



Law Society  
of Scotland

# Annual Report 2016

1 November 2015 to 31 October 2016



# Annual report 2016

Welcome to our annual report covering the period from 1 November 2015 to 31 October 2016.

As the professional body for the 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.

It reports on our performance against the objectives set out in our 2015/16 annual plan. This was the first 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 2016 is made up of the following sections:

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  - Our financial review of 2015/16, including our full accounts and Governance report.
- **Highlights of our performance against the five objectives set out in our 2015/16 annual plan:**
  - **Assure** (p.25)
    - How we assured our members' clients and employers by setting and upholding standards that ensure excellent legal and customer service.
  - **Serve** (p.32)
    - How we served our members through a detailed understanding of their needs, providing tools and services which they can use every day.
  - **Excel** (p.35)
    - How we sought to excel by operating as a world-class organisation.
  - **Influence** (p.37)
    - 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.39)
    - How we grew our membership and income by being a vibrant, influential and inclusive organisation.

## Highlights of 2015/16





## President's report Eilidh Wiseman, President

In a shifting political, economic and legal landscape, the Society provided a leading voice for Scottish solicitors. Determined to ensure the interests of our members were central to the debate on our future relationship with the European Union, we conducted a consultation exercise in advance of the referendum, held successful discussion events and published a discussion paper examining the potential consequences of a leave vote. Maintaining our non-partisan position after the referendum, we remained closely involved in discussions at both the UK and Scottish parliaments and will continue to do so on behalf of our membership and their clients.

The Society also set out our policy priorities ahead of the Scottish Parliament elections, engaging across the political parties, while continuing to contribute to the debate on Scotland's constitutional future as the Scotland Bill passed through parliament. One of our key priorities was the need for root and branch reform of the legislative framework that covers the legal services market. We are hopeful that, in early 2017, the Scottish Government will consult on the future regulation of the legal profession.

Discussions with the government and public agencies also took place over other proposed changes to the justice system, including the implementation of court reforms and improvements to the legal aid system. Our high-profile #DefendLegalAid campaign focused on the importance of legal aid and access to justice.

To ensure the solicitors' profession reflects the diversity of the public it serves, we launched the Lawscot Foundation to help academically talented students from less advantaged backgrounds through their legal education. We already have close links with schools and will build on those relationships to develop the Foundation.

Our equality work included publication of the Parents in the Profession series of guides to ease the transition back to work for new parents. Also during the year, we ran a campaign on progression in the profession, which focused on gender equality. This included the #LetsTalkProgression initiative, which generated considerable social media comment. To promote improved mental health in the profession, we set up Legal Wellbeing Scotland to help raise awareness of common issues and provide best practice solutions.

Of course, the work carried out in the past year would not have been possible without the vital contribution from all those who sit on our Council, committees and working groups – their commitment is much appreciated.



**16** visits by our president to meet High Street members in constituencies across Scotland





## Chief Executive's report Lorna Jack, Chief Executive

Serving our members is at the heart of our ambitious five-year strategy. Launched in August 2015, we have completed the first full year of Leading Legal Excellence, which aims to meet the needs of our members and the public in a rapidly changing legal market. And despite continuing challenges, alongside new opportunities, the Scottish solicitors' profession continues to grow. Last year, we expected and planned for around 11,800 practising certificates issued. We in fact reached a total of 11,789 practising certificates issued, with a further 344 non-practising members taking our total memberships issued for the year to 12,133.

In September, we launched the first of our new affiliate categories of membership with the introduction of student associates. With 750 students signing up in the first few weeks, many clearly recognised the benefits of getting involved with their professional body at an early stage, building networks and gaining valuable experience. Further categories of affiliate membership are due to be introduced.

Also among our strategic goals, the number of solicitors holding a Smartcard and current digital signature reached 9,600, representing around 85% of those with a practising certificate. As part of our innovative Street Law initiative, we delivered 30 programmes in 25 schools, involving around 960 pupils.

In our first full year in the modern, efficient and flexible offices at Atria One in Edinburgh city centre, we carried out a major staff restructure across our five new directorates: education, training and qualifications; finance and operations; external relations; member services; and regulation. A comprehensive review of our pay reward performance system also took place, with improvements implemented. A new marketing strategy and engagement plan was approved and is now in the process of being introduced. We completed a full review of our international action plan and were active in using key events to promote Scotland as a centre of excellence for legal services.

In a year of many changes, the Society's staff are due particular credit for their commitment and hard work – a big thanks to all.



## Full table of actions and results for 2015/16

Action	Summary of progress for the year	Status
<p><b>Legislative change</b> We will work with the Scottish Government and others to secure a commitment of time in the next term of the Scottish Parliament for new enabling legislation which allows us to meet our strategic objectives.</p>	<p>We submitted a detailed paper to the Scottish Government in December 2015. This set out the case for root and branch reforms to the legislative framework which covers the legal services market. We also hosted a well-attended and very successful roundtable event held in March as we undertook a programme of discussions with stakeholders.</p> <p>The SNP included a manifesto promise to consult on the future regulation of the legal profession and we are hopeful that this will be forthcoming in early 2017. We have engaged across the political parties in seeking to make this a policy priority.</p>	Not complete
<p><b>Client Protection Fund</b> We will implement reforms to our Client Protection Fund (formerly the Guarantee Fund) and complete our work towards a system of entity-based regulation and charging following our consultations with our members and stakeholders.</p>	<p>The work plan agreed following the independent review of the Client Protection Fund by KPMG review was progressed.</p> <p>The work on entity regulation and charging was progressed and now forms part of our project on legislative change.</p> <p>The issue of third party client accounts was reviewed in spring 2016. It was agreed that at this stage no action should be taken.</p>	Complete
<p><b>ABS/Licensed provider scheme</b> We will seek approval from the Scottish Government to become a regulator of licensed legal services providers and commence the first licensing of these new entities.</p>	<p>We submitted a draft regulatory scheme to the Scottish Government which officials confirmed as adequate to progress to the statutory consultation in February 2016. We hosted a stakeholder event on behalf of the Scottish Government consultation in April. Whilst discussions were ongoing, we had yet to reach approval or authorisation for the scheme by the end of the operating year.</p>	Not complete
<p><b>Diversity/Legal Education Trust</b> We will seek to improve the diversity of solicitors and ensure the profession better reflects the public they serve by agreeing alternative routes to qualification and establishing a new Legal Education Trust.</p>	<p>We launched the new Lawscot Foundation to help academically talented students from less advantaged backgrounds in Scotland through their legal education journey. It will offer financial assistance, mentoring and other support to students during the law degree (LLB) stage, right through the Diploma in Professional Legal Practice.</p> <p>The Education and Training Committee was considering detailed proposals for alternative routes and a consultation with the profession will be held early in the new operating year.</p>	Not complete
<p><b>Accreditation</b> We will reform our accreditation system with a focus on specialist accreditation across a</p>	<p>Changes to procedures and processes for specialist accreditation were approved by our Education and Training Committee with further reforms to be considered early in the 2016/17 operational year.</p>	Not complete

range of subject areas as well as for those seeking rights of audience in the higher courts.	The criminal rights of audience initial training course content was agreed and work was started to develop training for existing solicitor advocates in relation to vulnerable witnesses.	
<b>Equality</b> We will deliver the year two projects from our equality strategy, including promotion of our new equality standards by holding high-profile events and launching a campaign to promote equal pay.	We published our Parents in the Profession guidance to ease the transition back to work for new parents. As well as the series of 12 guides, we also held events for maternity returners and for managers. We ran a campaign on progression in the profession, which focused on gender equality. This included the #LetsTalkProgression initiative, which generated considerable social media comment. To support this work, we held focus groups on how to improve gender equality in the legal profession, and published a series of blogs and role model interviews with leading women. We spoke about equality and diversity at a number of events, and supported Women in Law Scotland by hosting their launch at Atria One. We also supported the launches of both the Scottish Ethnic Minority Lawyers' Association and the GLASS Network. A number of practices adopted our equality standards, which we continued to embed within the profession.	Complete
<b>Member engagement</b> We will better understand and service the needs of all sectors of our membership by creating and implementing an engagement plan and appointing a new director of member services and engagement.	We appointed a new Executive Director of member services in November 2015 and in turn created and delivered engagement plans for the different sectors within the profession, including big firms, high street solicitors, sole practitioners as well as members working in England and Wales.	Complete
<b>In-house solicitors</b> We will improve our engagement with solicitors working in-house, ensuring their interests sit at the heart of the Law Society through the work of our new In-house Lawyers Committee.	We delivered our in-house conference in March with a further seven CPD seminars delivered from Edinburgh with remote access offered across Scotland and beyond. We held a range of roundtable/focus group events along with regular one-to-one member engagement meetings with in-house lawyers from all major sectors of the in-house community. Our guide to working in-house was launched in March along with a monthly in-house blog in July.	Not complete
<b>Professional practice</b> Enhance our professional practice enquiry service to ensure we deliver a consistent, high-quality response to solicitors.	We worked to enhance our professional practice service through a reconfigured team, including new roles with additional responsibilities for relationship management with big firms and registered paralegals. We also recruited and trained new members of the team and carried out initial scoping for improved services, including timed appointments and FAQs.	Complete
<b>Mentoring</b>	We matched 32 mentors/mentees during the year. We held two mentor training sessions with Quiver	Complete



<p>We will develop our popular mentoring programme for members, supporting solicitors, trainees and those at the earliest stage of their legal career, as well as allowing mentors to build additional skills to develop their own careers.</p>	<p>Management, who provide bespoke training for our mentors. Following feedback from our existing mentors, we developed and ran a pilot session of bespoke support and supervision for existing mentors. This received excellent feedback. We continue to monitor the results from feedback and have taken the decision to continue the scheme.</p>	
<p><b>Smartcard</b> We will expand the range of services which are accessible via our new Smartcard, including an e-conveyancing portal and secure email communication and complete the rollout of Smartcards to our solicitor members.</p>	<p>Around 9,600 members held a Smartcard and current digital signature by the end of our operating year, representing around 85% of those holding a practising certificate.</p>	Complete
<p><b>Office relocation</b> We will move to our new office location, providing a modern environment for our staff and volunteers which allows us to improve the service we offer our members, stakeholders and the wider public.</p>	<p>Our office move was completed in December 2015, providing us with a modern, more efficient and more flexible workplace. It also provides a member drop-in area along with various meeting rooms for use by our volunteers or commercially.</p>	Complete
<p><b>Constitution and governance</b> We will complete the work of our Constitution Working Party, including improvements to the operation of our general meetings and agree other improvements to our internal governance and system of delegated powers.</p>	<p>Our 2016 AGM approved the final set of changes to the constitution in relation to the election of future presidents, which will take effect for 2018/19.  The governance structure, role of the Council members, Board members, and the role of the president and vice president were all reviewed and updated by the Governance Working Party.</p>	Complete
<p><b>Brand</b> We will act on the findings of our brand review to ensure the Society is recognised as a modern, dynamic and trusted organisation.</p>	<p>The visual part of the brand review was completed and rolled out as planned. The final elements were continued into 2017 to keep costs down. A second phase of the brand project will commence in 2017 and will involve changes to align our culture and customer service with our brand.</p>	Complete
<p><b>Staff structure</b> We will align our staff structure with our new strategic objectives, creating a new leadership development programme and reviewing the success of our system of performance-related pay.</p>	<p>A major staff restructure was completed across our five new directorates: education, training and qualifications; finance and operations; external relations; member services; and regulation. A comprehensive review of our pay reward performance system took place with improvements implemented.</p>	Complete

<p><b>Investors in People</b> We will act on the feedback from our IIP silver award and make improvements that allow us to target IIP gold in 2016/17 whilst also working towards gaining an Investors in Young People award.</p>	<p>We were assessed for and successfully achieved Investors in Young People. An interim meeting took place with the IIP assessor and the next review is due to take place in February 2018.</p>	<p>Complete</p>
<p><b>Justice reform</b> We will engage with the Scottish Government and other public agencies as reforms to the justice system move forward, including legal aid issues and the implementation of court reforms.</p>	<p>We engaged with the Scottish Parliament, Scottish Government and others around reforms to the justice system, legislation and consultations. This included work in a number of key areas: Responding to courts reform, by providing views on consultations on the new simple procedure and multi-party actions and participating in the criminal Evidence and Procedure Review and its working groups. Working on legal aid, including our #DefendLegalAid campaign and commissioning research around the profitability of legal aid practice. Providing expert views on new devolved powers, including taxation and social security. Exploring the potential for new technology to promote access to justice, through our Tech4Justice 2016 hackathon event.</p>	<p>Complete</p>
<p><b>Human rights</b> We will speak out in favour of human rights and engage constructively in the UK Government's consultation and any resulting legislation on a UK Bill of Rights.</p>	<p>This project was not completed because of delays from the UK Government in publishing its proposals. We engaged fully on the issues, and completed a significant amount of preliminary work. We responded to consultations and inquiries from the Scottish Parliament, Scottish Human Rights Commission and House of Lords. We also had contact with ministers, peers and MPs and a host of stakeholders in relation to the issue. The new justice secretary has confirmed that the government intends to proceed with plans to repeal the HRA and replace it with a UK Bill of Rights, but timescales remain unclear.</p>	<p>Not complete</p>
<p><b>Scottish Parliament elections</b> We will set out our policy priorities for the next term of the Scottish Parliament ahead of the Holyrood elections whilst continuing to contribute to the debate on Scotland's constitutional future as the Scotland Bill proceeds through parliament.</p>	<p>We set out our policy priorities for the Scottish Parliament ahead of the Holyrood elections and used this to engage across the political parties. We contributed to the debate on Scotland's constitutional future as the Scotland Bill completed its stages through the Scottish and UK Parliaments.</p>	<p>Complete</p>
<p><b>EU referendum</b> We will provide a leading, non-partisan voice in the debate on the UK's membership of the</p>	<p>In advance of the referendum, we successfully engaged with members and wider society in a range of ways – we held a successful event in London, sought views from members through surveys, emails and</p>	<p>Complete</p>

<p>European Union ahead of the referendum.</p>	<p>roundtables, published a discussion paper looking at a number of potential consequences as well as the views of our members, and arranged a lecture at Atria One by Ian Forrester QC.</p> <p>Following the vote to leave, we undertook a significant amount of engagement and other work. This included responding to inquiries on various aspects of the UK's exit from the EU from the House of Commons Scottish Affairs Committee, Scottish Parliament European and External Relations Committee, Joint Committee on Human Rights, and EU Home Affairs Committee.</p>	
<p><b>Street Law</b> We will expand our innovative schools Street Law programme to a wider range of schools in a broader geographic area.</p>	<p>We delivered 30 programmes in 25 schools and approximately 960 pupils were involved with the programme. We have received consistently excellent feedback from school pupils, teachers and our Street Law trainers.</p> <p>We produced a video about the programme, filmed at our successful training weekend where a further 30 students were trained. Our Street Law trainers contributed to our successful Investors in Young People bid after a series of interviews with the assessor.</p>	Complete
<p><b>Research</b> We will grow our research capacity by creating a dedicated team which supports our policy development on access to justice and the legal services market.</p>	<p>We established our new research team early in the operating year, using external expertise to create an appropriate strategy and processes.</p>	Complete
<p><b>Membership growth</b> We will grow the total number of practising and non-practising solicitors to 11,800 by developing a new strategy for the retention of our existing membership and ensuring we provide a value proposition for those not required to hold a full practising certificate.</p>	<p>The target of 11,800 members was surpassed. At the year end, there were 12,023 members (11,684 practising and 339 non-practising).</p> <p>We revised our messaging to emphasise the value of the different membership categories. We also began to look at whether we needed to develop new membership categories that were more relevant to our members' needs. We will continue research into this area in 2017.</p>	Complete
<p><b>International</b> We will use specific international events in the legal calendar to promote Scotland and the legal profession as a centre of excellence for legal services in a bid to retain and increase the number of Scottish solicitors working outwith the UK.</p>	<p>We completed a full review of our international action plan. Our office bearers and senior staff attended a number of international conferences, including Euro Bar Presidents, NABE, ABA, CBA, IBA, CEEBA, CCBE, and ILLACE, including a number of speaking roles. This enabled us to gain further insight into the global legal profession, and to widely promote the Scottish solicitor profession.</p> <p>We supported Scottish firms through the Advocate General for Scotland's UK Legal Services Delegation to the IBA. Our president met with internationally-based members in Canada, Washington, Sydney and Paris.</p>	Complete

	<p>We developed links with the legal profession in China through visiting delegations, and in arranging to attend a conference in Beijing in November 2016.</p> <p>We supported a CCBE project to provide legal services to migrants and refugees in Lesvos. We are also about to complete recruitment for a new Society representative on the UK delegation to the CCBE, and have begun planning for the CCBE plenary session being held in Edinburgh in May 2017, to coincide with the CCBE presidency being held by Ruthven Gemmell.</p>	
<p><b>Affiliate membership</b> We will agree our new categories of affiliate membership and required qualifications.</p>	<p>Our student associate membership was launched in early September with 750 signing up in the first few weeks.</p> <p>Our Board agreed on the further categories of affiliate membership which should be progressed with a focus on the legal analyst category where there has already been significant interest.</p>	Complete
<p><b>Marketing plan</b> We will introduce a five-year marketing and sales plan so we can attract 10,000 additional associate members by 2020.</p>	<p>Our marketing strategy and engagement plan was approved and is being implemented. Membership packages for additional associate members are being developed and launched where appropriate.</p>	Complete
<p><b>Commercial income</b> We will expand our commercial activity by investigating new relationships and business models, aiming to deliver at least four new services to members and generate £1.6 million in commercial income.</p>	<p>Our total commercial income at the end of our operating year was £855,000 through conferences and CPD revenue (approximately £386,000), sponsorship, partnerships, service provider scheme, publications and member benefits (approximately £469,000).</p>	Not complete

## Financial review 2016

### A full report of our financial performance for 2015/16

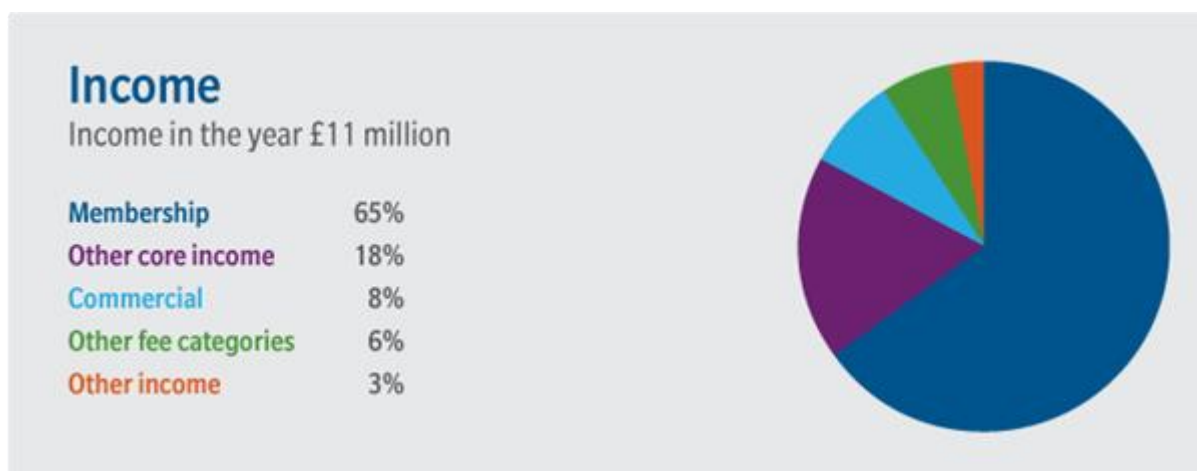
#### Overview

We're reporting a surplus of income over expenditure from normal activities (prior to the actuarial charge to the Society's closed final salary pension scheme) of £33,000 for the financial year ended 31 October 2016 (2015, as restated under FRS 102, surplus £3,000).

The actuarial charge in respect of the scheme was £1,495,000 (2015 – £240,000), giving a total recognised deficit for the year of £1,462,000 (2015 – recognised gain of £2,898,000, inclusive of the gain on sale of heritable property).

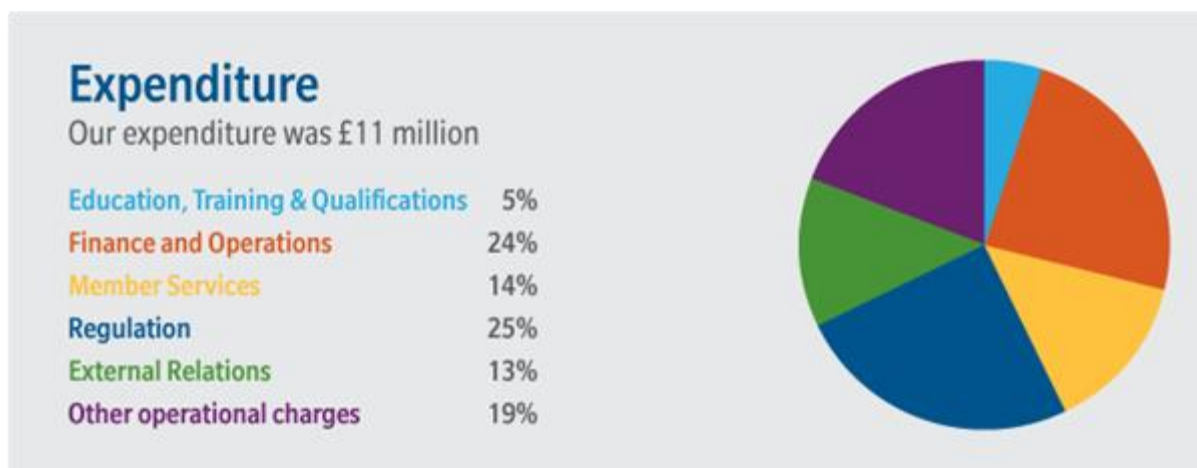
#### Income

The Society's income in the year amounted to £10.99 million, an increase of 7.3% from last year. Income sources were as follows:



#### Expenditure

The Society's expenditure (excluding actuarial charge to closed pension scheme) was £10.96 million, an increase of 7.0% from last year mainly as a result of the premises move. Expenditure was split as follows:



## Pension debt & actuarial charge

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 2013 by a qualified actuary, independent of the scheme's sponsoring employer. The next triennial valuation date is 31 March 2016.

The overall deficit shown by this valuation was £2 million. A deficit recovery repayment plan has been agreed with the scheme trustees which is scheduled for repayment over a seven year period. In previous years this debt has not been incorporated within liabilities on the balance sheet as the valuation assumptions for accounting purposes, provided by an independent actuary, produced an accounting surplus. However, changes to bond yields following the EU referendum have produced an accounting deficit of £1.267m. As a result there is an actuarial charge in the income & expenditure account this year to reflect this.

## Reserves

In 2015 the Finance Committee reviewed the Society's reserves policy in light of the move from owned to leased office premises. The 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 2016 this figure amounted to £3.3 million, which is between three and four months' average expenditure. The committee regards this level as satisfactory.

## Fixed assets

Following the sale of heritable property leasehold improvements were carried out in the new premises in 2015 and 2016 and are amortised over the length of the lease.

## Investments

Investments are now stated at market value with the exception of the Society's subsidiary company's 20% shareholding in Legal Post (Scotland) Limited, which is accounted for as an associate using the cost model. The shares were acquired for £20 in 2000. Following a takeover the shareholding was sold after the year-end for a consideration of £261,585 which will be accounted for in the 2016/17 financial statements. We will donate this money to our new charity – Lawscot Foundation. As part of its review of the Society's reserves during the year, the Finance Committee approved a further transfer from cash to listed investments of £500,000 during the year.

## Cash

Cash balances at the year-end were £10.7 million. Of this sum, subscription income received in advance of 1 November 2016 was £7.7 million.

## Pension debt

The Society's defined benefit scheme was closed to future accrual from 1 May 2010. A full actuarial valuation was carried out at 31 March 2013 by a qualified actuary, independent of the scheme's sponsoring employer. The next triennial valuation date is 31 March 2016.

The overall deficit shown by this valuation was £2.0 million. A deficit recovery repayment plan has been agreed with the Scheme Trustees which is scheduled over a 7 year period.

## Annual report

The Society's annual report, which includes the president's introduction and 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, is available.

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:

- remaining liability on the closed final salary pension scheme and exposure to market risk
- legislative change and risk of changes to current regulatory functions
- events which may compromise the Society's ability to act as an effective regulator
- competitive pressures through alternative business structures and the future economic health of the profession
- failure to deliver the Society's strategic objectives

The effectiveness of controls to mitigate each of those risks is continually monitored by the senior leadership team and reported to Audit Committee and Board quarterly.

## Financial year 2015/16

The budget approved by 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.

**John Mulholland**  
Treasurer  
3 March 2017

## View our full accounts

- [The Law Society of Scotland Accounts 2016.pdf](#)

## Governance report 2016

## 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 changes approved by members at the Society's annual general meeting in 2012 provide for a Council of up to 46 seats, of which 31 are elected solicitor members, up to nine lay members and up to six others who are co-opted solicitor members. The changes to the make-up of the Council were fully implemented last year and by the end of this year a complete schedule of elections under the revised Constitution have been held.

## **The UK Governance Code**

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 and seeks to comply with the relevant parts of the UK Corporate Governance Code 2010 where it is practicable given the Society's scale and operations.

## **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 this year approved the Society's ambitious new five year strategy entitled "Leading Legal Excellence". The Council manages the overall strategic direction for the Society within the context of the annual corporate plan and annual budget. The Council also measures the Society's performance against the annual corporate plan within the context of the Society's longer term goals set out in the new five year strategy. The Council delegates the monthly oversight of the Society's implementation of the 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 corporate 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 has this year benefitted from the first full year of internal audit provided by Wylie & Bisset CA. The first internal audit report to be considered by the Audit Committee was on the Society's location review project.

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 was a short life Governance Working Party formed last year chaired by Past President Alistair Morris. The one significant governance change proposed by this Working Party was the establishment of a new Public Policy Committee which was established from 1 November 2016. This new committee replaces 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 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 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

**David Cullen**  
Registrar

## Guarantee Fund report 2016

### Overview

The Guarantee Fund trades as the Client Protection Fund and reports a deficit for the financial year ended 31 October 2016 of £1.01 million (2015 – restated surplus £153,000). Reserves held at 31 October 2016 reserves balances to £5.6 million.

### Income and expenditure

Income has remained steady largely due to the decision not to change the subscription rate for 2016. The deficit arose due to grant volumes being significantly higher than in preceding years.

### Balance sheet

Reserves reduced to £5.6 million at 31 October 2016 as a result of the income and expenditure issues noted above. The Client Protection Fund Sub-Committee believes, given the unpredictability of the Guarantee Fund's environment, that it is essential that a healthy level of reserves is maintained. Reserves had been held at a higher level than the policy last year in preparation for the prospective claims in the system.

### Looking ahead

Many of the judicial factories that have boosted claims volumes and grant expenditure in recent years are now in their final stages and are not expected to produce significant new claims. New claims volumes have been modest during 2015/16, although one judicial factory appointment in the final quarter resulted in several new claims, with more being received into 2016/17.

The fund continues to hold open a small number of large claims or intimations while the claimants pursue other options for recovery, which may result in any claim on the fund being reduced. However, at this stage it is not possible to predict when the fund will be able to consider the claims or what the financial impact on the fund will be.

## **Independent Auditors' Report to the Council of the Law Society of Scotland**

We have audited the accounts of the Scottish Solicitors' Guarantee Fund (the fund) for the year ended 31 October 2016, which comprise the income and expenditure account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Council of the Law Society of Scotland, as a body, in accordance with relevant legal and regulatory requirements. Our audit work has been undertaken so that we might state to the Council of the Law Society of Scotland those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of the Law Society of Scotland as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Council and auditors**

As explained more fully in the statement of Council's responsibilities set out on page five, the Council is responsible for the preparation of accounts which give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's ethical standards for auditors.

### **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

### **Opinion**

In our opinion, the accounts:

- give a true and fair view of the state of the fund's affairs as at 31 October 2016 and of its deficit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice.

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- the information given in the annual report is inconsistent in any material respect with the accounts; or
- proper accounting records have not been kept; or
- the accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**Henderson Loggie**

**Chartered Accountants and Statutory Auditors**

**Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006**

**Edinburgh 2017**

## **Statement of the Council's Responsibilities in Respect of the Accounts of the Scottish Solicitors' Guarantee Fund**

The Council of the Law Society of Scotland is responsible for preparing the accounts of the Scottish Solicitors' Guarantee Fund in accordance with the constitution of the Society.

While the constitution of the Society does not contain any accounts requirements in respect of the fund, the Council has decided to prepare accounts for each financial year which give a true and fair view of the state of affairs of the fund and of the surplus or deficit of the fund for that period and to prepare the accounts in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice).

In preparing these accounts, the Council has undertaken to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the fund will continue in business

The Council has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the fund and to prevent and detect fraud and other irregularities.

## Income and Expenditure Account

			2016	Restated 2015
		Note	£000	£000
<b>Income</b>				
Subscriptions			666	645
Income from investments and deposits			87	49
Dividends in respect of claims			-	34
Claims paid by Judicial Factor			1	8
Total income			754	736
<b>Expenditure</b>				
Stop-loss insurance			(111)	(145)
Overheads and staff costs			(128)	(89)
Convener compensation			(4)	(8)
Auditors' fees			(3)	(4)
Other professional fees			(4)	-
Corporation tax		2	(65)	-
Total expenditure			(315)	(246)
Surplus of running costs			439	490
Gains/(losses) on investments		3	232	(48)
Claims			(1,681)	(289)
Overall fund (deficit)/surplus			(1,010)	153

## 5Balance Sheet

				2016	Restated 2015	
			Note	£000	£000	
<b>Assets</b>						
Investments			3	2,673	2,670	
Cash in bank				2,989	3,944	
Debtors			4	414	499	
				6,076	7,113	
<b>Less liabilities</b>						
Provision for taxation			2	(17)	(10)	
Deferred tax				(37)	-	
	Grants made by the Council unpaid at 31 October				(14)	(24)
Sundry creditors				(398)	(459)	
				5,610	6,620	
<b>Represented by:</b>						
	Reserve available to meet claims					
	Balance brought forward from last account			6,620	6,467	6,467
(Deficit)/surplus for year				(1,010)	153	
				5,610	6,620	

**Eilidh Wiseman**  
**President**  
**017**

# Notes to the Financial Statements

## 1. Accounting policies

### Basis

The accounts are prepared on an accruals basis in accordance with UK GAAP (Generally Accepted Accounting Practice). This is the first year the financial statements have been prepared under FRS 102. The change in accounting framework has resulted in an impact to comparatives as disclosed at note 7.

### Going concern

To the Council's knowledge, there are no material uncertainties which would prevent the charity from operating for 12 months from the date of signing this report.

### Investments

Investments are stated at market value. Investments are only stated at below market value where the committee believes their diminution in value is permanent.

### Income recognition

The fund recognises all categories of income in the period to which they relate. Subscription income received that relates to future periods is held on the balance sheet as fees in advance.

### Taxation

The fund is liable for corporation tax on investment income and chargeable investments gains. Full provision is made for corporation tax on assessable income. Deferred tax is provided on the unrealised gain on the revaluation of investments.

### Cash and cash equivalents

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

### Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discounts offered. Prepayments are valued at the amount prepaid after taking account of any trade discounts due.

### Creditors and provisions

Creditors and provisions are recognised where the fund has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

### Financial instruments

The fund only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

## 1. Corporation tax

			2016		Restated 2015
			£000		£000
Deferred tax			47		(10)
Current corporation tax charge			18		10
			65		-
Reconciliation					
(Deficit)/surplus for the year before tax			(945)		153
Corporation taxation at 20%			(189)		31
Income not subject to corporation tax			(133)		(138)
Expenditure not allowable for corporation tax			387		107
			65	-	10

## 2. Investments

					£000
Market value at beginning of the year					2,670
Additions during year					375
Proceeds on disposals during the year					(604)
Realised gain					16
Unrealised gain					216
Market value at end of year					2,673



### 3. Debtors

			2016		Restated 2015
			£000		£000
Sundry debtors			307		487
Prepayments and accrued income			107		2
Deferred tax asset			-		10
			414		499

### 4. Related party transactions

#### The Law Society of Scotland

The members of the Client Protection Sub-Committee are also members of the Council of the Law Society of Scotland, with the exception of lay members and one solicitor. At the year end, a balance of £307,100 was due to the Law Society of Scotland (2015 due from £465,933), representing grants paid on the fund's behalf less following year subscriptions received by the Society before the year end.

### 5. Contingent liabilities

Claims intimated but not paid are subject to investigation and the sum claimed may or may not be admitted on the basis of whether the claim falls within the criteria of the fund and, if it is admitted, it may not be for the sum claimed. Many claims are straightforward and can be resolved quickly. However, in more complex cases or where the records left by the former firm are very poor, a longer resolution timescale will be necessary. In the absence of reliable information to the contrary, outstanding claims are recorded at the sum intimated. As such, the total of claims intimated does not necessarily represent claims that will be paid.

The total of claims intimated but not admitted at 31 October 2016 was £5.06 million representing 27 claims made against 11 firms (2015: £4.1 million, 35 claims, 12 firms).

### 6. Transition to FRS 102

This is the first year the fund has presented its results under FRS 102. The last financial statements under the old UK GAAP were for the year ended 31 October 2015. The date of transition to FRS 102 was 1 November 2014. Set out below are the changes in accounting policies which reconcile the surplus for financial year ended 31 October 2015 and the total reserves as at 1 November 2014 and 31 October 2015 between UK GAAP as previously reported and FRS 102.

## Assure

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

## Highlights 2016

### Financial Compliance



Financial compliance inspections carried out at Scottish law firms: 364, versus 371 carried out in 2014/15.

### Client Protection Fund claims



Total received 70, rejected in full 2, admitted agreed in full 40, admitted partially 11, amount paid out £1,681,227

## Conduct complaints



New investigations 281, investigations closed 237, active investigations at year end 233, suspended files at year end 133.

## Top five areas of law/reasons for conduct complaints received

Residential conveyancing 52  
Family law 45  
Civil litigation 42  
Executries, wills and trusts 39  
Financial compliance (complaint raised by Law Society) 17

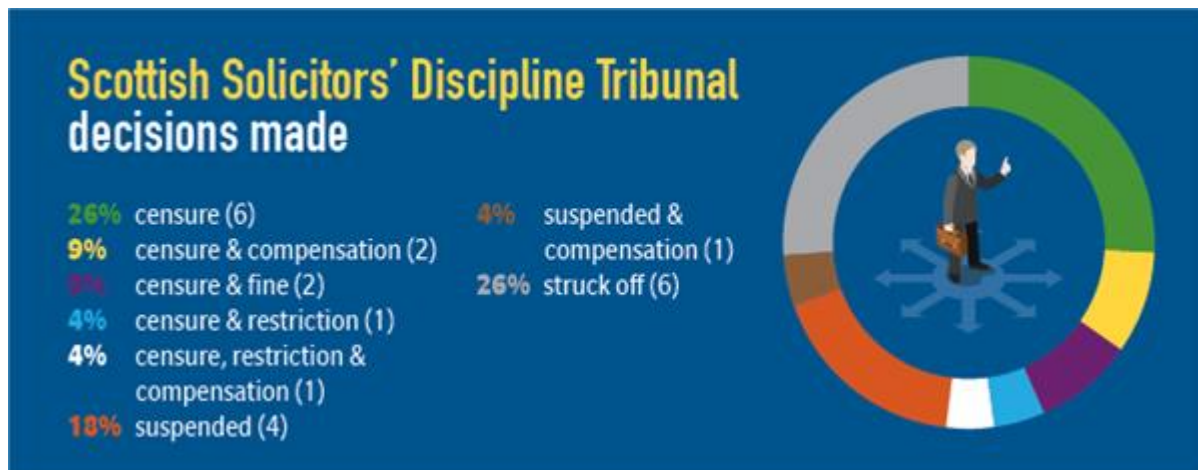
## Closed complaints

Committee decision 196  
Withdrawn - decision taken by complainer 32  
Complaint closed for other reason 4  
No complaint 5  
Total 237

Details of service complaints can be found on the [SLCC website](#).



## Scottish Solicitors' Discipline Tribunal



The full SSDT report is available at [www.ssdtd.org.uk](http://www.ssdtd.org.uk).

## Regulatory Committee annual report 2016

### Introduction



The Regulatory Committee of the Law Society of Scotland oversees all regulatory activity in relation to every aspect of the legal profession, from initial education and training, through entry to the profession and professional practices, waivers and rule changes, and financial compliance issues. Conduct complaints against solicitors form only one part of an overall regulatory regime which is designed to reduce the possibility of a solicitor acting incorrectly. We fully appreciate how important this issue is to the public and closely monitors all regulatory activity to maintain confidence in the system.

We are responsible for ensuring that current regulations are observed, and action taken on the small number of occasions when this is not the case, and for improving the regulatory regime to the extent that

legislation allows. The committee is now also actively involved in looking at legislative change which would enable further improvements.

We have a duty to protect the public interest, and the interests of the legal profession. These are not conflicting responsibilities. Maintaining trust and respect for solicitors is as much in the interests of 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 interest.

Our approach to this role is to promote an efficient and effective procedure for each area of regulatory activity, which is fair to all parties. The introduction of performance indicators and regular reporting for sub-committees is designed to ease the monitoring process and identify areas requiring further attention. But additionally, each regulatory area must now reflect on emerging trends and take time to consider future challenges and how to meet them. As society and business models change, so must legal regulation, and we are building in the capacity to be ahead of the game rather than reacting to events.

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

**Carole Ford**  
**Regulatory Committee Convener**

[Read more about the overall role and remit of the Regulatory Committee.](#)

## **Our work in 2015/16**

### **Reviewing the work of the sub-committees**

Over the year, the committee spent significant time considering the work of the sub-committees and the best means of monitoring and improving processes.

Some of the sub-committees are involved only in regulatory decision making while others deal with a mix of both policy and decision making.

Having reviewed the use of key performance indicators in previous years, it was decided for 2015/16 that sub-committees should prepare and submit trends analysis of the work they had carried out at six monthly intervals.

The committee believes that moving to a trends analysis system will assist in a better understanding of the flow of work through the sub-committees and any issues arising. In addition, each sub-committee now has a standing item on its agenda, to consider if there are issues arising that should be raised directly with the Regulatory Committee.

The trend analysis approach has proved valuable. The detail provided to the Regulatory Committee has clearly demonstrated the significant amount of work carried out by sub-committees in their decision making, and by the executive. Having now received two sets of trend analysis reports, the committee is reviewing the format and the information contained in them. The aim is to create a format that will allow easy dissemination to all relevant parties, to inform future thinking around regulatory issues and policies.

One of the committee's first actions, following its inception in June 2011, was to set up a sub-committee dealing specifically with appeals and reviews of regulatory decisions where there is no statutory right of appeal. This sub-committee has dealt with a number of issues, and the information provided in relation to those appeals has been useful in considering the issue of consistency of decision making. The Complaints Sub-Committee has a role of overseeing policy in relation to complaints and that also involves the review of

decisions made by the Professional Conduct Sub-Committees, with a view to improving the quality and consistency of those decisions.

The committee believes that work in this area – to ensure the consistency and proportionality of regulatory decision making – is key to ensuring the confidence of the public and the profession in the regulation of solicitors.

## **Complaints against solicitors**

In the course of the year, work has been done to review the way complaints against legal professionals are handled. The Society is not the only organisation responsible for legal complaints. Its role is to deal with conduct complaints remitted to it by the Scottish Legal Complaints Commission, which is the single gateway for all complaints against legal professionals. The Regulatory Committee is routinely updated in relation to current disciplinary issues. For example, the committee rigorously reviewed the case of Christopher Hales, a solicitor struck off the roll by the Scottish Solicitors' Discipline Tribunal. The key concern arising from this case was the length of time taken between the discovery of business irregularities and the solicitor appearing before the Tribunal. In reality, the solicitor had been suspended, and prevented from practising as a solicitor, at a very early stage. However, the processes from this stage to appearing before the Tribunal required urgent review.

The review considered all stages in the process, from the initial financial compliance inspection which uncovered the problem, through to the referral to Tribunal. Changes have been implemented, including more formal protocols for liaising with other agencies.

The committee recognises that the current complaints legislation could be improved. In the later part of the year, following a successful appeal by a firm of solicitors regarding an eligibility decision made by the Scottish Legal Complaints Commission (SLCC), even more focus has been thrown on this issue. The current legislation, and the 2007 Legal Profession and Legal Aid (Scotland) Act which created the SLCC, constricts reform. Part of the committee's annual plan for 2016/17 includes a bench-marking exercise, to look at how other legal jurisdictions deal with legal complaints, and how other professions deal with complaints against their members. Part of the Society's longer-term strategy is to seek new enabling legislation to allow greater flexibility in the regulation of the legal profession in the 21st century. A key element of this will be proposals on how complaints might be handled differently.

## **Regulatory issues and developments**

Over the course of the year, the Regulatory Committee discussed a number of relevant regulatory projects.

### **a) Alternative business structures – application to become an approved regulator under the Legal Services (Scotland) Act 2010**

In December 2015, the Society submitted its application to become an approved regulator of licensed legal services providers. This is the legislative regime that will create alternative business structures for the delivery of legal services by a range of professionals working alongside solicitors.

The Scottish Government led a consultation exercise in the spring of 2016 and then consulted with the Lord President. Moving forward, creating further policy and guidance in relation to the licensing regime will be necessary.

This has been a challenging exercise from the start but the Society is optimistic that in 2016/17 it will be in a position to invite the first applications from licensed providers for consideration, thus opening up competition in the legal services market in Scotland.

## **b) Project 80/20 – legislative change**

The Society recognises that there is a need for legislation to be updated in relation to the regulation of the profession. While there have been some amendments to the Solicitors (Scotland) Act 1980, the reality is that it is outdated in relation to current legal business practices.

As part of its strategy, the Society wishes to see new enabling legislation that would create regulation for the legal profession fit for the 21st century. In December 2015, the Society submitted a formal paper to Scottish Government on this issue. The current Scottish Government is committed to consulting on the regulation of the legal profession but at this time it is not known when such a consultation will take place; the Society is preparing proposals for this.

## **c) Entity regulation**

The Society believes that changes to the regulation of the legal profession should include the ability to regulate entities (businesses) as well as individual solicitors. The Regulatory Committee is clear that, while the regulation of individual solicitors would continue to be of paramount importance, there is also a need to recognise that legal services businesses should be the subject of regulation. The legislation that creates the alternative business structure regime includes the regulation of businesses on an entity basis. The Society is therefore moving forward with creating an entity regulation model for the whole profession. The intention would be that the ability to regulate the entity would be broadly included in legislation, but that the detail would be included in the rules. This would allow future change, to reflect the changing marketplace.

## **d) Whistle-blowing/raising concerns**

This issue of whistle-blowing was raised in the independent KPMG report on the Guarantee Fund. The matter has been considered and this now constitutes a specific project for the Rules, Waivers and Guidance Sub-Committee. The sub-committee is researching widely, looking at other jurisdictions and at other professions. The concept of whistle-blowing is comparatively straightforward but the operation and implication of any rules, both in relation to the whistle-blower and the person who is the subject of the allegation, need to be thought through carefully. This project will now progress over the course of the next year.

## **e) Financial Action Task Force inspection**

In 2017/18, the European Financial Action Task Force will visit the UK. The purpose of the visit is to assess the ability of regulators to deal with issues in relation to money laundering. As the Society is one of those regulators, it will be subject to inspection.

Other European countries have already been inspected and some lessons have been learnt from what has happened there. In the spring of 2016, the Financial Compliance Team employed a specialist in relation to money laundering matters, and over the course of the remainder of the year this has led to the creation of a questionnaire to review the anti-money laundering procedures for larger firms. The survey was sent out before the end of 2016, and the results will be analysed with a view to improving the regime. In addition, the Client Protection Sub-Committee (formerly the Guarantee Fund Sub-Committee) responded to consultations from HM Treasury about the future of anti-money laundering regulation and in relation to the Fourth Anti-Money Laundering Directive, which is scheduled to come into force in late June 2017.

## **f) Working group - permissible ways to practise**

A new working group was set up during the year to look at permissible ways to practise. It was agreed that this group should look at a number of areas where there is a need to ensure that the Society's regulatory practice is in accordance with the Solicitors (Scotland) Act 1980 for all practitioners, including those operating in niche markets.

The group will continue its work in 2017.

## **Conclusion**

The work of the Regulatory Committee is extensive and varied. Much of the Society's regulatory work goes unseen and is not connected to either complaints or professional conduct matters. Decisions are made on a daily and monthly basis that affect individual solicitors, including those joining the profession for the first time. Each decision is made in the interests of both the public and the profession. A well-regulated legal profession is key to the smooth functioning of a developed society.

The Regulatory Committee is of the view that its clear remit is to set, maintain and enforce standards in the interests of the public and the profession. The information contained in this report illustrates the extent and depth of its work, and its commitment to a well-ordered legal profession, which retains the trust of the public.

## **Regulatory statistics**

The appendix contains statistics for conduct complaints during years 2014/15 and 2015/16. These figures are closely scrutinised by the Regulatory Committee and discussed with the relevant executive officers and sub-committee conveners.

The total number of complaints fluctuates slightly from year to year. The time taken to resolve complaints has reduced significantly and compares well to other complaint handling organisations. Benchmarking is an important tool in monitoring the efficiency and effectiveness of the complaints process.

The breakdown of complaints statistics into the differing areas of law is a useful indicator of future possible areas for regulatory activity or guidance to the profession. However, the figures must be interpreted in relation to the much higher number of transactions in certain areas, such as family law or conveyancing, compared to others, such as employment law or human rights. An apparently high absolute figure may well be relatively low in relation to the number of transactions in that area of law.



## Serve

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

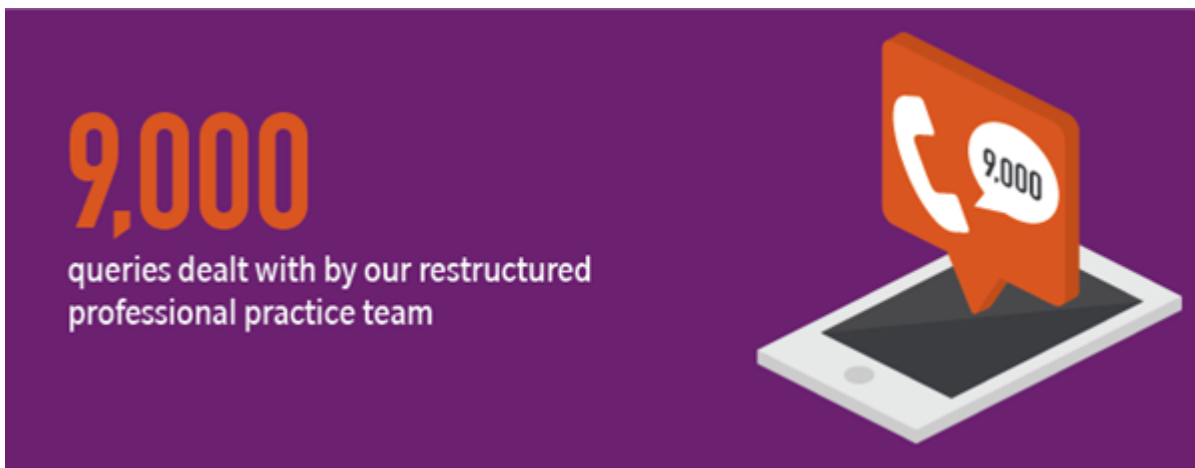
## Highlights 2016

### In-house events



We held ten dedicated in-house CPD events attended by over 300 in-house solicitors across Scotland and beyond.

### Professional practice

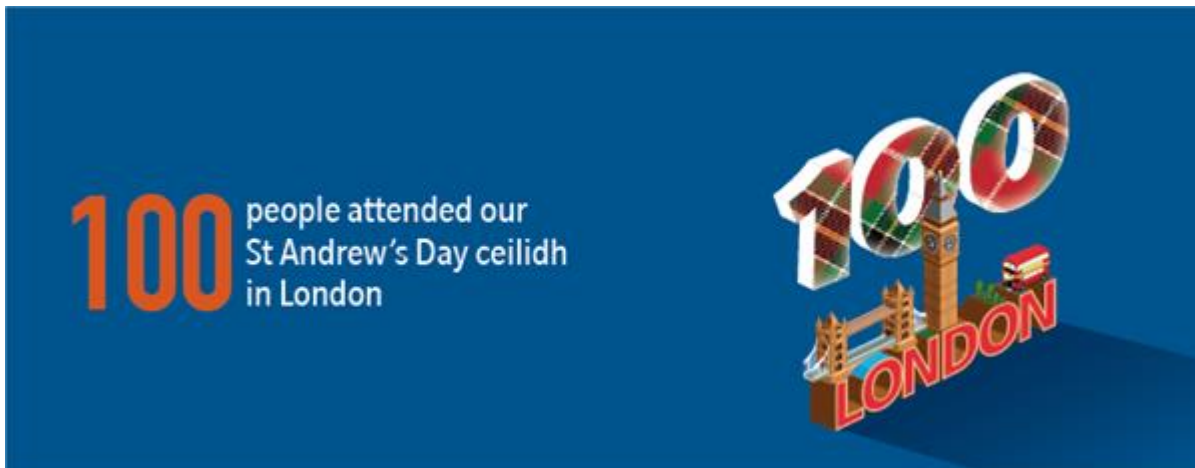


7,000 telephone queries and 2,000 written queries from solicitors dealt with by our professional practice team, a 6% increase on 2014/15.

### Career support

We matched **32 mentors with mentees** during the year.

## Our members in England & Wales



100 people attended our St Andrew's Day ceilidh in London.

## High Street members



Our president made 16 visits to meet High Street members in constituencies around Scotland.

## The Journal & Lawscot Jobs

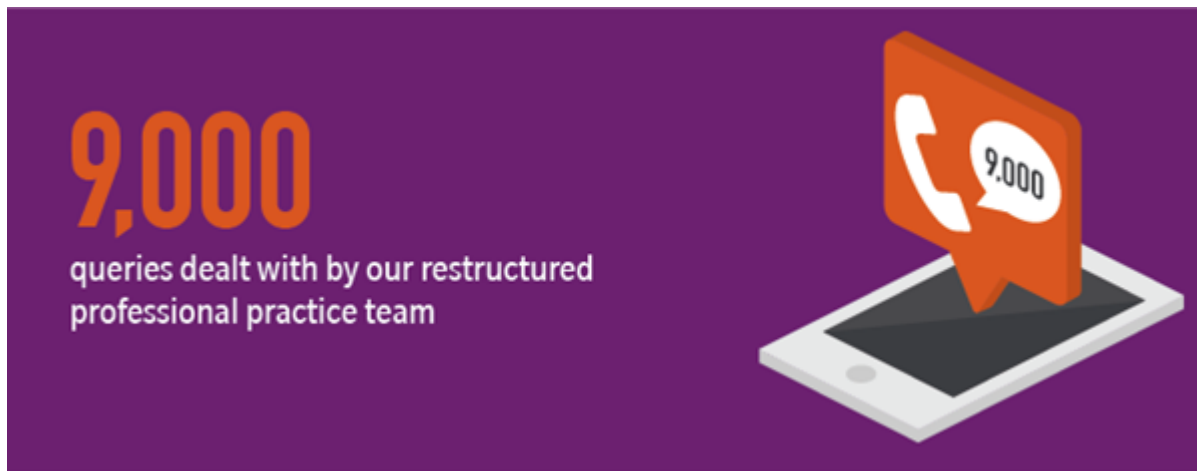


- 92% say the Journal has an important role keeping them up to date about developments in the legal profession
- 85% say the Journal has an important role in keeping them up to date with legal changes
- 72% say that overall, the quality of the Journal is high
- 1,580 jobs were placed on lawscotjobs.co.uk

## Excel

We planned to excel by operating as a world-class organisation.

### Highlights 2016



Our restructured professional practice team dealt with 9,000 queries from members of the profession

### Brand review

Over 50 members, staff and stakeholders were interviewed as part of our brand review, ensuring the Society is recognised as a modern, dynamic and trusted organisation.

### Investors in Young People



We successfully achieved the Investors in Young People award.

### Corporate social responsibility

Throughout the year, 28 colleagues participated in a CSR Day, spending time helping out a local charity or a cause. Activities included building a bottle greenhouse and creating a play area at an early years centre in a deprived area.

Our charity of the year was the Cystic Fibrosis Trust, the UK charity working towards a brighter future for everyone with cystic fibrosis by funding cutting-edge research, driving up standards of care and supporting people with the condition and their families.

Eight colleagues, including Chief Executive Lorna Jack, climbed Ben Nevis, raising over £4,000. Throughout the year, we held bake sales, ran sweepstakes, organised a pub quiz and took part in the Edinburgh marathon relay.



We raised a total of £9,040 for the Cystic Fibrosis Trust.

## Equality and diversity report 2016

We continued to embed our equality and diversity standards during the year, with a number of practices adopting the framework.

Early in 2016, we published our Parents in the Profession guidance to ease the transition back to work for new parents. Many members across the profession took part in preparing this well-received guidance. As well as the series of 12 guides, we also held events for maternity returners and for managers.

Throughout the year, we ran a campaign on progression in the profession, which focused on gender equality. This included the #LetsTalkProgression initiative, which generated considerable social media comment. To support this work, we held focus groups on how to improve gender equality in the legal profession, and published a series of blogs and role model interviews with leading women.

We spoke about equality and diversity at a number of events, including alongside the Lord Justice Clerk, Lady Dorrian, and the Solicitor General, Alison Di Rollo, at the Supporting Offenders with Learning Disabilities conference. We were invited to speak at numerous firms on equality and diversity.

We supported Women in Law Scotland by hosting their launch at Atria One. We also supported the launches of both the Scottish Ethnic Minority Lawyers' Association and the GLASS Network.

Our equality work featured on Engender's website, and in The Scotsman, The Herald, and Flux, a magazine produced by Cambridge Business School. We hosted a cross-profession event on equality and diversity in business.

Next year we will host an equality event, publish a review on the teaching of equality and diversity and human rights on the LLB and the Diploma, and publish a review of our Equality and Diversity Strategy. We also hope to see many more practices sign up to our equality and diversity standards.

## Influence

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

## Highlights 2016



- We responded to 75 consultations across the Scottish and UK governments and the European Commission. Last year we responded to 101 consultations.
- **26** Bills commented on across Scottish parliament and Westminster, compared to 20 the previous year.
- **61** amendments proposed to legislation across Scottish parliament and Westminster. 79 was the total for 2014/15.

## Access to justice



Over 19,000 emails sent to Scottish parliament election candidates as part of our #DefendLegalAid campaign.

**Eight teams** made up of tech and legal professionals took part in our Hackathon event to generate innovative ideas and technical solutions to address access to justice issues.

## Street Law

Around **960 school pupils** were involved in our Street Law programme, an increase in 37% from the previous year.

## Brexit

**520 people** viewed our live-streamed Brexit seminar following the UK's vote to leave the EU.

## Research



672 responses to the technology audit of the legal profession carried out by our newly-created research team.

## International



We worked with law associations and bars from over 100 countries through membership of the IBA and CCBE.

We supported the establishment of the European Lawyers in Lesvos programme, providing legal services to migrants and refugees in Lesvos.

## Grow

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

### Highlights 2016



Total number of solicitors 11,538 (+2% on previous year), Female (52%) Male (48%).

Newly-admitted solicitors **565, Male 195 (35%) Female 370 (65%)**

Non-practising members/retained on the roll **2,293**

### Solicitors working in private practice

- (a) large firms (10+partners) 3,940
- (b) small-medium firms (2-9 partners) 2,837
- (c) sole practitioners – 610

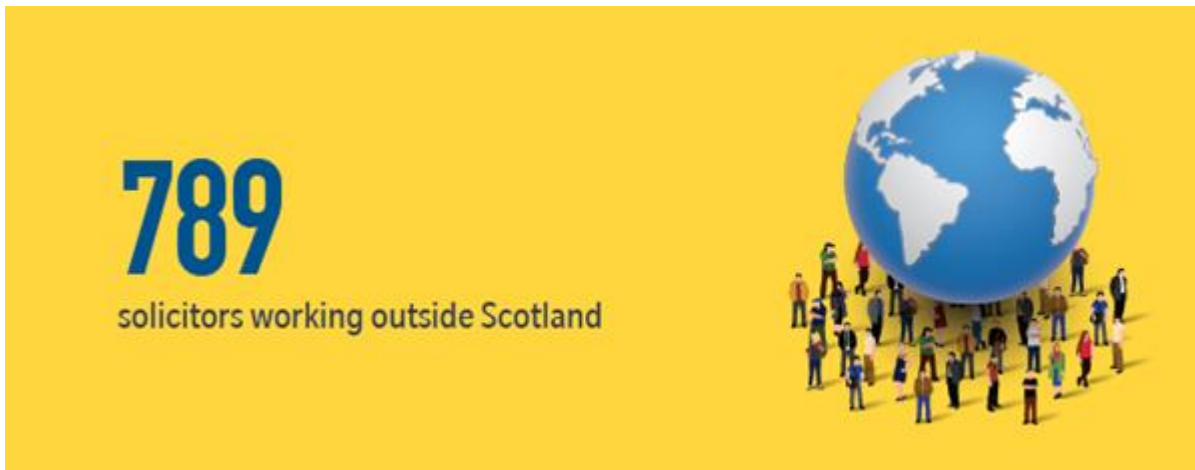
### Solicitors working in-house



Solicitors working in-house (a) local gov 569 (b) central gov 454 (c) crown office 546 (d) other 1,428.



## Outside Scotland



- Solicitors working outside Scotland 789
- Number of multi-national partnerships **44** (including limited companies, LLPs, and traditional partnerships)
- Number of registered foreign lawyers **1,512**

## Trainees

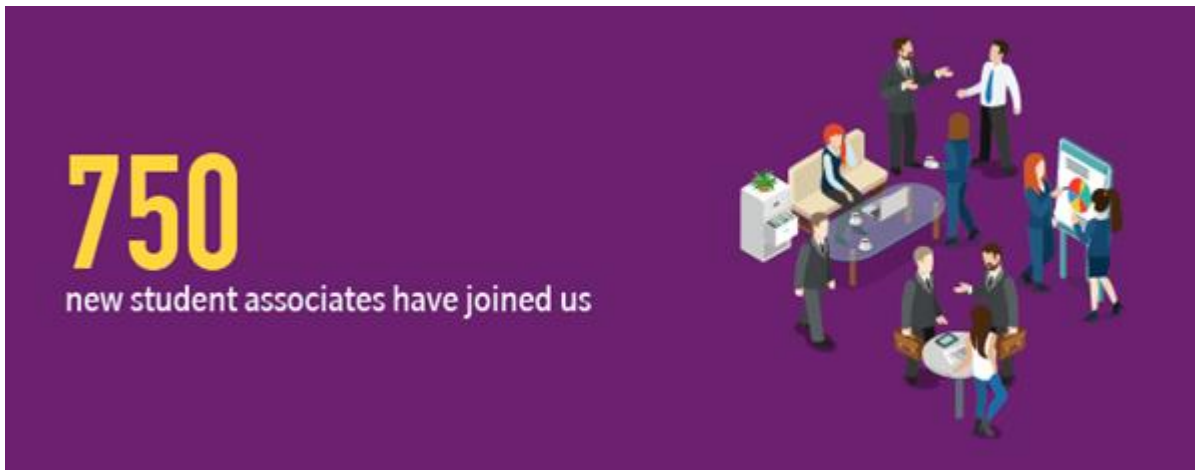


Traineeships commenced 549, +2% on the previous year

## Registered paralegals

Number of registered paralegals **434**

## Students



After launching this new affiliate category, 750 student associates have joined us.