Meeting: Legal Services Board

Date: 24 March 2026

Item: Paper (26) 71

Title: LSB Corporate Risk Register

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Status: Official

Purpose of the paper

1. The Audit and Risk Assurance Committee (ARAC) last reviewed the Corporate Risk Register (CRR) at its meeting on 3 March 2026. It is now being presented to the Board for discussion.

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 considers new, emerging risks on a quarterly basis, most recently in February 2026. This paper discusses the risks on the CRR and invites ARAC to discuss potential emerging risks for the executive to consider.

3. The Board is asked to **note** the Risk Management Strategy which has had minor changes. It will then serve in the interim before updating in the light of the review.

Recommendation

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

Corporate Risk Register

5. The latest CRR is at **Annex A**. Below is a summary of each risk (in order that the risks appear in Annex A) and any key changes to the risks since September 2025.

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

   - This risk is on the risk appetite.

- The residual risk has increased from 12 to 16 and inherent risk from 16 to 20. This is due to concerns with the Legal Ombudsman's caseload and waiting time.
- A foundational review of LeO’s scheme is due to start in 2026/27 and LSB anticipate that LeO will seek approval for funds for this alongside operational budget approval in March.

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

- This risk remains out of appetite in response to increased concerns in the sector, such as the Axiom Ince closure and subsequent review which identified failures in the SRA’s regulatory approach; and subsequent issues around PH Law.
- At the February 2026 Board meeting, the Board and Executive discussed LSB’s approach to the Annual Regulatory Performance oversight and assurance, with a view to identifying learnings which can be applied to how we assess regulators’ performance. This is to help ensure our oversight activity is sufficiently targeted at areas where we have least assurance.
- The risk has also been updated to reflect contingency planning for CILEX/CRL financial instability/viability.

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 remains at appetite.
- LSB’s EDI policy and consultation document was launched in summer 2025 and by summer 2026 we expect to produce a revised statutory instrument to strengthen expectations of regulators in this area.

Risk 21: Executive turnover and expansion of the LSB has a destabilising effect.

- This risk is within the risk appetite.
- This risk has been expanded to include the induction of the Chair and the impact that the risk of a poor chair induction could have on organisational direction and the executive.

Risk 22: Public trust and confidence in legal services is weakened due to continued breaches of professional ethical duties and poor ethical conduct.

- This risk is within appetite.
- PERL consultation is progressing with policy work in the post-consultation phase. PERL Final Policy Statement will be presented to the February board for approval.

Risk 24: Poor relationship with LSB's sponsor department and a poor PBR outcome has the impact of unsustainable financial pressures, inability to respond to new request for policy work and pressures on existing priorities.

- The risk has changed to within appetite.
- This risk title has changed to better reflect the relationship with MoJ and the impact this has on the executive.
- An upcoming mitigation on tech and efficiency project is expected to complete the discovery phase by March 2026.

Risk 25: LSB is less efficient than optimum because of limited use of technology and unsustainable workload impacts on the capacity of staff, meaning that staff are stretched beyond manageable levels.

- This is a new risk and has been added following SLT's review of the risk register in December 2025.
- This risk is within appetite

Issue 01: 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 (formerly risk 12a).

- This issue is out of appetite.
- The Ministry of Justice is progressing with the recruitment of an LSB Chair and lay member recruitments. We are working with MoJ to ensure any LSB recruitment considers board diversity.
- For the upcoming LSB lay recruitment campaign we are engaging Dynamic Boards to help advertise the roles in a more diverse audience.
- We have also commissioned three information videos (one for LSB, one for LSCP and one for OLC) to inform interested candidates what our boards do. We have emphasised the need for a diverse board in these videos.

Identifying new risks

6. SLT undertakes a quarterly exercise to identify new potential risks that are emerging. The next session is scheduled for March 2026. Any potential new risks identified will reported to the next ARAC meeting in June 2026.

Changes planned to risk management at the LSB

7. ARAC discussed the review of LSB's risk registers in September 2025, following discussions with SLT and colleagues. Since then, this work has been paused due to illness and competing priorities. It is intended that the work will begin again in April 2026.

Recommendation

8. The Board is invited to **discuss** the Corporate Risk Register.

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 Annex B	s36(2)(b)(ii): intended to promote free and frank exchange of views for the purpose of deliberation by the Board.	N/A