

A TIME OF TRANSFORMATION: IMPROVING CURRENT SERVICES, TAKING ON NEW ROLES

2026-2030 Strategy

2026-2027 Operating plan and budget

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1 INTRODUCTION

THE CONSULTATION

This document sets out our outline strategy for 2026-2030 and our annual operating plan and budget for the operational year 2026-2027.

A consultation ran from 15 January to 19 March 2026. Responses will be published on our website by the end of March 2026. The consultation date and process are set in statute.

KEY PROPOSALS

Strategy

Our last four-year strategy came to an end in June 2024 but was then extended for two further years as we continued to focus on the delayed Regulation of Legal Services (Scotland) Bill. With the passage of the legislation in May 2025, and with planning for implementation well underway, we proposed a new four-year strategy to run from 2026-2030.

More details are in **Section 2**.

Operating plan

Our operating plan for 2026-2027 sets out the first year of activity under that new strategy as we begin commencement of some initial changes and work toward the commencement of key changes and new powers brought by the Regulation of Legal services (Scotland) Act 2025 (RoLS(S) Act 2025).

See **Section 3** for details.

Budget and levies

Following consultation, we are setting a total expenditure budget of £5,690k, with a levy income budget of £5,397k and a 12.5% increase to the general levy. The main drivers of cost include rising complaint numbers (a 30% increase year to date on previous years) and an increase in the complexity of complaints. This significantly increased demand has an impact on our workload and has required the recruitment of additional staff to our complaint handling teams to ensure we continue to be able to deliver an efficient and effective service. This has increased our staffing costs. Other key drivers include the Scottish Government Public Sector pay policy, IT costs as we protect the organisation from cyber-crime, the cost of delivering new functions such as the expanded remit of the Consumer Panel and rising legal costs for appeals and managing non-compliance by solicitors. We are also mindful of the potential for higher-than-expected inflationary rises in some costs within the coming year.

Section 5 provides full details of levies, including the rates for discounted levies which over 78% of lawyers pay.

2 STRATEGY 2026-2030

INTRODUCTION TO THE STRATEGY

This year, as well as consulting on a new operating plan, the SLCC also consulted on a new four-year strategy.

Our previous strategy was originally due to run from 2020 to 2024 but was extended twice as we awaited the outcome of legislative reform (which took longer than expected).

DEVELOPMENT PROCESS

The consultation document laid out the development process for the strategy. This included:

- Reviewing the decade long debate on reform
- The National Performance Framework
- Scottish Government Medium-term Financial Strategy
- Scotland’s Public Service Reform Strategy
- Scottish Government’s Vision for Justic Strategy
- Human rights considerations (including children’s rights)
- Equality and diversity considerations
- Sustainability and biodiversity.

SLCC STRATEGY 2026-2030

VISION, MISSION AND CONTEXT

Our **vision** is legal services that work for everyone.

Our **mission** is to resolve complaints and drive quality improvement.

The **context** is a decade of policy debate, engagement, and consultation by the Scottish Government. All this was incorporated into the Regulation of Legal Services (Scotland) Act 2025 which sets out a new vision for legal services regulation and names the SLCC as a regulatory authority with responsibility for helping to deliver identified regulatory objectives. The SLCC was at the heart of shaping proposals, working alongside other stakeholders, meaning everyone had the chance to input into the final model.

The job now is to implement that model and ensure it delivers tangible improvements for the public and the sector. With a statutory review of the new legislation set for 10 years after implementation, there is now an opportunity for all in the sector to show how the changes add value, or where there is the need for further change (ranging from minor adjustments through to the more fundamental reform the SLCC and many others had previously proposed).

If work can be completed in less than four years, the SLCC will aim for this and start consultation on a new strategy earlier. However, with commencement orders and finalised funding not yet in place as we consult, a four-year time framework is our best estimate.

At the same time, we must continue to deliver a high-quality service to all our users. We will do that in a context where, based on data from the last 17 years and trends in the ombudsman sector, we envisage steadily increasing complaints numbers, greater case complexity, and more challenge from users of our services.

STRATEGIC OBJECTIVES

Our strategic objectives for the next four years (July 2026 to June 2030) will be to:

Transform	Transform the organisation and our services through agile implementation of the new legislation, delivering improvements for the public and sector, and creating a coherent approach as a regulatory authority.
Deliver	Deliver a high-quality service which is fair and impartial, inclusive and accessible, prompt and proportionate, and has good customer service at its heart.
Improve	Improve and innovate in our service and project delivery, and support and promote improvement in the legal services sector.

KEY ENABLERS AND CHALLENGES

Key enablers will be:

- **Agile** change management that demonstrates confidence and resilience in our approach
- **Rigorous project planning** and delivery
- **Customer focus** and consumer focus
- Ensuring **efficiency and best value**
- Reflection, learning and **continuous improvement**
- **Working with others** to deliver change.

Key challenges may be:

- **Delays to commencement** orders
- Lack of sufficient transition funding from Scottish Government or **funding issues** from the new model
- **Stakeholder delays** that impact SLCC implementation plans
- Our **capacity** to manage change alongside business as usual
- **Complexity of managing change** alongside business as usual
- Complexity of legislation leading to **differing interpretations** on detail or intent.

VALUES

Our values are:

- **Fairness:** We will act with honesty, impartiality, openness and accountability in all our actions and decisions.
- **Respect:** We will treat people with kindness and empathy, value diversity, and care about the customer service we deliver to the public and profession.
- **Clarity:** We will communicate clearly and concisely, and make sure our decisions, policies and processes are accessible and understandable.
- **Courage:** We will take difficult decisions, strive to learn and improve, and lead change with agility and resilience.

A NEW ORGANISATION

The new organisation emerging from the transformation period will have a renewed focus:

Making legal services work for everyone:

- We resolve complaints
- We work to raise standards in legal services and legal regulation
- We use consumer and sector insight to support improvement

Our work helps to drive confidence in legal services.

And a wider set of functions:

- Reviewing concerns about any legal services provided and either reassuring consumers that an adequate service has been provided or offering redress for inadequate service
- Ensuring the public interest is considered in complaint handling and the administration of indemnity schemes by regulators
- Sharing learning and best practice guidance and setting standards to help providers tackle common issues, improve services and manage complaints well
- Sharing insight with other parts of the regulatory system to help the management of risk
- Ensuring consumer insight informs the regulation of legal services
- Providing a register of legal services providers not regulated under the 2025 Act
- Through all these elements, increasing public confidence in legal services.

FURTHER DETAIL ON OUR STRATEGIC OBJECTIVES

Transform

An overarching transformation programme will oversee multiple major projects to deliver every aspect of change under the new Act. Key projects to deliver statutory changes are:

- An overarching statement on our organisational purpose and regulatory approach based on the new regulatory objectives and regulatory principles, set out in the 2025 Act, to provide consistency to our work and clarity to those impacted by our decisions
- The new complaints process for lawyers and firms
- A revised handling complaints process (complaints about how a Relevant Professional Body has handled a complaint)
- A revised Approved Regulator complaints scheme
- Establishing and running a register of legal services providers not regulated under the 2025 Act
- Establishing a complaints process for legal services providers not regulated under the 2025 Act
- Establishing new approaches, informed by the regulatory objectives and principles set out in the 2025 Act, to delivering our enhanced oversight, insight and outreach powers to support improvement and learning
- Developing our approach to our new powers in relation to public interest disclosure and raising complaints in our own name
- Delivering a significantly expanded role for the Consumer Panel
- Developing an entity-based charging regime informed by the Law Society of Scotland's development of a new system of entity regulation for solicitor firms.

We will also need to deliver a number of projects to support and embed this work, including:

- Ongoing dialogue, engagement and collaboration with stakeholders
- Consultation and engagement on our new policies
- IT reconfiguration to support our new policies and processes
- A review of our website, communications, guidance and advice, all internal policies, etc to ensure consistency with the terminology etc. in the new legislative arrangements
- Projects across our business functions requiring investment because of statutory changes - HR changes, ongoing communication and engagement with stakeholders, development of new governance approaches, etc.

Since the Act was passed in May 2025, we have clearly set out to Scottish Government our preferences for its commencement and implementation. The dates we aim to prepare for are:

- 1 July 2026 – SLCC Board changes and expanded Consumer Panel remit
- 1 July 2027 – changes and new powers relating to our complaints and oversight functions
- 1 July 2028 – new powers relating to the wider legal services market ('unregulated provider' complaints and register).

This mean the transformation plan is likely be delivered across four years, with the main focus of each year being:

- Year 1 - Key transformation period
- Year 2 - Key transformation period
- Year 3 - Completion of main deliverables, snagging and embedding work
- Year 4 – Further snagging, project close out reports, lessons learnt, consulting on new strategy.

The detail and balance between years will be dependent on a number of factors, including many out of our control (when we know commencement orders are happening, commencement dates, funding, etc.). However, we are committed to swift delivery to ensure the benefits of the new legislation are felt by both the public and legal services sector, and to avoid the significant costs seen around implementation of the 2010 Act (which is still ongoing) due to the protracted timetable.

We have a unique opportunity to build in consideration of factors such as equalities, human rights, digital exclusion and accessibility to all our work in developing new systems. As assessment of these policy considerations is a part of each of the projects within the transformation programme.

We also want to use this opportunity to build better connections to groups with lived experience or who might support complainers to understand our remit and signpost, refer or complain to us. This would help shape our services. We want to make sure that people feel comfortable approaching the SLCC, confident in using our service and able to access information and support in formats and ways that work for them.

Deliver

We will deliver all our existing functions until such time as new systems are set up. Depending on how transition arrangements are set out, this may include substantial periods of dual running of both the old and new complaints systems.

Over the four-year strategic period work that is purely transformational will reduce, as new systems are put in place and become new business as usual. Likewise, the list of what is now business as usual within the organisation will increase as new functions become fully established.

The aim is to deliver these existing functions to current service levels and key performance indicators where possible, while reform is being implemented.

For those requiring additional information, our existing functions are formally set out in our [Annual Accounts](#) each year.

In addition, we will continue a focus on activity required to support these statutory functions, including:

- Continuing to tackle issues relating to the recovery of files from solicitors
- Responding to FOI and GDPR
- Preparing to implement existing statutory changes relating to Alternative Business Structures.

Improve

The SLCC has a culture of continuous improvement.

This will support how we deliver our transformation objective (for example, testing approaches and iteratively developing systems). Whilst the transformation programme will come to an end at a point where we have moved entirely to operating under the new legislation, our commitment to continuous improvement will not. This will be an important part of messaging to staff and stakeholders, reflecting a world where there will always be external change to respond to, and where we will continually look for opportunities to improve how we work.

It will also support how we deliver our core services. We will continue to refine areas of work not impacted by reform.

We are also conscious that in the past the implementation of statutory reform has been long delayed. If that happens, our services need to remain fit for purpose in the meantime, and those interim improvements can be focussed on changes that would support statutory change in due course.

This will include:

- A programme of continuous improvement in areas not affected by reform
- AI and automation to improve efficiency of core processes
- Sharing learning and preventative work (where this may save the cost of the complaints)
- Continuing to improve our equality, diversity and inclusion
- Continuing to improve our customer service.

We also have statutory duties to support and challenge the legal services sector and its regulators, to improve the service they provide. This remains a core area of our current work, as well as one where we will transform our work in line with our new expanded powers and functions.

This culture of improvement relies on our staff team. We will be going through significant change over the coming years and maintaining and developing the organisational culture will be critical. As such we are investing in staff engagement, training, development, support and wellbeing activities.

INVESTING FOR FUTURE EFFICIENCY / COST AVOIDANCE

The new legislation allows the potential for savings and cost avoidance in the future. For example, the intention behind changes to the complaints process were in part to aid efficiency and proportionality, and the removal of Court of Session appeals offer the opportunity of significant future cost avoidance.

The strategy aims to fully realise that potential by the end of the four-year strategy.

None of the savings are immediate and indeed change to a new system has upfront costs.

For example, under current plans the only element of the Act to be commenced in the first business year of the strategy is enhancements to the Consumer Panel, which brings additional operating cost. The current plan is to commence elements of the Act relating to the new complaint process in the second business year under the strategy. This places the cost of preparation in the first year (as additional). The details of the transition arrangements will also have an impact on the need for and duration of dual running of systems, which brings additional cost (and may run for some years).

The financial memorandum accompanying the legislation in parliament noted that savings from the complaints process would help fund new duties being given to the SLCC.

Delayed implementation would delay savings, so is a key risk for the SLCC.

3 OPERATING PLAN 2026-2027

INTRODUCTION TO THE OPERATING PLAN

Our Operating Plan sets out the projects and deliverables we need to carry out our functions in 2026-2027. The plan reflects the objectives set out in our strategy and our key areas of work to support us to deliver our functions, improve our delivery and transform our organisation and the functions we deliver.

The operating plan includes our anticipated incoming caseloads, and further details on the calculations supporting this are set out in **Appendix 1**.

Throughout the year we will monitor progress and recast our operating plan and budget allocations as required. The timetable for implementation of the 2025 Act is not within our powers, so a responsive approach is required.

Projects are cross referenced to our strategic aims [T] = Transform, [D] = Deliver, [I] = Improve:

Transform the organisation and our services through agile implementation of the new legislation, delivering improvements for the public and sector, and creating a coherent approach as a regulatory authority.

Deliver a high-quality service which is fair and impartial, inclusive and accessible, prompt and proportionate, and has good customer service at its heart.

Improve and innovate in our service and project delivery, and support and promote improvement in the legal services sector.

OPERATING PLAN 2026-2027

A. COMPLAINTS

1. We will process an estimated 1628 incoming complaints and maintain our performance and customer service on core processes including if we are starting to implement reform (designing and dual running a new system). [D]
2. We will process 26 new appeals, continuing to process appeals already in the system and, where possible, learn lessons from them. [D]
3. We will continue our innovation and change programme, including our agile process improvement work, looking for new opportunities to work more efficiently, reduce the time it takes to handle complaints, and improve the quality of our work. [I]
4. We will also start to develop sprints for bringing in the new complaints process next year (under the 2025 Act) and ensure all staff are full up to date and confident with the system. [T]
5. We will continue to review our approach to s17 non-compliance by solicitors to achieve a substantial and sustained change in the level of compliance. We will:
 - a. Consider our approach to using the S17 court process v progressing cases making decisions just based on evidence we have
 - b. Monitor S17 engagement AND general engagement with SLCC
 - c. Consider publishing cases, and the use of 'competence' referrals
 - d. Re-engage with stakeholders on the issue
 - e. Consider action on any gaps in our current approach – such as repeat offenders who may pose public interest issues. [D, I]
6. We will develop new s17 arrangements aligned to amended powers in the 2025 Act. [T]

7. We will develop, consult on, and (where appropriate) finalise arrangements to implement the new complaints process set out in the 2025 Act, including:
 - a. New Rules
 - b. New process and procedures
 - c. Staff and member training
 - d. A new case management system. [T]
8. We will develop and consult on policy in relation to our new powers in the 2025 Act to raise complaints in our own name and to disclose information about complaints in the public interest. [T]
9. We will engage with the Law Society of Scotland to understand their plans for implementation of the licensed provider scheme. [D]

B. CUSTOMER SERVICE AND ACCESSIBILITY – SUPPORTING COMPLAINTS AND OTHER SERVICES

1. Our Service Experience Team (SET) will continue to identify proportionate new opportunities to improve customer service (either implementing reform, or for our existing process) and implement these within the year. SET will also continue their work to review all Feedback, share this with staff, Board and consumer panel and promote any learning that comes from that work. [I]
2. We will ensure our approach to accessibility is embedded in the development of the reformed complaints process. [T, I]

C. OVERSIGHT OF REGULATORS

1. We will continue work to deliver our statutory duties of oversight in relation to the Relevant Professional Organisations. [D]
2. We will process an estimated 15 incoming handling complaints and maintain our performance and customer service on core processes. [D]
3. We will develop a revised handling complaints process in line with the changes in the 2025 Act. [T]
4. If required, we will review and update the approved regulator complaints system in line with the changes to the regime delivered by the 2025 Act. [T]
5. We will review our strategic approach to using our enhanced oversight powers in line with the changes in the 2025 Act, including the regulatory objectives and principles. [T]

D. THE WIDER LEGAL SERVICES MARKET (PROVIDERS NOT REGULATED UNDER CHAPTER 2 OF THE 2025 ACT)

1. We will carry out scoping, costing and initial planning to establish, promote and run a register of legal services providers not regulated under chapter 2 of the 2025 Act. [T]
2. We still start to research how other sectors or jurisdictions use such powers. We will start to develop a process and consider how this will interface with the New Rules we are drafting this year. [T]

E. SHARING LEARNING AND INSIGHT, IMPROVING QUALITY

1. We will deliver a programme of outreach to the profession through newsletters, videos, online content, training and events. [D, I]
2. We will develop new processes for the development of guidance on complaints and issues arising from complaints, and review and update our existing guidance. [T]
3. We will develop and consult on a vision for our trend reporting to support learning and improvement. [T]
4. We will ensure the sector are aware of forthcoming changes to the complaints system. [T]

5. We will begin a full review of our website to ensure the content is legally correct and accurately reflects our updated powers, functions and processes. We will take the opportunity to review and update the website's structure and content to ensure it is cohesive and reflects our new vision and approach, and to consolidate and improve upon work to date to support customer service and accessibility. [T, I]
6. We will stay updated on best practice and innovation in regulation and complaints to build knowledge and networks to inform transformation and ongoing continuous improvement. [T, I]

F. STATUTORY CONSUMER PANEL

1. We will ensure the Consumer Panel has the membership, governance and support to deliver against its new remit. [T]
2. The Consumer Panel will transition to a new operating model. [T]
3. The Consumer Panel will increase visibility of its independence, expanded role, work and priorities. [T]
4. The Consumer Panel will review the evidence of consumer experience of using legal services and the principles that underpin consumer-focused regulation. [T, I]

G. MANAGEMENT OF THE TRANSFORMATION PROGRAMME

1. We will manage a complex and interconnected programme of transformation, ensuring multiple projects come together to deliver the full benefits of the 2025 Act. We will ensure governance, oversight, and internal audit of the transformation programme ensure the delivery of best value. [T]
2. We will continue liaison with Scottish Government on commencement orders and funding. [T]
3. We will engage and collaborate with stakeholders across the regulatory system to ensure successful implementation. [T]
4. We will ensure we have the consumer and sector evidence and insight we need to inform our transformation work, identifying any gaps in our knowledge and working with others – including the regulators and Consumer Panel – to address them. [T]

H. OTHER STATUTORY DUTIES

1. We will process an estimated 32 FOI requests and 24 GDPR requests. [D]
2. We will continue to look at ways to improve our sustainability and run awareness events for staff. [I]

I. FUNCTIONS SUPPORTING OUR DELIVERY

1. We will complete our retendering of our Legal Panel and make new appointments for 1 October 2026. [D]
2. We will continue to work on the case management systems. This will either be an upgrade and development or replacement based on the outcome of our 2025-26 project. [T, I]
3. We will review the market for IT kit to support the running of the organisation. [T, I]
4. We will review our HR Policies in light of the new Employment Rights Act. [D]
5. We will continue to explore best uses of AI to improve process and make efficiencies. [I]
6. We will review contracts for best value. [D]
7. We will begin work to review our lease as the five-year break clause approaches in 2028. [D]
8. We will publish our Biodiversity Report for 2024 to 2026. [D]
9. We will review the impact of reform on the levy for 2027-2028. [T]
10. We will consider reviewing job descriptions in light of changes from reform. [T]
11. We will deliver a range of events to support staff wellbeing and inclusivity. [D]

4 FINANCIAL CONTEXT TO THE BUDGET

OUTTURN IN 2024-2025

We budgeted income of £4,653k and received income of £4,868k.

The main reasons for the variance are higher number of practitioners than anticipated, higher interest rates and legal costs recovered.

We budgeted expenditure of £4,643k and spent £4,544k.

The main reason for the variance was unspent reform costs that were returned to reserves.

The budget was planned as a surplus (£10k). Our actual performance was a surplus of £324k.

FORECAST OUTTURN FOR 2025-2026

We budgeted income of £4,956k and are forecasting income of £5,149k.

The main reasons for this are an increased number of complaints are going to the Determination stage of the process and so we are seeing an increase in complaint levies being charged, and legal costs that have been recovered which offset some of the overspend on appeal costs and higher bank interest rates.

We budgeted expenditure of £5,064k and are forecasting expenditure of £5,247k.

The main reasons for this are increased salary costs linked to the public sector pay policy and additional staffing resource required to manage incoming complaints and increased legal costs for both appeals and section 17 cases.

At the time of writing, we are only six months into the year but anticipate that the outturn for the year will improve from a deficit of £109k to a deficit of £97k.

OUR APPROACH TO BUDGETING FOR 2026-2027

As context, the last three years of financial and operational performance are reviewed, alongside the forecast outcome for current year.

A set of assumptions are created around incoming complaint volumes, business needs, lawyer numbers, work required by law and anticipated under our strategy, and other factors.

Three-year projections of income, expenditure, and reserves are created, giving a longer-term indicative model.

This is then mapped to the Scottish Government's five-year financial strategy – to give wider public sector context.

We then set out anticipated expenditures based on our operational plan.

We also consider information on the sector – whether a growth or contraction of lawyer numbers or legal work is being projected, specific impacts (such as this year, the impact of the increase of National Insurance affecting all employers), and any other information available.

In the Budget Consultation for 2026-27 we showed £300,000 of income and expenditure for reform. At the time of consultation, we were still in discussion with the Scottish Government. Since the publication of the

consultation document the Scottish Government has allocated a budget of £300,000 to the SLCC for costs associated with the implementation of the Regulation of Legal Services (Scotland) Act 2025.

The Scottish Government work on an April to March financial year and the SLCC work on a July to June financial year.

The Scottish Government will require a financial report for the period ending 31 March 2026 outlining the expenditure and progress to date with regards to the part funding allocation of £300,000 and progress on the implementation work. Noting that the goods/and or services for the early implementation and planning work must be received or a commitment to spend made by 31 March 2026.

This means that the SLCC feel it is better to show this funding separately as it will impact both our 2025-26 and 2026-27 Budget.

The levies are then calculated on the basis of covering anticipated expenditure in full (taking account of small amounts of additional income from bank interest and the separate complaints levy).

The consultation launched in January, and the responses to the consultation were published before the end of March 2026, as required by law.

The draft budget was reviewed in March 2026, taking into account consultation responses and a further quarter's financial and complaints data.

We set the final budget and lay it before Parliament by 30 April 2026, with the final version of the strategy and operating plan to be approved in June 2026.

RESERVES

At the start of the 2025-2026 financial year, we held £1,598k in reserves.

This figure is within the parameters set out in the reserves policy, which requires us to hold 3 months of operating costs.

We project that at year end our reserves will be £1,501k, and so within our reserves policy.

This policy is constantly under review based on risks and operating costs.

5 BUDGET AND LEVIES 2026-2027

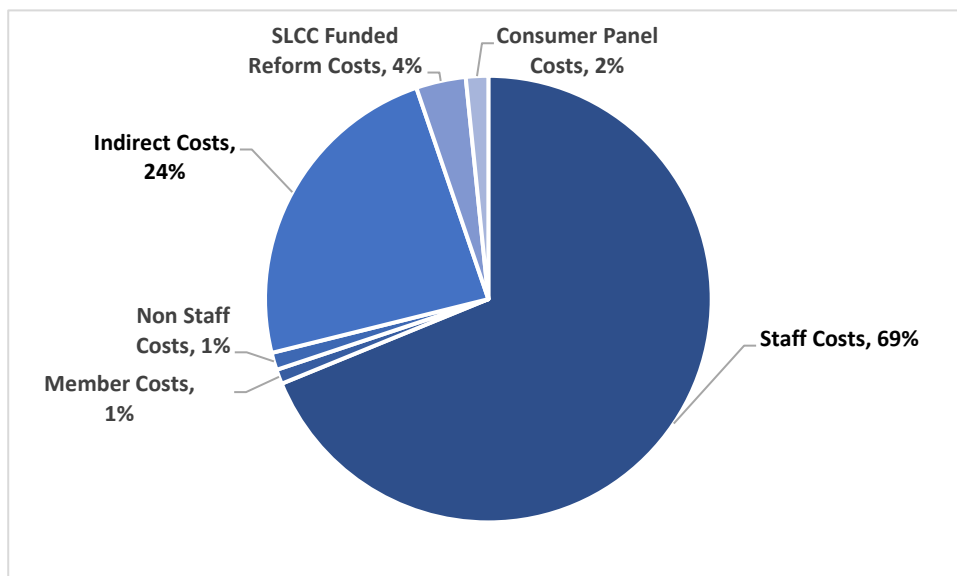
BUDGET AND LEVIES AT A GLANCE

Overall income and expenditure:	
Anticipated income:	£5,707,232 (up from previous year - £4,955,732)
Anticipated expenditure:	£5,690,482 (up from previous year £5,064,575)
Levies – individual lawyers (2007 Act):	
General levy:	£644* (previous year £572) <i>*the majority of lawyers pay a discounted rate well below this.</i>
Complaints levy:	£7,000 (previous year £7,000)
Levies – ‘alternative business structures’ (2010 Act):	
Approved Regulator (AR) Fee:	£0 (previous year: £10,000)
AR complaints levy:	£8,000 (previous year: £8,000)
Licensed Provider (LP) Fee:	£1,000 (previous year: £1,000)

MAIN AREAS OF BUDGET SPEND

The full budget can be found in **Appendix 2**.

The majority of our costs relate to our people:



The majority of our people costs are spent on staff dealing directly with complaints:



BEST VALUE AND EFFICIENCIES IN THE BUDGET

Best Value

Two years ago the SLCC undertook a review of Best Value. In the development of this consultation the Audit Committee considered the policy developed as part of the review and discussed areas for a best value focus in the coming year. These were built into the proposals then discussed by the full Board.

It is essential that SLCC delivers efficient services, and important that our stakeholders know this is an important consideration. Equally, as with many public services, we are supporting vulnerable users with complex needs. Speed and cost are important, but it is not our goal to deliver the cheapest or fastest complaints process if this negatively impacts fairness. For example, we may need to give extra time for a member of the public or solicitor to respond to new evidence, or we may need to tailor access, for example providing translation support or reasonable adjustments, to allow a complaint to be made even if this increases unit cost. The Scottish Public Finance Manual Best Value framework reflects the complexity of competing aims noted above.

Various projects are now included in this operating plan (**Section 3**) which reflect our commitment to overall best value. Alongside this several projects within the operating plan are aimed at improving our efficiency. These include (but are not limited to):

A3 – complaints process improvement

A4 and A7 – designing and testing new efficiencies the new 2025 Act will allow us to deliver in the future

A5 – seeking to tackle the cost of a significant issue with non-compliance by solicitors with the statutory complaints process

A6 – developing new ways to tackle the costs of non-compliance by solicitors possible under the 2025 Act

B2 - improving accessibility

E2 & 3 – develop new systems, for new powers under the 2025 Act, which may help us reduce common causes of complaint (so reduce complaints)

G2 – in terms of best value to the profession we will seek set-up funding for new functions and seek early commencement orders so we can try to realise potential savings under the 2025 Act

I1 – we will re-tender our legal services panel

I5 – we will explore using AI to support efficiency savings.

Efficiency in the context of Parliament deciding on an expanded role for the SLCC

The 2025 Act offers the opportunity for efficiencies in some aspects of our existing processes – we will seek to deliver these as quickly as possible.

However, the legislation also places substantial new responsibilities on the SLCC with new operational costs attached. This means that whilst efficiency may increase, that does not necessarily mean overall cost will fall, and indeed it may increase.

Efficiencies within existing functions

We are committed to finding efficiency savings each year.

In recent years we have made major savings through our move to a new smaller premises (which will save £500,000 in the five years following September 2023), reductions in members costs, improved efficiency of our complaint process (leading to reduced staffing at certain stages) and reductions in print and paper costs.

This year's specific areas of saving are:

- **Staff training** – small decrease against current year (25/26) budget
- **'Other' staff costs** – small decrease against current year budget, and previous year (24/25) actual
- **Member training costs** – small decrease against current year budget
- **Property costs** – small decrease against current year budget
- **Office running costs** – small decrease against current year budget, and previous year actual.

DRIVERS OF COST IN THE BUDGET

There are some specific factors driving cost in this budget:

- **Staffing costs and Scottish Government Pay Deal** – the SLCC has finalised a pay deal that takes us to March 2027 and this has been included within this Budget. We are also budgeting for additional Case Investigator resource to support the increased work we are facing to deliver our existing functions.
- **IT Costs** – there has been an increase in licensing costs for software essential for running our frontline services.
- **Appeal Costs** – these continue to increase in numbers and therefore we are seeing a rise in costs in this area.
- **S17 legal costs** – the cost of non-compliance by solicitor continues to drive high legal costs.

- **Consumer Panel costs** – 2026-27 will see the introduction of the new powers for the independent Consumer Panel and, as such, ongoing costs need to be funded from levy to allow the Panel to deliver its wider remit.
- **SLCC funded reform costs** – there will be additional staffing costs to deliver reform.

THE GENERAL LEVY

The suggested general levy is £644 (last year £572)

The majority of levies are discounted, and further details are available in **Appendix 2**.

THE COMPLAINTS LEVY

We charge this when a complaint is upheld. The statutory aim was to ensure that some costs could be recovered, often known as ‘polluter pays’, when a complaint was upheld. This was to balance income from the general levy.

Three years ago, following a specific consultation with the profession, we increased the maximum levy from £5,000 to £7,000. The additional £2,000 will only be levied where a firm has failed to comply with a statutory s17 notice.

The current full complaints levy policy can be found on the [policies page](#) of our website.

The suggested complaints levy is £7,000 (last year £7,000)

APPROVED REGULATOR (AR) AND LICENSED PROVIDER (LP) LEVIES

Approved Regulator levy: The Law Society of Scotland has provided a clear statement that there will be no work this operational year, therefore no cost will be incurred and no budget is required.

Approved Regulator complaints levy: No Approved Regulator complaints have been received. The complaints levy allows some of the costs of a complaint that is upheld to be mitigated. Modelled on similar functions in other similar bodies, an investigation and a decision could range in cost from a few thousand pounds to £100,000. With set-up costs now recovered, the AR complaints levy reduced four years ago from £10,000 to £8,000. We did not consider there is any new data to vary the amount further this year, and the fee is only charged if a complaint is upheld (and can be waived in part or full).

It is hard to predict what complaints may arise in the first full year of the Society being fully approved. The levy may change significantly in future years.

The suggested Approved Regulator levy is £0 (last year £10,000).

The suggested Approved Regulator complaints levy (for a complaint that is upheld) is £8,000 (last year £8,000).

Licensed Provider Levy: Complaints about LPs are similar to the types of complaint we already handle, although new systems and templates are required, and new legal issues will arise.

It is unlikely that any LPs will be fully licensed by July 2026, when the first levy will be collected. As a consequence, it is expected that no fees will be collected.

An LP may have a single lawyer providing legal services within it, but may have tens or hundreds of other professionals and/or advisers working within it. We currently have no information from the LSS on the likely

size of new LPs, or on what model they will follow. We remain concerned that, at the moment, no advertising campaign or major engagement with possible new entrants to the market appears to be planned with a view to rapidly increasing the number of LPs that contribute to the costs of this regulatory scheme. We are thus also concerned that the market may remain small for the first three to five years of operation.

It is unlikely any LP complaints levies will be received within the year. The levy may change significantly in future years.

The suggested Licensed Provider levy is £1,000 (last year, £1,000).

The suggested Licensed Provider complaints levy is £7,000 (last year, £7,000).

APPENDIX 1: CALCULATIONS OF INCOMING CASE LOAD

COMPLAINTS ABOUT LAWYERS

In 2018-2019 we received 1,326 complaints; the highest incoming numbers we had ever received to that date.

The next four years were impacted by Covid-19. There was a dramatic drop in the first lockdown, a smaller drop in the second lockdown, and then a steady rebuilding of numbers.

2023-2024 then saw an all-time high of incoming cases, 1,385. However, this increase was largely driven by complaints about a single firm which has ceased operating.

Most recently, in 24-25, we saw a very small dip from the previous year (23-24) although a figure still higher than the pre-lockdown peak (18-19). The underlying trend of complaints was still going up, but the impact of the failure of a single firm was reducing.

	18-19	19-20	20-21	21-22	22-23	23-24	24-25
Incoming complaints - total for year	1,326	1,036	1,054	1,159	1,281	1,385	1,339

Note: this data is from audited annual accounts

We can also compare data up to the end of December, so including the latest complete incoming month we have by the time of consultation.

	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26
Incoming complaints – to end December	709	577	526	572	638	588	600	778

Note: this data is from live management data as recorded at the end of December each year

As of the end December 2025 we had received 778 complaints in the year, compared to 600 in the same period last year, placing us 30% up year to date.

The figure is also higher than the comparator incoming in either of our previous peak complete years (18-19 or 23-24).

That said, we know monthly fluctuation can be significant and looking at the overall trend since lockdown (19-20), smoothing annual fluctuation, the typical annualised increase is around 5%.

We also take into account what we know of the environment. We have no data on the number of transactions or initial complaints to lawyers in the sector, so can't model on factors such as that. We do know the total number of lawyers tends to go up each year. We can also look at other similar ombudsman bodies. For example, the Legal Ombudsman experience an 8% increase in their last reported year (along with an 18% increase in cases moving to in-depth investigation), the Local Government & Social Care Ombudsman saw an 18% increase, and the Pensions Ombudsman a 39%

increase). The Solicitors Regulation Authority in England and Wales has seen an increase in complaints of 20%.

A broad range of projections is therefore potentially supportable for what the end of this current year may look like in terms of incoming, and what may happen in the following year (for which this budget it being set).

We recognising that forecasting is an educated guess and not an exact science. While we use a variety of recognised techniques and have independent support on our predictive model, the outputs are never more than an informed estimate.

The year in progress (2025-26)

In the budget consultation for this year we projected for 1,345 incoming complaints. This was similar to the year before, and based on the fact we thought complaints may drop a little following the failure of the single firm which had driven recent numbers to some extent. However, as noted at the end of December incoming was 30% up year to date. This is already having an impact of our levels of work in progress. Monthly fluctuations can be high, based on past data. Nevertheless, we are now assuming at least 10% more complaints than provided for in our current year's budget, and possibly as high as 30% more if the current trend (first half of year) continues.

A 10% increase on planned loads would mean around 1,480 incoming complaints in 2025-26.

This will have an impact on our year end position, with more complaints in hand carrying into the next year (for which the budget it being set).

The coming budget year (2026-27)

We may be starting this year with higher work in progress (based on the above).

In light of our experience of incoming rates, and the current experience of other complaints bodies, we are projecting a further 10% increase in the year being budgeted for. This would mean around 1,628 incoming complaints.

If incoming is lower, savings can be made on resource budget and placed in reserves to support future years.

However, the SLCC is required by law to *“secure so far as is reasonably practicable that, taking one financial year with another, the amount of the annual general levy and the complaints levy is reasonably sufficient to meet its expenditure”*. The most significant driver of expenditure is complaints numbers. Forecasting complaints numbers is imperfect, but we are required to be prepared to help anyone who contacts us – our service is demand led.

If funds are insufficient then backlogs tend to build, and these cost more to clear than dealing with complaints as they arise.

OTHER CASE RELATED ACTIVITY

We are also responsible for investigating handling complaints which look at how the Relevant Professional Organisations (RPOs) deal with complaints about conduct. This can vary any year, and the small numbers means little statistical significance can be drawn from numbers. Incoming by the half year point suggested lower than anticipated case numbers, but the longer-term trend would suggest around similar incoming to previous years.

We also have a significant caseload assisting people with Data Subject Access Requests (DSAR) and Freedom of Information (FOI) requests. These requests have tended to be in proportion to the number of complaints we receive. The tight statutory turnaround times, and potential for significant fines, means this work must always be fully resourced.

Based on current incoming numbers in the current year we expect an increase in both areas next year.

Other case types	20-21	21-22	22-23	23-24	24-25	25-26	26-27
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast
Handling complaints	15	9	11	19	13	15	15
Freedom of Information Requests	24	21	22	31	33	24	32
Data Subject Access Requests	36	27	15	14	26	21	24
Appeals	9	10	10	17	16	12 (26↑)	26

Where a forecast number is in brackets, this is a revised forecast for year-end (compared to last year budget consultation forecast). The arrow indicates if the revised forecast is up or down.

As can be seen, in three out of four areas we expect to see increases in work, with the biggest increase in one of the most expensive areas (Court of Session appeals). Funding and staffing is required to meet these legal responsibilities. Whilst new legislation removes this type of court appeal, the Act has not yet been commenced there will be a run-off of old cases, so this may take 2-3 years, or more, to impact.

KEY PERFORMANCE INDICATORS

Key performance indicators (KPIs) are set at the start of each year.

These KPIs usually include a target ‘journey time’ for complaints, a target level of ‘work in progress’ in the organisation, quality indicators, productivity indicators, and measures around certain key stages of the process (such as waiting time at eligibility and waiting time at investigation). More details on our annual performance are in our annual accounts and reports. For example, the last reported year’s data can be seen in our [Annual Accounts for 2024 to 2025](#), page 19 to 20.

APPENDIX 2: BUDGET FOR 2026-2027

SUMMARY OF LEVIES, INCOME AND EXPENDITURE

2026-27 Levy & Budget

Actual General Levy Set	£
Private Practice Solicitors +3 Years (Principals/Managers)	644
Private Practice Solicitors +3 Years (Employed)	522
Conveyancing or Executry Practitioner 3+ years	522
Solicitors in first 3 years of practice	221
Practising out with Scotland	156
In-house Conveyancing or Executry Practitioner	156
In-house Lawyers	156
Advocates +3 Years	246
Advocates in first 3 years of practice	207
Association of Construction Attorneys	165

Total Actual Levy required from each Professional Body	£
Law Society of Scotland	5,280,928
Faculty of Advocates	115,041
Association of Commercial Attorneys	825
	5,396,794

Income and Levy	
Levy from Law Society of Scotland	5,280,928
Levy from Faculty of Advocates	115,041
Levy from Association of Construction Attorneys	825
Contribution from Complaint Levy	245,000
Approved Regulator Levy	0
Estimate of Interest Earned	65,438
	5,707,232

Expenditure	
Staff and Related Costs	3,975,976
Indirect Staff Costs	71,520
Non-Staff Costs	1,345,676
SLCC Funded Reform Costs	205,047
Consumer Panel Costs	92,263
	5,690,482

Budget Deficit	16,750
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BREAKDOWN AND COMPARISON OF EXPENDITURE AND LEVY

Budget 2026-2027

	2026-2027 Budget				
	Existing Functions	Consumer Panel	Unregulated Markets	Reform Costs	Total
Income					
Levy Income	5,396,794	0	0	0	5,396,794
Complaint Levy Income	245,000	0	0	0	245,000
Other Income	65,438	0	0	0	65,438
Total Income	5,707,232	0	0	0	5,707,232
Direct Staff Costs					
Staff salaries and NIC	3,910,976	27,419	0	190,047	4,156,729
Reporters	5,000	0	0	0	5,000
Member Salaries and NIC	60,000	22,844	0	15,000	97,844
Total Staff Costs	3,975,976	50,263	0	205,047	4,259,573
Indirect Staff Costs					
Staff training & development	30,000	250	0	0	30,250
Member training & development	3,500	0	0	0	3,500
Staff travel & subsistence	3,500	0	0	0	3,500
Member travel & subsistence	3,500	1,750	0	0	5,250
Other staff costs	31,021	0	0	0	31,021
Total Indirect Staff Costs	71,521	2,000	0	0	73,521
Non Staff costs					
Property costs	187,323	0	0	0	187,323
Office running costs	80,622	0	0	0	80,622
Mediation and associated Costs	65,000	0	0	0	65,000
Appeal legal costs & advice (case specific)	300,000	0	0	0	300,000
S17 legal costs and advice-case specific	85,000	0	0	0	85,000
Communication	29,695	5,000	0	0	34,695
IT	308,142	0	0	0	308,142
Corporate Legal Costs	15,000	0	0	0	15,000
Audit	40,000	0	0	0	40,000
Special projects & research	30,000	30,000	0	0	60,000
Bad Debt	36,750	0	0	0	36,750
Investment to reduce Office Dependency	0	0	0	0	0
Depreciation	168,144	0	0	0	168,144
Events	0	5,000	0	0	5,000
Reform staffing	0	0	0	0	0
Reform Legal Costs	0	0	0	0	0
Total Non Staff Costs	1,345,676	40,000	0	0	1,657,388
Total Expenditure	5,393,173	92,263	0	205,047	5,690,482
Surplus/(Deficit)	314,059	(92,263)	0	(205,047)	16,750

Previous years' budgets can be found at: <https://www.scottishlegalcomplaints.org.uk/about-us/how-we-are-funded/our-budget/>

BREAKDOWN OF LEVY INCOME

Levy Income

Actual General Levy Set	Levy	No's	Income
Private Practice Solicitors +3 Years (Principals/Managers)	644	3,126	2,013,144
Private Practice Solicitors +3 Years (Employed)	522	4,118	2,149,596
Conveyancing or Executry Practitioner 3+ years	522	3	1,566
Solicitors in first 3 years of practice	221	1,250	276,250
Practising outwith Scotland	156	1,109	173,004
In-house Conveyancing or Executry Practitioner	156	2	312
In-house Lawyers	156	4,276	667,056
Advocates +3 Years	246	418	102,828
Advocates in first 3 years of practice	207	59	12,213
Association of Construction Attorneys	165	5	825
		14,366	5,396,764

APPENDIX 3: SCOTTISH GOVERNMENT FUNDED REFORM COSTS

In the Budget Consultation for 2026-27 the SLCC showed £300,000 of income and expenditure for reform. At the time we were still in discussion with the Government. Since the publication of the consultation document the Scottish Government has allocated a budget of £300,000 to the SLCC for costs associated with the implementation of the Regulation of Legal Services (Scotland) Act 2025.

The Scottish Government works on an April to March financial year and the SLCC works on a July to June financial year. The Scottish Government will require a financial report for the period ending 31 March 2026 outlining the expenditure and progress to date with regards to the part funding allocation of £300,000 and progress on the implementation work. Noting that the goods/and or services for the early implementation and planning work must be received or a commitment to spend made by 31 March 2026.

This means that the SLCC feel it is better to show this funding separately as it will impact both our 2025-26 and 2026-27 Budget.

SG Funded Reform Spend 2026-2027

Income	
Scottish Government Reform Funding	300,000
Total Income	300,000
Direct Staff Costs	
Staff salaries and NIC	25,000
Total Staff Costs	25,000
Non Staff costs	
Corporate Legal Costs	55,000
Expert Consultancy (inc IT System Design)	146,000
Comms/Plain English/Design	10,000
Research/Focus Group Work	38,000
Awareness Rasing/Marketing	16,000
Audit	10,000
Total Non Staff Costs	275,000
Total Expenditure	300,000
Surplus/(Deficit)	0

Reporting on spend against this and any deferred income will be included in our Annual Accounts for 2025-26.

We are in early discussions on a second tranche of funding. This will have a similar complication as the SG budget will run from April 26 to March 27. It is likely that this would mean this would be included within the SLCC's 2026-27 Budget also. However, as income will be matched to expenditure, we have not included it within the 2026-27 Budget and again would report on this in the accounts for 2026-27.

APPENDIX 4: SUMMARY OF POLICY CONSIDERATIONS

There are various matters the SLCC takes into account when forming a decision – our consideration of these is set out below.

Policy/ impact considerations	Preliminary conclusions
Compatibility with Regulatory Objectives	These are not yet legally in force. We are currently publicly consulting on our interpretation of these objectives and how they may inform our work. This initial thinking has fed into the development of our strategy and operating plan. The consultation findings will be available before the strategy and operating plan are finalised.
Significant new implications for public and consumers (including vulnerable consumers and equality groups) and compliance with the Consumer Duty	When we make a strategic decision, like this one, we need to consider compliance with the Consumer Duty. We carried out an impact assessment as part of this consideration. We have drawn on existing consumer insight in developing our strategy and operating plan and we will consult publicly, including with consumer groups, to inform the final versions. The enhanced Consumer Panel will improve our consumer insight and support transformation work. There are specific projects in our operating plan on accessibility. Our work to deliver process improvements and to implement changes from the 2025 Act will take account of needs of consumers.
Significant new implications for regulated sector/ business	Our budget has implications for the regulated sector through the impact on the levy. Our operating plan details work to provide guidance, advice and training to the sector on complaint handling, and to ensure they are aware of forthcoming changes arising from the 2025 Act. It also details specific work to improve our complaints process, which will have an impact on businesses who have complaints made against them.
Any other major policy considerations	In the development of the strategy, operating plan and budget the Board considered the Scottish Government’s national performance indicators, medium term financial strategy, public service reform strategy, and vision for justice strategy.
Cybersecurity, IT, data protection or information governance implications	Our strategy, budget and operating plan all demonstrate the need for investment in our IT and cybersecurity capabilities, with cybersecurity identified as a key risk and priority for the organisation. Funding is included to meet our FOI and GDPR commitments.
Significant finance or best value considerations	Our budget contains full details of the costs of the SLCC’s work for 2026-27 and the impact of that on the levy. Best value projects include retendering contracts, our process improvement work, and work to tackle significant drivers of cost within our process. The aim of many elements of the 2025 Act is to achieve better value through more efficient processes so our commitment to swift implementation will support this.