LEGAL SERVICES BOARD

Meeting: LSB Board

Date: 28 November 2023

Item: Paper (23) 67

Title: LSB Corporate Risk Register and Horizon Scanning

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Status: Official

Introduction: Purpose of the paper

1. The Board last reviewed the Corporate Risk Register (CRR) at its meeting on the 18 July 2023.

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, most recently in October 2023. This paper discusses the risks on the CRR and invites the Board to discuss potential emerging risks for the executive to consider.

Recommendation

3. The Board is invited to **discuss** the latest version of the Corporate Risk Register.

Corporate Risk Register

4. The latest CRR is at **Annex A**. At the Board meeting on 18 July 2023, there were 4 risks that exceeded or were at the limit of our risk appetite. Currently, there are 4 risks that exceed or are at the limit of our risk appetite:

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

   This risk continues to remain at risk appetite. The OLC continues its work to create a new strategy and will engage with the LSB and wider stakeholders. The impact of COVID as a risk cause has been removed and new risk cause added to reflect the current situation. The OLC budget and mid-year stock take is elsewhere on the agenda.

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

This risk is at appetite however the risk continues to be closely monitored by SLT owing to particular issues at two approved regulators. Work is well underway on engaging the regulators on the new regulatory performance framework. The executive is planning a detailed review of this risk in the upcoming months following by an in depth review at the March ARAC meeting.

7. Risk 12a: The LSB's Board is not diverse enough leading to the undermining of its ability to make decisions informed by diverse perspectives, then leading to challenges in holding regulators to account on diversity.

   This risk is expected to remain out of appetite for some time owing to the MoJ's limited approach to search, and the current planned turnover of Board Members. The LSB has been successful in its application to take part in the Board Apprenticeship scheme and the apprentice will begin in January 2024.

8. Risk 12b: LSB approach fails to galvanise the regulators to act in ways that improve the diversity in the profession leading to poorer consumer outcomes and low confidence in the sector.

   The risk is above appetite. The discussion at the July Board meeting is informing future proposals by the Executive to heighten the pace of change. An in-depth discussion of this risk is planned for the March 2024 ARAC meeting.

9. There are two risks below risk appetite:

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

    This risk is now below appetite. The Board away day in November was focused on ways of working. A letter is expected imminently from Ministers on the reappointment of Flora Page. It is likely that this risk will be removed in coming months.

11. Risk 20: The prevailing economic climate results in the sector having less time and resource to focus on reshaping legal services to better meet the needs of society.

    This risk remains within appetite and has never exceeded appetite. The planned work on market surveillance has been added as an upcoming mitigation. The Executive agreed to remove this risk before the next ARAC meeting.

Risk horizon-scanning

12. The SLT's most recent horizon-scanning session was held on 24 October 2023. It was a wide-ranging discussion that identified a number of potential risks that may manifest in the future but are not yet at a level to warrant inclusion in the CRR apart from in one area that is being drafted by the Executive: owing to staff turnover in 2023 and expected turnover in 2024 the Executive is drafting a new entry for the CRR covering this risk. There was a discussion of the risk of cyber-attacks – it was agreed that any further certification was likely to be of limited

benefit in comparison to the resources required and LSB risk profile. Other subjects for discussion included the CILEX/CILEX Regulation relationships and public spending freezes.

Annexes
Annex A: Corporate Risk Register

Risks and mitigations	
Financial:	N/A
Legal:	N/A
Communications and engagement:	N/A
Equality and diversity:	N/A
Resource:	N/A
Environmental	N/A

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