

Annual Report and Accounts 2024/25

HC 1177



LEGAL SERVICES BOARD

Annual report and accounts 2024-2025

For the period 1 April 2024 to 31 March 2025

Annual report presented to Parliament pursuant to Section 6 (4) of the Legal Services Act 2007.

Accounts presented to Parliament pursuant to Schedule 1, Paragraph 25 (5) of the Legal Services Act 2007.

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Catherine Brown
Interim Chair
14 July 2025

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Richard Orpin

Interim Chief Executive

11 July 2025

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Richard Orpin

Interim Chief Executive

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Richard Orpin

Interim Chief Executive

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Interim Chief Executive

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Richard Orpin
Accounting Officer
11 July 2025

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Richard Orpin

Accounting Officer

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Gareth Davies

Comptroller and Auditor General

July 2025

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Gareth Davies

Comptroller and Auditor General

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Richard Orpin

Accounting Officer

11 July 2025

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Richard Orpin

Accounting Officer

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Performance Report

Overview - Statement from the Interim Chair

This report covers from April 2024 to the end of March 2025, the fourth year of our ten-year Reshaping Legal Services strategy. We continue to be led by the strategy's three goals of fairer outcomes, stronger confidence and better service. These complement the nine regulatory objectives that we share with the regulators we oversee.

However, for all the continuity that a long-term strategy provides, we work within a rapidly changing landscape for legal services. With enforcement action against a regulator underway, an annual performance assessment that revealed significant shortcomings elsewhere, and a broader societal focus on lawyers' ethics, the LSB's role has been shown to be more necessary than any other point in its history.

Amid this changing landscape, I am keen that we continue to focus on those areas where we can make the greatest difference for consumers. This is essential for maintaining public trust and confidence in legal services, which underpin the sector's significant contribution to the UK economy.

I took up the role of interim Chair of the Board following the departure of Alan Kershaw, who stood down in February 2025. Alan brought to the LSB his valuable experience in professional regulation and a strong championing of the needs of consumers and the public good. Under Alan's leadership, the LSB made important steps in promoting technology to increase access to legal services, and in encouraging regulators to improve how lawyers and law firms handle consumer complaints. We thank Alan for his contributions.

On behalf of the Board, I also want to thank Craig Westwood for his leadership during his time as Chief Executive. Craig joined in August 2024 and, over a demanding year, led the organisation through significant developments. Craig will depart in the summer, leaving the LSB in a strong position to continue delivering effective regulation in the public interest. We wish him all the best for the future.

Ours is an assertive and engaged Board, focussed on our nine regulatory objectives. We attract strong members, both lay and non-lay, and this year we had the pleasure of welcoming Christine Nwaokolo as a non-lay member from May 2024, and reappointing Gary Kildare as a lay member from April 2025.

As we move into 2025/26, our latest business plan sets out the five policy areas which we will prioritise over the coming year – identified as those with the greatest impact, addressing the most pressing issues – and also commits us to focussing on our approach to our oversight function. We are keen to reduce burdens on regulators performing well, while concentrating our resources on poorer performers. This plan will help us to make sure that regulation can continue to maintain standards, promote confidence and facilitate economic growth.

Catherine Brown Interim Chair 11 July 2025

Overview - Statement from the Interim Chief Executive*

Over the last year, we have continued to pursue our mission of reshaping legal services to better meet the needs of the public. It has been a year of progress, challenge, reflection, and collaboration, and we have been guided by our strategic priorities and the regulatory objectives in the Legal Services Act 2007. Through focused regulatory oversight, providing guidance on new and emerging issues, and taking firm action when standards have fallen short, we have sought to ensure that legal services work better for everyone.

Addressing unmet legal need and improving access to justice

One theme across our work this year has been the persistent and deeply concerning level of unmet legal need across England and Wales. Our 2024 Individual Legal Needs Survey revealed that nearly a third of people with legal disputes did not have their issues resolved adequately. This figure is virtually unchanged since 2019. Too many people, particularly those on low incomes or who are otherwise vulnerable, are unable to access the help they need.

In response, we have laid the groundwork for a renewed focus on access to justice. Through engagements with the sector, across England and Wales, we have gathered evidence about the challenges faced by consumers as well as providers of legal services. We recognise the importance of cross-sector collaboration and remain committed to working alongside those with shared aims, to make sure that our regulatory efforts are targeted, evidence-based, and impactful.

We will continue this work next year, identifying where and how the regulation of legal services

can improve access to justice. We will consider what regulatory levers are available, as well as what innovative approaches might be possible – including the use of technology and artificial intelligence (AI), on which we provided guidance to the regulators.

Embedding and enabling professional ethics

Recent high-profile cases have highlighted the vital importance of ethics in legal services. Aggressive litigation tactics, misuse of legal processes, and power imbalances – especially for litigants in person – demonstrate that ethical conduct cannot be assumed. It must be actively enabled, supported, and expected at all levels of the profession.

Professional ethics and the rule of law have therefore become central to our policy focus. Following a phase of careful research and evidence-gathering, we launched a consultation on a draft policy statement which proposes five outcomes for regulators to meet. The consultation has been accompanied by extensive engagement and awareness-raising, which I am confident will lead to an effective regulatory intervention.

Our longer-term vision is for a legal services sector in which every lawyer has a deep understanding of their professional ethical duties and the confidence to uphold them effectively.

Empowering consumers and improving redress mechanisms

In 2022, we set out our expectations for regulators to empower consumers, helping them to shop around for legal services and make informed decisions based on quality and price.

^{*} Craig Westwood resigned as Chief Executive of the LSB on 1 July 2025. Richard Orpin has been appointed Interim Chief Executive and was appointed Interim Accounting Officer on 3 July 2025.

While some progress has been made, further work is needed, especially around transparency and enabling third-party comparison tools.

We have also worked to strengthen first-tier complaint handling, recognising that unresolved issues are too often escalated to the Legal Ombudsman (LeO), which currently has a significant backlog. We issued new guidance to regulators and legal service providers, aiming to make sure that complaints are dealt with fairly, effectively, and promptly.

As one of our statutory duties, we have continued to review the performance and budget of the Office for Legal Complaints (OLC), which oversees LeO. While we approved a budget increase for new investigators to tackle growing demand, we did not support a separate proposal about how it will publish its decisions, due to value-for-money concerns. We have requested a revised approach, one which would better facilitate learning across the sector as well as public transparency. We will continue to work with OLC towards this goal.

Proactive and proportionate regulatory oversight

A core part of our statutory remit is the oversight of regulators. Over the past year, we have continued to evolve and strengthen our approach through a refreshed framework for assessing their performance, the introduction of a new regulatory review team, and an enhanced horizon-scanning function.

Our annual regulatory performance assessment revealed mixed performances by the regulators. Some regulators – including the two largest, the Solicitors Regulation Authority (SRA) and the Bar Standards Board – are falling short of our standards in important areas. We will work more closely with these regulators to support improvements and will maintain a sharp focus on accountability and transparency.

We also began enforcement action against the SRA following the collapse of the law firm Axiom

Ince Ltd. An independent review identified serious regulatory shortcomings on the SRA's part ahead of its intervention into the failing firm. As a result, and in line with our enforcement policy, we initiated formal action under the Legal Services Act 2007. This high-profile case reinforced the need for better regulatory oversight across the sector and highlighted gaps in protection for consumers which we are working to close.

Promoting the prevention and detection of economic crime

Following the introduction of a new regulatory objective in 2023 to promote the prevention and detection of economic crime, we have worked with regulators to develop draft guidance. This guidance, issued for consultation in November 2024, outlines how regulators can demonstrate alignment with this new objective, and will ensure consistency of approach.

Our aim is to support regulators in taking meaningful and coordinated steps, recognising that economic crime poses significant risks to public trust and the integrity of the profession.

Financial accountability and budgetary oversight

Transparency and financial resilience remain critical to effective regulation. In 2021, we introduced new expectations around how we approve practising certificate fees (PCFs). This year, we evaluated the impact of those changes and found that regulators' applications have significantly improved, allowing for greater scrutiny and better engagement with stakeholders.

We applied similar principles in reviewing the budgets of the OLC – mentioned above – and the Solicitors Disciplinary Tribunal (SDT). In the case of the SDT, we approved a budget increase to accommodate a sharp rise in cases, which have been driven in part by recent regulatory failures. We will continue to monitor the governance and operational structures of both organisations to

ensure value for money and public confidence.

Our budget for 2025/26 is with the MoJ for approval (authority to spend was received from the MoJ in April 2025) and will allow us to deliver a targeted programme of work. This includes resourcing for ongoing investigations, policy development, and stakeholder engagement. We also included budgeting for a necessary office move.

Listening, learning and leading

Our work is shaped by dialogue. We have engaged widely, participating in local events, national forums, and international conferences. These engagements have helped us share best practices, gather insights, and amplify the voices of those using and providing legal services.

Our own Reshaping Legal Services conference was a highlight. Rapidly becoming an important fixture in the sector's calendar, the conference provided an opportunity to explore challenges and identify actions that we can take individually and collectively. I am particularly proud of the success of our offer of bursaries to law students, followed by the opportunity to share their experiences on our blog.

Looking ahead

Our business plan for 2025/26 sets out five priority policy projects, some of which are already in process, others respond to emerging issues:

Professional ethics

- seeking to raise ethical standards across the sector.

Consumer protections

– understanding how new developments in the market may create risks for consumers and seeking to mitigate those risks, while facilitating economic growth.

Equality, diversity and inclusion (EDI)

- building a fairer profession that better represents the society it serves.

- Access to justice reducing barriers for those in greatest need.
- Disciplinary and enforcement processes
 - ensuring fairness, accountability and learning when things go wrong.

We also remain focused on improving our approach to regulatory oversight, supporting strong performance where it exists and intervening decisively where it is lacking.

Closing reflections

I would like to thank all those who have contributed to our work this year, and most notably our dedicated team of colleagues at the I SB.

We have made meaningful progress, but our work is far from done. The challenges facing the sector are real, complex, and evolving. But so too is our resolve. With renewed focus, confidence in our actions, and a firm commitment to the public interest, the LSB will continue to play a vital role in making legal services more accessible, ethical, and effective for all.

Richard Orpin Interim Chief Executive 11 July 2025

Overview of our sector-wide strategy, Regulatory objectives and behaviours in 2024/25

Sector-wide strategy: Reshaping legal services to better meet society's needs

Fairer outcomes

- Challenge (C1): Lowering unmet legal need across large parts of society
- Challenge (C2): Achieving fairer outcomes for people experiencing greater disadvantage
- Challenge (C3): Dismantling barriers to a diverse and inclusive profession at all levels

Stronger confidence

- Challenge (C4): Ensuring high quality legal services and strong professional ethics
- Challenge (C5): Closing gaps in consumer protection
- Challenge (C6): Reforming the justice system and redrawing the regulatory landscape

Better services

- Challenge (C7):
 Empowering consumers
 to obtain high quality and affordable services
- Challenge (C8): Fostering innovation that designs services around consumer needs
- Challenge (C9):
 Supporting responsible use of technology that commands public trust

Regulatory objectives

RO1 – Protecting
and promoting
the public interest

RO2 – Supporting the constitutional principle of the rule of law

RO3 – Improving access to justice

RO4 – Protecting and promoting the interests of consumers

RO5 – Promoting competition in the provision of services

RO6 – Encouraging an independent, strong, diverse and effective legal profession

RO7 – Increasing public understanding of the citizen's legal rights and duties RO8 – Promoting and maintaining adherence to the professional principles RO9 - Promoting the prevention and detection of economic crime

Discharging our statutory functions

Regulatory performance and reviews

Oversight of the Office for Legal Complaints

Oversight of the Solicitors Disciplinary Tribunal

Behaviours

Lead

Innovate

Transform

Communicate

Statement of the purpose and activities of the LSB

Our purpose

The LSB oversees the regulation of legal services in England and Wales. We are independent of both government and the legal profession. We monitor the performance of the regulators for the different branches of the profession to ensure they meet expected standards. When those standards are not met, we expect regulators to provide us with the necessary assurance, addressing any concerns about their performance. We may also seek assurance ourselves by undertaking a targeted or thematic review of a regulator's performance. In the most serious cases, we may take formal enforcement action.

We put the public, who benefit from legal services, and the people who use or need those services at the heart of what we do. We promote the public interest by ensuring independent, effective, proportionate regulation.

Our strategy is focused on ensuring that regulation effectively enables legal services to work better for society. We contribute to this by:

- deploying regulatory incentives and levers that accelerate change and;
- using our convening role to stimulate debate and foster collaboration.

The Legal Services Act 2007 (the Act) established the LSB on 1 January 2009, and we took on most of our statutory powers and duties on 1 January 2010. We are publicly funded, although our costs are recovered from a statutory levy on the approved legal regulators. They in turn derive their funding from fees paid by the legal profession. Our funding mechanism helps preserve our independence from the legal profession. By way of illustration, if averaged across all those authorised to undertake reserved activities, our levy in 2024/25 corresponded to £26.09 per person (2023/24 £24.20). The average

for the previous three years (2022/23 to 2024/25) was £24.36, down from over £34 at its peak in 2009/10.

The regulated community

Details of the approved regulators, who they regulate, for which reserved legal activities, and whether they are also licensing authorities, are available on our website.

We also have responsibilities in relation to the Office for Legal Complaints (OLC), and the Board of the Legal Ombudsman (LeO) which resolves service complaints about legal services professionals. Our relationship with the OLC is set out in the Act and is guided by a Memorandum of Understanding and a three-way operating protocol with the OLC and the Ministry of Justice (MoJ). We approve the OLC's annual budget, can set or agree performance targets, and appoint its Chair and Board.

The Act also provides us with some powers in relation to the Solicitors Disciplinary Tribunal (SDT) and requires it to obtain the LSB's approval of its annual budget and for changes that it wishes to make to its rules.

Our regulatory responsibilities

The regulatory objectives (RO) are set out in the Act (see page 10). We share these objectives with the approved regulators and the OLC.

The ROs include promoting and maintaining adherence to the professional principles, which are:

- acting with independence and integrity;
- maintaining proper standards of work;
- acting in the best interests of clients;
- complying with practitioners' duty to the Court to act with independence in the interests of justice; and
- keeping clients' affairs confidential.

In addition, the better regulation principles contained within the Act stipulate that in all our activities we must aim to be transparent, accountable, proportionate, consistent and

targeted only at cases in which action is needed.

The expectations that guide our regulatory oversight are based on evidence and intelligence about the state of the market (including consumers' experience of legal services), as well as the theory and practice of better regulation.

When holding regulators to account, we have a wide range of formal and informal tools available to us.

Ultimately, the primary responsibility for devising, developing and implementing regulation that guarantees public trust and confidence in the legal profession in England and Wales rests

with the regulators. Our role is to make sure the regulators meet this responsibility to ensure promotion of the regulatory objectives.

Our oversight of the regulators is designed to ensure that they have the competence, capability and capacity to promote the regulatory objectives, always in the interests of the public and free from undue influence of the professions. We have responsibilities in relation to:

- statutory approvals we consider a range of applications from both existing regulators (including applications to become a licensing authority, changes to regulatory arrangements and extension of scope) and those seeking to become an approved regulator
- oversight we monitor regulators' compliance with regulatory requirements; oversee aspects of the performance of the OLC including approving its annual budget and business plan; and perform some specific duties in relation to the Solicitors Disciplinary Tribunal (SDT). We also examine the wider marketplace to identify trends, gaps in regulation, competition issues and how both our own rules and those of regulators are working in practice
- enforcement- we ensure that regulators and licensing authorities perform their duties in a way that meets the regulatory objectives and, where necessary, exercise the powers at our disposal to ensure that this happens. These include the power to set performance targets, give directions, publicly censure a body, impose a financial penalty, intervene in the running of a regulatory authority in relation to any of its regulatory functions and ultimately recommend cancellation of a body's designation as regulatory authority
- standards we have a duty to assist in the maintenance and development of standards of regulation by approved regulators and in the education and training of persons carrying out reserved legal activities
- scope of regulation we have powers to make recommendations to the Lord Chancellor on the designation of new activities as reserved and the removal of existing designations.

The Act also contains provisions for the LSB to be a licensing authority 'of last resort' if there is no existing licensing authority with licensing rules suitable for licensing a particular type of Alternative Business Structure (ABS), but these have not been activated.

During 2024/25, the LSB maintained its active management of risks in line with our risk management strategy. The following four risks were a particular focus:

- Regulators lack capacity and/or capability to deliver against our expectations
- Public confidence in legal services regulation could be undermined because consumers are underserved by the Legal Ombudsman
- Public trust and confidence in legal services is weakened due to continued breaches of professional ethical duties and poor ethical conduct
- Instability of the LSB's effectiveness and operations owing to uncertainty of office accommodation and location from September 2025

These risks are discussed in more detail in the Performance analysis section on page 29.

Performance summary

The Business Plan (the Plan) for 2024/25¹ is the fourth year of our sector-wide strategy². The Plan set out an ambitious programme of work, including longer-term projects designed to reshape legal services.

As of 31 March 2025, alongside fulfilling its inyear obligations to make statutory decisions on matters emerging from the regulators, the OLC and the SDT, the LSB has delivered against its Plan. In responding to new pressures in-year, some elements of work will be extended into 2025/26, and these workstreams are included in our business plan for the year.

Financial performance

Our levy income this year, including prior year deferred income, was £5.271m and our actual outturn was £5.219m, resulting in an underspend of £52k. We are able to provide "Substantial Assurance" in respect of governance, risk management and internal controls in operation for the 2024/25 year, as aligned to the assurance definitions utilised in our internal audit reports.

Overall, we consider that there is a generally sound system of internal control, risk management and governance designed to meet the organisation's objectives, and controls are generally being applied consistently. However, some weaknesses in the design or inconsistent application of controls put the achievement of particular objectives at risk.

There was one specific review, reflected in paragraph 2.7 regarding the appointment of a firm to undertake a review of the SRA's management of a regulatory issue where, whilst is being finalised, related to an issue raised with us during the year.

This highlighted a number of control issues regarding procurement and financial forecasting of the programme of work. This was a new area of activity for the LSB for which lessons should be learnt.

We can confirm that the internal audit programme and workplan has been undertaken in accordance with the Public Sector Internal Audit Standards.

This surplus is held on the Balance Sheet as Deferred Income and will be returned to Approved Regulators through a rebate on the levy in 2025/26.

The average levy of £26.09 per authorised person is calculated based on £5.142m billed to approved regulators in 2024/25, up from £4.647m in 2023/24. Since any surplus that the LSB achieves in one year reduces the amount it needs to collect through the levy in the subsequent year, the increase in the surplus to £129k in 2023/24 from £32k in 2022/23 means the increase in average levy per authorised person was £1.89 for 2024/25 (£1.40 increase for 2023/24).

	2024/25	2023/24
	£′000	£′000
Budget	5,271	4,679
Income received	5,271	4,788
Expenditure	5,219	4,659
Deferred income	52	129

Going concern basis

Whilst the Act remains in place, the LSB is required to fulfil its functions. To fund our activities, we have proposed to the Lord Chancellor that a levy of £5.873m for 2025/26 (not including the prior year rebate) may be raised from the approved regulators to fund our budget.

The financial statements have therefore been prepared on a going concern basis.

Performance Analysis

Demonstrating performance at the LSB

The LSB demonstrates its performance in several ways, including performance against the Plan, meeting statutory deadlines, performance against budget, and fulfilling statutory requirements such as responding to Freedom of Information Act (FOIA) and Data Protection Act requests.

Performance against the Plan

2024/25 was the fourth year of the period covered by our 10 year strategy.

We aim to ensure regulation plays the fullest role possible in reshaping legal services to better meet society's needs. Our work is organised around three strategic themes and nine key challenges (see page 10).

The Plan is underpinned by the regulatory objectives, which we balance on a case-by-case basis, informed by the circumstances of the issue being addressed.

Throughout the year, we track our performance against the Plan through several mechanisms.

Project teams report monthly to the LSB's Programme Board where progress, risks and issues are assessed. The Programme Board report is reviewed by the Senior Leadership Team (SLT) monthly, and we prepare quarterly performance reports, which are reviewed by the Board, submitted to our sponsor department, the MoJ, and published on our website.

We monitor trends in the legal services market, and are continuing to develop our capability in this area through our horizon scanning function. Our State of Legal Services 2020 report reviewed progress over ten years of legal services regulation, and was underpinned by a long-

running research programme which looked at how the legal services market is changing. This programme of research will continue as we build towards the 2025 edition of the State of Legal Services report.³

Twice a year, we publish a data digest outlining progress against the nine challenges in the sectorwide strategy.

A detailed breakdown of work carried out in 2024/25 is set out in the following pages.

Policy and research projects 2024/25

In 2024/25, we were engaged in the following work to reshape legal services

Equality, diversity, and inclusion (EDI)

C3			
RO1	RO3	RO4	RO6
RO8			

This column outlines the challenges and regulatory objectives each project relates to – see page 10 for full description.

In 2024/25, we published an interactive systems map, and two reports aimed at understanding the barriers that stop people from pursuing a successful and fulfilling legal career, regardless of background or circumstance.

We have considered evidence of systemic barriers in the legal profession and current regulatory approaches to addressing them. We have used this to draft policy proposals to more effectively advance equality, encourage diversity, and promote a healthy and inclusive culture in the legal profession. We intend to consult on these proposals in 2025/26.

We continued to actively contribute to and influence discussions amongst regulators and other key partners in the sector in several formal forums, including the Judicial Diversity Forum and the Legal Regulators EDI Forum.

Longer term, we seek to drive cultural changes in the legal sector through ongoing stakeholder engagement within and beyond the sector to help establish good practice. Dismantling the systemic barriers to a diverse and inclusive legal sector is also essential to sustaining a dynamic and innovative workforce, supporting productivity and contributing to economic growth.

Disciplinary and enforcement processes

C1	C2	C3	C4
C6	C7		
RO3	RO4	RO5	RO7

In 2024/25, we continued to gather and consolidate information from regulators in respect of their disciplinary and enforcement processes. We also engaged widely with stakeholders such as disciplinary tribunals and professional disciplinary lawyers to further our understanding of disciplinary and enforcement practices, while identifying and developing principles to underpin effective disciplinary processes and procedures.

We expect to consult on proposed principles and guidance in 2025, with a view to publication of guidance in the latter half of 2025. To formulate the guidance, we will consider consultation responses, the findings from our thematic review into the Council of Licensed Conveyancers' disciplinary and enforcement processes, as well as desk research and wider information gathering. This guidance will ensure that regulators take disciplinary and enforcement decisions that enhance public trust and consumer confidence in the legal professions, and reinforce high expectations of proper, ethical conduct by legal professionals.

Technology and innovation

C8	C9		
RO3	RO4	RO5	RO6

In 2024/25, we continued our work to support the responsible use of technology to help improve access to justice and the promotion of innovation that designs services around consumer needs.

In April 2024, we published new statutory guidance which sets outcomes for regulators related to promoting the use of technology and innovation to improve access to legal services. We also established an LSB-led Innovation and Technology Forum for regulators to collaborate and share emerging developments and best practice to ensure that technology and innovation is used to improve consumer outcomes. The Forum met in December 2024 and May 2025, with the next session scheduled for Autumn 2025. We're working collaboratively across teams to identify the cross-cutting impacts of technology and innovation on policy, already contributing to projects like consumer protection and access to justice as part of a more integrated, horizontal approach.

In April 2024 we published a document setting out our approach to delivering a pro-innovation approach to AI regulation.

We continue to support work to develop a tool that achieves the functionality of a 'single digital register' of regulated providers which is being taken forward by the regulators.

We supported LawtechUK through our membership of the Regulatory Response Unit (RRU); including participating in the Regulatory Pathfinding programme, whereby innovators submit queries to the RRU for regulatory support.

Financial and protection arrangements

C5	C6		
RO3	RO4	RO5	RO7

We continued our work to review financial protection arrangements for consumers in the legal services market.

In July 2024 we published a paper which sets out the key principles that should underpin regulators' approaches to financial protection. The observations in the paper are intended to support regulators in putting in place financial protection arrangements that provide an appropriate level of financial protection for consumers that is both sustainable and affordable in the long-term.

In 2024/25, we were engaged in the following work to reshape legal services

C1 C2 C3 C4 C5 C6 C7 C8 C9

RO3

RO7

RO4

RO8

Market Surveillance

RO2

RO6

RO1

RO5

RO9

In 2024/25, we established a horizon scanning function within our strategy and research team. The initial focus is on identifying emerging risks of consumer harm. We are working with other regulators (for legal services and other sectors), producing internal scans to inform policy development and delivering internal training to increase organisational capability. Over time, this work will help deliver market surveillance reporting and futures workshops in collaboration with other stakeholders.

Review of LSB education and training guidance

C3	C4	C6	
RO1	RO2	RO4	RO5
RO6	RO8		

This project has been reprioritised, to allow for other key workstreams (most notably the professional ethics and EDI work programmes) to consider the education and training needs of legal professionals within those contexts. An overarching look at education and training will follow in future years informed by the work of the previous programmes.

In July 2024, the Board approved the scope of our Access to Justice (AtJ) policy work – to reduce unmet legal need for those who rely on low-cost or free legal advice, where the LSB is best placed to act. In recognition of the variety of stakeholders taking action to improve access to justice, the LSB has been working collaboratively with justice partners and providing regulatory insight and expertise in support of wider initiatives.

We commissioned research, in collaboration with the Legal Services Consumer Panel (LSCP), to identify what actions regulators could take to improve access to justice. This was published in April 2025.

In 2024/25, we were engaged in the following work to reshape legal services

Access to justice

RO1	RO2	RO4	RO5
1.01	NOZ	1104	1103
RO6	RO8		

In July 2024, the Board approved the scope of our Access to Justice (AtJ) policy work – to reduce unmet legal need for those who rely on low-cost or free legal advice, where the LSB is best placed to act. In recognition of the variety of stakeholders taking action to improve access to justice, the LSB has been working collaboratively with justice partners and providing regulatory insight and expertise in support of wider initiatives.

Individual legal needs survey

C5 C6 RO3 RO4 RO5 RO7

Consumer Panel (LSCP), to identify what actions regulators could take to improve access to justice. This was published in April 2025.

In April 2024 we published the summary report of the Individual Legal Needs Survey, in partnership with the Law Society. We have conducted additional in-house research and published topic reports on Exploring Unmet Legal

We commissioned research, in collaboration with the Legal Services

in-house research and published topic reports on Exploring Unmet Legal Needs (January '25) and Legal Confidence which is underway and planned for publication later in 2025. The first identifies the demographic groups at greater risk of having unmet legal needs and the reasons why. The second looks at the link between low or high levels of legal confidence and the differing perceptions and actions people take in response to facing a legal issue.

Consumer vulnerability

C2	C4		
RO1	RO2	RO3	RO4

Our business plan last year set out proposals to make the case for a strategic approach to consumer vulnerability.

This project has been merged into the Consumer protection project which will commence during business plan year 2025/26 in order to consider vulnerability within the context of increasing risks of harm in the legal services market as a result of emerging business practices.

In 2024/25, we were engaged in the following work to reshape legal services

Professional ethics, rule of law and regulation (PERL) C4 RO3 RO4 RO5

In 2024/25, we analysed responses to the information requests from the legal regulators we oversee, to help us understand the prevalence of the examples of poor ethical conduct identified through our evidence, any other examples of poor ethical conduct, and to what extent existing regulatory frameworks addressed these. We also carried out a gap analysis of the current regulatory framework. This evidence gathering and stakeholder engagement work resulted in a draft policy statement and consultation which was launched on 6 March.

Beyond regulation, we have also considered our role in driving lasting change in how the legal sector engages with professional ethical duties. As oversight regulator, we are uniquely positioned to bring stakeholders together and maintain momentum on professional ethics reform in the sector, including long-term change in workplace and leadership culture. To this end, we developed a longer-term PERL engagement strategy plan covering the consultation period and beyond. This is essential to instilling the trust and confidence of consumers and businesses which is important in securing further economic growth, and to ensuring that the legal sector in England and Wales maintains its reputation as a global centre for facilitating international commerce. We have also used our horizon scanning capability to help identify emerging issues, track progress and best practice within and beyond the sector.

Discharging our oversight role

In 2024/25, we were engaged in the following work to discharge our oversight role

Regulatory performance

C4	C5	C7	
RO1	RO4	RO8	

We assess regulators against a set of standards to ensure consumers can rely on effective regulation in the public interest. In March 2025, we published our assessment of regulators' performance against our performance framework, which includes three standards: Well-led; Effective approach to regulation; and Operational delivery. The two biggest regulators - the Solicitors Regulation Authority (SRA) and the Bar Standards Board (BSB) - both received ratings of "insufficient assurance" against at least one standard. This means that we have serious concerns which these regulators need to take immediate action to address. We are already in discussion with the SRA and the BSB about these and we consider that it is within these regulators' powers to make the necessary improvements, at pace.

This year we will focus on specific concerns about regulators' performance and on the broader themes identified through the assessment. Following the first full assessment against our framework this year, we will be reflecting on the process we followed and what lessons can be learned for future assessments.

Strategy development

In 2024/25, we were engaged in the following work to support our strategy

Curating the strategy

	_		
C1	C2	C3	C4
C5	C6	C7	C8
C9			
RO1	RO2	RO3	RO4
RO5	RO6	RO7	RO8

In 2024/25 we continued engaging with a broad range of stakeholders to collaborate and deliver on the 10-year Reshaping Legal Services Strategy. We held engagement events in Bristol and Norwich to discuss the challenges and opportunities facing the legal services sector in the West Country and East of England regions, and how we could work together to improve legal services for consumers. We also continued to engage in Wales, including holding events in Bangor and participating in the Legal Wales Conference. We continued to populate the Reshaping Legal Services microsite, a platform for regulators and other stakeholders to demonstrate how their work contributes to meeting the nine challenges in the strategy.

We also held our third annual conference in March 2025. Organised with the Legal Services Consumer Panel, the event brought together those with a role in reshaping legal services. The conference promoted sector collaboration and highlighted various actions for the sector to take forward, including maintaining public confidence in legal services, exploring creative ways to improve access to justice and encouraging a fair, healthy, diverse and inclusive legal profession.

Enabling our business

In 2024/25, we were engaged in the following work to enable our strategy

Value for money

We continue to demonstrate strong organisational efficiency, as reflected in our most recent independent employee survey, where we outperformed the benchmark in 40 of 47 metrics. Our Engagement Index reached 85%, exceeding the benchmark by 17%, with high engagement linked to greater productivity, creativity, and satisfaction. Our sickness absence rate was significantly below the Civil Service average, reinforcing our positive working environment. These outcomes are supported by robust internal systems, including streamlined project and resource management, and a culture of continuous improvement.

We have also made targeted investments in technology, governance, and process redesign to drive further efficiencies. In 2024/25, we enhanced our programme governance to better prioritise activities, reduce duplication, and mitigate risks of slippage. This included forecasting peak activity periods, identifying interdependencies, and consolidating external engagement efforts. We also updated the Programme Board's Terms of Reference to streamline decision-making and reduce the burden on senior leadership.

We also rolled out new expenses software that automated submissions and improved accuracy, and we used AI to analyse large datasets like the 2024/25 Individual Legal Needs survey—freeing up time for deeper insights and more meaningful conclusions.

Information Technology

We upgraded our patch management software to take advantage of the new software's proactive threat prevention, comprehensive patch management and user-friendly central management making it a superior option for our cybersecurity needs.

Following a recommendation from our cyber security review, we have implemented Geo security restrictions in 2024/25 to block access to LSB data and systems depending on the country from where the access attempt is made. This will reduce the risk of unauthorised access to our systems at source.

The cyber security review also led to an update of the LSB password policy to reflect current best practice, working alongside multi factor authentication.

In 2024/25, we were engaged in the following work to enable our strategy

Human resources

In 2024/25, we conducted our biennial diversity survey and our inclusion survey. Following this, we created an action plan to maintain our high scores and improve on other areas.

We carry out regular surveys to assess colleague engagement and commitment. The surveys show that we have colleagues who are highly engaged and committed to the LSB.

See page 51 for more information on our staff policies, equality and colleague involvement.

Communications and engagement

Our communications and engagement activities have continued to play a crucial role in enabling the delivery of our strategy. We have engaged broadly across England and Wales to fulfil our mission.

In March 2025, we delivered the third Reshaping Legal Services conference with the Legal Services Consumer Panel, focusing on rebuilding public confidence, improving access to justice, and promoting a diverse legal profession.

Throughout the year, we held several key meetings and events. This included bringing together the chairs of the approved regulators and regulatory bodies to discuss matters of shared strategic importance and convening the Legal Services Regulators in Wales Forum. As part of our PERL programme, we established a reference group to inform our work. We also spoke at conferences and participated in the International Conference of Legal Regulators.

Overall, our efforts have supported our strategy by fostering collaboration and promoting leadership.

Performance against statutory performance targets

Under the Act, the LSB must approve alterations to regulatory arrangements before they come into effect. The Act prescribes an initial 28 day period for making a decision that can be extended by the LSB by up to 90 days via an extension notice, or by a further year if the LSB is considering refusing an application and issues a warning notice. The LSB also has the power to exempt certain general or specific alterations from the approval process by issuing an exemption direction.

Under the Act, the LSB may recommend to the Lord Chancellor that an applicant body should be designated an approved regulator or licensing authority or recommend an extension to an approved regulator's scope of regulation.

In addition, we have a statutory responsibility to assess and, where appropriate, approve the practicing certificate fee application of each regulator and to approve the annual budget of the OLC and SDT.

Some of these activities have statutory performance deadlines set out in the Act and in addition, we have developed our own targets.

We continually monitor performance against these deadlines and targets and record both in the monthly programme highlight report and the quarterly performance report. The breakdown of our performance in 2024/25 is shown below.

Activity	2020/21	2021/22	2022/23	2023/24	2024/25
Decisions on applications to alter regulatory arrangements:					
■ Total decisions made	11	17	18*	9	11
 Decisions made in the initial decision period of 28 calendar days 	5	10	8	2	5
 Decisions made within an extended decision period of 90 calendar days 	6	6	7	7	6
 Average decision time (calendar days) 	53 days	41 days	43 days	62 days	51 days
Exemption directions issued	17	14	6	2	5
Publication within target of two working days (internal target):					
applications to alter regulatory arrangements	89% (16/18)	87% (13/15)	100% (18/18*)	100% (8/8)	100% (13/13)
decisions	100% (11/11)	100% (17/17)	100% (15/15)	100% (9/9)	100% (11/11)
Publication of advice from mandatory consultees, written representation from applicants, and oral representations	None received	None received	None received	None received	None received**
Recommendations to the Lord Chancellor	-	-	1	-	-

^{*}The 2022/23 report initially recorded 15 applications, but this number was revised to 18 after receiving 3 additional applications in March

^{**}During 2024/25, we received advice from statutory consultees as part of the process under section 32 of the Legal Services Act 2007 to give Directions. As this was in connection with an enforcement process, rather than an application to alter regulatory arrangements, it is not included in this analysis

In 2024/25, we received 13 new applications (compared with 8 in 2023/24) concerning a range of regulatory arrangements. This represents a 63% increase in the volume of applications from regulatory bodies compared to 2023/24 which was the lowest number of annual applications since 2019/20. There was also an increase in exemption directions issued (two in 2023/24 compared with five in 2024/25). We started the business year with two applications carried over from 2023/24 and had no applications outstanding at the end of 2024/25. We also received two applications which did not result in a decision from the LSB as they were withdrawn by the regulatory body following discussion with the LSB.

The number of applications we receive is entirely dependent on the number of changes regulators make to their regulatory arrangements. Volumes can be impacted by single issues, such as a requirement for more consumer transparency or increased cyber security which may require many of the regulatory bodies to amend their regulatory arrangements within a similar time period. In 2024/25 four out of 11 decisions related to Compensation Fund arrangements or collections of contributions for Compensation Funds.

The number of extension notices required has reduced from seven to six from 2023/24 to 2024/25 and the average time taken per decision this year reduced from 62 days to 52 days. This decrease may reflect that since April 2024, we carry out a check against the information requirements under the Applications to Alter Regulatory Arrangements Rules 2021 for all new applications. In 2024/25 two applications did not meet the information requirements under the Rules. Following support from the LSB both of those applications were later resubmitted and received a decision in 2024/25.

Applications take longer to complete for a variety of reasons which may include when more information is required, when changes are made to the scope of the application during the process, or when the application contains complex legal issues.

All applications and decisions were published within our target of two working days.

Performance against budget

The financial performance measure for the LSB is to keep within its annual budget. In doing so, we aim to secure budget efficiencies wherever possible.

The comparative performance against budget is shown below:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£′000	£′000	£'000	£'000	£'000
Budget	3,923	4,098	4,287	4,679	5,271
Income received	3,923	4,104	4,292	4,788	5,271
Expenditure	3,979	4,032	4,260	4,659	5,219
PAYE Provision movement	74	(21)	-	-	-
Expenditure excluding PAYE movement	3,905	4,053	4,260	4,659	5,219
Deferred Income	18	51	32	129	52

The LSB is financed by a levy on the approved regulators. This is in accordance with the Act, and the LSB's powers to request funds from the approved regulators each year equal to its estimated net expenditure.

Income and expenditure are accounted for on an accruals basis. The levy amount billed to approved regulators in 2024/25 was £5.142m (£4.647m in 2023/24). The amount of funds released from deferred income was £129k (£32k in 2023/24). Any underspend that takes place in one year reduces the amount the LSB needs to collect through the levy in the subsequent year.

We recognise funds received as 'application fees', as defined in the Act, for designation and licensing authority applications. Fees received are initially

treated as 'deferred income' and released to the Statement of Comprehensive Net Expenditure in accordance with the value of work undertaken. These fees reduce the levy payable by all approved regulators.

Payment of creditors

We are committed to paying all supplier invoices by the due date or within 30 days of receipt if no due date has been agreed. In line with guidance issued by the Ministry of Justice and the Cabinet Office, we aim to pay all authorised invoices that are not under dispute within 10 working days of receipt. Throughout 2024/25, 100% of these invoices were paid within 10 working days (100% in 2023/24). 100% of invoices were paid within 30 calendar days (also 100% in 2023/24).

Collection of debt

For the levy relating to 2024/25, £5.142m (100%) was collected within 30 calendar days (2023/24 £4.647m, 100%). The average time to pay was 17 calendar days (16 calendar days in 2023/24).

Performance against other measures Alternative business structures (ABS)

The Act also requires the LSB Annual Report to comment on how the activities of licensing authorities and ABS have affected the regulatory objectives.

The number of Alternative Business Structures (ABS) firms operating in England and Wales has shown a slow but steady increase over time. By the end of March 2018, a total of 1,075 ABS licenses had been issued, and by the end of March 2025, this had increased to 1,707.

By 31 March 2025 there were 1,730 active ABS licenses. 1,455 had been issued by the Solicitors Regulation Authority, 127 by the Institute of Chartered Accountants in England and Wales, 83 by the Council for Licensed Conveyancers, 51 by Intellectual Property Regulation Board and 14 by the Bar Standards Board.

Though the growth of ABS licences has been relatively steady, the impact of ABSs on the market is growing. For example, private equity investment in the UK legal sector (including both ABS and non-ABS firms) reached a record high of £534m in 2024, climbing by 42% from £377m in 2023 and reaching £1.2bn over the last five years. 1 Such investment presents a challenge to conventional firms and has likely contributed to an increase in merger and acquisition activity among law firms seeking to build scale to compete effectively.² As such, it is likely that the presence of ABS have contributed to the economic growth of the sector and wider economic growth, including in adjacent sectors, like technology companies supplying lawtech. The implications of these developments

are currently unclear. While investment may intensify competition in the legal sector in the short term leading to more efficient services and lower prices, it is possible that competition may reduce in the longer term if market consolidation continues unabated.

The growth of the ABS model poses both risks and opportunities to consumers. The openness of the ABS model enables private equity investment, which means firms acquired for investment purposes may face greater risks to their viability, particularly if investors retain the ability to withdraw investment at short notice and focus on short-term gains at the expense of sustainable growth. This focus on short term profit maximisation and increased viability risks could lead to firm closures, leaving consumers unrepresented and unable to access justice³.

However, there is research⁴ to suggest that ABS firms, when well-managed, do not pose higher risks to consumers than traditional law firms. In addition, our most recent Technology and Innovation survey of legal service providers in England and Wales⁵ found that ABS firms are over twice as likely to have innovated within the last three years compared to traditional law firms. The survey also highlights how they are more driven by factors such as increasing service quality when considering innovation and are more likely to report that such innovation allowed them to be more responsive to the needs of clients. For example, 92% of ABS firms see reducing the costs of service delivery as important, compared to 71% of non-ABS firms. They also see reducing the time taken to deliver services as more important (96%) than non-ABS firms (79%).

Furthermore, SRA disciplinary records show that ABS firms fare no better or worse than traditional law firms. While the SRA imposes a higher fining threshold for ABS, the largest fines have still involved traditional law firms⁶.

Our view remains that the introduction of Alternative Business Structures (ABSs) overall has had a positive impact on the regulatory objectives, particularly in relation to protecting and promoting the interests of consumers, promoting competition in legal services, and encouraging an independent, strong, diverse, and effective legal profession.

Freedom of Information Act (FOIA)

The LSB is a public authority for the purposes of the FOIA, and compliance with our obligations includes routinely making information available through our Publication Scheme and responding to requests within the statutory timeframes

All requests made under the FOIA must be responded to within 20 working days of receipt. In 2024/25 we received 18 requests, and on average these were responded to within 10 days.

Data

As a data controller under the Data Protection Act 2018, the LSB is required to respond to any subject access requests within 30 calendar days. Two subject access requests were received in 2024/25. One request was responded to within 30 days. The other had a longer response time as we informed the requestee of an extension.

We continued our work during 2024/25 to ensure the LSB continued to comply with the General Data Protection Regulations (GDPR).

Environment, social and community issues

The LSB is not required to produce a sustainability report⁷ but we are committed to working with the landlord of our premises to take account of the impact of our activities on the environment. Over the last five years our landlord has made several improvements to the energy efficiency of fixtures and fittings in the building and is intending to set up a green committee to generate ideas for future sustainability.

Within the constraints of business needs, we allow colleagues flexibility with working patterns to enable them to undertake public service or other related duties as required. We will continue to be sensitive to the differing needs of different parts of the community. Further details on our staff policies and approach to colleague engagement, equality, diversity and inclusion is on page 51.

During the course of the year, our colleagues supported the London Legal Support Trust by participating in the London Legal Walk, and Great Legal Bake. A total of £910 was raised this year.

¹ PE investment in UK legal sector hits record high - The Global Legal Post

² https://www.legalfutures.co.uk/blog/private-equity-in-the-legal-sector-a-challenge-to-conventional-firms; https://www.forbes.com/sites/brandonkochkodin/2024/02/26/why-law-firms-could-be-private-equitys-next-conquest/

³ Future market changes in the legal sector and their potential impact on client money

⁴ Future market changes in the legal sector and their potential impact on client money.

⁵ https://legalservicesboard.org.uk/wp-content/uploads/2023/06/20230425-Tech-and-Innov-survey-2022-Designed.pdf

⁶ Future market changes in the legal sector and their potential impact on client money

⁷ The LSB is exempt from producing a sustainability report under the Greening Government Commitments because it is an arm's length body occupying less than 500m2 and has fewer than 50 FTE staff.

Key Risks

During 2024/25, the LSB maintained its active management of risks in line with the organisation's risk management strategy (see page 40). The following four risks were of particular concern to our performance.

Risk movement during 2024/25 key

- ↑ Risk has Increased this year
- → Risk has remained the same
- ♣ Risk has decreased this year
- ♣ New Risk

1. Regulators lack capacity and/or capability to deliver against our expectations



What is the risk?

Regulators are unable to provide the LSB with sufficient assurance that they and their Boards are meeting, or making progress towards meeting, the regulatory objectives in the Legal Services Act 2007. That regulators fail to provide sufficient assurance that they take account of the interests of consumers and the public and work to protect them.

That they have the capability, capacity, resources and experience required to effectively carry out their regulatory activities. That their approaches to regulation are evidence-based and enable them to identify risks to the regulatory objectives and the consumer and public interests.

How is this risk monitored and mitigated?

The Regulatory Performance Framework is in place and regulators were considered against all three standards for the first time in 2024/25.

The LSB's Audit and Risk Assurance Committee (ARAC) led a thematic review of this risk in 2024 and the mitigation steps that the LSB are taking to ensure that frontline regulators are effective, meet expectations and promote regulatory objectives.

Rules and guidance are in place for assessing applications to change regulatory arrangements, which strengthen our ability to hold regulators to account and link up better with our other regulatory tools.

Work continues on regulators' disciplinary processes, and will include an in-depth review of some regulators.

This risk continues to be monitored via the Regulatory Performance Report, regular relationship management meetings and targeted engagement with regulators on particular concerns.

What is the impact?

Regulators do not understand the markets they regulate and do not identify existing and emerging risks to the regulatory objectives and the consumer and public interests and therefore do not act to address them promptly and effectively. Regulators do not improve their performance and/or adapt to risk and changes to the legal services market. Regulators fail to deliver against the regulatory objectives of promoting the public and consumer interests.

How has this risk changed from the previous

This risk has increased due to raised concerns identified in LSB's Annual Regulatory Performance assessment which found two regulators being assessed as insufficient in key areas. This has raised LSB's concerns in the regulators' capacity and capability to meet the regulatory objectives of the Legal Services Act 2027. This risk is out of appetite.

2. Public confidence in legal services regulation being undermined because consumers continue to be underserved by the Legal Ombudsman (LeO) ->

What is the risk?

Operational performance at LeO fails to sustain improvement in line with forecast trajectories or declines. LeO fails to deliver its strategic objectives to further improve performance, increase transparency and increase its insight and impact work.

What is the impact?

A decline in Leo performance impacts consumers and the legal profession.

Poor outcomes for legal services consumers leads to reduced public trust and confidence in the sector.

A reduced opportunity for Leo to play a role in raising standards in the sector.

Reputational loss for the LSB if oversight activities do not lead to sustainable performance improvement, or performance declines.

How is this risk monitored and mitigated?

The LSB oversee the appointment of OLC members and the Chair and succession planning is ongoing to ensure a high-calibre OLC Chair is recruited when the current Chair's tenure ends.

The LSB Board oversees the approval of the OLC annual budget to ensure that LeO remains capable of maintaining and improving performance targets, achieving strategy objectives and meeting budget acceptance criteria.

The LSB sets and monitors performance targets via various sources of assurance, such as, quarterly strategic scorecards and assurance updates, scrutiny of OLC Board papers, regular CEO to CEO and Chair to Chair meetings.

How has this risk changed from the previous year?

This risk has remained static within risk appetite.

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

What is the risk?

The lack of acknowledgement by the legal sector and action being taken on poor professional ethical conduct has an impact on public trust, confidence and reputation. This is exacerbated by lack of provisions in the current regulatory framework to sufficiently mitigate breaches of ethical duties and poor ethical conduct and the failure by regulators to promptly recognise professional ethical breaches and respond through appropriate enforcement action to deter similar occurrences in future. In addition, when failures do occur, obstacles or difficulties within the enforcement processes prevent regulators from taking action effectively.

What is the impact?

Erosion of public trust in legal services, scrutiny of the efficacy of legal services regulation in preventing and deterring professional ethical breaches, and reputational loss for regulatory bodies and the LSB if gaps in current regulatory framework are not adequately addressed.

How is this risk monitored and mitigated?

The LSB launched a policy consultation on the Professional Ethics and Rule of Law (PERL) in March 2025. The consultation outlines policy proposals on further regulatory intervention to better support legal professionals to maintain high standards of professional ethical conduct and to take action where standards are not met. In addition there is continued engagement with a wide range of stakeholders through the PERL reference group in order to establish a strong ethical leadership and culture across legal services.

How has this risk changed from the previous

This is a new risk in 2024/25. The risk remains within appetite.

4. Instability of the LSB effectiveness and operations owing to uncertainty of office accommodation and location from September 2025

What is the risk?

The LSB needs to vacate its current office in summer 2025 and is required to move out of London Zone 1 and onto government estate. Ahead of a final decision on the business case, uncertainty about the subsequent provision necessarily impacts planning.

What is the impact?

LSB needs to plan for different scenarios in the coming financial year, including in setting budgets and in logistical planning.

Uncertainty or discontent may lead to staff dissatisfaction and impact on recruitment and retention

Logistical work created by the move may impact on staff and operations.

How is this risk monitored and mitigated?

Regular Senior Leadership Team discussions about the project to set direction and monitor progress. Detailed plans in place for exit of current office, with implementation commencing ahead of a final decision about the new office.

Colleagues regularly updated about progress with discussions and potential future location options, with plans put in place for office visits and staff surveys when options are clear.

Contingency plan in preparation for temporary use of a serviced office in the event of a gap between leases.

An estimate of the Capital and Revenue budgets for an office move is included in the Business Plan and Budget for 2025/26, covering one off and ongoing running costs.

How has this risk changed from the previous year?

This risk was raised to the corporate risk register in 2024/25. The risk is out of appetite.

Richard Orpin Interim Chief Executive 11 July 2025

Accountability Report

Corporate governance report

LSB Members' report

The LSB was established by the Act to oversee the regulation of legal services in England and Wales. It took on most of its statutory powers and duties on 1 January 2010.

In 2024/25 the LSB continued to oversee nine approved regulators, collectively responsible for regulating over 197,000 lawyers practising in England and Wales.

The Act provides for the LSB to recommend to the Lord Chancellor designation of additional bodies as approved regulators, on application, provided they demonstrate compliance with rules issued by the LSB for the purpose.

The LSB takes account of the full range of risks that exist in the market for people who need legal services, consumers of legal services, to the public interest and to those seeking to provide regulated legal services in England and Wales.

Schedule 1 to the Act stipulates that:

The Board is to consist of the following members

- 1(1) (a) a chairman appointed by the Lord Chancellor,
 - (b) the Chief Executive of the Board and
 - (c) at least 7, but not more than 10, other persons appointed by the Lord Chancellor.

and

2 (1) In appointing persons as ordinary members the Lord Chancellor must ensure that a majority of the members of the Board are lay persons.

2(2) The chairman must be a lay person.

The Board sets the strategic direction of the LSB and is solely responsible for decisions taken by the LSB.

The names and details of all members of the Board who served during the year are shown in the Remuneration and Staff Report.

The LSB requires each Board Member to provide details of any company directorships and other significant interests they hold and this information is published on the LSB website.⁷ Members are also required to declare any conflicts or interests in any item being discussed and the Chair will determine what action, including exclusion for an item or items, is appropriate to manage real or perceived conflicts. All instances are recorded in the minutes of the Board, which are published on the LSB website.

Members are also required to make a related party declaration to confirm whether they or any party related to them had undertaken any transactions with the LSB. Any such declarations are detailed in Note 18 to the financial statements.

⁷ https://www.legalservicesboard.org.uk/about-us/our-board/board-interests-and-expenses

Statement of Accounting Officer's responsibilities

Under paragraph 25 of Schedule 1 to the Act, the Lord Chancellor, with the approval of HM Treasury, has directed the LSB to prepare for each financial year a statement of accounts. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the LSB and of its income and expenditure, financial position, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- observe the Accounts Direction issued by the Lord Chancellor with the approval of HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

Under the Act, the Accounting Officer discharges their responsibilities on behalf of the Board, which is required by legislation to keep proper accounts and records and to prepare a statement of accounts.

The Principal Accounting Officer for the MoJ has appointed the Interim Chief Executive as the Accounting Officer for the LSB. The responsibilities of an Accounting Officer, include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the LSB's assets, are set out in Managing Public Money, published by HM Treasury.

As Accounting Officer, I confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable and I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are fair, balanced and understandable.

Auditor

Internal audit services for the period of this report were provided to the LSB by Crowe LLP.

The LSB's annual financial statements are audited externally by the Comptroller and Auditor General (C&AG) in accordance with the Act, Schedule 1, paragraph 25(4)(a). For the period ending 31 March 2025, a fee of £38.5k was charged for the external audit work that has been performed (2023/24 £34.8k).

The audit services provided by the C&AG related only to statutory audit work.

So far as I am aware as the Accounting Officer, there is no relevant information of which the LSB's auditors are unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

Overview of Board and executive structure

The Board

Board Responsibilities: The Board provides the strategic leadership and direction of the LSB and holds the executive to account for complying with Managing Public Money requirements and for executing the strategy for the sector. The Board upholds the highest standards in relation to corporate governance. Board Members hold specific responsibilities including providing strategic input to key projects as 'Board leads', chairing committees, deputising for the Chair in their absence, and serving as the LSB's Senior Independent Director which includes leading an annual discussion on the Chair's performance with the Board without the Chair present.

Audit and Risk Assurance Committee (ARAC),

Responsibilities: ARAC provides, on behalf of the Board, advice to the Accounting Officer on the maintenance of appropriate audit and risk processes within the LSB, and the governance of the internal and external audit programmes. ARAC also provides assurance to the Board on audit and risk processes.

Remuneration and Nomination Committee (RNC)

Responsibilities: provides advice to the executive and the Board Chair on a range of people and organisational issues, and has responsibilities relating to the appointment of Members of the Board, Legal Services Consumer Panel and OLC.

Senior Leadership Team Membership:

- Chief Executive
- Director, Enabling Services
- Director, Regulation and Policy
- General Counsel

- Head, Finance, IT and Procurement
- Head, Communications and Engagement
- Head, Performance and Oversight
- Head, Strategy and Research
- Head, Policy and Delivery

Responsibilities: Delivery of the LSB's strategic and business plans, oversight of related performance, management and financial information and effective delivery of all executive activity and key business processes.

The LSB's annual governance statement 2024/25

As Accounting Officer for the LSB, I am responsible for maintaining a sound system of risk management, governance and internal control that enables the LSB to meet its

statutory obligations, aims and objectives, while safeguarding the funds and assets for which

I am responsible. I particularly take personal responsibility for ensuring that the LSB:

- complies with all statutory and administrative requirements on the use of public funds, including the principles and policies set out in the HM Treasury publication Managing Public Money, relevant Dear Accounting Officer letters, and relevant directions from the Cabinet Office/HM Treasury
- meets its obligations under, and acts consistently with the regulatory objectives contained in the Legal Services Act 2007 ('the Act')
- operates within the limits of its statutory authority and in accordance with any delegated authorities agreed with the MoJ as the LSB's sponsoring department
- operates in line with the statutory requirements and spirit of the Freedom of Information Act 2000 and complies with the Data Protection Act 2018.

I am an executive member of the Board of the LSB. The Board is responsible for ensuring the efficient discharge of the LSB's statutory functions, and that the LSB complies with all relevant statutory or administrative requirements for the use of public funds.

Corporate governance framework

The Board is responsible for the strategic leadership and direction of the LSB. The Board meets at regular intervals throughout the year, with a quorum of three Members (or one third of the number of Board Members, whichever is the higher), and must have a lay majority.

Under section 5 of the Act, the LSB must have regard to generally accepted principles of good corporate governance. In this regard, the Board has adopted a Governance Manual which is published on the LSB's website.⁶ It includes a policy on interests that applies to Board Members and all staff.

The LSB website contains Board Members' biographies and information about their LSB-related expenses, interests and any corporate gifts or hospitality that they have received or given.

LSB Board

The LSB Board comprises both non-executive Members (including the Chair) and the Chief Executive. The Board met formally on 9 occasions during the period 1 April 2024 to 31 March 2025.

Board meetings are generally scheduled at least 12 months ahead, however extraordinary meetings can be called at shorter notice. Dates for these meetings are selected based upon the majority of members' availability.

Board meetings are generally scheduled at least 12 months ahead, however extraordinary meetings can be called at shorter notice. Dates for these meetings are selected based upon the majority of members' availability.

Meeting attendance	
Alan Kershaw (Chair, Lay Member) – (till 25 February 2025)	7/9
Catherine Brown (Interim Chair ² , Lay Member)	8/9
Clare Brown (Non Lay Member)	7/9
Dr Gary Kildare (Lay Member)	8/9
Habib Motani (Non Lay Member)	9/9
Kate Briscoe (Lay Member)	9/9
Flora Page (Non Lay Member)	9/9
Lizzie Peers (Lay Member)	9/9
Christine Nwaokolo, (Non Lay Member) – from 1 May 2024)	3/88
Craig Westwood* (Chief Executive, Lay Member) – (from 19 August 2024)	5/6

The Act stipulates that the Board is to consist of a Chair, Chief Executive, and at least seven other Members. Appointments other than that of the Chief Executive are the responsibility of the Lord Chancellor in consultation with the Lady Chief Justice.

The Board welcomed its first Boardroom apprentice from 1 January 2024 to 31 December 2024. This provided an opportunity for the apprentice to gain valuable non-executive experience and the scheme contributes to improving the diversity of public sector Board membership. The Board has welcomed its second Boardroom apprentice from 1 January 2025

Board Member responsibilities

Board Members hold specific responsibilities including providing strategic input to key projects as 'Board leads', chairing committees, deputising for the Chair in their absence, and serving as the LSB's Senior Independent Director, which includes responsibility for leading an annual Board discussion on the Chair's performance without the Chair present.

Board Committees

The Audit and Risk Assurance Committee is responsible, on behalf of the Board, for providing me as Accounting Officer with their opinion on the maintenance of appropriate audit and risk processes within the LSB, and for the governance of the internal and external audit programmes.

The Committee's Terms of Reference (ToR) stated that it would meet on at least three occasions each year. In 2024/25, ARAC met on four occasions.

The Remuneration and Nomination Committee (RNC) is responsible for advising me as Accounting Officer and the Board Chair on a range of "people" issues, and has responsibilities relating to the appointment of Members of the Board, Legal Services Consumer Panel and OLC.

RNC met twice during the year, in line with its ToR.

Committee Chairs and Members are appointed by the Board, with neither Chair being the Chair of the Board.

² The Lord Chancellor approved the Appointment of Catherine Brown as Interim Chair on the 8 May 2025 https://www.gov.uk/ government/news/interim-chair-appointed-to-the-legal-services-board

⁸ On maternity leave from December 2024 to April 2025

^{*} Craig Westwood resigned as Chief Executive of the LSB on 1 July 2025

Membership and attendance records are given below:

Audit and Risk Assurance Committee					
Catherine Brown (Chair till 3 June 2024)	1/1				
Gary Kildare	2/4				
Lizzie Peers (Chair from June 2024)	4/4				
Clare Brown	3/4				
Kate Briscoe	3/3*				

Remuneration and Nomination Co	mmittee
Gary Kildare (Chair)	2/2
Habib Motani	2/2
Lizzie Peers	2/2

Governance relationship with the Office for Legal Complaints (OLC)

The Office of Legal Complaints (OLC) is the Board of the Legal Ombudsman (LeO). LeO resolves disputes between consumers and legal service providers. The Act gives the LSB responsibilities in respect of the OLC, including approving the annual budget and appointing its members.

The relationship between the LSB and the OLC is underpinned by a Memorandum of Understanding (MoU), reflecting the respective bodies' independent and separate functions, and allows for the development and maintenance of constructive working relationships. There is also a tripartite operating protocol with the LSB, OLC and the MoJ.

The OLC is an independent body sponsored by the MoJ. As such, the MoJ has responsibility for oversight of the OLC in respect of matters relating to Managing Public Money.

In approving the OLC's budget, the LSB seeks a range of assurances and, for the budget year 2025/26, these included:

- an indication of the amount and distribution of resources deployed in the operation of the ombudsman scheme and the amounts of income OLC expects to arise from the operation of the scheme
- transparency about performance and increased transparency in sharing detailed ombudsman decisions
- Information about operational and business delivery including information about progress to deliver future strategy including insights work and transparency
- a robust business case that clearly demonstrates the linkages between any additional resources sought to the expected benefits across operational performance (including improved employee retention), policy and impact, and other relevant activities
- an explanation of how value for money will be delivered and measured
- an explanation of how the proposed budget will promote equality, diversity and inclusion for both colleagues and LeO's customers. As part of this, details of any plans to measure for any disproportionality of complaint outcomes, particularly in light of the changes to the Scheme Rules in 2023
- a summary of where the budget had changed in response to stakeholder responses to consultation and a summary of any responses to that consultation
- confirmation that the OLC submitted a medium-term financial plan that reflected these acceptance criteria to the MoJ, and that wider engagement with the department had taken place
- a summary of the governance processes involved in preparing the submission, including confirmation that the submission had the formal support of the OLC Board
- assurances around demand forecasting and action LeO is taking to pro-actively forecast and manage demand including through engagement with regulators and firms to improve the handling of first tier complaints.

^{*} Kate Briscoe was appointed to ARAC in August 2024 and thus was only eligible to attend three out of the four annual meetings.

Budget application for 2025/26

The OLC's budget application was considered in draft at the LSB's Board meetings of November 2024 and then in final form, after public consultation, in March 2025.

The final application sought a budget of £20.3 million – an increase of 13.4%.

In considering the OLC's proposal the Board recognised that LeO had been facing a steady increase in demand for its core investigatory and early resolution services in recent years. While c.45% were still being dealt with in 90 days or fewer by LeO's early resolution team, the higher demand had drawn heavily on its investigators' time and LeO had not been able to make any substantive progress on reducing its backlog of unallocated investigations, which had been at approximately 3,400 since late 2023.

The Board therefore agreed to approve the portion of the OLC's proposals which sought to significantly increase LeO's number of investigative staff for a period with a view to reducing the backlog and to deliver projects to reduce demand in the medium / long term.

However the Board did not approve a separate portion of the OLC's proposals which sought funding to allow LeO to move towards the publication of summaries of ombudsman decisions. In the Board's view the proposed setup and recurring costs were too high to represent value for money. Instead the Board sought and received assurance that material progress could be made in improving the transparency of ombudsman decisions through the additional budget amount approved for staffing.

The final amount approved for 2025/26 was £20 million.

Voluntary assurance arrangements

The LSB continued to operate and refine an approach to voluntary assurance agreed by the respective Chairs in June 2017. This is comprised of a series of elements:

- information about the Legal Ombudsman's performance is published on its website quarterly (completed, ongoing)
- OLC provides comprehensive information on scheme performance to the LSB through a monthly dataset, OLC Board papers and minutes (completed, ongoing)
- the OLC Chair sends a voluntary assurance letter to the LSB, following each OLC Board meeting, explaining how the OLC has dealt with the Legal Ombudsman's performance at that meeting. As of the 2024/25 business year that letter also provides a strategic scorecard providing at-a-glance performance metrics. (completed, ongoing)
- observing OLC ARAC meetings (completed, ongoing)
- a regular schedule of meetings at Board and senior executive level, as set out in the tripartite operating protocol (completed, ongoing)
- in addition, to proactively forecast and take steps to manage increasing demand including through engaging regulators and firms to improve First Tier Complaints handling (completed, ongoing)

Governance relationship with the Legal Services Consumer Panel

The LSB is required by the Act to establish a Consumer Panel (the Panel). The role of the Panel is to provide independent advice to the LSB about the interests of users of legal services. It does this by analysing issues that affect consumers, and provides high quality, evidenced-based advice to the LSB, in order to help them make decisions that are shaped around the needs of users. Details of the Panel's composition and activities can be found on its website: www. legalservicesconsumerpanel.org.uk

Executive leadership and key business processes

Senior Leadership Team (SLT)

Chaired by the Chief Executive and comprising the Chief Executive's direct reports and other senior colleagues, its role is to ensure delivery

of the LSB's strategic and business plans - the review and oversight of related performance and management information and effective delivery of key business processes. The SLT assesses and approves individual projects and serves as a resource for the consideration of major policy issues. The SLT also oversees, assesses and approves all significant finance and commercial processes, and HR matters. LSB staff have an open invitation to observe SLT meetings.

The SLT also monitors external factors and their implications for LSB performance and the legal services market.

Programme Board

Chaired by the Director, Regulation and Policy, this group provides assurance that the LSB work programme remains on track against the milestones in the Business Plan and, in particular, focuses on issues of risk at both project and programme level.

Board performance

The performance and effectiveness of the Board, its committees and individual Board Members is evaluated annually. Appraisals of individual Board Members are carried out by the Chair in the final quarter of the year, and a closed session of the Board without the Chair present, facilitated by the Senior Independent Director to evaluate the Chair's performance, was held in March.

The Board structures its business and agendas to focus on key strategic workstreams, taking by consent more routine items. This includes looking outwards at the legal and regulatory environment in general in England and Wales as well as a focus on specific matters in legal services regulation.

At least one substantial strategic session is held annually to allow the Board time to review progress and horizon scan.

The Board undertook a Board effectiveness exercise in late 2024, and the actions agreed will be included on the Board effectiveness action tracker for review on a regular basis. The last external Board evaluation took place in 2022/23

and the next will be undertaken in 2025/2026.

The Board committees - ARAC and RNC assess their effectiveness by reviewing their performance against their Terms of Reference each year. Non-committee Board Members have a standing invitation to attend the meetings of each committee and receive a full set of papers prior to each meeting. The Board Chair may attend no more than one of each committee meeting in each year as an observer. The Chair of each committee provides an update following each committee meeting to the Board at the next Board meeting. The full minutes of the committee meetings are circulated to Board Members once approved. The Board receives each committee's annual report in March. The annual reports for 2024/25 were presented at the 25 March 2025 Board meeting and were published on the LSB website as part of the published Board papers.

Board Members receive an induction covering the role of the LSB and their obligations as a Board Member including in relation to Managing Public Money, and ongoing support to assist them in settling into their new roles. All new members are required to undertake training on accountability and governance for arm's length bodies. Board Members who are appointed to serve on ARAC also attend an introduction to audit and risk assurance committees, if they have not undertaken this role previously.

Risk and internal control framework

The Board scrutinises the plans and sets the overall strategic direction of the LSB. The Board is responsible for the LSB's risk management strategy, sets the tone for and influences the culture of risk management. The risk management strategy and risk appetite is reviewed by the Board annually, and this was undertaken in September 2024. The Corporate Risk Register is day-to-day managed by the executive team and is reviewed and approved quarterly by ARAC on behalf of the Board.

The Corporate Risk Register was circulated to the Board for information in March 2025.

ARAC, on behalf of the Board, assesses in detail issues of risk at three of its meetings each year, providing constructive challenge to the executive's risk classifications, assumptions and mitigations.

This extends to the Corporate Risk Register, and, periodically, to topics brought to ARAC for a deep dive. ARAC carried out one thematic review in 2024/25, looking at the regulators capacity and capability in detail. ARAC also discusses potential future risks at each of its meetings.

Issues of risk for individual pieces of work are considered at Board meetings in the course of discussions of each of the papers presented.

The LSB assesses and manages its risks proactively at the corporate, programme and operational level.

Initial identification of risk is undertaken by colleagues across the LSB, and those which are assessed to be potential risks under the risk framework are added to the relevant risk registers. These are reported through the corporate, programme and operational risk management processes.

The SLT reviews the full Corporate Risk Register each month and identifies if there are any new corporate risks. Programme risks are reviewed at Monthly Programme Board meetings.

Operational risks are reviewed at bi-monthly review meetings.

Risk is managed on a 'priority only' model based on risk appetite. The effect of this is that the Corporate Risk Register is an active management tool. The Board's appetite for risk is dependent on the area of business to which the risk is attached. Risk appetite is mapped on a five-point scale: "avoid" (1), "minimal" (2), "cautious" (3), "open"

(4), "seeking" (5). The Board has agreed that its current appetite for:

- governance risk is cautious
- financial risk is cautious
- people risk is open
- delivery risk is cautious

- policy and legal risk is open
- relationship risk is seeking.

Where the SLT determines that a risk exceeds the Board's appetite, it puts in place a strategy to mitigate the risk which will include one or more of the following elements:

- reducing the impact or likelihood of the risk by taking mitigating actions
- preventing the risk from occurring by doing things differently
- transferring the financial impact of a risk by passing it to a third party via, for instance an insurance policy or penalty clause
- contingency planning so that should the risk occur, actions are planned and organised to come into force.

As Accounting Officer, I am ultimately accountable to the Board for the management of risk.

Assessment of risk management

In reviewing the LSB's risk management strategy, the ARAC has evaluated the quality of the LSB's management of risk during 2024/25 and have confirmed their assessment that the LSB's approach identifies the correct risks, and that mitigating actions are appropriately focused and implemented to support the LSB's programme of work to deliver the regulatory objectives.

Reporting of risk

I have assessed that there are no significant omissions in relation to risk that require further disclosure. This assessment has been endorsed by ARAC.

Key risks

Some of the key risks facing the LSB in achieving its priorities in 2024/25 are ongoing, while others arise in year.

Specific risks managed in 2024/25 were as follows:

 Regulators lack capacity and/or capability to deliver against expectations

- Public confidence in legal services regulation being undermined because consumers continue to be underserved by the Legal Ombudsman
- Public trust and confidence in legal services is weakened due to continued breaches of professional ethical duties and poor ethical conduct.
- Instability of the LSB effectiveness and operations owing to uncertainty of office accommodation and location from September 2025.

These risks are discussed in more detail in the Performance analysis section (page 29).

Future risk considerations

The lease for the LSB's current premises in central London ends in September 2025 following a one year extension from September 2024. Government policy for London and the regions requires Arm's Length Bodies to be located outside central London. At the time of writing, the plan is to move to offices on the civil estate in Stratford, East London. Costs are being assessed ahead of a final decision being made.

The wider framework of control

As well as a risk and control framework, the LSB exercises a wider system of internal control which is based on regular management information, administrative procedures, including the segregation of duties, and processes for delegation and accountability.

As far as reasonably practical, the LSB's functions are delivered and developed in a manner consistent with the government's Functional Standards framework. We undertook a review of our functions against the Functional Standards in Spring 2022 in order to determine which particular standards and which domains applied to the LSB, and which did not. Each internal audit undertaken reviews our processes against the relevant Functional Standard and no issues were found as part of the audits conducted in 2024/25.

Role of internal audit

The LSB's governance arrangements and risk management processes are supported by an internal audit function. This was provided by Crowe LLP.

Internal audit reviews carried out in 2024/25 by Crowe LLP were as follows:

- A review of how LSB manages its research programme (substantial assurance)
- A review of how LSB monitors and manages its staff pension schemes (Full assurance)
- A review of how the LSB conducts risk management (Substantial assurance)

The audit field work for a review of legal services procurement is complete. It has identified some useful learning and improvements to our processes and we are in the process of completing the management response and actions to the draft recommendations made.

The statement from the Head of Internal audit from Crowe is as follows: We are able to provide "Substantial Assurance" in respect of governance, risk management and internal controls in operation for the 2024/25 year, as aligned to the assurance definitions utilised in our internal audit reports.

Overall, we consider that there is a generally sound system of internal control, risk management and governance designed to meet the organisation's objectives, and controls are generally being applied consistently. However, some weaknesses in the design or inconsistent application of controls put the achievement of particular objectives at risk.

There was one specific review, reflected in paragraph 2.7 regarding the appointment of a firm to undertake a review of the SRA's management of a regulatory issue where, whilst is being finalised, related to an issue raised with us during the year. This highlighted a number of control issues regarding procurement and financial forecasting of the programme of work.

This was a new area of activity for the LSB for which lessons should be learnt.

We can confirm that the internal audit programme and workplan has been undertaken in accordance with the Public Sector Internal Audit Standards. Crowe confirmed that the internal audit programme and workplan had been undertaken in accordance with the Public Sector Internal Audit Standards.

We are working through a plan of management actions in response to internal audits, and an action tracker is considered at each ARAC meeting reporting on progress.

Review of the effectiveness of the risk and governance framework

ARAC has advised me on the adequacy of audit arrangements (internal and external) and on the implications of assurances provided in respect of risk and control in the LSB. My review is also informed by the work of the internal auditors, senior managers and comments made by the external auditors in their management letter and other reports. In particular, I have placed reliance on the annual opinion provided to me by the Head of Internal Audit.

Information security

The LSB is a data controller under the Data Protection Act 2018 and is subject to the Freedom of Information Act.

The LSB has due regard to the requirements set out in HM Government Security Policy Framework issued by the Cabinet Office. This focuses on the outcomes required to achieve a proportionate and risk managed approach to security that enables the LSB to function effectively, safely and securely. The Director, Enabling Services is the LSB's Data Protection Officer.

All of the LSB's electronic data, and access to this data, is managed securely with support provided by an IT managed service provider. This organisation ensures that the LSB implements guidance on protection and security of its IT,

physical and data assets from the National Cyber Security Centre, the Cabinet Office, the Justice Digital team at the Ministry of Justice and the Government Security Centre for Cyber. The LSB continues to ensure information security remains a priority. The LSB attained Cyber Essentials Plus certification for the first time in 2021/22 and in March 2025, the LSB received re-accreditation for a further 12 months to March 2026. In 2024/25. cyber security training was delivered to the LSB Board, LSB colleagues and the Consumer Panel members.

During 2024/25 there were no data security incidents that needed to be reported to the Information Commissioner's Office.

All new colleagues receive training on information assurance and security. Annual refresher training is completed by all relevant staff. An annual review is carried out which measures colleagues' adherence to retention and disposal and wider data management good practice – a report on which is presented to ARAC. Learning is shared and consolidated throughout the year, led by an executive data champions group which brings together representatives of all areas of the organization and SLT discuss data management on a quarterly basis.

Security and confidentiality of information is included within Board Members' terms and conditions of appointment.

Assessment of fraud and error risk

Together with ARAC, I have reviewed the arrangements for the LSB's assessment of the risk that the financial statements may be materially misstated due to fraud, the current processes for identifying and responding to the risks of fraud and any known instances of fraud.

I consider that there is a low risk of misstatement due to fraud. The fact that appropriate separation of budgetary and authorisation processes are in place and that the organisation does not handle any physical cash both significantly reduce the risk of fraud. Appropriate processes for identifying and responding to the risks of fraud in day-to-day operations are nevertheless in place.

The Board approves the LSB's counter-fraud strategy annually as part of the Governance Manual review and the executive provides counter-fraud updates to ARAC at each of its meetings. We also engage regularly with the MoJ counter-fraud team. There were no known instances of fraud to report.

For existing colleagues, a targeted approach was adopted, whereby colleagues for whom antibribery and corruption training is of particular relevance, received mandatory self-study training materials. All other colleagues received a summarised version of similar resources.

Whistleblowing arrangements

The LSB has in place a public interest disclosure policy which sets out in detail the steps that will be taken in the event that a member of staff seeks to make a protected disclosure. This policy includes the identification of the personnel, including named Board Members, to whom such disclosures can be made.

In addition, a Reporting and Investigation Scheme has been published setting out the process by which persons external to the LSB may report any allegations of fraud or corruption. Such disclosures may also be made to a range of senior LSB staff as well as named Board Members.

Both policies are reviewed annually, as part of the Governance Manual review, to ensure that they are in line with current best practice. The most recent policy review was reported to ARAC in November 2024 and to the Board in November 2024.

There were no whistleblowing incidents reported during the year.

Quality of the data used by the Board

The Chief Executive, supposed by the SLT,, is responsible for making submissions to the Board on regular matters of business and specific governance issues referred to in this statement. Information considered by the SLT includes, but is not limited to: the corporate risk register; annual budget plans; strategic plans; programme and project reports; quarterly performance reports and detailed position papers on operational matters.

Risk registers, annual business plans and strategic plans are subjected to scrutiny by ARAC on an ongoing basis before presentation to the Board. Where new risks and new controls arise, discussions take place with the internal auditors in relation to amending the forward plan of internal audits. Given the independent scrutiny of data submitted to the Board, I am satisfied with its quality and relevance.

Significant control issues

I can confirm that the LSB has not had any significant control issues during the year and up until July 2025, , however we continue to strive for improvement and are in the process of considering improvements to our controls processes in respect of legal services procurement.

Compliance with Corporate governance in central government departments: Code of Good Practice 2017

In drawing up the Governance Statement, I have assessed the LSB's governance arrangements against the requirements set out in Corporate governance in central government departments:

Code of Practice 2017 ('the Code'). Whilst the Code is specifically designed for Central Government departments, the requirement to 'comply or explain' also applies to any other bodies within the scope of Managing Public Money, including the LSB. My assessment, which has been endorsed by ARAC in ARAC's annual

report, which is present to the Board, is that the LSB complies with the Code insofar as this is applicable to it.

Conclusion

I am satisfied that the LSB has maintained the level of financial and governance control and oversight necessary to enable, rather than impede, delivery of its challenging agenda, with a combination of effective management of risk, stewardship of resources and non-executive challenge and engagement. In particular, I am able to provide assurance on the following elements:

- finance and commercial processes, although there is some learning from the Internal Audit review of the Legal Services Procurement which is being actioned.
- human resources
- key business processes
- management information
- information security
- fraud, error and public interest disclosure policies.

Remuneration and Staff Report

Appointments

All non-executive Board Members are appointed by the Lord Chancellor, in consultation with the Lady Chief Justice, for a fixed term of up to five years and may be re-appointed for one subsequent term of office.

The LSB Chair is required to commit at least 70 days per annum to the work of the LSB.

Board Members are required to commit at least 30 days per annum to their work with the LSB and to attend at least 75% of Board meetings.

In accordance with the Act, the Chief Executive is a Board Member.

As at 31 March 2025, there were nine Board Members – three men and six women with one vacancy.

Termination

There is no compensation payable for loss of office for Board Members before the expiry of the term of appointment.

The Chief Executive's contract of employment provides for six months' notice on either side.

Performance conditions

Remuneration of the Chair and other nonexecutive Board Members are paid by salary and set by the Lord Chancellor and are not subject to performance conditions.

The remuneration of the Chief Executive is determined following a recommendation to the Board by the RNC and in consultation with the MoJ. The performance of the Chief Executive is reviewed annually by the Chair.

Name	Date Appointed	Date appointment ends
Catherine Brown (Interim Chair)	1 April 2019	31 March 2027
Flora Page	1 August 2020	31 July 2028
Dr Gary Kildare	1 April 2021	31 March 2029
Habib Motani	18 April 2022	17 April 2026
Clare Brown	1 June 2023	31 May 2027
Kate Briscoe	1 June 2023	31 May 2027
Lizzie Peers	1 October 2023	30 September 2027
Christine Nwaokolo	1 May 2024	30 April 2028
Craig Westwood *** (Chief Executive)	19 August 2024	n/a
Alan Kershaw (Chair)	1 April 2023	25 February 2025*
Matthew Hill (Chief Executive)**	20 August 2019	5 April 2024

^{*} Alan Kershaw stood down from his role as Chair due to personal considerations.

^{**} Richard Orpin Director, Policy and Regulation and Daniel Viall, General Council shared the interim CEO role and Holly Perry, Director Enabling Services was the interim Accounting Officer for the interregnum period until the appointment of the new CEO. *** Craig Westwood resigned as Chief Executive of the LSB on 1 July 2025.

The table below has been audited and provides details of the remuneration of LSB Board Members who served during 2024/25:

Remuneration of Chair and Board Members

			202	4/25					202	3/24		
LSB Board Member	Annual salary rate	Salary	Taxable benefits	Pension	Bonus	TOTAL	Annual salary rate	Salary	Taxable benefits*	Pension	Bonus	TOTAL*
	£000s	£′000	£s	£′000	£′000	£′000	£′000	£′000	£s	£′000	£′000	£′000
Catherine Brown*	60-65	15-20	1,700	-	0-5	20-25	10-15	10-15	1,200	-	-	15-20
Flora Page	10-15	10-15	-	-	-	10-15	10-15	10-15	-	-	-	10-15
Gary Kildare	10-15	10-15	3,400	-	0-5	15-20	10-15	10-15	1,400	-	-	15-20
Habib Motani	10-15	10-15	-	-	-	10-15	10-15	10-15	-	-	-	10-15
Katherine Briscoe	10-15	10-15	-	-	-	10-15	10-15	10-15	200	-	-	10-15
Clare Brown	10-15	10-15	100	-	-	15-20	10-15	10-15	200	-	-	10-15
Lizzie Peers	10-15	10-15	700	-	-	15-20	10-15	5-10	100	-	-	5-10
Christine Nwaokolo (from 1 May 2024)	10-15	10-15	-	-	-	10-15	-	-	-	-	-	-
Craig Westwood** (from 19 August 2024)	160- 165	95-100	-	12	-	110-115	-	-	-	-	-	-
Alan Kershaw (until 28 February 2025)	60-65	55-60	11,200	-	-	65-70	60-65	60-65	10,300	-	-	70-75
Matthew Hill (until 5 April 2024)	150-155	0-5	-	1	-	0-5	150-155	150-155	100	17	15-20	185-190
Stephen Gowland (until 31 October 2023)	-	-	-200	-	-	-0-5	10-15	5-10	300	-	-	5-10
Catharine Seddon (until 30 September 2023)	-	-	-	-	-	-	10-15	5-10	0	-	-	5-10
Jemima Coleman (until 31 May 2023)	-	-	-	-	-	-	10-15	0 - 5	-	-	-	0-5
Dr Helen Phillips (until 31 March 2023)	-	-	-	-	-	-	-	-	600	-	-	0-5

^{*} appointed Interim Chair from 1 March 2025. Annual salary rate as at 31 March.

The remuneration of the Chairs and Board Members is shown in the table above. The remuneration of the Executive directors can be found in the Staff Report.

Taxable benefits in kind covers any benefits provided by LSB which are treated by HM Revenue and Customs (HMRC) as a taxable emolument.

Board Members' costs associated with visits to London Zone 1 where the LSB office is located are treated as a benefit in kind.

Taxable benefits in kind are reported to the

nearest £100 and relate to amounts claimed in the 2024/25 financial year.

All expenses related to Board attendance in London are reviewed to ensure the correct contributions are paid to HMRC.

Any additional PAYE or NICs due are paid to HMRC through a PAYE Settlement Agreement (PSA).

Salary, pension and bonus reflects amounts payable to the CEO, Craig Westwood, for the financial year before any salary sacrifice choices are made.

^{**} Craig Westwood resigned as Chief Executive of the LSB on 1 July 2025.

Staff Report

LSB employees are not civil servants but public servants. LSB colleagues do not have access to the Principal Civil Service Pension Scheme or any other defined benefit scheme. As of 31 March 2025, the LSB had 35 full-time employees and 12 part-time employees (2023/24: 31 full-time employees and 9 part time employees). 68% of the staff complement was female (2023/24: 75%) and 32% was male (2023/24: 25%). The LSB supports a range of flexible working patterns.

The LSB's average sickness absence was 2.5 days per full-time equivalent (2023/24: 2.4 days).

The LSB's turnover rate was 11% in 2024/25 (2023/24: 26%).

The LSB does not engage any 'off payroll' staff. One specialist contractor was employed during 2024/25 (one specialist contractor was used in 2023/24).

Pension liabilities

The LSB has established a defined contribution group personal pension scheme into which the LSB makes fixed contributions based on a percentage of each employee's salary but has no other liabilities.

As at 31 March 2025, the nine Senior Civil Service equivalents on the Senior Leadership Team, excluding the Chief Executive, comprised four men and five women.

Senior civil servant equivalent by pay band

Salary band £'000	Number of senior civil service equivalent within band as at 31 March 2025	Number of senior civil service equivalent within band as at 31 March 2024
80-90	2	5
90-100	4*	0
100-110	0	3
115-120	3	0

^{*} There was an interim General Counsel to cover parental leave as at 31 March 2025

Numbers of staff and non-executives split between male, female and non-binary

	Male	Female	Non-binary
LSB Board Members	3	6	0
Consumer Panel	5	3	0
Senior Civil Service equivalents	4	5	0
All others	10	27	0

Diversity information on LSB Board Members, the Consumer Panel and the executive is available on our website 8

⁸ https://legalservicesboard.org.uk/about-us/our-staff

This is outlined in the table below.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

	2024/25	2023/24	% change
Band of highest paid director's total remuneration (£000)*	160-165	165-170	-3%
LSB employees average total remuneration (£)	69,161	67,638	2%
Upper quartile total remuneration (£)	80,763	82,682	-2%
Median total remuneration (£)	64,732	63,035	3%
Lower quartile total remuneration (£)	55,426	50,370	10%
Pay Multiple to Upper Quartile	2.01	2.03	
Pay Multiple to Median	2.51	2.66	
Pay Multiple to Lower Quartile	2.93	3.33	
	2024/25	2023/24	% change
			J
Highest paid director's salary and allowances (£)	162,500	152,500	7%
Highest paid director's salary and allowances (£) Highest paid director's bonuses and performance pay (£)	162,500 -	152,500 -17,500	
	162,500 - 68,237		7%
Highest paid director's bonuses and performance pay (£)	-	-17,500	7% -100%
Highest paid director's bonuses and performance pay (£) LSB employees average salary and allowances (£)	- 68,237	-17,500 66,202	7% -100% 3%
Highest paid director's bonuses and performance pay (£) LSB employees average salary and allowances (£) LSB employees average bonuses and performance pay (£)	- 68,237 924	-17,500 66,202 1,436	7% -100% 3% -36%
Highest paid director's bonuses and performance pay (£) LSB employees average salary and allowances (£) LSB employees average bonuses and performance pay (£) Upper quartile salary and allowances (£)	- 68,237 924 79,535	-17,500 66,202 1,436 80,535	7% -100% 3% -36% -1%
Highest paid director's bonuses and performance pay (£) LSB employees average salary and allowances (£) LSB employees average bonuses and performance pay (£) Upper quartile salary and allowances (£) Median basic salary and allowances (£)	- 68,237 924 79,535 63,828	-17,500 66,202 1,436 80,535 60,500	7% -100% 3% -36% -1% 6%
Highest paid director's bonuses and performance pay (£) LSB employees average salary and allowances (£) LSB employees average bonuses and performance pay (£) Upper quartile salary and allowances (£) Median basic salary and allowances (£) Lower quartile salary and allowances (£)	- 68,237 924 79,535 63,828 55,000	-17,500 66,202 1,436 80,535 60,500 48,434	7% -100% 3% -36% -1% 6%

^{*} The most highly paid director was also the most highly paid individual in the LSB.

Total remuneration includes basic salary, benefits allowance, bonuses and performance-related pay. It does not include severance payments and employer pension contributions.

Salary and allowances include basic salary and benefits allowance only.

The salary amount used is the salary as at 31 March 2025 not the salary amount paid in 2024/25. Part time colleagues have been grossed up to full-time equivalent salaries.

In 2024/25 the annual full-time equivalent rate of total remuneration ranged from £30,000 - £35,000 to £115,000 - £120,000 (2023/24: £35,000 - £40,000 to £105,000 - £115,000).

The award made to SCS and non SCS colleagues in 2024/25 was 5%, in line with the 2024 pay remit directive from the Cabinet Office.

In 2023/24, there was a non consolidated payment award of £1,500 made to all non SCS staff at the LSB, in line with the award made to civil servants by the Cabinet Office to address the cost of living crisis.

Employer pension contributions increased from 1 July 2024 from 12% to 13% of basic salary if the colleague made a matching employee pension contribution of at least 1%.

The highest paid director's remuneration is excluded from the median quartile and the LSB employees average remuneration calculations.

Remuneration of Executive directors (audited)

	2024/25					
LSB Executive Directors	Annual salary Rate	Salary	Pension	Bonus	Total	
	£000s	£000s	£000s	£000s	£000s	
Danielle Viall*+	115 – 120	125 – 130	16	-	145 – 150	
Holly Perry*	115 – 120	125 – 130	16	-	145 – 150	
Richard Orpin*	115 - 120	125 - 130	16	-	145 – 150	
Toakase Tonga# (from 9 September 2024)	95 - 100	95 - 100	12	-	110 – 115	

	2023/24					
LSB Executive Directors	Annual salary Rate	Salary	Pension	Bonus	Total	
	£000s	£000s	£000s	£000s	£000s	
Danielle Viall	110 - 115	110 - 115	12	-	120 - 125	
Holly Perry	110 - 115	110 - 115	12	-	120 - 125	
Richard Orpin (from 12 June 2023)	110 - 115	85 - 90	9	-	95 - 100	

^{*} Temporary promotion from 1 April to 18 August 2024 to cover interregnum period when no CEO in place.

Annual salary rate is lower than actual salary as this is what the directors would have been paid in a normal year.

Executive directors have access to the LSB Choices benefits scheme to flex salary and pension contributions and to buy and sell holiday. Salary, pension and bonus reflects amounts payable to directors for the financial year before any benefit choices or salary sacrifice made.

Annual salary rate reflects the full time equivalent salary and benefit allowance for the full year as at 31 March 2025.

Staff policies, equality and colleague involvement

TThe LSB is committed to ensuring equality of opportunity in employment and advancement. It strongly believes that all colleagues are entitled to be treated with respect in an environment free from discrimination, harassment, victimisation and bullying.

The LSB's recruitment policy states our commitment to equality of opportunity at all stages of recruitment and selection and that we will make reasonable adjustments to the recruitment process to ensure that no applicant is disadvantaged because of their disability. Shortlisted candidates are selected purely on the basis that their skills and experiences match the job description and colleague specification.

As an employer the LSB aims to recruit, motivate, develop and retain outstanding people from diverse backgrounds to deliver its priorities. Even as a relatively small organisation, it strives to support

and promote equality both within the organisation and in fulfilling its responsibilities to external stakeholders. In addition to the LSB's organisational commitment to integrate diversity and equality into its work and organisational culture, it has statutory obligations under The Equality Act 2010.

⁺ Parental leave taken from 13 September 2024 until 14 February 2025.

[#] Temporary promotion to Interim General Counsel from 9 September 2024 until 31 March 2025.

Diversity information on LSB Board Members, the Consumer Panel and the executive is available on our website.⁹

The LSB seeks to engage fully with colleagues in all matters affecting them. We hold regular all-colleague meetings and consult with colleagues on matters affecting their employment and welfare. During 2024/25, we carried out regular pulse surveys to assess colleagues' welfare and

followed these surveys with conversations, at the individual and organisational level. We carried out a diversity survey and a separate inclusion survey and the LSB is committed to implementing the action points that emerged from those surveys.

During the course of the year the LSB maintained its commitment to professional development for all colleagues by providing both internal and external training as required.

Staff numbers and related costs (audited)

(a) The cost of staff remuneration was:

	2024/25 Permanent staff	2023/24 LSB Board	2024/25 OLC Board	2024/25 Consumer Panel	2024/25 Total	2023/24 Total
	£′000	£′000	£′000	£′000	£′000	£′000
Wages and salaries	2,502	196	122	186	3,006	2,651
Social security costs	297	18	8	17	340	296
Pension costs	474	-	-	22	496	402
Other staff costs	13	-	-	-	13	11
Total	3,286	214	130	225	3,855	3,360

⁹ https://legalservicesboard.org.uk/about-us/our-st

The remuneration of the Chief Executive is included in staff remuneration.

- Wages and salaries include a 10% benefits allowance paid to all staff including the Chief Executive, as part of the LSB's Total Reward Scheme. Staff can purchase benefits from a menu of choices or take this as salary. The LSB operates a salary sacrifice scheme.
- Other costs include the cost of insurance for death-in-service and items such as childcare vouchers.
- Consumer Panel costs include the fixed fees paid to Panel members as well as the supporting secretariat of three LSB colleagues.

- LSB Board fees, which are disclosed in 'Wages and salaries' are also included in Remuneration of Chair and Board Members table.
- Employer pension contributions increased from 1 July 2024 from 12% of basic salary to 13% of basic salary if the colleague makes a matching employee pension contribution of 1%.

The average monthly number of full-time equivalent staff including secondees from government departments, other organisations, staff employed on short-term contracts and temporary staff was:

	2024/25 Permanent staff	2024/25 Specialist contractor	2024/25 Total	2023/24 Total
Directly employed – LSB	36.1	0.0	36.1	33.2
Directly employed – Panel secretariat	2.3	0.0	2.3	2.0
Total	38.4	0.0	38.4	35.2

Redundancy costs are accounted for in full in the year that an irrevocable decision has been made. There were no redundancies in 2024/25 (2023/24: none). There were no costs of redundancy payments in 2024/25 (2023/24 £0k)

Parliamentary Accountability and Audit Report

The LSB is accountable to Parliament through the Lord Chancellor and is sponsored by the MoJ. The relationship between the LSB and the MoJ is detailed in the Framework Agreement, which sets out the principles and strategic framework under which the LSB and the MoJ will operate. The Agreement looks at how both parties will:

- meet their responsibilities
- ensure regular contact and communicate with one another
- undertake proper planning and ensure accountability, and
- support each other.

The LSB's Framework Agreement states that the overall aim of the LSB is to contribute to the reform and modernisation of the legal services marketplace in the interests of consumers, enhancing quality, ensuring value for money and improving access to justice across England and Wales.

It does this by working to improve the delivery of legal services by providing oversight of the regulation of the legal services sector. This includes ensuring that the performance of the approved regulators meets the standards expected of them by society.

In relation to the approved regulators, this includes ensuring that the principles of better regulation are adopted and that the regulatory objectives outlined in the Act are promoted. In addition, the LSB has a number of responsibilities relating to the governance of the OLC.

Regularity of expenditure (audited)

Losses and special payments – there were no losses or special payments in 2024/25(2023/24: nil). Redundancy payments – there were no redundancy payments made during 2024/25 (2023/24: £0k). Contingent liabilities – there were no contingent liabilities in 2024/25(2023/24: nil).

Long term expenditure trends, which are unaudited, show budgeted expenditure for 2025/26 to be £5.873m. The LSB continues to strive to achieve value for money and this is a realistic level of expenditure provided that the underlying assumptions remain consistent with the LSB's ability to fulfil its statutory function.

Richard Orpin Accounting Officer 11 July 2025

The Certificate and Report of the **Comptroller and Auditor General to the Houses of Parliament**

Opinion on financial statements

I certify that I have audited the financial statements of the Legal Services Board for the year ended 31 March 2025 under the Legal Services Act 2007.

The financial statements comprise the Legal Services Board's:

- Statement of Financial Position as at 31 March 2025:
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Legal Services Board's affairs as at 31 March 2025 and its net (income) / expenditure for the year then ended; and
- have been properly prepared in accordance with the Legal Services Act 2007 and Lord Chancellor directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Legal Services Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Legal Services Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Legal Services Board's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Legal Services Board is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Lord Chancellor directions issued under the Legal Services Act 2007.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability report subject to audit have been properly prepared in accordance with Lord Chancellor directions made under the Legal Services Act 2007; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Legal Services Board and its environment obtained in the course of the audit, I have not identified material misstatements in the Statutory Other Information.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Legal Services Board or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Board and **Accounting Officer for the financial** statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the board and Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Legal Services Board from whom the auditor determines it necessary to obtain audit evidence:
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Lord Chancellor directions issued under the Legal Services Act 2007;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Lord Chancellor directions issued under the Legal Services Act 2007; and
- assessing the Legal Services Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Legal Services Board will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Legal Services Act 2007.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Legal Services Board's accounting policies;
- inquired of management, the Legal Services Board's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation

relating to the Legal Services Board's policies and procedures on:

- identifying, evaluating and complying with laws and regulations;
- detecting and responding to the risks of fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Legal Services Board's controls relating to the Legal Services Board's compliance with the Legal Services Act 2007 and Managing Public Money;
- inquired of management, the Legal Services Board's head of internal audit and those charged with governance whether:
 - they were aware of any instances of noncompliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud; and
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Legal Services Board for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Legal Services Board's framework of authority and other legal and regulatory frameworks in which the Legal Services Board operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Legal Services Board. The key laws and regulations I considered in this context included the Legal Services Act 2007 and Managing Public Money.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I tested the appropriateness of expenditure incurred and ensured that the levy charged is to approved bodies and in line with the Legal Services Act 2007.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc. org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies Comptroller and Auditor General July 2025

National Audit Office 157-197 Buckingham Palace Road Victoria London SW1W 9SP

Financial Statements

Statement of Comprehensive Net Expenditure for 12 months ended 31 March 2025

	Note	2024/25	2023/24
		£′000	£′000
Programme costs			
Staff costs	5	3,854	3,360
Depreciation/amortisation	2, 6, 7, 8	157	183
Other programme costs	2	1,208	1,116
		5,219	4,659
Income			
Levy income	3	5,219	4,550
Other income	4	-	109
		5,219	4,659
Net (income) / expenditure		-	-

All operations are continuing. There were no acquisitions or disposals of operations during the year.

The notes on pages 64 to 77 form part of these financial statements

	Note	31 March 2025	31 March 2024
		£′000	£′000
Non-current assets			
Property and equipment	6	48	54
Right of use asset	7	52	173
Intangible assets	8	-	0
Total non-current assets		100	227
Current assets			
Trade and other receivables due within one year	10	50	144
Cash and cash equivalents	11	6,590	6,713
Total current assets		6,640	6,857
Total assets		6,740	7,084
Current liabilities			
Trade and other payables	12	378	591
Provisions	13	24	-
Lease liabilities	16	25	123
Total current liabilities		427	714
Non-current liabilities			
Provisions	13	-	24
Lease liabilities	16	-	32
Total non-current liabilities	-	-	56
Total assets less total liabilities	-	-	6,314
Taxpayers' equity			
Income and expenditure reserve	-	6,314	6,314
Total taxpayers' equity	-	6,314	6,314

The notes on pages 64 to 77 form part of these financial statements.

Richard Orpin Accounting Officer 11 July 2025

Statement of Cash Flows for the year ended 31 March 2025

	Note	2024/25	2023/24
		£′000	£′000
Cash flows from operating activities			
Net operating income / (cost)		-	-
Adjusted for:			
Depreciation/Amortisation	6, 7, 8	157	183
Notional finance costs / (unwinding of costs)	2	2	3
(Increase)/decrease in trade and other receivables	10	94	(34)
Increase/(decrease) in trade and other payables	12	(213)	305
Use of provisions	13	-	-
Net cash inflow from operating activities		40	457
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(31)	(20)
Disposal of intangible assets	8	-	-
Net cash outflow from investing activities		(31)	(20)
Cash flows from financing activities			
Capital element of payments in respect of leases		(132)	(132)
Net cash outflow from financing activities		(132)	(132)
Net increase /(decrease) in cash and cash equivalents in the year		(123)	305
Cash and cash equivalents at the beginning of the year	11	6,713	6,408
Cash and cash equivalents at the end of the year	11	6,590	6,713

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2025

Income and Expenditure Reserve		
	Note	£′000
Balance at 1 April 2023		6,314
Changes in Taxpayers' Equity 2023/24		
Comprehensive net expenditure for the year		-
Notional transfer to Consolidated Fund		(4,659)
Notional receipt from sponsoring department		4,659
Balance at 31 March 2024		6,314
Balance at 1 April 2024		6,314
Changes in Taxpayers' Equity 2024/25		
Comprehensive net income for the year		-
Notional transfer to Consolidated Fund	1.3	(5,219)
Notional receipt from sponsoring department	1.3	5,219
Balance at 31 March 2025		6,314

1. Statement of accounting policies

1.1 Basis of preparation

These financial statements have been prepared on a going concern basis and in accordance with the 2024/25 Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the LSB for the purpose of giving a true and fair view has been selected. The particular policies adopted by the LSB are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

There were no critical accounting judgements made in the current year. There were no key sources of estimation uncertainty in the current year.

The functional and presentational currency of the LSB is the British pound sterling (£).

1.2 Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention, modified by the revaluation of certain assets and liabilities to fair value, where appropriate, as determined by the relevant accounting standards, and subject to the interpretations and adaptations of those standards in the FReM.

1.3 Income

The Legal Services Act 2007 (the Act) makes provision for the costs of the LSB to be recovered through the imposition of a levy on approved regulators (ARs).

"Before the end of the financial year a levy is calculated and imposed on ARs based on an

estimate of the LSB's aggregate net expenditure, as adjusted for the difference between the previous estimate and actual expenditure for the prior year.

The total levy is apportioned pro rata to each regulator based on the number of practitioners certified to the LSB by ARs at the beginning of the period, subject to a minimum levy of £3,000 per AR "

The levies imposed are recognised as income in the Statement of Comprehensive Net Expenditure (SoCNE) and any excess of imposed levies over the LSB's actual aggregate net expenditure in the period is deferred to the following year while any shortfall in imposed levies below actual aggregate net expenditure is released to the SoCNE from funds deferred in previous periods.

The effect of this treatment ensures that the total income recognised and leviable in the period corresponds to the LSB's actual aggregate net expenditure in the period as intended by the Act whilst timing differences between actual leviable expenditure and estimates billed are dealt with through the deferred income account.

Any cash received as "Prescribed Fees" (designation, application and termination fees) relating to applications for designation or application to become an approved regulator or the termination from being an approved regulator are initially recognised in the Statement of Financial Position (SoFP) as deferred income and subsequently recognised as income in the SoCNE on a stage of completion basis.

IFRS 15: Revenue from contracts with customers requires entities to implement a five-step approach to revenue recognition. The application of these steps in relation to LSB's income is outlined below:

1. Identify the contract with the customer: The FReM adaptation of IFRS15 expands the definition of a contract to include legislation

and regulations which enables an entity to obtain revenue.

In LSB's case, as outlined above, this legislation is the Legal Services Act 2007 which stipulates that the costs of the LSB should be recouped by means of a levy imposed on the approved regulators no later than 31st March of the 12 month period to which the levy relates.

- 2. Identify the performance obligations in the contract: Under the Act the LSB's role is to monitor the performance of the approved regulators to ensure they meet expected standards.
- 3. Determine the transaction price: The total costs incurred by LSB in the financial year are allocated to approved regulators on the basis described above.
- 4. Allocate the transaction price to the performance obligation: The levy income is accrued and matched with the LSB's net expenditure in the period to ensure that expenditure incurred is recovered in the same period that the regulatory activity is performed.
- 5. Recognise revenue when (or as) the entity satisfies a performance obligation: Revenue is recognised over time as expenditure relating to the regulatory activity of the LSB is incurred.

Under a strict interpretation of s175 of the Act, the LSB is required to surrender all amounts it receives from the levy and prescribed fees to the Consolidated Fund. However, the LSB, the Mol and HM Treasury are in agreement that this was not the original intention of the parties and the current practice, as agreed between the parties, is for the LSB to retain all amounts received in order to fund its operations.

Until a suitable legislative vehicle is devised to reflect the current practice and intention of all parties, the MoJ will be responsible for making a payment on behalf of the LSB to the Consolidated Fund equivalent to the income received by the LSB for the year from the levy and prescribed fees. Accordingly, a notional transfer to the Consolidated Fund has been shown in the

Statement of Changes to Taxpayers' Equity. An equal amount is shown as a notional receipt from the sponsoring department.

1.4 Expenditure

Expenditure is accounted for on an accruals basis when either the goods have been received or the service performed. Irrecoverable VAT is included with the item of expense to which it relates. Where a payment is made in advance of the accounting period to which it relates, the accounts show an asset for the amount that has been prepaid.

1.5 Non current assets

Property and equipment comprise information technology equipment such as laptops and audio visual equipment as well as office furniture, fixtures and fittings and office leasehold improvements.

Intangible assets comprise of consultancy expenditure directly attributable to bringing an asset into operation which has a life of more than

Initial recognition and capitalisation threshold

Expenditure on major information technology is recognised at cost. This includes expenditure directly incurred on hardware, software and, if appropriate, consultancy costs.

Non-current assets are capitalised where the cost is £1,000 or more. However, for grouped purchases of IT equipment, IT software or furniture, fixtures and fittings, individual items are also capitalised where the total grouped purchase is £1,000 or more.

Consultancy expenditure over £10,000 is capitalised if it is directly attributable to bringing into operation a distinct asset with a life of more than one year. All other consultancy expenditure is charged to the SoCNE when incurred.

Assets under construction are recognised at cost and depreciated from the date that they become operational.

Impairment and revaluation

The LSB undertakes an annual impairment review of assets across all significant asset categories.

If indicators of impairment exist, the assets in question are tested for impairment by comparing the carrying value of those assets to their recoverable amount. An impairment reflects a permanent diminution in the value of an asset as a result of a clear reduction of economic benefits or service potential and is charged to the SoCNE.

Depreciated historical cost is used as a proxy for fair value as this realistically reflects consumption of the assets as allowed by the FReM. Revaluation would not cause a material difference and the total value of all asset classes is defined as 'low'.

Depreciation and amortisation

Depreciation and amortisation is charged to the SoCNE on a straight-line basis at rates calculated to write off the value of assets, less any estimated residual value, over their estimated useful lives.

Depreciation commences in the month following acquisition with a full month's charge in the month of disposal. Estimated useful asset lives are within the following ranges:

Tangible property and equipment				
Information technology	4 years			
Furniture, fixtures and fittings	5 years			
Leasehold improvements	over the remainder of the lease or if shorter, over their estimated useful asset lives			

Right of use asset	
Office lease	over the remainder of the lease

1.6 Leases

Scope and exclusions - LSB as Lessee

In accordance with IFRS 16 Leases, contracts, or parts of contracts, that convey the right to control the use of an asset for a period of time are accounted for as leases.

Contracts for services are evaluated to determine whether they convey the right to control the use of an identified asset, incorporating both the right to obtain substantially all the economic benefits from the asset and to direct its use. If so, the relevant part of the contract is treated as a lease.

Recognition

At the point of signing a lease, the LSB recognises a right-of-use asset and a lease liability.

"The lease liability is measured at the value of the remaining lease payments discounted either by the interest rate implicit in the lease, or where this is not readily determinable, the incremental rate of borrowing. This rate is advised annually by HM Treasury.

The right of use asset is measured at the value of the lease liability, adjusted for: any lease payments before the commencement date; any lease incentives received; any incremental costs of obtaining the lease; and any costs of removing the asset and restoring the site at the end of the lease. "

When making the assessment, the LSB excludes low value item leases. These are leases which LSB considers as those where the underlying asset would have a cost of less than £10,000 when new, provided those items are not highly dependent on or integrated with other items.

IFRS 16 Leases was adopted by the Ministry of Justice Group (MOJ Group) from 1 April 2021.

The only current leases to which IFRS 16 applies in relation to LSB are the London premises leases, both the the exising lease which had an expiry date of 3 September 2024 and the 12 month extension lease which has a start date

of 4 September 2024 and an expiry date of 3 September 2025. For the material arrangements within the scope of IFRS 16, there are assets and liabilities of £52k and £25k respectively as at 31 March 2025.

Further details of the impact of the standard are disclosed at Notes 7 and 16.

Subsequent measurement

The lease liability will be adjusted for the accrual of interest, repayments, reassessments and modifications.

After initial recognition, the right-of-use asset will be measured using the fair value model. The LSB considers that the cost model (measurement by reference to the lease liability) is a reasonable proxy for fair value, in the case of non-property leases, and for property leases of less than five years or with regular rent reviews.

The value of the asset will be adjusted for subsequent depreciation and impairment, and for reassessments and modifications of the lease liability as described above. Where the amount of a reduction to the asset exceeds the carrying value of the asset, the excess amount is recognised in expenditure.

Expenditure for each financial year includes interest on the lease liability and a straight-line deprecation charge on the right-of-use asset, together with any impairment of the right-of-use asset and any change in variable lease payments, that was not included in the measurement of the lease payments during the period in which the triggering event occurred. Rental payments in respect of leases of low value items, or with a term under twelve months, are also expensed.

1.7 Value Added Tax

LSB are not VAT registered. Therefore output tax does not apply and input tax on purchases is not recoverable.

1.8 Employee benefits

Pension

The LSB has established a defined contribution group personal pension scheme under which the LSB makes fixed contributions of between 12% and 13% of the basic salary for all colleagues (from 1 July 2024, 2023/24 12%) and has no other liabilities. Pension contributions are charged to the SoCNE in the year in which they are incurred.

Employee leave accrual

An accrual is made for untaken employee annual leave.

1.9 Going concern

The Act makes provision for the LSB to receive funding from the Approved Regulators through the levy and changes to this arrangement would require primary legislation, which is not expected in the next financial year (or indeed, to the best of our knowledge, in the subsequent year).

We have reviewed the mechanism by which the LSB is funded and assessed what the impact on our funding might be. We have noted that as at 1 April 2024, the numbers of regulated professionals actually increased by 2.6% from same point in the previous year, thus giving assurance on the income streams of the Approved Regulators who in turn fund LSB.

The LSB bank account has sufficient funding to cover 12 months of expenditure.

It is therefore appropriate to adopt a going concern basis for the preparation of these financial statements.

2. Other costs	2024/25 £'000	2023/24 £'000
External legal costs	336	86
Accommodation - VAT on licence to occupy fee	26	26
Accommodation - rates, services and other costs	111	132
Outsourced services	168	163
Research costs	146	288
Other programme costs	126	121
Recruitment LSB Staff	30	32
Recruitment OLC Members	17	7
Recruitment Consumer Panel	13	23
Legal library services & reference	0	6
Consumer Panel (non pay)	58	79
Professional advisers	9	9
Training	64	62
Travel and subsistence - LSB Staff	14	6
Travel and subsistence - LSB Board	19	15
Travel and subsistence - OLC Board	11	8
Fees for statutory external audit work	39	35
Internal audit fees	19	15
Dilapidations	-	-
Notional finance costs	2	3
Loss / (Gain) on disposals	0	0
Other programme costs	1,208	1,116
Depreciation	157	179
Amortisation	-	4
Depreciation/amortisation	157	183
Total other costs	1,365	1,299

3. Levy Income

	2024/25 £'000	2023/24 £'000
Levy income from approved regulators	5,219	4,550
Total	5,219	4,550

4. Other income

	2024/25 £'000	2023/24 £'000
Licensing authority application fees	-	-
Termination fee	-	-
Legal costs recovered	-	-
Other income	-	109
Total	-	109

5. Staff costs

	2024/25 Permanent Staff £'000	2024/25 LSB Board £'000	2024/25 OLC Board £'000	2024/25 Consumer Panel £'000	2024/25 Total £'000	2023/24 Total £'000
Wages and salaries	2,502	196	122	186	3,006	2,651
Social security costs	297	18	8	17	340	296
Pension costs	474	0	0	22	496	402
Other staff costs	13	0	0	0	13	11
Total	3,285	213	130	225	3,855	3,360

6. Property and equipment

	2024/25 £'000	2024/25 £'000	2024/25 £'000	2024/25 £'000
	Information technology	Furniture, fixtures & fittings	Leasehold improvements	Total
Cost				
At 1 April 2024	90	211	39	340
Additions	31	-	-	31
Disposals	(17)	0	-	(17)
At 31 March 2025	104	211	39	354
Depreciation				
At 1 April 2024	60	191	35	286
Charged in year	15	18	4	37
Disposals	(17)	(0)	-	(17)
At 31 March 2025	57	208	39	304
Carrying amount at 31 March 2025	46	2	0	48
Carrying amount at 31 March 2024	30	20	4	54

	2023/24 £'000	2023/24 £'000	2023/24 £'000	2023/24 £'000
	Information technology	Furniture fixtures & fittings	Leasehold improvements	Total
Cost				
At 1 April 2023	84	211	39	334
Additions	20	-	-	20
Disposals	(14)	-	-	(14)
At 31 March 2024	90	211	39	340
Depreciation				
At 1 April 2023	57	147	27	231
Charged in year	17	44	8	69
Disposals	(14)	-	-	(14)
At 31 March 2024	60	191	35	286
Carrying amount at 31 March 2024	30	20	4	54
Carrying amount at 31 March 2023	27	64	12	103

7. Right of use

	2024/25 £'000		2023/24 £'000
Cost	Land and buildings	Cost	Land and buildings
At 1 April 2024	493	At 1 April 2023	365
Additions	0	Remeasurement	128
Disposals	0	Disposals	-
At 31 March 2025	493	At 31 March 2024	493
Depreciation		Depreciation	
At 1 April 2024	320	At 1 April 2023	209
Charged in year	121	Charged in year	111
Disposals	0	Disposals	-
At 31 March 2025	441	At 31 March 2024	320
Carrying amount at 31 March 2025	52	Carrying amount at 31 March 2024	173
Carrying amount at 31 March 2024	173	Carrying amount at 31 March 2023	156

The right of use asset relates to the lease on the London office of LSB.

The original lease term was 5 years and the lease matured in September 2024.

A lease extension was signed for a further 12 months to September 2025.

The maturity analysis for the lease can be found in Note 16 Lease liabilities

8. Intangible assets

Intangible assets	2024/25 £'000	
Cost		
At 1 April 2024	93	
Additions	-	
Disposals	-	
At 31 March 2025	93	
Amortisation		
At 1 April 2024	93	
Charged in year	-	
Disposals	-	
At 31 March 2025	93	
Carrying amount at 31 March 2025	-	
Carrying amount at 31 March 2024	-	

Intangible assets	2023/24 £'000
Cost	
At 1 April 2023	93
Additions	-
Disposals	-
At 31 March 2024	93
Amortisation	
At 1 April 2023	89
Charged in year	4
Disposals	-
At 31 March 2024	93
Carrying amount at 31 March 2024	-
Carrying amount at 31 March 2023	4

The LSB is party to financial instrument arrangements as part of its normal operations. These financial instruments include bank accounts, receivables and payables which are all measured at amortised cost.

IFRS 7: 'Financial Instruments: Disclosures', requires disclosure of the role that financial instruments have had during the year in creating or changing risks an entity faces in the course of its operations. As a levy funded body which collects all of the levy imposed on ARs within a short time frame (less than 30 days), the LSB is not exposed to the same degree of financial, credit or liquidity risk faced by typical commercial entities. The LSB has no powers to borrow or invest surplus funds. Its financial assets and liabilities which arise from normal operating activities are not held to manage risks arising from these activities.

Consequently, the LSB is not exposed to significant liquidity, credit, interest rate or foreign currency risk.

a) Carrying amount and fair values

The fair value of cash balances approximates their carrying amount largely owing to the short-term maturity of this financial instrument which is less than three months.

The fair values of receivables and payables approximate their carrying amount at initial recognition and these assets are not revalued subsequent to initial recognition as they are simple instruments with short-term maturities.

b) Liquidity risk

Liquidity risk is the risk that the LSB will encounter difficulty raising liquid funds to meet its commitments as they fall due. Through effective budgetary planning and controls, the LSB's operational expenditure corresponds to the amount it collects in levies from approved regulators.

Additionally, the LSB has built up surplus funds from Grants in Aid and Levy received in earlier years of operation to cater for adverse timing differences between payment of liabilities as they fall due and collection of levies imposed on ARs in arrears. Consequently, it does not have significant liquidity risk.

c) Credit risk

Credit risk is the risk that a party will default on its obligation to the LSB, thereby causing it to incur a loss. Credit risk arises from deposits with banks and receivables. The maximum exposure to credit risk at the balance sheet date is:

Maximum exposure to credit risk	2024/25 £'000	2023/24 £'000
Cash at bank	6,590	6,713
Levy income receivable	-	-
Other receivables	-	-
	6,590	6,713

Cash at bank comprises liquid bank balances held with a commercial bank in a Government Banking Service account.

Cash balances are maintained with strong investment grade banks.

The LSB has not recorded impairments against cash balances and nor have any recoverability issues been identified with such balances

10. Trade and other receivables

Amounts falling due within one year	2024/25 £'000	2023/24 £'000
Levy income receivable	-	-
Other receivables	-	-
Prepayments	50	144
Deposits and advances	0	0
Total trade and other receivables	50	144

11. Cash and cash equivalents

2024/25	2023/24
£'000	£'000

Cash and cash equivalents recorded in the SoFP and Statement of Cash Flows include deposits held at call with banks representing short-term highly liquid investments with maturities of less than three months.

Balance at 1 April	6,713	6,408
Net (decrease) / increase in cash and cash equivalents	(123)	305
Balance at 31 March	6,590	6,713
Balances at 31 March were held at: Government Banking Service	6,590	6,713

12. Trade and other payables

Amounts falling due within one year	2024/25 £'000	2023/24 £'000
External suppliers	40	108
Payroll tax and social security	110	100
Statutory audit fee	39	35
Deferred income	52	129
Employee leave accrual	43	39
Accruals	94	180
Total trade and other payables	378	591

13. Provisions for liabilities and charges

	2024/25 £'000	2024/25 £'000	2024/25 £'000
Provisions	Dilapidations	Tax	Total
At 1 April 2024	24	-	24
Provision raised	-	-	-
Provision utilised	-	-	-
Provision written back	-	-	-
At 31 March 2025	24	-	24
	2023/24 £'000	2023/24 £'000	2023/24 £'000
Provisions			
Provisions At 1 April 2023	£'000	£'000	£'000
	£'000 Dilapidations	£'000	£'000 Total
At 1 April 2023	£'000 Dilapidations 24	£'000	£'000 Total
At 1 April 2023 Provision raised	£'000 Dilapidations 24 -	£'000 Tax - -	£'000 Total

14. Capital commitments

There are no capital commitments.

15. Other financial commitments

There are no other financial commitments.

16. Lease Liabilities

Current	123		
Non Current	32		
Lease Liabilities recognised under IFRS16 as at 31 March 2024	155		
Current	25		
Non Current	-		
Lease Liabilities recognised under IFRS16 as at 31 March 2025	25		
Maturity analysis			
2025/26	25		
2026/27	-		

LSB does not face a significant liquidity risk with regard to its existing lease liabilities.

The existing lease for our current premises ends on 3 September 2025 following a one year extension to the original lease.

Our landlord has advised that there is no option to extend the lease beyond September 2025 so LSB will be leaving these premises in 2025/26.

This will incur material costs to the LSB in 2025/26, both one-off and recurring, although the scale of those costs will vary depending on the the new arrangements.

Government have advised that we will be required to move out of Zone 1 in London and onto Government estate for reasons of satisfying its policies on the location of Arm's Length Bodies.

These costs will be funded by the statutory levy provided for by the Legal Services Act 2007 to fund such costs. The only realistic alternative is Grant-in-Aid funding, for which there is currently no provision.

There are no contingent liabilities.

18. Related party transactions

The LSB is a non-departmental public body (NDPB) sponsored by the MoJ. The MoJ is regarded as a related party solely due to its sponsorship responsibility. During the year the LSB had no material transaction with MoJ. There were notional transactions shown in the Statement of Taxpayers' Equity.

The LSB has had a small number of transactions with other government departments and other central government bodies.

The LSB has a direct relationship with the OLC and has some oversight responsibilities for the Ombudsman Scheme established by the OLC.

Under the Legal Services Act 2007, the LSB is responsible for appointing OLC Board members and paying their salaries and expenses which amounted to £141k for 2024/25 (2023/24 - £139k). During 2024/25 OLC Board members were paid fees of £122k (2023/24 - £123k).

There were no other material transactions with the OLC during the year or with any of the members of the OLC.

During the year there were no related party transactions with LSB members, Legal Services Consumer Panel members or key managerial staff, except for remuneration paid for their services and reimbursement of business travel and subsistence expenses.

19. Events after the reporting period

In accordance with IAS 10: Events After the Reporting Period, post Statement of Financial Position events are considered up to the date on which the accounts are authorised for issue. The date the accounts are authorised for issue is interpreted as the same date the accounts are certified by the Comptroller and Auditor General.

Craig Westwood resigned as Chief Executive of the LSB on 1 July 2025. Richard Orpin has been appointed Interim Chief Executive and Danielle Viall has been appointed Interim Deputy Chief Executive and General Counsel. Richard Orpin was appointed Interim Accounting Officer on 3 July 2025.



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