

SRA BOARD
14 January 2025



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Legal Services Board (LSB) Performance assessment update

LSB performance assessment 2024

- 1 In the last update, we provided the Board with an overview of the process for the 2024 LSB performance assessment and our progress against the LSB's performance assessment framework.
- 2 Our response to the LSB's information request was submitted in November 2024. As agreed as part of the last update, the submission was shared with the Chair for comments prior to submission.
- 3 The LSB has told us that we should expect a draft report for review in February 2025.
- 4 We have now moved into the next LSB performance assessment period, although the LSB has not yet told us the time period for the next assessment. Given this, it is a good opportunity to review whether the Board finds these updates against the LSB's performance assessment framework, as part of the overall performance pack, useful in providing assurance against the framework.
- 5 Over the previous 18 months, this assurance has included a focus on one of the three LSB standards in the performance assessment framework at each performance meeting, followed by an overview of progress against all three standards at the performance meeting prior to our submission in November.
- 6 For each performance meeting, we also provide a more detailed update against the three standards and all twenty characteristics that sit underneath them in the LSB's performance framework in a table which we upload to Directors Desk for Board members to view. This is also published. The LSB asked for the assurance that we provide to the Board to be included in our submission.
- 7 We think the options for providing assurance moving forwards are:
 - The Board stops receiving updates as part of the performance pack against the LSB's performance assessment framework - much of what we share in these updates is covered elsewhere in the performance pack or the Chief Executive's report to the Board but structured around the standards in LSB's performance framework. This means that there is repetition across the pack, and the Board might be satisfied that it is receiving the assurance that is needed from the performance pack, without the repetition in this annex.
 - Reduce the frequency with which the updates are provided. Instead of an update in each performance pack, the Board could receive an update at the meeting in the lead up to our annual submission to the LSB and rely on the rest of the performance pack for assurance during the year.
 - Continue to provide assurance against the LSB's framework at each performance meeting by providing an overview of achievements, progress and

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areas for improvement against the standards in this annex but retire the detailed table on Directors Desk if the Board find the level of detail repetitive and not helpful.

- Continue with the current approach, including the table on Directors Desk, with a focus on one standard at each performance meeting, and an overview against all standards prior to submission to the LSB.

Recommendation: The Board is asked to consider the approach to providing the Board with assurance against the LSB’s performance assessment framework moving forwards.

*Progress against the LSB’s Sourcebook of Standards and Characteristics update:
October 2024*

- 8 Given we have only just submitted our update to the LSB as part of this year’s performance assessment covering the period June 2023 - September 2024, our update for this meeting focuses on updates for October. This is set out below against the three standards. As we are only covering one month this period, the detailed table normally available on Directors Desk has not been updated.
- 9 Overall, we think that we are continuing to make good progress against all of the LSB’s standards and have made, and are continuing to make, improvements to how we operate. As the Board is aware, since the last update, the LSB’s independent review of our handling of the intervention into Axiom has been published. The terms of reference for the LSB’s review of our regulatory actions in the lead-up to the collapse of SSB Group have also been published.
- 10 Our work to make improvements based on emerging risks and our analysis of high-profile cases / events is continuing, and the Board is being kept fully updated on this work. It cuts across all three of the LSB’s standards in its performance framework.
- 11 Below are highlights and areas where we are making improvements against each of the LSB’s standards for October 2024.

Well-led standard:

- The business plan and budget were agreed by the Board in September and an updated plan was published in October, which went live from November 2024. The plan sets out our response to new and emerging risks in the sector, and reflects that we will undertake work in the coming year to:
 - take forward themes and issues emerging from our ongoing Consumer Protection Review, and our recently launched consultation
 - consider issues and potential future activity relating to high volume claims

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- improve our approach to identifying and managing risk, including through better use of data.
- Given the importance of this work, we are scoping further work to address these issues and progress them promptly. As the Board is aware, to deliver this extra work, alongside our original plans, we are looking to make efficiencies, reprioritise, and if necessary, consider using reserves to supplement this year's available resource.
- We are re-tendering for a supplier for claim management services – the Solicitors Indemnity Fund and uninsured losses claims. This was launched in September 2024.
- We have [published](#) the results of our corporate strategy benchmarking work that looked at current levels of trust and confidence in the legal sector and how best to increase them. We will repeat the full research exercise again when our current strategy finishes in 2026 to find out whether and how our work and that of others has changed levels of trust and confidence.

Effective Approach to Regulation standard:

- We have [published](#) our progress update to the LSB's statement of policy on Empowering Consumers in the Legal Services Market. This followed discussion by the Board.
- We have published the [independent report](#) into the overrepresentation of Black, Asian and minority ethnic solicitors in the early stages of our enforcement processes.
- We held a summit in October with stakeholders to discuss our research published earlier in the year on tackling ethnicity gaps in outcomes of professional legal assessments.

Operational delivery standard

- We have made, and are continuing to make, improvements to how we operate. We have shared with the LSB the improvements we have made following our Investigation and Enforcement programme, including enhancing our resources and making improvements to the timeliness of our investigation process. Overall, we believe the programme has met its ambitious goals, with further improvements in hand.
- We regularly report on the SQE. In October, the results for the July sitting of [SQE 1](#) were published.

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- In the October’s Chief Executive’s report to the Board, we set out our plans to review our approach to continuing competence and to securing understanding of, and adherence to, professional obligations more generally. This followed recent thematic reviews highlighting that some solicitors fail to understand the obligation on them to maintain their competence.
- We have provided a progress update on the development of a Regulatory Information Service together with the other front-line Regulators as part of the Chief Executive’s report to the Board for this meeting.
- In October, we [published](#) our annual AML report. The report details our work over the last 12 months to help firms comply with anti-money laundering regulations, as well as action taken against firms that failed to take their obligations seriously. It shows that in 2023/24:
 - we took regulatory action against firms in relation to anti-money laundering breaches in 78 cases - an increase on the previous year (47). In more than half of the cases, the most common breaches related to firms having inadequate risk assessments or AML controls.
 - We issued 44 fines totalling £556,832.
 - We have increased our proactive supervision work in the last year, almost doubling the number of proactive firm engagements (inspections and reviews) we carried out (545), compared to the previous year (273).
 - Through this work, we have helped 394 firms to improve their AML controls and we have seen marked improvements in the way firms assess risk. Only 12% of client and matter risk assessments were deemed to be ineffective, compared to 51% in the previous reporting year.
- Alongside the annual AML report, we also published a [thematic review](#) looking at AML training within firms.

Recommendation: the Board is asked to note the update on the LSB performance assessment.