LEGAL SERVICES BOARD

Our response to the Public Bodies Review

November 2026

Chair's foreword

Legal services affect people's rights, finances, families and livelihoods. Individuals and businesses should be able to get legal help they can trust. They should have confidence in the advice they receive and be protected when things go wrong.

The Public Bodies Review recognises the key role that the LSB plays in achieving those objectives. It has outlined a number of recommendations where we, and others in the legal services system, can do better.

I welcome the review and its recommendations. It aligns strongly with our ambition to put consumer confidence and protection at the heart of our work. We accept all the recommendations of the Public Bodies Review. This response sets out how we will deliver against each of the recommendations, the work already underway and the timetable for further action.

The review will also inform our strategy for 2027-30, which we will consult on in the autumn. This strategy will focus more sharply on stronger oversight to protect consumers and the public interest. Our work will focus on the greatest risks to consumers and where regulation can make the most difference. It will set out clearer priorities and measurable outcomes. We will also be clear about the results we expect from frontline regulators and take decisive action when improvement is needed.

The Review recognises that success will depend on coordinated change at multiple levels. Frontline regulators, the Office for Legal Complaints, the Legal Services Consumer Panel, the Ministry of Justice and others each have distinct responsibilities.

We will bring together the regulators and other organisations to build a shared understanding of risks and challenges across the sector, drawing on data, evidence and technology. If the government considers changes to legislation, we will provide evidence and expertise to inform its proposals.

Collaboration will not remove accountability or compromise independence. The LSB's focused oversight will hold regulators to account, exercising its own judgement independently.

Delivering substantial change will require strategic investment in the people, skills and systems we need. We have begun to review our current programme of work, re-directing our resources towards fewer priorities, informed by the recommendations of the review. We will consult on our future budget requirements and work with the Ministry of Justice to agree future resources needed to deliver the ambition set out in this response and underpinning our three-year strategy.

We will play our part in bringing about a system-wide transformation of legal service regulation. Our objective is to improve the effectiveness of the legal services framework so that it better serves the public interest, protects consumers, and supports innovation and sustainable growth. We will judge our progress by the difference it makes to people who use and rely on legal services.

Monisha Shah
Chair
Legal Services Board

Our response to the review

We have carefully considered all the recommendations directed at the Legal Services Board. We accept each of them.

This response sets out how we will take the recommendations forward and our timetable for doing so. It also outlines how we will provide evidence and regulatory expertise to support the Ministry of Justice (MoJ) in taking forward the recommendations directed at it, in line with our statutory role under the Act.

The themes below bring connected recommendations together. The references show which recommendations each theme addresses, while the table on page 7 sets out the specific actions and timescales for each.

Resetting our strategic purpose

(Recommendations 1A, 2 and 3)

As an immediate response, we have reviewed our current programme of work and begun to re-direct resources towards priorities informed by the recommendations.

Our strategy for 2027-30 will be informed by the recommendations of the review. It replaces our ten-year sector-wide strategy with new strategic priorities, which take account of the recommendations.

We will deliver more targeted risk-based oversight. Our approach to policy will identify the areas which make the greatest difference for the public and consumers and we will focus our effort on those areas where the LSB is best placed to act. We are committed to improving the effectiveness of the regulatory framework, particularly through the use of cross-system data and intelligence.

All the regulatory objectives in the Legal Services Act 2007 continue to shape our decisions. As we progress through the strategic period, our annual business planning cycle will actively review our priorities in response to market changes and evidence of emerging risks and issues. As part of this annual cycle, we will also consult on budget proposals to secure the funding necessary to deliver on the recommendations, always with a focus on delivering value for money and clear benefits for consumers and the public.

Our work and resources will focus on delivering public benefit, protecting consumers and maintaining confidence in legal services regulation. We will set out clear outcomes which will measure the difference our work makes for consumers and the public.

We will consult on the strategy later this year and publish the final strategy and the annual business plan in Spring 2027.

Putting public benefit and consumers at the centre

(Recommendations 2, 3 and 6)

Our focus will be on the issues that matter most to the public and to consumers and where our oversight can make the greatest difference. We will target our resources more sharply on fewer priorities.

We have begun the work of strengthening consumer protection and redress through our oversight of, and collaboration with, frontline regulators and the Office for Legal Complaints.

We are committed to driving up standards in complaints handling, and increasing transparency, so that consumers are better able to make choices that are right for them. We are supporting the Legal Ombudsman's transformation so it can resolve complaints quickly and effectively. We will use our regulatory powers to encourage innovative technology which makes legal services more accessible and affordable to consumers, with proportionate protections in place to mitigate risk and protect consumers from harm.

We have recently announced an intensification of our regulatory oversight of the SRA following significant firm failures leading to consumer detriment. We are initiating further enforcement action to secure urgent improvements in its approach to identifying and responding to risk, protecting client money, and preventing consumer harm. While we have taken a pragmatic, targeted and proportionate approach to the SRA's need for further investment in its skills and systems, and a re-building of its compensation fund, we have also clearly indicated where we require assurance on value for money.

We have started to step back from areas where frontline regulators are better placed to lead or where government is better placed to act. Our policy work focused on professional ethics will be taken forward and implemented by the frontline regulators. Following publication of our policy statement on upholding ethical duties earlier this year, we will monitor regulators' implementation through our regulatory oversight.

We have also announced our decision not to proceed with the proposed policy statement on equality, diversity and inclusion at this time. Our research and evidence add to the resources that we expect representative bodies and others to use to progress practical initiatives. We will assess how regulators address barriers to diversity and evaluate progress as part of our Regulatory Performance Assessment of frontline regulators.

The policy interventions we do progress will continue to be informed by strong evidence of what people need and should expect from us. Our Public Panel will continue to inform our work, and we will review how we work with the Legal Services Consumer Panel (LSCP) so that we can make better use of its insights and expertise to focus our oversight on areas of significant consumer harm. We will invest in skills and systems to strengthen this evidence base and help us better understand new risks as the needs of consumers, and the market, continue to evolve.

More effective oversight and clearer accountability

(Recommendations 2, 3, 6 and 7)

We have begun to implement a new risk-based approach to regulatory oversight. Where we find shortcomings, we are setting out clear expectations for improvement, monitoring progress, and taking further action where appropriate. We are committed to acting proportionately and decisively where the evidence of actual or potential harm warrants it. Our new approach tailors our oversight to each regulator's responsibilities, capabilities and risks. Where regulators demonstrate that they are performing well and managing risks effectively, we have begun to reduce routine reporting requirements. This directs scrutiny where it is needed and avoids unnecessary burdens.

We have also started to identify and incorporate best practice approaches to ensure that we continue to make well-informed, proportionate and targeted decisions to protect consumers. In October 2026, we established a Challenge Panel on regulatory oversight, which will inform the establishment of a formal Board Regulatory Oversight Committee in 2027. The Panel draws on the expertise and experience of regulators from other sectors and provides advice, guidance and constructive challenge specifically on our enforcement work.

The LSB will be accountable for its own effectiveness. We will set out the results we seek, measure progress and consistently explain our decisions openly. We will commission an expert review to assess the effectiveness of our oversight approach, and an external Board effectiveness review will strengthen Board oversight, accountability and responsibility for delivery.

Taking earlier action on risk

(Recommendations 1A, 3 and 5)

Regulation will not remove every risk. However, earlier action on emerging problems will help us to protect consumers from harm. We cannot do this in isolation.

We will bring together evidence from across the sector, improve data collection and agree a common approach so that information can be compared more easily. Combining regulatory intelligence with evidence of consumers' experiences will help us identify emerging risks earlier and coordinate action to address them.

We will strengthen our skills and systems for analysing data, helping us spot patterns and changes in the market that could signal future harm. We will explain how we weigh the likelihood and seriousness of harm against the costs and effects of intervention, including on innovation and growth.

With frontline regulators and the MoJ, we will develop a shared approach to assessing risk. Frontline regulators are required to manage and demonstrate they are managing known risks, and we will hold them accountable if they fail to do so.

Working together to improve the system

(Recommendations 1A, 3, 4 and 6)

The LSB, frontline regulators, the MoJ, the OLC and the LSCP have distinct responsibilities. Working together we can deliver a more effective regulatory framework for the legal services sector which works better in the interests of consumers and the wider public interest. We recognise an opportunity to bring more clarity to the definition of those responsibilities.

The needs of a rapidly changing market require more active collaboration. We will lead where our oversight role requires this and we will support others, including front line regulators and representative bodies, where they are better placed to act. We will undertake a review of our convening role to understand how we can deploy it most effectively to achieve this aim.

We will be more explicit about when we are overseeing a regulator's performance and when we are bringing organisations together to work on a shared problem. We have begun to explore the use of different types of forums, including between chief executives and chairs, and approaches to encourage, facilitate and accelerate a culture of collaborative policymaking. These arrangements will protect our independence and our ability to hold regulators to account whilst making sure that each organisation remains responsible and accountable for delivering their regulatory functions and commitments.

We will provide evidence and expertise to the Ministry of Justice with regard to the effectiveness of legal services regulation. This will include advising and making recommendations in accordance with our statutory role under the Act, to ensure the regulatory framework best serves the interest of the public and consumers.

Delivering the changes

(Recommendations 9 and 10, alongside 1B and 8)

All of these commitments require a significant change in how the LSB operates. We have already made some structural changes as we move towards our target operating model. We have established a dedicated oversight directorate, separating our enforcement function from our wider strategic policy and convening role which has enabled us to direct more of our resources towards oversight.

But there is more to do. We are building the functions and systems and developing the skills needed to deliver these commitments more effectively. Alongside implementing and delivering a new operating model for regulatory oversight, we are developing other capabilities including horizon scanning, data gathering, evaluation and monitoring and improved programme management. We are also building new approaches to policymaking, which includes collaborative stakeholder engagement.

Our strategy and financial plans will set out the further investment needed, taking account of the resources we have redirected from other work and the efficiencies we have identified. We will recruit people with specialist skills, invest in training for existing colleagues and introduce systems that help us analyse information, anticipate harm, respond more quickly to existing risks and measure what works.

Public Bodies Review response table

The table sets out our response to each recommendation, the action we are taking and our delivery timetable. Our timescales reflect the scale of change required, including the need and time it will take to secure funding and recruit people with the right skills.

Rec	Recommendation	Lead	Response	What we are doing	Timescales
1A	The LSB should take immediate steps to bring together relevant actors within the existing regulatory framework so that it operates more effectively in protecting and promoting the interests of consumers. The LSB is uniquely placed to support system-wide alignment and integration of the existing regulatory framework. Therefore, the LSB can reduce duplication, align regulatory approaches, strengthen proactive frontline supervision, minimise low-value administrative burdens, and improve sector-wide use of data and intelligence.	LSB	**Accept**	We are developing a three-year strategy and have held discussions with stakeholders to help shape it ahead of a full public consultation. The strategy will set the priorities, the outcomes we want to achieve and how we will measure progress. Our strategy and annual plans will set clear responsibilities and deadlines for our work. We will support frontline regulators to act earlier and close gaps in consumer protection and hold them to account for doing so. We will also work with them to reduce duplication. Our approach to regulatory performance will align regulatory approaches and strengthen proactive frontline supervision. We will facilitate better information sharing across the regulators and improved use of data and intelligence. We will work with frontline regulators, the MoJ, OLC and LSCP to agree priorities and action on shared risks as we move forward. The Chief Executives' Forum has been established and the work programme is underway.	We will consult on our proposed 2027-30 strategy and 2027/28 business plan in Autumn/Winter 2026 and intend to publish the final strategy and plan in Spring 2027. We will consult on and publish annual business plans for each year of the strategy.

Rec	Recommendation	Lead	Response	What we are doing	Timescales
1B	For the longer term, the MOJ should carry out a comprehensive review of the regulation of legal services with consideration also being given to what activity should sit within or outside the current regulatory perimeters. This new framework should be developed by 2029 with a view to implementing a future regulatory framework during the next Parliament, with the LSB and existing regulators working closely together in anticipation of a more integrated regulatory framework. Given the uncertainty surrounding future legislative reform, the LSB and other regulators should not defer action in anticipation of structural change. Their focus should remain firmly on implementing the recommendations in this report and delivering improvement within the existing framework.	MoJ, with support from the LSB as appropriate	**Agree**	We will contribute evidence and regulatory expertise to any MoJ review, drawing on input from frontline regulators, the OLC and LSCP. We will advise on improvements that can be made under current legislation and where legislative change could strengthen consumer protection and improve access to reliable, affordable legal services.	We will work with MOJ to agree a timetable for our contribution on any review. Changes which are possible within the current legal framework to address gaps in regulation will be identified in our three-year strategy and annual business plans.

Rec	Recommendation	Lead	Response	What we are doing	Timescales
2	The LSB should reset its strategic purpose by directing most of its resources towards strengthening consumer protection through its oversight of, and collaboration with, frontline regulators and the OLC. Informed by insight from the LSCP, this should be embedded within its business planning and reflected in its more targeted, proportionate, and risk-based approach to the oversight of frontline regulators and the OLC. LSB activity that cannot demonstrably support the effective discharge of its oversight responsibilities and, through this, consumer confidence in legal services should be stopped.	LSB, working with the OLC, frontline regulators and LSCP	**Accept**	We will concentrate our resources on fewer priorities and stop or scale back work in other areas. We have decided not to proceed with the proposed statutory statement on diversity at this time and have brought active policy development on professional ethics and the rule of law to a close. Our oversight of regulators' work in both these areas continues. Our strategy will include a clear focus on consumer protection, empowerment and redress; AI & innovation; and modernising regulatory powers to improve oversight and deter poor practice. Evidence from research and stakeholders, the LSCP, and our Public Panel will inform our priorities. Work is underway to improve access to redress, support the Legal Ombudsman's transformation to resolve more complaints more quickly, and ensure regulators implement our requirements for complaints made directly to providers. Our programme of work will help consumers make more informed choices, receive better services, resolve problems sooner and get support if things go wrong.	We will consult on our proposed strategy and business plan in Autumn/Winter 2026 and publish the final strategy and plan in Spring 2027. Annual plans will set out the key programmes of work under each strategic priority and the indicators we will use to progress towards our intended outcome. We will agree the scope and timeline for a review of how we work with the Legal Services Consumer Panel (LSCP) by January 2027 and depending on the findings, implement changes as soon as possible after that. We have scheduled our first LeO transformation challenge panel in November 2026 and will set out how we will continue to monitor its progress.

Rec	Recommendation	Lead	Response	What we are doing	Timescales
3	The LSB should strengthen its prioritisation, regulatory oversight, and articulation of intended outcomes by advancing the three interconnected strands of work. • A more proportionate and effective supervisory approach: the LSB should move towards a preventative, risk-based model that avoids unnecessary prescription and recognises the differing scale, role, and capacity of regulators. • Greater system-wide alignment and integration of the existing regulatory framework: the LSB should use the full range of its tools to reduce duplication, align regulatory approaches voluntarily, strengthen proactive frontline supervision, minimise low-value administrative burdens, and improve sector-wide use of data and intelligence. • Clearer strategic focus and accountability for outcomes: the LSB should articulate a clearer, single strategic narrative with stronger prioritisation, clear links between activity and delivery, and measurable outcomes and impacts. This should include how success, progress, and value for money will be assessed. This will strengthen confidence in regulatory effectiveness and oversight.	LSB	**Accept**	We have begun to implement a risk-based approach to oversight, focusing on the greatest risks to consumers and reflecting each regulator's circumstances. We have announced stronger oversight of the Solicitors Regulation Authority following significant firm failures, to secure better protection for consumers. Where regulators demonstrate that they are performing well and managing risks effectively, we will reduce routine reporting requirements. We have appointed a Director of Regulatory Oversight and established a dedicated team. Our strategy will set outcomes and measures of success, including value for money. We have established a Challenge Panel to provide external expertise and constructive challenge specifically on our enforcement work. Its work will inform the terms of reference of a formal Board Regulatory Oversight Committee. The Panel includes expert regulators from other sectors with significant experience of market oversight. We are in the process of establishing the Regulatory Oversight Board Committee. Our three-year strategy will set the priorities for the LSB's work. It will provide a clear strategic focus for system wide alignment and integration and a single strategic narrative with stronger prioritisation, clear links between activity and delivery, and measurable outcomes and impacts.	We will publish our priorities and measures of success with our strategy in Spring 2027. The Enforcement Challenge Panel first met in October 2026. We will establish the Board's Regulatory Oversight Committee by Spring 2027.

Rec	Recommendation	Lead	Response	What we are doing	Timescales
4	The LSB should undertake a review of its convening role, to ensure a more strategic approach using the full range of engagement mechanisms with clarity as to when it should exercise leadership, when it should convene and facilitate collaboration, and when it should enable others to lead. • The LSB should clearly separate its performance oversight role from its broader collaborative activities, with protocols to protect its independence. It should also be explicit about which role it is performing during any engagement to ensure clarity and maintain trust. In particular, the LSB should avoid adopting a default leadership position where its role is more appropriately to facilitate dialogue, build consensus, or support co-ordinated action by others. • A review of the new Chief Executives' Forum should take place to assess its effectiveness in fostering meaningful engagement, enabling the escalation and discussion of key risks, and delivering tangible value to participants. This review should seek input from attendees which considers whether the forum is operating as intended, including its ability to support a co-ordinated approach to emerging issues. Clear ownership, accountability, and timeliness for actions arising from the forum should be established to ensure a stronger focus on delivery and outcomes rather than discussion alone.	LSB	**Accept**	We will be clearer on how we work with regulators and others, clarifying when the LSB should lead, bring organisations together or support representative bodies and others to act. Policy collaboration will remain distinct from independent oversight. The Chief Executives' Forum has been established and its work programme is underway. A particular focus for this forum is on a collective understanding of risks facing the sector, common challenges and how we will collectively address them.	A review of our convening role and wider engagement will begin in Jan 2027 and conclude, with agreed changes implemented, by Spring 2027. We will review the Chief Executives' Forum with participants annually to assess whether it supports useful discussion of risks and leads to timely action. We are also establishing a Chairs' Forum which will further enable strategic discussion across a range of stakeholders.

Rec	Recommendation	Lead	Response	What we are doing	Timescales
5	The LSB, frontline regulators and MoJ should establish a shared framework for identifying, assessing and managing market and consumer risk across the legal services sector, including an agreed statement of sector risk tolerance, recognising that a zero-risk approach is neither feasible nor desirable. The LSB should co-ordinate an annual assessment of key risks and regulatory mitigations, supported by strengthened horizon scanning, proactive intervention, and clearer articulation of consumer protection objectives and associated trade-offs relating to access, innovation, and growth. In doing so the LSB should draw on the expertise, intelligence and data held by frontline regulators, focusing on identifying cross-system risks, providing effective challenge, and promoting transparency and accountability across the sector. This annual assessment should then be shared more widely to support informed discussion of sector-wide risks and priorities.	LSB, with MoJ and frontline regulator input	**Accept**	With the MoJ and frontline regulators, we will co-ordinate a shared framework for identifying system-wide risks, mindful of the trade-offs relating to consumer protection, access to justice. innovation and growth. We will hold regulators to account for managing known risks through our oversight function and take action if they fail to do so.	We will co-ordinate the initial framework by Summer 2027 and publish the first annual risk assessment thereafter. This work will require input from MoJ, regulators and others. It will also require investment in our skills and systems for analysing data and identifying emerging risks during 2027. Our first Regulatory Performance Assessment under our new approach to oversight is in progress. We will publish outputs under our new approach on a regular basis.

Rec	Recommendation	Lead	Response	What we are doing	Timescales
6	The LSB should refocus its policy activity to ensure it is clearly aligned with, and limited to, its regulatory oversight role. As part of this, a clear and shared delineation of policy responsibilities across the MOJ, LSB, and frontline regulators should be established and communicated to reduce duplication and stakeholder confusion. The LSB should clearly demonstrate to the sector and key stakeholders how it translates its oversight policy into effective action and demonstrable outcomes, ensuring its work delivers tangible impact across the sector. In doing so, activity should be clearly aligned with the priority areas identified through this review, rather than being driven solely by broader policy development, to ensure focus and relevance in delivery.	LSB, MoJ and frontline regulators	**Accept**	Our strategy will set out the policy work needed to strengthen consumer protection through oversight. We will measure the difference our work makes for consumers and change our approach where the evidence indicates this is necessary. We will coordinate and align our responsibilities with the MoJ and frontline regulators to avoid duplication. We are already taking steps to implement separate forums for discussing oversight and policy with front line regulators. We will continue to co-design the best approaches to do this, informed by our review of our convening function.	Our three-year strategy, to be published in Spring 2027, will set out our strategic priorities and our approach to measuring impact. A review of our convening role and wider engagement is underway and will conclude, with agreed changes implemented, by Spring 2027.
7	The LSB should commission an expert review with regulators to assess how effectively the overall supervisory approach is working in practice. This review should include consideration as to whether the new Regulatory Performance Assessment (RPA) supports a proportionate approach, adequately captures key risks, and recognises that a one-size-fits-all model is inappropriate. It should also identify where longer-term efficiencies and reductions in regulatory burden could be achieved for both the LSB and regulators.	LSB, with frontline regulator input	**Accept**	We will commission an expert review of our revised oversight approach, drawing on regulators' experience. It will test whether our approach captures key risks, reflects regulators' circumstances and avoids unnecessary burdens. We will use its findings to strengthen consumer protection, inform our policy priorities and improve the effectiveness of oversight.	We will commission the expert review by Autumn 2027 and complete it by Spring 2028.

Rec	Recommendation	Lead	Response	What we are doing	Timescales
8	The MOJ should consider how it can increase transparency in its oversight of the LSB, including whether aspects of its existing assurance and accountability mechanisms could be made publicly available.	MoJ	**Agree**	We will work closely with the MOJ to improve transparency relating to assurance and accountability in a proportionate and efficient way. We will continue to publish information about our own performance, helping consumers and the public see how we are held to account. We have redesigned our Quarterly Performance Report to make it more accessible and easier to review. We will incorporate our progress against the PBR recommendations.	We will incorporate our progress against the PBR recommendations within our published Quarterly Performance Report by Spring 2027.
9	The LSB should strengthen its corporate governance by ensuring the board remains focused on strategic oversight, outcomes, and delivery, with a clear distinction between governance and executive responsibilities. A refined scheme of delegation and clearer articulation of matters reserved to the board would empower the executive team, promote organisational agility, reduce unnecessary board workload, and ensure clear accountability. As part of this work, the LSB should undertake annual board effectiveness reviews (BERs), including a full external review every three years, conducted in line with Cabinet Office guidance. This will enhance transparency and accountability both internally and externally, supporting effective oversight.	LSB	**Accept**	We will undertake an external Board effectiveness review with the aim to strengthen governance to meet this recommendation	We will complete the external review by the end of 2026/2027 and set deadlines for implementing its findings. We will continue to review Board effectiveness annually, with a full external review every three years.

Rec	Recommendation	Lead	Response	What we are doing	Timescales
10	The LSB should urgently rethink its organisational design and rebalance its use of existing funding requirements to ensure it has the necessary capabilities, aligned to the recommendations in this review.	LSB	**Accept**	We have established a dedicated oversight directorate and refocused our priorities. We have started to redirect existing resources towards key priorities and are in the process of reviewing the additional skills and systems needed over the next three years. We are preparing a medium-term financial plan to set out the additional investment needed to deliver the transformation necessary to deliver the recommendations in this report.	We will consult on our proposed three-year strategy underpinned by a medium-term financial plan in Autumn/Winter 2026. We will set out the investment and skills needed, with delivery milestones. We will complete our review of the organisational structure by the end of 2026/27 and implement its findings in the first quarter of 2027/28. Subject to budget approval we will undertake recruitment and invest in the specialist skills required to deliver our strategy in the first quarter 2027/28