these regulations we are not required to report, however, we believe it is important to our staff, our members and the wider public that we do so.

Pay and bonus gap – differences between males and females

	Mean	Median
Hourly Pay	17%	21%
Bonus Gap	0%	0%

The table shows the mean and median gender pay gap based on hourly rates of pay as of 5 April 2017. It also shows the mean and median differences paid to men and women in the 12 months prior to 5 April 2017.

We do not pay bonuses. We do have a system of performance related pay. This is part of our contractual pay awards.

	Lower quartile	Lower middle quartile	Upper middle quartile	Top quartile	Total
Female (Percentage)	23 (74%)	26 (81%)	24 (75%)	17 (53%)	90 (71%)
Male (Percentage)	8 (26%)	6 (19%)	8 (25%)	15 47%	37 (29%)

The above table illustrates the gender distribution at the Law Society of Scotland across four equally sized quartiles, each containing just over 30 staff.

Looking at the gender breakdown within quartiles:

- 77% of roles in the lower and lower middle quartiles are held by female staff.
- 55% of roles in the top quartile are held by female staff.

Looking at the distribution of male and female staff across the Society:

- 54% of female staff at the Society work in the lower two quartiles whereas 37% of men work in those quartiles.

A large part of our pay gap can be attributed to the distribution of males and females within the organisation. Given our breakdown in males and female staff, males disproportionately feature in the top quartile whereas females disproportionately feature in the lower and lower middle quartile.

We use recruitment channels which are equally accessible to males and females. We also use a blind shortlisting process.

Understanding our gender pay gap

We have taken a close look at what lies behind our gender pay gap and have concluded that:

- Under the regulations, only organisations who employ over 250 people are required to report. We recognise that due to the size of our organisation – 127 staff at time of reporting – a small number of changes in staff may lead to relatively large changes to the mean and median figures.
- We are confident that men and women are paid as equally as possible for equivalent roles. The reason we say as equally as possible is that there will be a small difference between similar roles due to the impact of performance-related pay.
- We use a job evaluation system to determine the value of our roles in relation to others in the organisation and position pay fairly in relation to benchmarking data supplied by our external job evaluation service provider. It is likely that there are some historical pay issues which will have an impact upon the pay gap but this is minor. For instance, there may be a small number of staff whose salaries were set prior to us implementing our job evaluation system.
- Whilst we have some way to go, the gender balance in our top and upper middle quartiles is encouraging evidence that our efforts over recent years to attract and retain women in more senior roles is paying off.
- We have a more significant gender imbalance within our lowest quartile and lower middle quartile. The roles that sit within these quartiles are predominantly administrative although a small number of managers that oversee service delivery are in this quartile. Whilst we believe these roles are fairly rewarded with reference to the market, the fact that so many of them are held by female staff has the effect of reducing the average pay of our female staff impacting our overall gender pay gap.

It was helpful to conduct this exercise as it has provided us with new impetus and ideas to add to our equality and diversity strategy.

What are we going to do next?

- Gender equality is not solely a women's issue. We understand that gender equality is everyone responsibility. In recognising this, we commit to:
 - Offer unconscious bias training to all staff. We understand that we all have unconscious biases and the first step to tackling them is recognising that.
 - Ask our colleague forum to consider how and where we can improve.
 - Exploring how we can use our leading mentoring programme for our members to benefit our own staff.
 - Our Senior Leadership Team championing gender equality across all of our activities.
- Continue being agile in our approach to career paths: offering and encouraging all of our staff, male and female, the opportunity to work in a flexible way throughout their careers. We already offer to all staff flexible working, part-time working, and sector-leading parental leave.
- Measuring and publishing internally the gender breakdown of applications at each stage of the recruitment process: We want to ensure that all our roles at all levels are attractive to males and females. Although our application process is blind we can export equality data without identifying individuals. We will publish information on applications, those selected for interview, and those subsequently appointed to understand if there are any challenges in the recruitment process.

Lorna Jack
Chief Executive Officer

Serve

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

2016-17 highlights





We sent 1,200 copies of our new cybersecurity guide to firms



33 new mentor-mentee relationships

Serve projects

Action	Summary of progress for the year	Complete / not complete
<p>New services We will introduce at least four new services that add value to our members, concentrating on areas of wellbeing, business support, career growth and professional support.</p>	<p>At the start of the year we developed a process for evaluating new commercial ideas. Our main initiatives included:</p> <ul style="list-style-type: none"> • A cybersecurity guide for the legal profession • A Massive Open Online Course (MOOC) on shipping law. • A bookable appointment system for our professional practice service <p>Our plan to introduce panel appointment of Arbiters and Adjudicators is also underway with the aim of launching a new dispute resolution service in January 2018.</p>	Complete
<p>Engagement with members We will continue to improve member participation by 10% per annum, measured against the benchmark of participation</p>	<p>Member participation increased by 11.3% this year with highlights including:</p> <ul style="list-style-type: none"> • Approx 300 members attended events on the President's tour (19 locations and 23 Faculties) 	Complete

<p>throughout 2015/16 with our growing numbers of members.</p>	<ul style="list-style-type: none"> • Approx 150 members attended AML and cybersecurity talks • Approx 250 sole practitioners attending our networking meetings • Hosting an in-house stand at Edinburgh and Glasgow University Law Fairs • Invitation from the Canadian Corporate Counsel Association to co-host World In-house Summit in Toronto April 2018 	
<p>Big firm engagement We will continue to deliver at least one quarterly big firm meeting and extend and improve member participation for members working in the larger firms by 10% per annum, measured against the benchmark of participation throughout 2015/16. We will do this through new outreach programmes and a new relationship manager model through our restructured Professional Practice team.</p>	<p>At the start of the year we developed criteria for identifying 'big firms' and over the course of the year we have held meetings with Professional Support Lawyers to encourage cross-firm working on topics of mutual interest and concern.</p> <p>We have delivered tailored firm engagement on an individual basis, including, where diaries permit, with the President and the CEO.</p> <p>Participation increased by 10% and we held five big firm meetings with the President of the IBA, The City UK, The Scottish Government Lobbying Registrar, Mike Russell MSP and PWC.</p>	<p>Complete</p>
<p>Council and Committee member engagement and support We will increase support for Council and Committee members in their engagement with constituents and the profession through improved induction and subsequent training processes.</p>	<p>All 15 new Council members received new induction training by the Registrar and senior leadership team via a number of sessions over the last six months. The training was also made available to all serving Council members.</p> <p>The new induction training materials and system for all committee members is also in place and operational.</p>	<p>Complete</p>
<p>Cybersecurity We will recognise the growing importance of effective cybersecurity by increasing awareness among our members and providing practical support to firms on introducing and improving safeguards.</p>	<p>In July we produced a cybersecurity guide for all members with help from the Technology Law and Practice Committee members. While there is no shortage of general information available, we were keen to produce something specifically for the Scottish legal market.</p> <p>This was followed by a promotional campaign to raise awareness including sending 1,200 copies out to members, one to every firm, and rebuilding the cybersecurity pages on our website.</p> <p>Cybersecurity was also covered at our Law and Technology Conference in September.</p>	<p>Complete</p>
<p>New services via The Journal We will work with Connect Communications to develop new services for our members</p>	<p>Following member focus groups and internal discussions, we decided not to go ahead with the app and will be reviewing the Journal Online website next year.</p>	<p>Not complete</p>

<p>including an app as well as deliver a new structure to the Journal and Lawscotjobs websites.</p>	<p>The Lawscotjobs website was delivered on schedule and has been well received by recruiters. At the end of the year our stats are:</p> <p>Active job postings</p> <ul style="list-style-type: none"> • Scotland: 1,045 • England: 45 • Ireland: 3 • Rest of the world: 28 <p>Registered candidates</p> <ul style="list-style-type: none"> • Scotland: 1,792 • England: 40 • Ireland: 2 • Rest of the world: 49 	
<p>Review and rebuild Member Services for CPD We will help our members by restructuring the way we deliver both in person and online continuous professional development training.</p>	<p>We introduced a much-improved and varied continuing professional development service, restructuring our team and changing ways we deliver training. The results exceeded expectations:</p> <ul style="list-style-type: none"> • 3,500 members welcomed to 94 events • Sales (incl. Annual Conference) £550k • Expenditure (incl. Annual Conference) £551k • Demand for events increased by 40%. <p>Some one-off expenditure was incurred as part of the restructure.</p>	<p>Complete</p>

Excel

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

2016-17 highlights



New website launched with number of pages reduced by 52% (from 3,610 to 1,748)



We raised a grand total of £8,300 for the Stroke Association, our charity partner of the year



Almost 40,000 visits per month to our Find a Solicitor website tool

Excel projects

Action	Summary of progress for the year	Complete / not complete
<p>Online renewal expansion We will improve the service available to members by expanding our online renewal services to incorporate SLCC levy payments, roll retention fees as well as payments for Registered Foreign Lawyers and non-practising members.</p>	<p>Online renewal was successfully expanded to all planned categories.</p>	<p>Complete</p>
<p>Smartcards and web forms We will incorporate Smartcard digital signatures into our existing processes for admission, removal, and restoration, and introduce interactive forms directly populating our membership database through Smartcard.</p>	<p>All our PDF forms are now smartcard enabled and we have developed a smartcard login option for our website. A number of forms have been submitted digitally signed, for example accounts rules compliance certificates.</p> <p>Online versions of student membership application and PC surrender forms have also been developed.</p> <p>Admission processes were subject to an internal audit review and the nature of the process is being currently looked at by the Regulatory Committee which will feed into the final version of the web form.</p>	<p>Complete</p>
<p>Law Society website We will create a new and world class website to enable us to deliver information, products and services to all of our audiences.</p>	<p>The new website launched on time and on budget. All teams across the business were involved in editing, deleting and migrating content from the old website to the new website – an excellent example of cross-team working and collaboration.</p> <p>We aimed to reduce the number of web pages by 50%. We have reduced the number of pages by 52% taking the number from 3,610 to 1,748.</p>	<p>Complete</p>
<p>Consumer experience We will aim to offer a world-class experience for all those who engage with us through improved customer service training as well as annual measurement of service levels provided through our professional practice helpline, trainee helpline, registrars, switchboard and complaints.</p>	<p>The consumer experience project has been delivered on time and on budget. 17 teams from across the business have produced action plans to improve customer experience for their internal and/or external customers. Additionally, seven teams took part in a survey to measure how their internal customers rated them. Managers and their relevant team members have an objective for 2017/18 to work through their action plans and improve customer experience internal ratings.</p>	<p>Complete</p>
<p>Information to the public We will improve and better promote the information we provide to the public with a focus on enhancing our</p>	<p>This project has been delivered on time and on budget. We launched our campaign aimed at the public, encouraging them to consult a 'regulated Scottish solicitor'. A series of six ads have appeared at railway stations, across social media, newspaper websites and in</p>	<p>Complete</p>

popular online 'find a solicitor' search facility.	Metro newspaper. We have purchased a new website domain name 'findasolicitor.scot' to help people find our search tool more easily. Members have updated their areas of work to assist with the campaign and the find a solicitor search tool was improved ahead of the campaign launch to improve the user experience.	
Paperless committee work We will improve efficiency and security by reducing our reliance on paper across our committees in place of safer and more secure online committee portals.	Secure online portal facilities have been launched for every committee and the IT team performs ongoing maintenance of updating access for leavers/joiners. We have also continued the pilot for 'Board packs' with a view to purchasing and rolling out in line with Annual Plan objectives for 2017/18.	Complete
Learning and development We will produce a learning and development framework aimed at managing the Society's talent. We will create and maintain a skills database, designed to meet the standards required for Investors In People Gold status in preparation for our assessment in February 2017.	Leadership competency framework and changes to performance review process/paperwork were rolled out with workshops taking place in September. There has been ongoing implementation of actions on the Investors in People (IIP) and Investors in Young People (IYYP) action plans in line with agreed timescales.	Complete

Corporate Social Responsibility

Throughout the year, a record 42 colleagues (32%) participated in a Corporate Social Responsibility (CSR) day, spending time helping out a local charity or a cause. Activities included rebuilding chicken runs at a city centre farm, tidying up and re-planting the sensory garden at an early years centre, fence painting a local care home and redecorating a home for a previously homeless person via a Freshstart 'hit squad'.

Our charity partner of the year was the Stroke Association, the UK's leading charity dedicated to conquering stroke. Throughout the year, we held bake sales, a table tennis tournament, organised a pub quiz and took part in the Edinburgh marathon relay. 28 colleagues, friends and family walked the entire West Highland Way in relay teams on one day. We raised a grand total of £8,300 for the Stroke Association.

Influence

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

2016-17 highlights



Influence projects

Action	Summary of progress for the year	Complete / not complete
<p>UK withdrawal from the European Union We will provide a leading voice as the UK's withdrawal from the European Union moves forward and ensure the interests of our members feature as decisions are taken on the country's new relationship with Europe.</p>	<p>Delays to the EU Withdrawal Bill mean that the amendments we drafted, which have been taken up by various MPs, have not yet been debated. Because of this state of limbo, it has been difficult to progress research on the effects of Brexit on our members.</p> <p>However, we have organised and participated in a number of high-profile events including:</p> <ul style="list-style-type: none"> hosting sell-out fringe events at the SNP and Scottish Green party conferences on Brexit 	Complete

	<ul style="list-style-type: none"> • participating in a showcase session at the IBA conference in Sydney on bars' responses to constitutional issues • participating in a round-table event at the Scottish Parliament's Finance and Constitution committee • Contributing two chapters to the Scottish Universities Legal Network on Europe (SULNE) e-book on Studying EU Law in Scotland during and after Brexit <p>We have also ensured our responses to government policy positions and legislative proposals, as they are published, have been quick, thorough and have had both the interests of our members and the interests of justice at their core.</p>	
<p>Legal aid research We will build on our #Defendlegalaid campaign by arguing for an effective legal aid system as government reforms take shape and publishing new research on the preventative benefits of legal aid.</p>	<p>We commissioned independent research and consultancy company Rocket Science to carry out an assessment of the Social Return on Investment (SROI) of legal aid in criminal, housing and family law cases. They found that for every £1 spent on legal aid in each of these areas, the overall benefit gained by the person receiving legal aid and wider society was valued in many cases as substantially more than £1. The research findings will be shared with the independent review of legal aid commissioned by the Scottish Government.</p> <p>Other activity has included responding to the independent strategic review of legal aid, to proposals for police station fee reforms, the draft Code of Practice suggested by SLAB and the implementation of Part 1 of the Criminal Justice (Scotland) Act 2016.</p>	Complete
<p>Public policy We will launch the work of our new Public Policy Committee, with a focus on proactive policy development whilst responding to public policy proposals of most relevance to the legal sector.</p>	<p>The Public Policy Committee consulted all policy sub-committees and agreed the following three projects as priorities for the committee going forward:</p> <ol style="list-style-type: none"> 1. To make the case for the creation of an Equalities and Human Rights Ombuds in Scotland 2. Access to medical records 3. Reforming the law regarding the registration of common parts <p>Other highlights included engaging with the Scottish Law Commission and submitting detailed law reform proposals for consideration for the Tenth Programme of Law Reform, establishing our Brexit Policy Working Group and submitting proposals to the Scottish Parliament's Public Audit and Post-legislative Scrutiny Committee.</p>	Complete
<p>CCBE Presidency We will host the Council of EU Law Societies and Bar Association's biennial meeting in May 2017, welcoming over 150 lawyers from across Europe, and proudly</p>	<p>We successfully hosted the Council of EU Law Societies and Bar Association's biennial meeting in May 2017.</p>	Complete

<p>supporting our past president Ruthven Gemmell in his year as CCBE President.</p>		
<p>Technology and the justice system We will play a leading role as the government and its agencies use digital technology to transform justice in Scotland, including a new research project on public-facing technology and access to justice.</p>	<p>James Ness, Deputy Registrar sits on the Scottish Government's digital justice strategy board which considers digital justice solutions. Staff members of our public policy team have also been involved in digital justice sessions and workshops.</p> <p>Our Courts and Technology Working Group published a paper on minimum standards for videoconferencing, to ensure that new systems allow effective participation by all in the justice system.</p> <p>We have also completed research around public-facing technology and access to justice, considering the potential for public legal education, crowdfunding, online dispute resolution, online courts and artificial intelligence.</p>	<p>Complete</p>

Grow

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

2016-17 facts and figures



11,761 solicitors at end of year –
52% female and 48% male



Newly admitted solicitors – 495
(65% female and 35% male)



Non-practising members/retained
on the roll - 2,242



Solicitors working in private practice:

- large firms (10+partners) - 3,909
- small-medium firms (2-9 partners) - 2,864
- sole practitioners - 618



Solicitors working in-house:

- local government - 550
- central government - 567
- crown office - 551
- other - 2,148



Solicitors working outside Scotland - 878



Traineeships commenced - 543



Number of accredited paralegals - 433



Number of student associates - 1,636

Grow projects

Action	Summary of progress for the year	Complete / not complete
<p>Commercial and non-core activities We will continue to grow our non-core income through new and existing activities, aiming to deliver £2m against a budget of £1.84m by the end of the year.</p>	<p>Our year-end total for commercial and non-core activities was £2.22m, including £252k of investment gains.</p> <p>We also put an appraisal panel in place to critically evaluate investment proposals using set parameters to determine whether Board approval is required.</p>	Complete
<p>New membership categories and qualifications We will prepare for the launch of our new membership categories in 2017/18 through research with potential new members, developing new member categories and agreeing the qualification requirements.</p>	<p>Student Associate numbers have grown over the year and now sit well above target at 1,636.</p> <p>Considerable policy work has been undertaken around the creation of an 'Accredited Legal Technologists' category. We are waiting for sign off for the trademark of that term.</p> <p>We also launched a Massive Open Online Course (MOOC), 'Maritime Law: An Introduction to Shipping Transactions', on 30 October with 1,536 joiners (equivalent to expressions of interest), and 667 active learners of whom 39 upgraded to paying members.</p>	Complete
<p>Lawscot Foundation We will seek to grow the numbers of law and diploma students from low income backgrounds by raising an additional £150,000 for the Lawscot Foundation and issuing the first bursaries.</p>	<p>The Lawscot Foundation was successfully launched in April 2017 and we received 51 applications, of which 43 were eligible. The trustees considered all applications and selected eight students to be offered financial and mentoring support.</p> <p>We launched various fundraising initiatives including direct promotion to firms and to individual solicitors throughout the PC renewal process. We also launched text donation and #BaubleFest, a Christmas campaign.</p> <p>The total raised in the 2016/17 financial year was £24,960.33. This excludes the donation of £261,585 from the sale of Legal Post.</p>	Not complete
<p>Membership growth We will grow the total number of solicitor members by developing a new strategy for retaining non-practising members and improving our communication of membership options for all membership groups.</p>	<p>Retention has improved by 9% this year and we carried out analysis of those who surrendered their practising certificates.</p> <p>Proposals were considered for a repositioning the Non-practising Member category as a career break option. Ultimately, we felt the most viable element of the proposal was extending the period a solicitor can be without practising certificate (with no restrictions on return) from 12 to 13 months.</p>	Complete

<p>Paralegals We will improve the range of services and support made available to paralegals; seek to increase membership of our paralegal scheme by 15%.</p>	<p>We obtained the IP for a new term and the Registered Paralegal status was relaunched and renamed 'Accredited Paralegal'. This was well received by paralegals and their employers.</p> <p>During the year we held a successful launch party to recognise the new status and have attended a number of events to promote the scheme including conferences, law fairs, Faculty visits and other CPD events. We have also made presentations to individual firms. We have grown membership of the scheme by 10%.</p>	<p>Complete</p>
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