

SRA BOARD

29 April 2025



CLASSIFICATION – PUBLIC

Legal Services Board (LSB) Performance assessment update

- 1 At its last meeting, the Board considered the updates it receives on the LSB's performance assessment and agreed that moving forwards, the updates should be focused on:
 - The actions arising from the LSB's most recent performance assessment report, with a 'RAG' rating of progress towards delivering the actions so the Board can assess progress
 - Our progress against other areas from the LSB's Performance Assessment Framework - Sourcebook of Standards and Characteristics that we need to highlight to the Board by exception
 - A summary of any LSB position papers and consultations with an overview of how we are responding.

LSB performance assessment 2024

- 2 In the last update, we provided the Board with an update on our submission to the LSB's annual performance assessment. Since then, we received the LSB's draft report on our performance, which we provided comments on in early March. The LSB [published](#) its final performance assessment report on 31 March, which covers an overview of the performance of all legal service regulators, as well as reports on each regulator.
- 3 Across its assessment of all regulators, the LSB has identified the following themes this year that require focus and improvement:
 - How regulators evaluate the impact of regulatory activities
 - Risk management
 - Effectiveness with which Boards oversee the Executive and hold it to account
 - Transparency
 - EDI
 - Quality of statutory decision applications to the LSB

The report also recognises where regulators are performing better than others in these areas. For example, it notes that the SRA is performing 'quite well' in respect of transparency. The LSB also calls out areas of good practice across all regulators. These include collaboration and engagement with stakeholders and innovation.

The SRA's 2024 report

- 4 In the performance assessment report, the LSB rates us against its three standards. The table below shows how we have been rated this year. It also shows our ratings from last year for information:

SRA BOARD
29 April 2025



CLASSIFICATION – PUBLIC

Standard	Level of assurance - 2024	Level of assurance - 2023
Well-led	Partial	Sufficient
Effective approach to regulation	Partial	Sufficient
Operational delivery	Insufficient	Not assessed in 2023

- 5 The LSB does recognise us for areas for good practice. These include:
- Our new methods to increase engagement with the public, harder-to reach and vulnerable consumers and different stakeholders
 - The pre-consultation exercise that we undertook as part of the Consumer Protection Review, noting that it was useful for both us and the regulated community and is a practice other regulators may wish to emulate.
- 6 The key areas that it highlights to support the ratings it has given us relate to the findings of the Axiom Ince independent review report (governance, risk identification and operational processes), the collapse of SSB Group Limited (whilst recognising the independent review is in hand), and our commitment to publish SQE pass rates by training provider moving to autumn 2025. The LSB also says that it has concerns about the SQE's affordability, design and quality and our monitoring of Kaplan's performance (all of which sit under the operational delivery standard).
- 7 In the report, the LSB lists its key expectations for next year that we will report to the Board on as part of these updates moving forwards. These include:
- Providing clearer and more detailed descriptions in SRA Board minutes of discussions of how the SRA's activities promote the public interest and address the regulatory objectives.
 - How the SRA continues to review its governance arrangements and new changes it may introduce as a result of its own reviews and the Axiom Ince review report.
 - How the SRA applies the findings of its communications review and perceptions research to its substantive work and to its engagement with the public, consumers, the regulated community and others.
 - The SRA's monitoring of the effectiveness of its engagement activities, and whether it will be better able to evaluate and assess their impact on its regulated community's compliance with rules and regulations.
 - Expecting the SRA to address the quality issues the LSB identified in some of its applications for changes to its regulatory arrangements.

SRA BOARD

29 April 2025



CLASSIFICATION – PUBLIC

- The SRA rapidly implementing its new model for risk identification, analysis and management, progressing the development of its long-term data strategy and implementing risk-based inspections in areas other than AML and demonstrating that it can identify risk and take action to prevent firm failures and detriment to clients.
 - Expecting to see the SRA address the recommendation arising from the Axiom Ince review report that it uses its powers to develop an alternative option to address concerns with firms and protect clients, short of intervening.
 - Making further progress on the development of quality indicators for legal services and providing consumers with information about the quality of legal services providers.
 - Responding to the results of the planned evaluations of our Standards and Regulations and of the SQE, and what changes to them may result.
 - Our monitoring of Kaplan's performance against its action plan to address the causes of the marking errors in April 2023 and January 2024 and how the SRA monitors Kaplan's overall performance.
 - Expecting the SRA to begin publishing SQE training provider pass-rate data by Autumn 2025 at the latest.
 - The SRA's implementation of the action plans that derive from its research into differential outcomes for ethnic minority solicitors on SQE and overrepresentation of ethnic minority solicitors in its disciplinary processes. While we understand that the SRA cannot directly address some of the causes of these issues, we will be keen to see it identify what actions it can take by itself as well as those where collaboration with others is necessary.
- 8 The Executive is in the process of producing a plan that sets out the key actions that we are already taking or planning to take to respond to these expectations.

LSB position papers and consultations

- 9 In the period since our last update to the Board, we have responded to the following LSB consultations:
- [LSB's draft business plan and budget for 2025/26](#) (response submitted in February 2025)
- In our response, we stressed the importance of clarity in the LSB's plans on how they are distinct from, and do not duplicate, the work of the front-line regulators. We also highlighted the need to coordinate and work together to make sure the sum of those distinct contributions maximises our overall positive

SRA BOARD

29 April 2025



CLASSIFICATION – PUBLIC

impact in the public interest. Our response raised concern that as drafted the Business Plan may be too focused on some aspects of the regulatory objectives and not giving enough attention to others. We also gave clear support for the areas of focus set out in the plan, with some thoughts on where the LSB's contribution can be best brought to bear.

- [Guidance for new regulatory objective on economic crime](#) – (response submitted in February 2025).

We agreed with the overall approach of the LSB issuing guidance as to how regulators should comply with the new regulatory objective, and we broadly agreed with the LSB's four suggested outcomes. We did suggest an additional outcome for the LSB to consider relating to assessing the risks which economic crime poses to the legal profession and producing effective alerts and warnings. We also made some further observations and suggestions, including the need for some clarity on where the jurisdictional boundary between our two oversight regulators – the LSB and the Office for Professional Body Anti-Money Laundering Supervision (OPBAS) – lies, as well as asking for clarity on some areas of the draft guidance.

- 10 The LSB has one open consultation that we are currently preparing our response to on its [policy statement on upholding professional ethical standards](#). The draft statement contains a series of proposed outcomes for legal services regulators to pursue in helping legal professionals to understand and uphold their professional ethical duties. The Board discussed our approach to professional ethics at its meeting on 8 April.
- 11 On 1 April, a research report on Regulatory Leadership on Access to Justice was [published](#). The report was commissioned from Nottingham Law School by the Legal Services Consumer Panel in collaboration with the LSB. The report aims to outline creative solutions and recommendations for legal services regulators, drawing on learnings from Australia, Canada and other jurisdictions, and how they can positively contribute to closing the access to justice gap. The report identifies several systemic barriers to access to justice, including the closure of legal advice centres, legal aid deserts, and a lack of public awareness about legal rights. It calls on the LSB and frontline regulators to take a proactive leadership role in addressing these challenges.

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