

The SLCC consulted on its strategy, budget and operating plan from 15 January to 19 March 2026. We are grateful to everyone who took the time to consider our proposals and provide constructive feedback. Here we set out some of the key themes raised and how we have reflected them in our final published documents. We have also considered and acted on individual comments.

The SLCC's role and statutory duties

While complaints handling is a core function, it is not our only statutory duty. We also:

- act as oversight regulator for complaint-handling bodies across the regulated sector
- share insight to support improved services and complaint handling
- support the independent Consumer Panel.

The 2025 Act expands and strengthens these responsibilities, including across the wider legal services market and clarifies the SLCC's role as a regulatory authority. Our budget reflects the need to resource all statutory functions appropriately.

Clarity on budget and levy

Transparency on costs

Stakeholders asked for greater clarity on the overall budget and the rationale for the proposed increase in the general levy.

This year's budget has been more complex than usual, as it shows:

- the ongoing costs of delivering our existing statutory functions
- the up-front implementation costs of the 2025 Act
- the operational costs of the new duties and systems introduced by the Act.

Scottish Government Funding

Since the consultation, we have secured what we expect to be the first of two tranches of Scottish Government funding to cover the upfront implementation costs. In the final budget, this funding is shown separately to highlight its specific purpose. We have also set out our current understanding of the expected second tranche. We are grateful to Scottish Government for early, positive discussions on funding and implementation.

That has allowed us to revise the final budget presentation to make a clearer distinction between this funding and our budget and levy funding.

Our annual reports will clearly set out all income and expenditure, including how funding received from Scottish Government has been used to support implementation.

Ongoing Operational Costs

Our core budget must continue to meet the costs of discharging our statutory functions. Complaint numbers have risen significantly across all areas of law and all parts of the profession. As complaints increase in volume and complexity, additional staffing is required to maintain service quality and timely case handling. Most SLCC costs relate to staff, and these costs have also risen due to public sector pay policy and national insurance increases. Even with no other changes, a budget and levy increase would have been required this year simply to manage existing demand.

Impact of the 2025 Act

While the Scottish Government funding covers implementation, the ongoing operational costs of the new systems created by the Act must be met from our general budget and therefore the levy. A good example of this is that we have a clear statutory duty to support and resource the expanded remit of the independent Consumer Panel.

However, some changes are expected to reduce costs, such as the removal of the Court of Session appeal route, once implemented.

The financial memorandum accompanying the legislation noted that savings from the new complaints process would help fund new duties. Delays to implementation therefore risk delaying both benefits and savings.

Unregulated market

There are specific complexities around our new powers relating to the wider legal services market and those providers not regulated by the 2025 Act. Our work this year, resourced by the Scottish Government implementation funding, is limited to scoping this in order to inform next steps.

Reserves

We continue to report transparently on our reserves and take advice from Audit Scotland. Where reserves exceed our policy, we will consider how best to use them to reduce levy impact.

Implementing the 2025 Act

The Act amends existing legislation and retains a multiagency regulatory model, making collaboration essential. We continue to meet with key stakeholders to understand priorities and potential impacts. We are grateful for this constructive engagement, including the Lord President's Office convening sector wide discussions.

The Act's Regulatory Objectives and Principles provide a shared framework for the whole system, and we have made a more overt link to this in our strategy. These will guide all of our work which is why our first implementation project has been to consult on a Regulatory Statement informed by them, which will be published shortly.

Our strategy and operating plan set out our implementation priorities and indicative timescales, subject to parliamentary commencement orders, which we hope helps provide clarity for stakeholders and the regulated sector.

Where specific legislative changes create operational impacts, we will maintain open dialogue. Examples include:

- the implications of the Law Society of Scotland's entity regulation system for our handling of complaints about legal businesses
- changes to the early stages of our complaints process and their impact on regulators' conduct investigations.

While rapid implementation carries risks, delaying implementation also carries risks, including delaying expected benefits and savings. The Act has raised public and sector expectations, and it is important that these are met. Our approach has been influenced by experience of the implementation of the Legal Services (Scotland) Act 2010, which is still not complete.

Finally, while we understand that strong views are held about the legislation and the changes it brings, those decisions have already been made by parliament and set in statute. Our role now is to implement them.

A focus on improvement

Our strategy places improvement at its core – both within the SLCC and across the wider sector. We will continue to identify and test changes that enhance efficiency, effectiveness, customer service, and confidence in the regulatory system.

That is why an issue like addressing non-compliance with requests for information remains a priority, given its disproportionate impact on consumer confidence and on the cost and timeliness of our work.

We also share information on trends and provide guidance and training to help the sector identify and avoid the common causes of complaints and to handle them well when they do occur. Other regulatory authorities also have a range of incentives and powers available to support this, which could help to reduce demand for our services.

This improvement culture depends on our staff. As we navigate significant change, we are investing in staff engagement, training, development, support and wellbeing. Our team is highly skilled not only in delivering their roles but also in identifying opportunities for improvement. Many of the reforms in the 2025 Act originated from staff insights into the challenges and limitations of the current system. Their agility and commitment to improvement are key strengths, and our investment in them ensures they can continue to deliver high-quality work and lead positive change.