Meeting: Legal Services Board

Date: 30 November 2021

Item: Paper (21) 63

Title: LSB Corporate Risk Register

Author / Presenter:
Jenny Prior, Corporate Governance Manager
Holly Perry, Director, Enabling Services

Status: Official

Introduction

1. The Board reviews the LSB Corporate Risk Register (CRR) twice annually and the last review was at its meeting in July 2021. This paper presents the latest CRR. The Audit and Risk Assurance Committee (ARAC) last reviewed the CRR at its meeting on 28 September 2021.

2. The CRR continues to be used by the Executive as an active risk management tool and is reviewed by SLT on a monthly basis. SLT also undertakes horizon scanning on a quarterly basis, the latest of which was held in October 2021. This paper discusses the risks on the CRR and invites the Board to approve the CRR.

Recommendation

3. The Committee is invited to **approve** the Corporate Risk Register.

Corporate Risk Register (CRR)

4. The latest CRR is at **Annex A**. This version of the CRR was updated by the Senior Leadership Team in the second week of November. There are currently two risks that exceed our risk appetite and two risks that are at risk appetite.

   a. Risk 05: Public confidence in legal services regulation is undermined because consumers continue to be underserved by the Legal Ombudsman.

      This risk remains out of appetite. We have been able to remove two risk causes – relating to OLC board appointments and the OLC ARAC – in response to recent developments. Between April and July the Legal Ombudsman's performance was tracking ahead of the minimum delivery expectations in the OLC's budget application. However, since then the backlog has increased (instead of beginning to fall as projected) and case closures have fallen short of target. The budget documents elsewhere on the agenda include a mid-year stocktake setting out the performance situation and underlying causes in detail, as well as the OLC's latest plans to achieve sustainable and acceptable performance over the next two-year period. We, OLC and MoJ have made progress on how the model might be developed to deliver the best possible system of consumer redress, including carrying out desk research and participating in two three-way workshops with OLC and MOJ. In September, ARAC considered a deep-dive paper on how we manage OLC risk.

b. Risk 11: LSB does not achieve traction with policy objectives.

   The residual risk score for this risk had steadily decreased over 2021 as the executive agreed that the BSB response to the Well-Led Review had marked a shift in this area. As a result, it was being considered for removal in October. However, in response to concerns raised by ARAC at their September horizon scanning session, the executive agreed to reframe this risk to focus on the capacity and capability of the regulators.. The risk has been scored *at tolerance*.

c. Risk 12: LSB approach fails to galvanise the regulators to act in ways that improve the diversity in the profession

   This risk has remained stable but continues to be *out of appetite*. The risk has shifted focus away from just the LSB's credibility in this area to the LSB's ability to be effective without a diverse Board to lead it. Since the September ARAC meeting, the recruitment campaign for the new non-lay member has progressed and a pool of applicants has been selected for interview (scheduled for early December). Other mitigating actions upcoming include a draft statement on the cross-sector principles statement on the application of disciplinary sanctions in regard to counter-inclusive practices being circulated to the regulators and tribunals for comment, and agreement that the LSB will join the Regulators EDI forum.

d. Risk 16: The LSB's process for handling unsolicited correspondence does not deliver/maximise intended value

   This risk has remained stable and *at tolerance* since it was added to the register in May 2021. It was considered that the process for handling unsolicited correspondence from members of the public was consuming significant resource and was not consistently delivering its intended value. The end-to-end process review for unsolicited correspondence is underway and is due to be completed by the end of the year.

5. There are two risks within our risk appetite.

a. Risk 15: The move to hybrid working negatively impacts the LSBs ability to function effectively.

This risk was added to the CRR following a horizon scanning session on 15 April 2021. It has remained *within appetite* since its inclusion and was considered for removal in October. At its September meeting however, ARAC recommended that the risk should be retained on the register whist the effectiveness of post COVID arrangements were determined. This risk will be considered for removal in January 2022.

b. Risk 17: Board turnover during 2023 has a destabilising effect.

This risk was added to the CRR following a Senior Leadership horizon scanning session on 27 July 2021. The risk was included immediately on the Corporate Risk Register owing to its organisation-wide impact. It is continuing to be monitored, despite being within appetite, considering its high impact if the risk were to materialise. There are a number of upcoming mitigations which aim to lower the likelihood of the risk materialising.

Conclusion

6. The executive considers that the LSB's risk management approach is continuing to work well at all levels of the organisation. The next ARAC review of the CRR will be at its meeting in March 2022 and the Board will review the CRR and hold a risk horizon scanning exercise at its July 2022 meeting.

7. The Board is invited to **approve** the Corporate Risk Register

Annexes
Annex A: Corporate Risk Register

Freedom of Information Act 2000 (FoI)		
Para ref	**FoI exemption and summary**	**Expires**
Annex A	s36(2)(b)(ii): intended to promote free and frank exchange of views for the purpose of deliberation by the Board.	N/A

Risks and mitigations	
Financial:	N/A
Legal:	

Reputational:	
Resource:	

Consultation	**Yes**	**No**	**Who / why?**
Board Members:		**X**	
Consumer Panel:		**X**	
Others:	LSB colleagues		