



Law Society
of Scotland

Annual Report 2018

1 November 2017 to 31 October 2018



Annual report 2018

Welcome to our annual report covering the period from 1 November 2017 to 31 October 2018.

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.

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

Our annual report covers our performance against the objectives set out in our 2017/18 annual plan. This was the third 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 2018 is made up of the following sections:

- **President's introduction from Alison Atack** (p.2)
- **Chief Executive's introduction from Lorna Jack** (p.3)
- **Financial review 2018** (p.4)
 - Our financial review of 2017/18, including our full accounts and Governance report.
- **Our performance against the five objectives set out in our 2017/18 annual plan:**
 - **Assure** (p.12)
 - How we assured our members' clients and employers by setting and upholding standards that ensure excellent legal and customer service.
 - **Serve** (p.21)
 - How we served our members through a detailed understanding of their needs, providing tools and services which they can use every day.
 - **Excel** (p.24)
 - How we sought to excel by operating as a world-class organisation through seven key projects.
 - **Influence** (p.28)
 - How we used our influence to create a fairer and more just society by being an international centre of excellence in thought leadership.
 - **Grow** (p.31)
 - How we grew our membership and income by being a vibrant, influential and inclusive organisation through five projects.



President's introduction Alison Attack, President

A recent independent survey of the public in Scotland carried out by ComRes shows that over 90% of the public who have used a solicitor think they are trustworthy and were satisfied with the service they received. The Scottish legal profession contributes around £1.5 billion to the Scottish economy each year with the profession accounting for over 26,000 jobs.

Our call for legislative change and our push for new enabling legislation for the legal profession reached a pivotal moment this year, with a strong focus on our work throughout the year on providing our updated 'case for change' and responding to the independent Legal Services Review group's request for evidence. We spent much time analysing all responses to the review, engaging with other organisations where appropriate and in particular discussing the issues with our Council, Regulatory committee and wider membership. The Robertson Report, published right at the end of our operating year, made a number of recommendations which we had originally suggested and which we support however it's primary recommendation a new, single independent regulator for the legal profession, we stand firmly against. We will work with Government in 2019 to look at those options which support growth and continued respect of our legal profession.

During the year we provided final submissions to the independent strategic review of legal aid and a response to the publication of the review. We have developed policy positions around each recommendation. We will continue to engage with the Scottish Legal Aid Board and Scottish Government to ensure this project delivers an improved system of legal aid which serves vulnerable clients most in need of access to justice whilst properly remunerating solicitors for their valuable work in this area.

Throughout 2018 we provided a leading voice on Brexit to our members, by responding to calls for evidence from both UK and Scottish parliaments, providing oral evidence to the UK Parliament Scottish Affairs Committee on trade and foreign investment after Brexit.

We undertook our profile in the profession survey, an independently commissioned piece of research which examined equality and diversity issues within the legal profession. We had over 2700 responses, which showed an improvement in gender equality and a reduction in the gender pay gap within the profession over the last five years. There is still much to do however, and we have published our action plan for making further progress in addressing equality and diversity within the profession over the next few years.

Finally, to all members of Council, committees and working groups - an enormous thanks for all your hard work benefitting both the profession, civic Scotland and the public interest. Our unpaid volunteers are irreplaceable.



Chief Executive's introduction Lorna Jack, Chief Executive

We have gone from strength to strength this year on many fronts. Our membership numbers continued to grow throughout the year, with our core practising solicitor members reaching an all-time high of just below 12,000. We continue to safeguard our members' interests fully and aim to protect the future of the profession in difficult times whilst promoting the public interest by having a strong legal profession with robust standards and a high level of education and skills.

Our Accredited Paralegals membership grew to 552. We attracted a 27% increase in applications to our committees from both solicitors and non-solicitors, focussing strongly on the use of all our social media platforms in our advertising.

We successfully implemented the new Anti Money Laundering (AML) regime, including implementing the rules required to deal with our duties as a supervisor – whilst working with our own new oversight supervisor, the Office for Professional Body Anti-Money Laundering Supervision (OPBAS) the newly created regulator, which as an arm of the Financial Conduct Authority, was set up by the UK Government.

GDPR was frequently heard throughout 2018 and as an organisation managing large amounts of data, we secured our own compliance by 25 May, with all staff and committee members completing mandatory training. Our commitment to GDPR extended also to support for our members producing a GDPR guide, which attracted a high number of page views on our website. This was just one of our tranches of work on our quest to continue to develop and refine innovative services for our members and their businesses.

A particular highlight for me was the launch of our Lawscot wellbeing portal a fantastic resource of support, information and signposting for colleagues across all sectors of the profession who may be, or know or manage someone who is, experiencing issues with their emotional wellbeing.

We continued to raise the profile of and funds for our social inclusion charity, the Lawscot Foundation, allowing trustees to select an additional 9 students for support and matching each with a solicitor mentor and a law student buddy.

Our focus on digital transformation and the use of technology continues apace, with technology being introduced to those of our committees dealing with sensitive material, as well as to our Board. We continue to migrate all our manual forms to online smart forms.

Of course, the many achievements of the past year have only been possible with the efforts of our Council, committees and my colleagues. They deserve our gratitude for their hard work, diligence and commitment. At the start of 2019 I celebrated ten years as Chief Executive. Throughout that decade it has been and remains an immense privilege to be part of this team. It has been a personal pleasure to watch colleagues develop, grow in confidence and increase their contribution to the Law Society, an organisation that in turn has become more modern, more flexible and indeed itself, primed for the future.

Financial review 2018

Overview and principal activity

The Law Society of Scotland (the 'Society') is the professional governing body for Scottish solicitors. It promotes excellence among solicitors through the support and regulation of its members. It also promotes the interests of the public in relation to the legal profession.

The Society was established by statute in 1949 and its rules are set out in the Solicitors (Scotland) Act 1980. All practising solicitors are members. The Society operates through five directorates covering its main areas of work: regulation and standards; member services and engagement; education, training and qualifications; external relations; finance and operations. Within these directorates is a range of teams providing regulatory and representational services to members, the work of which is described within the 2018 Law Society of Scotland Annual Report. The 2018 Law Society of Scotland Annual Report does not form part of these financial statements and can be found on the Law Society of Scotland website.

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

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

Review of the financial year

Group

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

It should be noted that, as required by statute, all income received by the SSGF is legally ringfenced to meet only future claims and therefore not available under any circumstances for the Society's use. Similarly, the reserves of the SSGF are legally designated for that purpose and do not under any circumstances form part of the Society's free reserves. However, control of the SSGF is bestowed on the Society by law, and, more widely, the SSGF is considered to be of benefit to the Society in helping underpin the positive reputation of the profession. Comparative figures for 2017 have been adjusted to incorporate the SSGF.

The Group (as defined above) reports a loss (prior to the actuarial adjustments to the closed final salary pension scheme liability) of £87,000 for the financial year ended 31 October 2018 (2017 - £5,000 loss). This comprises the following components:

	2018 £,000	2017 £,000
Law Society of Scotland	(312)	(59)
Law Society of Scotland (Services) Ltd.	(27)	(60)
Scottish Solicitors' Guarantee Fund	252	114
Total - Group	(87)	(5)

The Society

The Society reports a loss (prior to the actuarial adjustments to the closed final salary pension scheme liability) of £312,000 for the financial year ended 31 October 2018 (2017 - £59,000 loss). Further detail of the Society's financial performance is given in the Income Statement on page 18 (full accounts below).

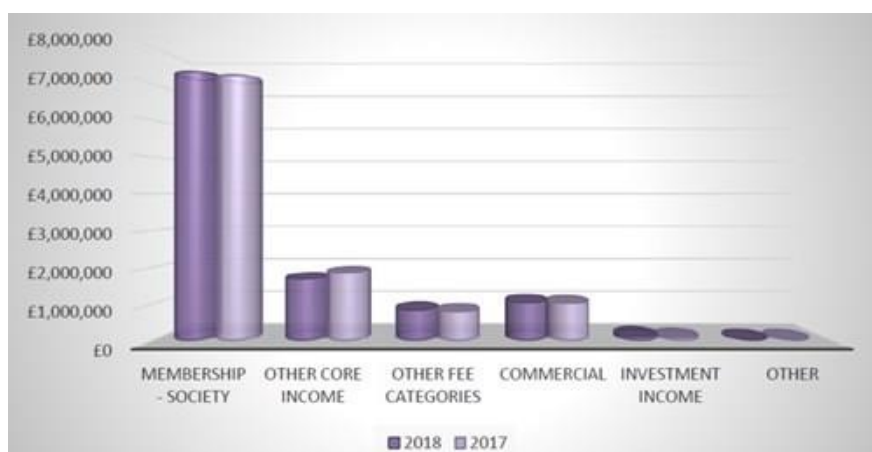
The biggest fluctuation between 2018 and 2017 was in the performance of the investment portfolio. The loss against the previous year's market value for the portfolios held by the Society was £96,000 (around 4%). In 2017 the equivalent figure was a gain of £277,000. These investments are held for the long term, and produce an income of around £80,000 per annum, so will be subject to market volatility.

Looking ahead, Council is aware of the need to avoid any structural deficit. The increase in the Practising Certificate subscription for 2018/19 is aimed at restoring the Society to at least a break-even position for the year to 31 October 2019. Within the 2018/19 budget is a modest contingency sum to deal with unanticipated expenditure requirements during the year.

The following section refers to the Society's figures alone.

Operating income – Society

Income for the year was £11.0 million, an increase of 0.3% from the previous year. Income is analysed as follows:



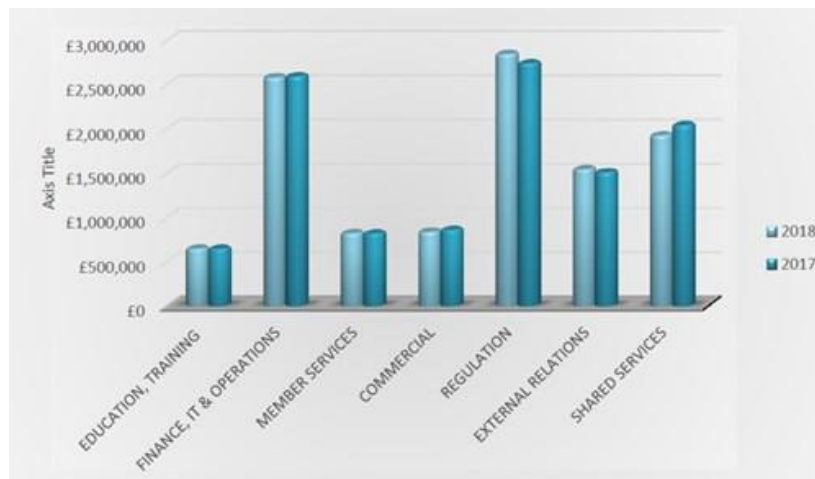
	2018 £	2017 £	
Membership	7,330,000	7,237,000	67%
Other core income	1,684,000	1,859,000	15%
Other fee categories	832,000	781,000	8%
Commercial	1,040,000	1,017,000	9%
Investment income	108,000	68,000	1%
Other	24,000	25,000	0%
	11,018,000	10,987,000	100%

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

Income was lower than 2017 due mainly to two factors – Commission and recoveries from Judicial Factories were unusually high in the previous year following recoveries from two large cases, and Investment Income in 2017 included a special dividend of £261,000 from Legal Post (Scotland) Limited immediately prior to the sale of the investment in the company.

Operating expenditure – Society

Expenditure (excluding actuarial movements in closed pension scheme and the valuation movement of investments) was £11.2 million, the same as in 2017. Expenditure is analysed as follows:



	2018 £	2017 £	
Education, Training & Qualifications	651000	650000	6%
Finance, IT & Operations	2587000	2600000	23%
Member Services	825000	823000	7%
Commercial	842000	864000	8%
Regulation	2850000	2746000	25%
External Relations	1548000	1515000	14%
Shared Services	1932000	2046000	17%
	11235000	11244000	100%

Cost control in certain areas enabled more resource to be allocated to regulation. The principal reductions in expenditure came from two sources. In 2017 a one-off charitable donation of £261,000 was made to the Law Society of Scotland Educational Foundation from the special dividend received from Legal Post, and Guarantee Fund claims fell by £308,000 compared with the previous year.

Cash

Cash balances for the Society and its subsidiaries at the year-end were:

	2017 £,000	2018 £,000
Law Society of Scotland	9,763	11,038
Law Society of Scotland (Services) Ltd.	229	248
Scottish Solicitors' Guarantee Fund (not available under any circumstances for the Society's use)	2619	2510
Total - Group	12,611	13,796

The principal factors in the decrease in the Society's cash balance were a Council decision to invest a special contribution of £1m towards the closed final salary pension scheme deficit, investments purchased from uninvested cash held at the previous year-end, and a reduction in subscriptions received in advance at the year-end (recovered in November).

Investments

Markets were affected by BREXIT uncertainty and as a result the Group's investment portfolio showed a loss against the market value at 31 October 2018 of £230,000 (2017 – gain of £509,000), equating to approximately 3.7% of investments held. The Finance sub-committee monitors investments at least quarterly and reserves are diversified to enable investments to be held over the long term (defined as 5-10 years). The balance of cash and investments held is monitored. Fluctuations in investment values are accepted and the portfolio produces a much higher dividend yield than achieved by interest rates on deposits.

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 resulted in contributions of £170,000 per annum plus a one-off payment of £1,000,000 to the Scheme made during the financial year. In addition, the Society meets the scheme running costs as they fall due. These contributions are designed to remove the deficit by 31 March 2021.

Financial Reporting Standard 102 applies less prudent assumptions than those in the triennial actuarial valuation (as explained in note 13). Consequently, the majority of sums paid to the scheme this year have resulted in a reduction in reserves as the FRS102 valuation resulted in a surplus. The valuation surplus is not carried as an asset in the

financial statements as the Society does not have an automatic right to any surplus funds remaining at the cessation of the scheme.

At 31 October 2018 there was no scheme deficit for financial reporting purposes (2017 – deficit £277,000). This change is due the contributions paid by the Society into the Scheme in the year.

Reserves

The Society's reserves fell from £6.89m to £5.65m in the year under review. The principal reason for this reduction was an accelerated contribution of £1m to the Society's closed final salary pension scheme, in line with the recovery plan agreed with the Trustees following the 2016 actuarial valuation. The actuarial movement in the scheme resulted in a charge of £901,000 (2017 – £665,000 credit), giving a total recognised deficit for the year of £1.213m (2017 – recognised surplus £800,000). Closing free reserves of the Society were £5.65m.

Reserves held by the SSGF are legally designated solely for the purposes of the fund and are not under any circumstances available to the Society. At 31 October 2018 the SSGF reserves were £5.96m (2017 - £5.72m).

The Society's policy for free reserves (excluding designated SSGF reserves) is to hold between 3 and 6 months' average expenditure for the Society. Reserves for this purpose are calculated as follows:

Free reserves calculation at 31 October 2018:		£,000
Net Current Assets		2,200
Realisable Investments		2,869
Less: Pension Scheme deficit - last full actuarial valuation 31 March 2016		(1,722)
Add: Recovery Plan Payments made since last valuation		1,389
Less: Creditors falling due after more than one year		(1,463)
Reserves per policy (A)		3,273
Expenditure for the year – operating costs, Society only (B)		11,235
Number of months' coverage from reserves (A/ (B/12))		3.5 months

Reserve levels are monitored by the Society's Finance sub-committee at least quarterly. The sub-committee regards this level as reasonable and is seeking a break-even financial performance in 2018/19. In setting reserve targets the committee also recognises the remaining operating lease commitment for the rent of the Society's premises (note 16), as reflected in future cash flow projections.

Financial statements

View our full accounts

- [The Law Society of Scotland Accounts 2018.pdf](#)
 - The Group (as defined above) reports a loss (prior to the actuarial adjustments to the closed final salary pension scheme liability) of £87,000 for the financial year ended 31 October 2018 (2017 - £5,000 loss)

Benevolent Fund

- [Scottish Solicitors Benevolent Fund Accounts 2018.pdf](#)

Lawscot Foundation

- **Lawscot Foundation Accounts 2018.pdf**
 - The Trust's total income for the period was £90,818 (2017- £292,269). Expenditure was £224,471 (2017 - £7,285) which includes grant commitments for the duration of the courses of each student awarded support. This includes grants paid in the current year along with those awarded for future years.

Governance report 2018

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.

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 2018 UK Corporate Governance Code 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 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 and regulator. These checks and balances include the monthly reporting of progress on the implementation of the annual operational plan to the Board and the Council. The oversight of the regulatory duties of the Council is discharged by the

Regulatory Committee through a delegated authority scheme in conjunction with the various Regulatory sub-committees and the Society's employees.

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

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

The Governance Working Party established by the Council and chaired by Council member George MacWilliam reported its findings in April 2018. The Council accepted the Working Party's principal recommendations which included an overhaul of the remits of all the representative committees. The delegated powers schedule for all the representative committees was revised and updated.

The Public Policy Committee is now in its second year of operation. Its modus operandi is now well established. This committee replaced the former Law Reform Committee which has been stood down. The principal role of the 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.

2017-18 highlights



274 financial compliance inspections carried out at Scottish firms



18 new claims were made against the Client Protection Fund in 2017-18

- 1 rejected in full
- 14 agreed in full
- 1 partially agreed
- 1 withdrawn
- 1 was carried forward to 2018/19
- £175,000 was paid out



Professional Conduct Committee decisions

- Complaints rejects: 206
- Misconduct: solicitor referred to fiscal for prosecution before the tribunal: 52
- Unsatisfactory conduct – censure: 16
- Unsatisfactory conduct – censure and compensation: 21 (£19,050)
- Unsatisfactory conduct – censure and fine: 6 (£8,000)
- Unsatisfactory conduct – censure and training order: 3
- Continued into new year: 0

Scottish Solicitors' Discipline Tribunal decisions



Sanctions

- Censure: 8
- Censure and restriction: 3
- Censure and Fine: 6
- Struck off: 7
- Prohibit restoration to the Roll: 1

42ZA Appeals outcome

- Section 42ZA (9) Appeal allowed – 1
- Section 42ZA (10) Appeal refused – 1
- Section 42ZA (10) Appeal withdrawn – 1

Assure projects

Action	Summary of progress for the year	Complete / not complete
<p>Legislative change To continue our push new enabling legislation for the legal profession by: 1) Responding to requests for evidence by the independent Legal Services Review Group; 2) Putting forward proposals for change based on specific issues; 3) Reviewing the Report by the Chair of the Review Group; 4) Engaging with Scottish Government and other politicians following the publication of the report to press the case for the early introduction of a new Bill to the Scottish Parliament.</p>	<p>Throughout the year we responded to requests from the independent review group for information. In January 2017 we submitted an updated “Case for Change” paper, and responded to the Call for Evidence with a paper which received favourable comments for its style and simplicity.</p> <p>We engaged specifically with the Association of British Insurers about their Call for Evidence response. We also engaged all the Justice spokespeople of the main opposition parties at Holyrood and the Justice Committee Convener in the summer about our ambitions and held a series of meetings with our largest legal firms to talk about the review and the issues.</p> <p>On 24 October the Robertson Review was published with the recommendation for a single independent regulator for the legal profession/services. Our work now continues to engage with key stakeholders and the profession.</p>	Complete
<p>Anti-money laundering To implement the Anti-Money Laundering Regime introduced through the Fourth Directive and Regulations including: 1) Implementing rules required to deal with our duties as a Supervisor; 2) Increasing as required the risk profiling of firms around AML inspections; 3) Responding to the FATF inspection (March 2018), providing the required evidence and dealing with any</p>	<p>In January the necessary new rules were brought to the SGM for comment with a view to implementation following consultation with the Lord President. However, there are legislative issues that require to be resolved before the rules can be introduced - after extensive discussion and negotiations with HM Treasury it is understood that regulations to implement the necessary changes to the Solicitors (Scotland) Act 1980 to allow the rules to come into play will take place in January 2019.</p> <p>Evidence was given to the Financial Action Task Force (FATF) in March 2018. The report is yet to be published for the UK.</p>	Complete

<p>subsequent recommendations; 4) Working with our new overarching supervisor OPBAS to demonstrate our compliance with the regulations; 5) Ensuring all tasks such as registration of firms and fit and proper testing requirements are completed.</p>	<p>Our new AML supervisors, OPBAS, made their first visit to review our AML regime in May. An action plan has been agreed with them and we will be reporting quarterly. There is a formal project team and plan in place to deliver by summer 2019 as agreed with OPBAS.</p> <p>The Regulation 26 registration process was successfully completed and included building a portal to allow for registrations on line.</p> <p>The AML certificate was launched as planned. This has been developed to allow information to be collated and clustering of small to medium sized firms to be carried out based on risk to inform the required supervision regime going forward.</p>	
<p>Complaints To improve the handlings of complaints against solicitors in terms of conduct by: 1) Encouraging short term solutions to speed up complaints handling by working collaboratively with the SLCC and Scottish Government to reform the current gateway; 2) Proposing our alternative approach to complaints handling in the long term presenting the proposals to the Legal Services Review Group and seeking to influence stakeholders of the merits of our proposals; 3) Managing the available resources to handle the number.</p>	<p>In January a joint letter with the SLCC was submitted to Government proposing four quick fixes. This led to meeting in the spring at which point the SLCC brought forward a raft of proposed further changes to benefit their process based on some of the processes adopted by the Legal Ombudsman Service. These have been considered twice by the Regulatory Committee who have asked the SLCC to provide the views of their Consumer Panel on the changes and to give information on how any changes would be quality assured.</p> <p>The proposal around complaints handling for the future based on the English model was included within the Case for Change paper and was highlighted in the response to the call for evidence. Because the Legal Services Review was only published on 23 October there has been no discussion of this with stakeholders before the year end, but the idea was discussed in meeting with political party justice spokespersons in the summer of 2018.</p> <p>This year by the end of October the team had closed 319 files. There has been a specific focus on how reports can be shortened in appropriate cases to free up more resource.</p> <p>The two In-house Fiscals are now in place, they have been allocated cases and are under training.</p>	Complete
<p>Rules To continue with the second year of the Rules Review Project – and bring forward, if agreed by the Regulatory Committee: 1) Revised rules in relation to conflict of interest and related guidance;</p>	<p>The conflict of interest project remains live but awaits clarification as a result of the civil litigation reforms as to whether what is happening with those will impact on the rules and guidance in a significant way or not; this is unlikely to be resolved until 2019. However, during the year new rules and draft guidance were prepared and consulted on.</p> <p>Work on Raising Concerns is on hold following a review</p>	Not complete

<p>2) Rules for approval in relation to Raising Concerns and Financial Well Being; 3) To report and make recommendations if appropriate on alternatives to Client Accounts. 4) Revised Admission Regulations.</p>	<p>of the position by the Regulatory Committee. The question of alternatives to client accounts for firms has been carried forward as agreed and is a joint project between members Services and Regulation in 2018-19.</p> <p>Revised Admission Regulations were almost complete at the end of the year.</p>	
<p>Specialist Accreditation We will implement the findings of the review of specialist accreditation, including the establishment of a Residential Property specialism.</p>	<p>Work has been done to establish a residential property specialism, but due to concerns raised in relation to the attitude of mortgage lenders and the scope of the accreditation, further work will take place in 2018/19 to see if these concerns can be addressed. The number of specialists accredited now stands at 587.</p>	Complete
<p>Routes to qualification Routes to qualification We will: 1) Review the current professional requirements of the LLB, and the requirements of the Diploma in Professional Legal Practice and the traineeship (PEAT) to ensure that the outcomes are delivering the appropriate skills for the solicitors of the future; 2) Continue our work to assess the viability of alternative routes to qualification as a Scottish solicitor, working with firms and Skills Development Scotland to consider the introduction of an apprenticeship route to qualification.</p>	<p>Professional requirements for the LLB and PEAT have been reviewed via engagement with the profession and academia and changes to the outcomes agreed.</p> <p>Skills Development Scotland have indicated that there is no capacity or funding for development of a solicitor apprenticeship route before late 2019. In our response to the report from the Justice Committee round table on access to the legal profession, we have made it clear that we wish to pursue this route and requested that funding be made available.</p>	Not complete
<p>Price transparency and consumer choice We will respond to the issues identified by the Competition & Markets Authority around price transparency and consumer choice in its recent review of the legal services market, through research into international practice in this area; a consultation with our members and stakeholders and developing specific proposals for consideration by our regulatory committee.</p>	<p>Work has been done to consider the issue of price transparency and research the position in other jurisdictions. Following a report to the Regulatory Committee a consultation with members and stakeholders took place. The Regulatory Committee decided to progress with guidance on the question of price transparency; the Committee also noted the proposal around the idea of a “Find A Quote” add on to the “Find A Solicitor” option for the public. Our Board has noted the position on guidance and suggested in reviewing this, consideration ought to be had to what is already in place around letters of engagement and guidance.</p>	Complete

<p>Licensed Legal Service Providers (item c/f from 2016/2017) We will be authorised by the Scottish Government as an Approved Regulator of Licensed Legal Services Providers, and have commenced issuing licenses.</p>	<p>After discussions with Government in the early part of the year, Government produced draft regulation and guidance about how complaints against approved regulators are going to be dealt with. After detailed discussions which also involved the SLCC - because they will be responsible for dealing with such complaints – apart from sanctions under powers delegated by Government, draft regulations were brought to be brought to the Parliament in early November 2018.</p> <p>We reconsidered the draft scheme approved in January 2017 (submitted to Government in December 2015) and have re-submitted the scheme with amendments to take account of changes to the practice rules, a change of policy about exemptible investors and to take account of the Approved Regulator levy charged by the SLCC as part of increased fees proposed. Our Council signed off on that revised model at the end of October 2018 on which the Government now require to consult.</p>	<p>Not complete</p>
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Regulatory Committee annual report 2018

Introduction

This has been another busy year for the Regulatory Committee. In addition to the task of overseeing the work of the Council's Regulatory sub Committees we also played a part in responding to the Robertson Review of Legal Services, the report of which was published towards the end of 2018.

The Committee met six times during the year and also joined with the Board for a special meeting in September to consider and discuss the potential outcomes of the Robertson Review. We also considered the Council's original Case for Change paper and the responses sent to the review group following the Scottish government's call for evidence in the summer.

Our work in 2017/18

Complaints

One of the continuing challenges facing both the profession and the public is the current system for dealing with complaints against legal professionals. The system created by the Legal Profession and Legal Aid (Scotland) Act 2007 does not work as well as it could. Too much of the complaints process is hard-wired into the legislation. Following discussion between the Society and the Scottish Legal Complaints Commission concerning the Anderson Strathern decision in the Court of Session on hybrid cases, and the subsequent court case involving LSS and the SLCC, a joint agreement was reached on a small number of quick fixes which might improve the current process in the short term. These were passed to government officials and, as a result, discussions are now ongoing in regard to further changes which may be beneficial to the process.

The Chief Executive of the SLCC spoke to the October meeting of the Regulatory Committee about a number of the proposed changes and it is anticipated that in 2018-19 it will be possible to present to Scottish Government a package of agreed measures which could be introduced by Regulations and which could improve matters in the short term, pending any decision on primary legislation in the light of the Robertson Review.

We consider that any short-term changes which could improve the current system for the public and legal professionals should be pursued.

Regrettably, it seems unlikely that it will be possible to effect any changes to the process by which the Society investigates conduct complaints as the relevant sections of the 1980 Solicitors (Scotland) Act 1980 cannot be amended by Regulations.

Financial Action Task Force (FATF) Review

FATF is an inter-governmental body whose objectives are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. FATF undertake a programme of reviews of member countries to assess the adequacy of AML controls in place.

As part of the FATF review of the UK's AML controls, the Society was selected to meet with the FATF review team to explain how it delivers AML supervision of Scottish solicitors. The Society was one of only two UK legal sector supervisors who took part in this meeting. The meeting built on extensive material including case studies which had been provided in advance of the meeting.

A key area of interest for FATF was the extent to which AML supervisors have implemented a risk-based approach to AML supervision. The Society is currently concluding a large-scale risk profiling exercise which builds on previous risk-based work. This will enable the Society to allocate its supervisory resources according to the risk level attributed to firms or cluster of firms. During 2018 the Society also undertook an extensive exercise to achieve full compliance with the verification requirements for owners and managers of practice units set out in the 2017 Money Laundering Regulations.

The FATF review of the UK was published in December 2018 and the Society will continue to work with HM Treasury and other professional body AML supervisors to take forward recommendations in the report.

The Law Society of Scotland is highly regarded as an anti-money laundering supervisor and our Director of Financial Compliance, Ian Messer, chairs the United Kingdom Legal Services Affinity Group (LSAG) which works with HM Treasury and the newly created oversight regulator, the Office of Professional Body Anti-Money Laundering Supervisors (OPBAS). This is part of the Financial Conduct Authority and was created by the UK Government in January 2018 to strengthen the UK's AML supervisory regime and to ensure that professional body AML supervisors provide consistently high standards of AML supervision.

Working with OPBAS

One of the main pieces of work before the Regulatory Committee this year was the response to the OPBAS recommendations, following their first supervisory visit to the Society in May.

The Society was able to brief OPBAS on several significant developments in our AML supervisory regime such as the development of a new dedicated AML supervisory team consisting a Head of AML and two other staff with the deep skills necessary to add value to the profession. Following the inspection, the Society prepared a detailed response and action plan which has been accepted by OPBAS. Work is now being undertaken to deliver on that action plan by implementing a number of recommendations arising from that first visit including the completion of the AML risk profiling exercise noted above. The Society is also taking the opportunity to implement a new governance structure for AML supervision and this includes an AML Sub-Committee reporting to the Regulatory Committee. Development work took place during the year and this new committee will meet for the first time in January 2019.

It is expected that there will be a further visit from OPBAS in 2019 to review the steps taken to implement their recommendations.

Price transparency

One of the areas identified in the Society's Annual plan was the issue of price transparency for legal services. This matter had been highlighted in England and Wales following the Competitions and Markets Authority (CMA) report on the legal services market and the move by the overarching regulator in England, the legal Services Board, to press regulators to introduce rules around this.

Having carried out investigations and having consulted with the profession, the Committee considers that this is a controversial and difficult area. We agreed that guidance for firms should be developed and brought forward at this stage, rather than developing a rules-based solution. That guidance is expected to be available in spring 2019 and its impact will be monitored, as will developments south of the border.

Conflict of interest

The Committee also considered the progress of the review of the current rules on conflict of interest and the related guidance. A consultation has been underway, but the number of responses received was disappointing and inconclusive.

Matters have been put on hold for now because of the introduction of the Civil Litigation (Scotland) Act and particularly the issue of success fee agreements where there is a clear conflict of interest point to be considered. This matter will be considered further once the Scottish Government have completed their consultation.

Reflections

By the time you read this, I will no longer be serving as convener of the Committee, having served in that position since the Committee was created in June 2011.

It has been an interesting and enjoyable experience, and the Committee has developed its vital role and procedures over time. It is disappointing that the Robertson Review has not recognised the work of the Committee and the independent view that it brings to the regulatory work of the Council.

I have also enjoyed attending the Board on a regular basis as an observer and my periodic appearances at Council. I have developed a far better understanding of the range of the work of LSS and the clear public interest perspective brought to that work both by Council and through regulation.

I think that the Regulatory Committee has made a positive contribution to the work of the Society and has been vigilant in protecting the interests of both the public and solicitors.

I wish my successor, Craig Cathcart, an enjoyable and productive convenership.

Carole Ford
Regulatory Committee Convener
2011-2018

Scottish Solicitors' Guarantee Fund annual report 2018

- **Scottish Solicitors' Guarantee Fund 2018.pdf**
 - The Fund reports a surplus for the financial year ended 31 October 2018 of £252,000 (2017 – £114,000)

Equality and Diversity Report

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

This year we will:

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

We published our gender pay gap in April although we are not covered by the gender pay gap reporting regulations as we employ significantly below the 250 staff threshold. We chose to publish our pay gap because we thought it was the right thing to do. Our median pay gap is 21%. We do not pay bonuses so there is no bonus gap. As well as providing context for our figures, we identified a number of action points. Recognising that gender equality is not solely a women's issue, our action points were focused on ensuring everyone in organisation was involved in addressing our gender pay gap by:

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

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

Gender pay gap report

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

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. We also reported in 2017/2018.

Our median pay gap as at 5 April 2018 is 21% (no change from previous year) with a mean pay gap of 19% (+2 from previous). Within the timeframe for this year's reporting we have not made any bonus payments therefore we have no bonus gap to report. The gender distribution at the Law Society of Scotland across four equally sized quartiles, each containing just over 30 staff is shown below.

Males	Females	Quartile
22%	78%	Lower Quartile
25%	75%	Lower Middle Quartile
34%	66%	Upper Middle Quartile
53%	47%	Upper Quartile

Over the last year we have undertaken a number of actions to promote the importance of gender equality to our organisation. All of that activity, however, took place after 5th April 2018 so we are likely only to see the benefit of that in future reports.

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. As a relatively small organisation (circa 125 staff) we are aware that our figures may fluctuate simply with a small number of colleagues leaving or joining the organisation.

As in 2018 this was a helpful exercise and has provided renewed impetus and ideas to add to our equality and diversity strategy.

What did we do last year?

- we offered unconscious bias training to all staff. We ran two optional in-person sessions on unconscious bias (around 30% of staff attended) and followed this with mandatory online training (over 90% of staff have taken part)
- we instituted a mentoring programme for our staff (building on our successful mentoring service for members)
- our senior leadership team committed to champion gender equality across all of our activities
- our colleague forum considered how and where we could improve
- we began to monitor gender at recruitment and selection stages and we will publish findings in early course
- as part of our wider equality work, we undertook a major profile of the profession research exercise.

What will we do next?

Gender equality is not solely a women's issue. We understand that gender equality is everyone's responsibility. In recognising this, we commit to:

- continuing to offer unconscious bias training to staff.
- continuing to use our mentoring programme to benefit our staff.

Whilst we offer significant flexibility to all staff and offer sector-leading parental leave we are aware that comparatively few men take anything more than the statutory paternity leave or work flexibly. We will promote flexible working to all in our organisation but begin discussions with our male colleagues to learn more about why they choose not to work flexibly and what we could do to support them doing so.

We will consider the output of our monitoring of gender at recruitment and selection stages and analyse those trends. We will, in turn, consider whether our advertising, wording and processing of applications at different levels attracts a particular gender.

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.

2017-18 highlights



8,000 telephone queries and 4,000 written queries from solicitors dealt with by our professional practice team



2,500 members welcomed to 100 CPD & Training events



Our GDPR web pages got 25,351 unique views since their launch in May

Serve projects

Action	Summary of progress for the year	Complete / not complete
<p>Customer experience We will offer a world-class customer experience to everyone who engages with us by building on the results of our customer experience project, surveying our customers, setting targets and improving our processes.</p>	<p>Using research and feedback, teams across the organisation have improved their processes so they can offer a better experience to their customers. Feedback will continue be collected regularly and acted on where required.</p>	<p>Complete</p>
<p>World-class services We will continue to develop and refine innovative services that add value to our members and their businesses concentrating on areas of business support, career growth, CPD and professional support for our entire membership including those working with the largest firms, high street practitioners, in-house lawyers, members outwith Scotland and new lawyers. Our milestones will focus particularly on new areas including the GDPR guide, packs on how to start up a practice unit, solicitor advocate account management and launching the alternate dispute resolution service.</p>	<p>The Lawscot Wellbeing portal was launched in May 2018 as new innovative service for members, and at the end of the operating year there had been 3,257 unique visits to the webpages. This service is open to all members.</p> <p>Our GDPR guide was launched in May 2018, its web pages have continued to be well visited with 3,163 unique visits in October alone (25,351 since launch in May). Our Solicitor Advocates have a new dedicated Account Manager.</p> <p>We launched our alternative dispute resolution (ADR) service in January 2018.</p>	<p>Complete</p>
<p>CPD & Training We will continue to grow revenues and develop new content; improving our market share and building a reputation for coherent, thoughtful agendas and topics.</p> <p>We will fully migrate to a new event management tool – improving our branding, aesthetics, customer relationship management system, data management, back-office processes and customer journeys in the process.</p> <p>We will also develop our online</p>	<p>Revenue at the end of the year was £544k.</p> <p>We have invested in a new online Learning Management System and fully migrated to a new event management tool early in 2018.</p> <p>Revised branding and aesthetics were introduced early in 2018 to complement Law Society branding.</p>	<p>Complete</p>

<p>presence further by refining our digital platforms, with a specific focus on improving the customer experience of webinars.</p> <p>We aim to increase revenues from CPD services to £500,000 in 2017-18.</p> <p>We will work with a team size of eight members of staff, all employed on a permanent basis.</p>		
<p>Member Engagement We will aim to improve member participation by 10%, measured against the benchmark of participation throughout 2016/17 with our growing numbers of members. We will introduce a framework for incentivising member engagement with the Society using a points based system.</p>	<p>We increased member participation by over 10% through a series of tailored member engagement events and meetings, across our in-house, high street, big firm and England and Wales member groups.</p>	<p>Complete</p>
<p>Digital Transformation We will: 1) promote secure digital signatures by engaging directly with the profession to demonstrate methodologies and benefits of the Society's smartcard including, where appropriate, within firms' own case management systems or the Altis conveyancing platform;</p> <p>2) Continue the migration of existing manual forms to online "smart" forms or apps as appropriate. All new forms introduced from the beginning of this financial year will be put on this platform to drive improvements to processes, particularly online member services; complaints handling; AML and financial compliance.</p>	<p>We have been engaged with the profession and have promoted both the value of secure digital signatures and use of the Society's smartcard. We have also continued to support Altis. Migration of manual forms to online smart forms has occurred albeit not at the pace we would have wished for. This will be accelerated with the realignment of resource in the IT team next year. All new forms introduced are now "smart".</p>	<p>Complete</p>

Excel

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

2017-18 highlights



We raised a grand total of £8,869 for Ovarian Cancer Action, our charity partner of the year



Almost 20,000 visits per month to our Find a Solicitor website tool



9 Lawscot Foundation students selected and each matched with a solicitor-mentor and a student buddy

Excel projects

Action	Summary of progress for the year	Complete / not complete
<p>Regulatory Performance Indicators To implement the new system of Key Performance Indicator reporting for the Regulatory sub committees, including trends analysis and quality control of decisions.</p>	<p>This objective has been met and is being reported to the Regulatory Committee in December.</p>	<p>Complete</p>
<p>Use of Technology in Committees Following completion of the Board pilot, we will: 1) review the feasibility of introducing tablets and specific meeting software to committees in order to achieve best value and data protection compliance; 2) introduce the technology to appropriate committees.</p>	<p>The technology has been introduced to those committees dealing with sensitive material along with the Board.</p>	<p>Complete</p>
<p>Data protection compliance We will ensure all processes are in place to achieve full GDPR compliance no later than May 2018.</p>	<p>GDPR compliance was met on schedule by 25 May 2018. System embedded, staff and committee awareness of requirements high, now dealing with low level non-reportable breaches and continuing to improve internal processes. Board receiving regular compliance reports.</p>	<p>Complete</p>
<p>Investors in People We will aim to improve our performance across each of the 9 standards within the revised IIP framework, and address every recommendation following our next formal assessment in February 2018 by the end of the operating year.</p>	<p>This objective has been met. All actions on the IIP action plan schedule for 2017/18 have been delivered. Interim review will be carried out in February 2019.</p>	<p>Complete</p>
<p>Equality and Diversity We will: 1) Conduct research to profile the profession and publish the results. 2) Review and promote the equality standards. 3) Continue to raise the profile of the Lawscot Foundation, building on the previous year's success, increasing our</p>	<p>The profile of the profession research: Research and draft report has been completed and the report has been seen by Council and Board. Promotion of the Equality Standards has been put on hold pending the results of the survey, and will be reviewed in the next practice year.</p> <p>Lawscot Foundation: 9 additional students selected and each matched with a solicitor-mentor and a student buddy Foundation was promoted at PC renewal stage via video</p>	<p>Complete</p>

fundraising and supporting a greater number of students.	featuring one of the student recipients. Income for the year exceeds target.	
70th anniversary We will develop a plan for the Law Society's platinum anniversary in 2018, ensuring this major milestone is used to showcase the contribution of Scottish solicitors over the last 70 years.	We developed a plan for our 70th anniversary in 2019 which will help us to showcase the important role of Scottish solicitors over the past 70 years including how the legal profession has been shaped, adapted and excelled.	Complete
Committee participation We will attract solicitor and non-solicitor members to serve on our committees by improving our recruitment process and increasing the awareness of our committees' work.	Like for like comparison with previous year only possible for those committees recruiting in both years. For those committees combined applications were up 27% compared with 2017. The recruitment campaign for each round involved: <ul style="list-style-type: none"> • Website • Promotion of the vacancies across all of our social media channels • Twitter (13,200 followers) • LinkedIn (4,897 followers) • Facebook (3,408 fans) • Lawscot jobs • Lawscot News (fortnightly communication which goes to circa 16,000 recipients). 12/09/2018 – 2nd most popular story with 127 clicks; 26/09/18 – 2nd most popular story (only after PC renewal) with 123 clicks • Goodmoves (SCVO website) 	Complete

Corporate Social Responsibility

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

Throughout 2018, 17 members of staff participated in a 'CSR day' which equates to 13% of colleagues. Details of these days are included below. We aim to raise awareness and organise more days in 2018.

- Building fencing at Gorgie City Farm
- Gardening at Marie Curie Hospice
- Spending a day with Kids Love Clothes - preparing clothing parcels for children
- Running a cricket after school club at a local primary school
- Performing as a Justice of the Peace

Each year we aim to work in collaboration with our charity partner of the year, this year that being Ovarian Cancer Action, voted for by colleagues in memory of our much-missed friend and colleague Jeune Robertson.

Throughout the year colleagues have participated in many fundraising events and raised a magnificent £8869 for the charity. This year's major challenge involved walking the entire 134 miles of the John Muir

Way, in a single day, in relay teams. Forty colleagues, family and friends undertook the walk, the major fundraiser for which was a pub quiz which raised almost £1000. A smaller team of colleagues also did a 'walk in her name' and walked the entire Water of Leith Walkway in Jeune's memory. Other events included two teams running in the Edinburgh Marathon Hairy Haggis Relay and many bake sales at our offices.

We also organised a very successful blood donation day at the local blood donation centre. This was centrally organised, however all Law Society colleagues are entitled to donate blood within working hours at a time convenient to them.

Influence

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

2017-18 highlights



We commented on 25 bills passing through Holyrood and Westminster and proposed 198 amendments – 88 of these on EU (Withdrawal) Bill alone



158 consultations responded to across the Scottish and UK governments and the European Commission

Influence projects

Action	Summary of progress for the year	Complete / not complete
<p>Public Policy We will progress the three projects as agreed the Public Policy Committee around medical records, common good property and establishing an Equality Ombudsman whilst continuing to respond to legislation and other relevant public consultations.</p>	<p>We progressed three Public Policy committee projects over the course of the year.</p> <p>Our Common Property project completed and we are currently looking at opportunities for a Members Bill at the Scottish Parliament.</p> <p>Our Equality and Human Rights Ombuds project was published to key stakeholders. The feedback from these was not positive, and it was agreed by the Public Policy committee in October 2018 not to pursue government commitment to the reform, instead taking the learning from this project into a wider review of ADR by the Access to Justice committee.</p>	<p>Not complete</p>

	<p>Our Access to Medical Records project has not completed. A roundtable event took place and a consultation paper was shared with stakeholders. A report and guidelines around access to medical records has been drafted and we aim to publish in Q1 of 2018-19.</p>	
<p>Brexit We will continue to 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>We participated in a session on the Treaty of Rome (and the implications of Brexit on the EU) at the IBA. We gave evidence to the SP Finance & Constitution Committee on Common UK Frameworks and to the UK parliament Scottish Affairs Committee on Trade and foreign investment after Brexit. We have submitted responses to the SP inquiries on Brexit Preparedness and Common UK Frameworks.</p> <p>Submitted Journal article on impact on practice rights for Scottish solicitors based in UK (following last month's for solicitors based in EU); have received some queries from members as a result.</p>	Complete
<p>Legal Aid Review We will work with the independent review of legal aid and seek to ensure the project delivers an improved system of legal aid which serves vulnerable clients and properly remunerates solicitors.</p>	<p>We provided final submissions to the independent strategic review of legal aid, responded to the publication of the independent review, developed policy positions around each of the recommendations, started work with SLAB around single grant reform and informally discussed the outcome of the review with Scottish Government. We anticipate a formal Scottish Government response to the review in Q1 late in 2018, with a consultation in 2019.</p> <p>We also responded to the challenges around the implementation of Part I of the Criminal Justice (Scotland) Act 2016 in January 2018. The level of remuneration for police station advice remains an ongoing concern.</p>	Complete
<p>Criminal and civil justice reform We will represent the interests of our members and the public as reforms are brought forward to our justice system, including the outcomes of the criminal evidence and procedure review, legislation to reform civil litigation and the Criminal Justice Act.</p>	<p>We responded to all relevant legislation, providing oral evidence to Parliaments on many of these, and to all consultations relevant to the justice sector.</p> <p>At the Scottish Parliament including Vulnerable Witnesses, Minimum Age of Criminal Responsibility, Civil Litigation, Social Security, Islands, Offensive Behaviour, Prescription and Planning Bills. At the Westminster Parliament, this included Data Protection, Taxation (Cross-Border Trade) and EU Withdrawal Bills.</p> <p>We also participated in a number of groups and projects around justice sector reform, including the Criminal Evidence and Procedure working groups, the Criminal Justice Disability project forum and the video-conferencing project board.</p>	Complete

<p>International promotion We will seek to harness UK and Scottish government support to promote the Scottish legal services market internationally through representation at key events, business development support for members and the launch of Scottish Legal International.</p>	<p>Successful IBA, participated in a conference session on Treaty of Rome; organised a well-attended breakfast meeting with A-G and senior civil servants; participated in important bar meetings with international colleagues on maximising value of IBA membership for bars.</p> <p>Hosted SLI member reception with SDI. Have since had round-up meeting with SDI and SLI steering group to discuss what the work plan will be for 2018/19, how to make more of attendance at international events, including relevant training points. SDI has arranged St Andrew's night event in London to which SLI members are invited.</p> <p>Well-received participation at International Regulators conference at the Hague on AML and Equality & Diversity sessions; have bid to host 2019 conference.</p> <p>Received invitation to participate in high-level UK-US roundtable event on trade in legal services in Washington and have had further meetings to scope our participation. Carried out a survey of all OBs since 2010 to find out how valuable they found their international travel/events attendance. These results will be added to a wider evaluation of our international engagement. We hosted a delegation from the Danish bar who were on a complaints fact-finding mission.</p>	<p>Complete</p>
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Grow

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

2017-18 facts and figures



Solicitors working in-house

- local government: 544
- central government: 597
- crown office: 558
- other: 2,344



Outside Scotland

- Solicitors working outside Scotland: 818
- Number of multi-national partnerships (including limited companies, LLPs, and traditional partnerships): 47
- Number of registered foreign lawyers: 2,064



Solicitors working in private practice

- large firms (10+ partners): 3,977
- small-medium firms (2-9 partners): 2,828
- sole practitioners – 603 firms: (1,147 solicitors)



Traineeships commenced: 587
 Number of accredited paralegals: 552
 Number of student associates: 2,024

Grow projects

Action	Summary of progress for the year	Complete / not complete
<p>New membership categories We will continue to develop new membership categories through research with potential new members and develop supporting qualifications. We will continue to grow our membership of the Student Associates category and develop our services by providing a tailored package of support focussing on online content, bespoke events and volunteering opportunities for our future members. We will look to add 120 new accredited paralegals and 500 new student associates by 31 October 2018.</p>	<p>We grew our Accredited Paralegals membership by 122 this year to a total of 552 and now have 2024 student associates.</p>	<p>Complete</p>
<p>Membership retention We will introduce revised protocols aimed at retaining members based on feedback from those who have given up membership over the last year. The target is to obtain an overall 10% reduction in lost members across PC holder, non-practising member and roll-only subscriber categories compared with 2016/17.</p>	<p>There was no reduction at all, with an overall 1.5% increase in solicitors on the Roll.</p>	<p>Complete</p>
<p>Massive Open Online Course (MOOC) We will develop an Introduction to Scots Law MOOC for students intending to study law and members of the public interested in</p>	<p>Content for the MOOC has been developed. However, a decision was taken not to incur the cost of using an external platform when the Law Society was on the cusp of purchasing its own Virtual Learning Environment (VLE). The new VLE was not</p>	<p>Not complete</p>

<p>learning more about the law aiming to attract a minimum of 100 students in the first year.</p>	<p>operational by year end and consequently the MOOC could not be launched.</p>	
<p>Non-core income We will continue to grow our non-core income, monitoring progress throughout the year against targets set in each area. The aim is to achieve overall non-core income growth (excluding investment gains) of £300,000 in 2017/18 compared with the previous year.</p>	<p>Final total for non-core income is £2.107k against a budget of £2.095k, a positive variance but 8% short of the ambitious target set.</p>	<p>Not complete</p>
<p>Joint commercial venture We will produce a business plan covering several potential commercial services, aiming to have invested in at least one further joint venture to create future non-core income.</p>	<p>Full business cases for investment in two potential commercial services were completed during the year, one was submitted to but not approved by our Board and the other did not satisfy the final stage of our internal controls.</p>	<p>Not complete</p>