LEGAL SERVICES BOARD

Meeting: Legal Services Board

Date: 19 July 2022

Item: Paper (22) 43

Title: LSB Corporate Risk Register and Risk Management Strategy

Author / Presenter:
Ethan Fleming, 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 the Board's meeting in November 2021. This paper presents the latest CRR. The Audit and Risk Assurance Committee (ARAC) last reviewed the CRR at its meeting on 6 June 2022.

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 on 5 July 2022. This paper discusses the risks on the CRR and invites the Board to approve the CRR.

3. This paper also presents LSB Risk Management Strategy and risk appetite, required to be reviewed annually and last approved by the Board in July 2021. Some minor revisions are proposed. As with the CRR, the Strategy – including the risk appetite - was reviewed by ARAC on 6 June.

Recommendation

4. The Committee is invited to:

   - **Discuss** the Corporate Risk Register (Annex A).
   - **Agree** the revised risk management strategy (Annex B).
   - **Agree** the risk appetite (also Annex B).

Corporate Risk Register (CRR)

5. The latest CRR is at **Annex A**. This version of the CRR was updated by the Senior Leadership Team in the second half of June. Currently, there are four risks that exceed or are at the limit of our risk appetite.

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

   This risk continues to be out of risk appetite. The decision expected to be made by MoJ Ministers in March/April to consult on future redress systems was paused due to Ministerial changes. Discussions continue on outsourcing and amended scheme rules are included in the July Board papers.

7. *Risk 11: Regulators lack capacity and/or capability to deliver against our expectations.*

   This risk continues to be at risk appetite and was discussed at the 1 March 2022 LSB Board meeting. It is being closely monitored by SLT.

8. *Risk 12: Lack of diversity in the profession leading to poorer consumer outcomes and low confidence in the sector.*

   This risk is out of risk appetite. Board diversity has improved slightly and will continue to be a focus for future Board recruitment campaigns – ways to attract a diverse pool of candidates is a point that the team are discussing on an ongoing basis with officials at MoJ (which is responsible for Board appointments).

   The LSB has become a member of the Regulators EDI forum and a full time Policy Manager focused on EDI has now started with LSB.

9. *Risk 18: Annual Conference*

   This remains at risk appetite whilst the planning of the conference proceeds and it is expected to land within appetite in good time for the conference. The risk is more operational than is standard for the CRR which reflects that typically this would be an operational risk – given the importance of the event to the LSB, it has been included on the CRR to give it more oversight. The detail contained within it currently is of assistance to SLT in its oversight of the risk.

10. There are two risks within our risk appetite:

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

   This risk continues to be monitored, despite being within appetite, given its high impact if the risk were to materialise. The results from pulse surveys continue to be positive. The actions from the hybrid working discussion at the all-colleague away day in March are being implemented. The last of the Covid restrictions in the LSB office have been lifted and we are seeing a steady increase in the number of attendances in the office.

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

    This risk is continuing to be monitored, despite being within appetite, considering its high impact if the risk were to materialise. The team continue to engage closely with MoJ officials on Board appointment matters.

Risk Management Strategy

13. The LSB's Risk Management Strategy (Risk Strategy) outlines our approach to managing risk, including our risk principles, responsibilities, and processes. It was last approved by the Board in July 2021. Since then, minor amendments have been made, including incorporating minor drafting suggestions from the ARAC meeting in June.

Risk appetite

14. Our risk appetite approach continues to be useful for actively managing our risks. The risk appetite was last reviewed at the July 2021 Board meeting. No changes are proposed to the risk appetite found at the end of Annex B although minor drafting changes have been made to descriptors of delivery.

Conclusion

15. 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 October 2022 and the Board will review the CRR and hold a risk horizon scanning exercise at its November 2022 meeting.

Annexes
Annex A: Corporate Risk Register Annex B: Risk Management Strategy

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		