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Dear Neil

Scottish Legal Complaints Commission draft strategy 2026-2030, and operating plan and budget for 2026-27

Thank you for your letter of 15 January and for providing a copy of your draft strategy for 2026–2030 and draft operating plan and budget for 2026–27. Both the Law Society’s Council and Regulatory Committee have now considered these documents and we are grateful for the opportunity to provide our views.

We recognise that, like the Law Society, the next few years represent a critical period for the Scottish Legal Complaints Commission (SLCC). After almost a decade of discussion and, at times, disagreement over the structure of legal regulation in Scotland, Parliament has now settled the question of who regulates the Scottish solicitor profession and the broad framework within which each body operates.

More importantly, we now have significant new legislation which enables both the SLCC and the Law Society to deliver meaningful improvements for all those who depend upon a robust, proportionate and efficient system of regulation. Many of the frustrations, limited powers and procedural restrictions that previously constrained the system have been addressed by the 2025 Act. All of us now share a responsibility to ensure that the changes agreed by Parliament are successfully implemented. We are clear that this will only be achieved if the various bodies



involved - including the Law Society and the SLCC - work together constructively, collaboratively and with coordinated priorities.

In your consultation you have invited feedback on both the draft strategy and the draft operating plan and budget. We set out our comments on each in turn.

Draft strategy 2026-2030

- **Resolving complaints**

We welcome the fact that the SLCC's first "mission" within the new strategy is the resolution of complaints. This rightly recognises the SLCC's core role within the regulatory system as, first and foremost, a complaints handling body.

While the 2025 Act will grant the Law Society the power to initiate a conduct investigation without first requiring a complaint to be submitted to the SLCC, clients and other members of the public will continue to lodge their complaints with the SLCC, with relevant conduct matters referred on to the Law Society. We therefore consider that the SLCC's role as the central gateway for addressing service concerns, disputes and the admission of conduct matters must remain its central task and primary focus.

Throughout the consultations leading to the Bill, and during the parliamentary process itself, there was broad consensus that substantial reform was required to make the complaints system quicker, simpler and more proportionate.

Like the SLCC, we agree that there must be a focus on commencing the parts of the 2025 Act which relate to complaints. The Act will bring in welcome new powers as well as additional duties for both the Law Society and the SLCC. For those parts of the Act which relate only to the SLCC, there may be a consequential impact on our own complaints processes. Therefore, successful implementation of these provisions will require coordination and collaboration between us.

- **Regulatory objectives and principles**

Section 2 of the 2025 Act establishes new and clearly defined regulatory objectives. In addition to protecting and promoting the interests of consumers and the wider public interest, the objectives include promoting access to justice, supporting an independent, strong and diverse legal profession, and encouraging quality, innovation and competition in the provision of legal services.

Section 3 provides that a regulatory authority must, so far as practicable, exercise its regulatory functions in a manner compatible with those objectives. It also sets



out regulatory principles, including the responsibility on all regulatory authorities to ensure that regulation is proportionate and workable.

As currently drafted, however, the strategy makes only limited reference to the regulatory objectives and does not refer to the regulatory principles. We believe it would strengthen the strategy to make explicit that the regulatory objectives and principles contained within the new Act will sit at the heart of the SLCC's approach and will guide its decision-making over the next four years. Clear alignment with the statutory framework would provide reassurance to both the profession and consumers that the SLCC's work is firmly grounded in Parliament's intent.

- **Regulation of authorised legal businesses (ALBs) “entity regulation”**

One of the most significant changes arising from the 2025 Act is the new power granted to the Law Society to set rules and regulate businesses at entity level. These provisions respond to our longstanding request for a broader suite of regulatory powers, enabling us to regulate not only individual solicitors but firms as entities, encompassing all employees collectively and providing more flexible powers to fine or, where justified, suspend a firm's licence.

Developing this new system of entity regulation and ALB-based rules represents arguably the single largest project for the Law Society in the coming years, requiring the creation of a new regulatory framework for more than 1,200 existing law firms.

The SLCC will play an important role in this area, particularly in relation to receiving and processing complaints against authorised legal businesses. However, aside from a brief reference to the development of an entity-based charging regime, the draft strategy does not address this significant new entity-based regulatory landscape.

While we recognise that the initial development, consultation and implementation of ALB rules rests with the Law Society, we believe the strategy should acknowledge this major reform and the important role the SLCC will have within it. Doing so would better reflect the scale of change ahead and the shared responsibilities that will arise. It would also recognise the need for adequate space and time to ensure the successful delivery of the project. This is especially important given the priority Parliament gave to this area of regulatory reform, shown by the fact a specific time period has been set for its completion.

- **The SLCC as part of a regulatory framework**

Under both the current framework and the framework that will apply following commencement of the 2025 Act, the SLCC remains one of the principal bodies



responsible for maintaining standards and handling complaints within the legal services sector.

However, the structure endorsed by Parliament deliberately preserves a system in which the overall effectiveness of regulation depends upon the coordinated work of multiple bodies, including the Law Society, the SLCC, the Faculty of Advocates, the Scottish Solicitors' Discipline Tribunal (SSDT) and the Lord President of the Court of Session.

We consider that the strategy would benefit from more explicit recognition of these interdependencies. The SLCC does not operate in isolation; rather, its effectiveness - and public confidence in the system - is closely connected to the performance and cooperation of the other regulatory bodies. The experience of both consumers and legal professionals, whether in relation to complaints or broader regulatory matters, is shaped by how well these organisations work together.

While the draft strategy refers to stakeholder consultation where appropriate, it would be strengthened by clearer commitments to ongoing dialogue, better alignment of priorities, and structured collaboration with fellow regulators. This should include engagement with the Lord President, who will assume significant new oversight responsibilities under the 2025 Act.

In making this request, we are keen to discuss how a more structured system of co-working could be established between our two bodies where appropriate. This needs to respect the fact we are separate organisations with our own and different governance requirements. However, such coordination is clearly key to delivering a clear, holistic and integrated regulatory framework.

Draft operating plan 2026-27

We broadly welcome the proposed operating plan and the actions identified for 2026-27. As noted earlier, we are pleased to see that the handling of more than 1,600 complaints remains the organisation's foremost priority. We would, however, offer the following observations.

- **Increase to the general levy**

We note the proposal to increase the general levy by 12.5%. While recognising that this represents a significant, above inflation single year increase, we are conscious that, if implemented, the levy will have risen accumulatively by 45% over the course of just four years.

In the operating plan documents, the SLCC explains this increase as follows: "*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, which has an impact on our workload (and so staffing costs). 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.” These are also covered in bullets on page 20-21 of the plan.

However, there is little and, in some cases, no detailed breakdown around how these factors each contribute to the overall budget and therefore the double-digit percentage increase in the levies charged. For example, almost three quarters of the SLCC's entire cost case relates to staff salaries and national insurance contributions. The Scottish Government Public Sector Pay Policy 2025-26 to 2027-28 sets an overall pay envelope of 9% over three years, with a cap of 3% for any single-year deal. So, the application of the Scottish Government Pay Policy on existing staff would in principle only lead to a 3% increase in its predominant cost base.

Given those who are required to pay the levy have no direct ability to decide on the amount charged, we believe it is critical that the SLCC be as open and transparent as possible around costs and the justification for increases.

In the absence of more detailed information and more compelling rationale, we cannot accept the proposed levy increase of 12.5%. We therefore strongly believe the proposed increase has not been justified and must be revisited.

- **Scottish Government funding**

We note the reference in the section “Approach to Budgeting for 2026-27” to advanced discussions with the Scottish Government regarding funding for certain elements of implementation of the 2025 Act.

While we welcome these discussions and the effort to secure appropriate public funding for aspects of regulatory reform, the figure of £300,000 for the current year is presented as an estimate. We understand that these discussions are expected to conclude by March 2026.

In the absence of public clarity regarding the final level of Government funding, it is difficult to provide definitive feedback within this consultation. However, should the agreed funding exceed the estimated £300,000, we would expect this to be reflected in a reduced requirement for levy income.

- **Regulatory transformation work**

We would encourage the SLCC to coordinate closely with us in relation to developing sprints for their new complaints processes under the 2025 Act.



As with our comments on the strategy, we note that the operating plan does not explicitly recognise that management of the SLCC's transformation programme requires liaison, alignment, and collaboration with the other bodies engaged in regulating the profession. This includes the Law Society, the Faculty of Advocates, the Association of Construction Attorneys, the SSDT and the Lord President.

We believe the successful implementation of the regulatory transformation programme requires a coordinated effort by all involved. This is especially so given the 2025 Act is complex with multiple interdependencies and means the many organisations involved cannot operate in isolation of each other.

- **Failure of solicitors to provide information**

We note that the issue of some solicitors failing to provide information, and the associated costs of enforcement action, is again cited as a driver of expenditure.

The 2025/26 budget forecast legal costs of £85,000 in relation to Section 17 matters - the same figure now included in the draft 2026/27 budget. This represents a reduction from the £101,000 actual cost in 2024/25. On the figures presented, costs in this area appear to have decreased in cash terms and are forecast to reduce further in real terms.

We reiterate that it is entirely unacceptable for solicitors to fail to comply with their professional obligations to provide information required by the SLCC. We have jointly discussed this issue with the Lord President and remain committed to taking practical steps to address non-compliance as well as continuing our constructive collaboration with the SLCC.

However, we do question whether the way in which this issue is presented risks overstating its overall financial impact.

- **Complexity of complaints cases**

We note the references to the general increase in the number of complaints and the increasing complexity in complaints and the effect this is having on workload. These trends are reflected in our own data and in the experience of our professional conduct team.

Given that this is a shared challenge, we look forward to continuing our ongoing liaison with the SLCC about the underlying causes and how best to respond to this trend.



- **Register of unregulated providers**

The 2025/26 operating plan referred to initial scoping and costing work in relation to establishing and operating a voluntary register of unregulated legal services providers. Amendments made during the passage of the 2025 Act now place a statutory obligation on the SLCC to establish such a register. Furthermore, forthcoming regulations will specify which categories of unregulated providers must register, moving the model from a voluntary opt-in scheme to a mandatory requirement for defined sectors.

Last year, we expressed concerns regarding the funding of this new area of work and sought assurance that the associated costs would not fall upon the regulated solicitor profession. It would therefore be helpful to receive further information regarding the outcome of the 2025/26 scoping exercise.

We note that the draft budget records no expenditure under “unregulated markets”. We would appreciate confirmation that no substantive or preparatory work is planned in this area during 2026/27, particularly in light of the expectation that the relevant provisions will not be commenced until 2028.

- **Approved regulator levy and licensed legal service providers**

We note and welcome the reference in the draft operating plan to our September 2025 statement confirming that we have deferred work on regulating new non-solicitor-owned legal businesses for two years. This decision allows the Society to coordinate implementation of the full suite of significant reforms introduced by the 2025 Act, including improvements to the complaints system and the development of entity regulation for existing firms.

Accordingly, we welcome the decision not to apply a further approved regulator levy in 2026/27.

We note that section A9 of the operating plan refers to engaging with the Law Society to understand our plans for implementation of the licensed provider scheme, and that section A5 refers to implementing the complaints system for Licensed Providers (also referred to as ABS) if required under the Legal Services (Scotland) Act 2010.

As we have stated publicly, we remain committed to regulating licensed legal service providers and intend to revisit the project as part of our 2027/28 operating plan.



We look forward to the SLCC's positive response to the questions and observations set out above, in relation to both the draft strategy and the draft operating plan. I would emphasise not only our willingness, but our genuine enthusiasm, to work collaboratively with the SLCC in the months and years ahead to ensure that the reforms to legal regulation are delivered successfully and in a way that strengthens confidence in the system as a whole.

As such, we would welcome an opportunity to meet to discuss this feedback and the matters we have raised.

Yours sincerely

Ben Kemp
Chief Executive