Meeting: Legal Services Board

Date: 22 July 2026

Item: Paper (26) 10

Title: Risk Register Cover Paper

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Status: Official

Purpose of the paper

1. This paper presents a revised risk register and Risk Management Strategy which have been discussed by ARAC. It presents the current risk register in the new format.

Recommendation:

2. The Board is invited to agree the Risk Management Strategy, which has been changed following the review of the Corporate Risk Register.

3. The Board is invited to discuss the latest version of the Register [noting that it will be updated to take account of the Public Bodies Review, in line with the three-year strategy].

Background and PBR

4. The Audit and Risk Assurance Committee (ARAC) reviewed the Corporate Risk Register (CRR) at an ARAC workshop on risk on 12 May 2026 and agreed at their meeting on 2 June to recommend the new risk management strategy to the Board. This followed a review of the risk register and wider issues with risk, discussed in 2025 at ARAC, at the Board and with a wide range of LSB colleagues involved with risk management.

5. Now that the Public Bodies Review report is published, the risk that it poses has been reviewed.

6. Recommendation 5 of the Public Bodies Review concerns risk assessment for the sector and there are many references to risk throughout the document. The recommendations will inform our assessment of risk going forward. As we

consider this in more depth, we will update the risk register and if necessary, the risk management strategy.

Proposal

7. Feedback on the previous format indicated that it had become too complex, which made it harder for readers to engage with the document and identify the key risks clearly. The main thrust in all discussions was to keep it simple, and ensure it was a useful, clear tool to support Executive and ARAC discussion around mitigations and actions.
   - The Executive have discussed the recommendations and agreed the following points which were drafted into the risk management strategy and risk register:
   - Rename the risk register as the risk and issues log. Many of our risks are live issues. By contrast, the issue we had previously identified (on Board diversity) remained fluid and required managing as a risk. Because making a clear distinction was not clearcut and would change over time, spending time on this was felt to be a distraction to good risk management.
   - Create a separate tab for longer-term risks which would not merit managing now but might be expected to materialise within the next five years. This would be a place to document risks from horizon scanning. It would be reviewed less frequently to decide whether the time had come to manage the risk more actively.
   - Create a separate tab for opportunities or upside risks – we will review the usefulness of this tab after a year.
   - Create a separate tab for closed risks to be used to learn from prior experience
   - Incorporate a process for risk contagion into the risk management strategy
   - Incorporate a revised process for raising risks from programmes to the corporate risk and issue register
   - Widening the definitions of impact to include financial and reputational impact
   - Amend the roles and timelines of formal risk review. This is to fit with the new SLG which only meets monthly – a quarterly risk review would enable a deeper dive.

8. The corporate and operational risk registers were combined with further changes to visually identify higher scoring risks. As intended, the risk register is presented to the Board with the highest rated risks at the top and with colour coding to traffic light the risks.

9. The risk management strategy also contains consequential changes which reflect simplification of the risk register.

Risk Management Strategy policy

10. The Risk Management Strategy (**Annex A**) has also been reviewed and updated to reflect the new approach to risk and the new risk register template set out above. Key changes are:

- Removal of references to the operational risk register. This is now merged into the corporate risk register, albeit with risk scores which make such risks less likely to require consideration at ARAC or the Board
- Update on LSB's approach to Horizon Scanning
- Inclusion of LSB's approach to Risk contagion
- Further description on Impact scores to aid risk owners understanding of scoring.

Internal Audit recommendations

11. The changes to the risk register and risk strategy sought to incorporate the recommendations of the 2024 Internal Audit review of LSB's risk management in the following way:
    - Risk appetite review – an initial review took place in 2024 and a further one is due by 2027. ARAC's view that a more nuanced approach to appetite may be appropriate and we will reflect on how to build this in.
    - Closed Programme risks – to be captured on a tab in the risk register.
    - Escalation of risk to issue – we are proposing a different approach to ensure monitoring, management and reporting of issues as well as risks.
    - Risk management training – we will re-design and provide training once the risk management strategy is agreed.
    - Risk contagion (advisory) - this is built into the risk management strategy.

Corporate Risk Register

12. The full risk register is attached at Annex B. Below is a summary of the highest-rated risks, followed by the risk heat map.

Highest rated risks

Ref	Risk name	Risk score			Movement (since previous score)	Category
		Impact	***Likelihood***	***Total***		
PO-01	Regulators do not meet their regulatory objectives in the LSA 2007	4	5	**20**	→	Policy
OV-01	Legal Ombudsman fails to operate effectively	4	5	**20**	→	Oversight
PO-03	Continued breaches of professional ethical duties	4	4	**16**	→	Policy

	and poor ethical conduct undermine public trust and confidence in legal services					
CS-01	LSB staff have unsustainable workloads.	4	4	**16**	→	Corporate Services
GV-03	Conflict of interest of board or senior staff	4	3	**12**	↓	Governance
GV-02	The LSB's Board and the Boards of the OLC and LSCP are not diverse	4	3	**12**	↓	Governance
PO-04	Public Bodies Review recommendations cannot be achieved in time, within existing resource	3	3	**9**	↓	Policy

13. The highest-rated risks remain concentrated in policy and oversight areas, with two risks currently scored at 20 and a further five risks scored at 16 or 12. The table is intended to draw out the risks that require the most active Board and ARAC oversight, while also showing movement since the previous review. At this stage, most of the highest-rated risks are stable, although two governance risks have reduced since their previous score.

Heat Map

Risk heatmap (count of risks)

Impact		Likelihood 1	2	3	4	5
5	Impact	0	0	0	0	0
4		0	6	2	2	2
3		0	0	2	0	0
2		0	0	2	0	0
1		0	0	0	0	0
		1	**2**	**3**	**4**	**5**

Risks by heatmap box

Impact	Likelihood	Risks in box
4	5	PO-01 - Regulators do not meet their regulatory objectives in the LSA 2007 OV-01 - Legal Ombudsman fails to operate effectively
4	4	PO-03 - Continued breaches of professional ethical duties and poor ethical conduct undermine public trust and confidence in legal services CS-01 - LSB staff have unsustainable workloads.
4	3	GV-03 - Conflict of interest of board or senior staff GV-02 - The LSB's Board and the Boards of the OLC and LSCP are not diverse
3	3	PO-04 - Public Bodies Review recommendations cannot be achieved in time, within existing resource GV-01 - LSB manages data poorly
4	2	HR-01 - NED and senior Executive turnover at the LSB has a destabilising effect FI-04 - Cyber security attack at the LSB FI-03 - LSB is a victim of fraud FI-05 - Poor financial and resource planning CO-01 - The LSB fails to secure the understanding, trust and influence needed to deliver its strategic objectives LE-01 - Unplanned legal costs from legal challenge
2	3	FI-01 - The LSB does not carry out its operations with regard to its impact on sustainability or the environment FI-02 - LSB does not have appropriate financial management tools.

14. The heat map provides a broader view of the distribution of risks across the register. It shows that the majority of risks are clustered around impact score 4, with the highest concentration sitting at likelihood 2. This indicates that a number of risks would have a significant impact if they materialised, even where the likelihood is currently assessed as lower. The supporting table below the heat map identifies the specific risks in each scoring box, providing a clear link between the visual summary and the underlying register.

Conclusion and next steps:

15. The new review schedules and activities will be built into the meetings schedules of Board, ARAC and SLG. The Executive will continue to work with the new strategy and risk register to embed a positive culture of risk management across LSB and in particular will review the risk register in the light of the Public Bodies Review recommendations and development of the three-year strategy

16. The risk register will next be discussed by ARAC at their October meeting and by the Board on 22 October 2026 when they will also review risk appetite

Annexes
Annex A – Risk Management Strategy

Risks and mitigations	
Financial:	N/A
Legal:	N/A
Comms and engagement:	N/A
Equality and diversity:	N/A
Resource:	N/A
Environment:	N/A

Freedom of Information Act 2000 (FoI)		
Para ref	**FoI exemption and summary**	**Expires**
N/A	N/A	N/A