

**CLASSIFICATION – PUBLIC**

**Legal Services Board (LSB) Performance assessment update**

- 1 The Board has agreed that the updates it receives on the LSB's performance assessment should be focused on:
  - The expectations of the SRA arising from the LSB's most recent performance assessment report, with a progress report on delivering the actions so the Board can assess progress. This includes the expectations specific to the SRA, as well as the themes highlighted for all regulators.
  - Exception reporting against other areas from the LSB's Performance Assessment Framework - Sourcebook of Standards and Characteristics.
  - A summary of any LSB position papers and consultations with an overview of how we are responding.

**LSB performance assessment 2024**

- 2 The LSB [published](#) its 2024 performance assessment report on 31 March, which covers an overview of the performance of all legal service regulators, as well as reports on each regulator.
- 3 There were 12 expectations of us for the coming year that the LSB lists in the report. The outcome of the performance report covers a number of areas in the Axiom Ince Independent Review report, which means there is repetition with the implementation plan for the LSB Directions.
- 4 The LSB's 12 expectations of us are set out below, along with progress updates against each.

**SRA BOARD**  
9 September 2025



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LSB expectation of the SRA	June 2025 update
1. Providing clearer and more detailed descriptions in SRA Board minutes of discussions of how the SRA's activities promote the public interest and address the regulatory objectives.	<ul style="list-style-type: none"><li>• We continue with the changes that we implemented in 2024 to the way we minute meetings.</li></ul>
2. SRA continues to review its governance arrangements and new changes it may introduce as a result of its own reviews and the Axiom Ince review report.	<ul style="list-style-type: none"><li>• This is covered by the implementation plan for the LSB Directions following the Axiom Ince Independent Review report. The implementation plan was developed with the LSB during this performance period and <a href="#">published</a> on 4 July 2025. A separate progress update is being provided to the Board at this meeting.</li></ul>
3. SRA to apply the findings of its communications review and perceptions research to its substantive work and to its engagement with the public, consumers, the regulated community and others.	<ul style="list-style-type: none"><li>• Highlights include the fieldwork commissioned for a one year on 'pulse' survey follow up to our 2024 external perceptions benchmarking work, and the insight-based testing of different approaches for how we drive better engagement with our regulatory messaging on AML (covered in the CEO report to the Board).</li></ul>
4. SRA to monitor the effectiveness of its engagement activities, and whether it will be better able to evaluate and assess their impact on its regulated community's compliance with rules and regulations.	

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LSB expectation of the SRA	June 2025 update
5. SRA to address the quality issues identified in some of its applications for changes to its regulatory arrangements.	<ul style="list-style-type: none"><li>• We continue to proactively engage with the LSB in the pre-application phase and during the application process to understand its areas of interest and expectations for applications.</li></ul>
6. SRA to rapidly implement its new model for risk identification, analysis and management, progressing the development of its long-term data strategy and implementing risk-based inspections in areas other than AML and demonstrating that it can identify risk and take action to prevent firm failures and detriment to clients.	<ul style="list-style-type: none"><li>• This is covered by the implementation plan for the LSB Directions following the Axiom Ince Independent Review report.</li></ul>
7. SRA to address the recommendation arising from the Axiom Ince review report that it uses its powers to develop an alternative option to address concerns with firms and protect clients, short of intervening.	<ul style="list-style-type: none"><li>• This is covered by the implementation plan for the LSB Directions following the Axiom Ince Independent Review report.</li></ul>
8. SRA to make further progress on the development of quality indicators for legal services and providing consumers with information about the quality of legal services providers.	<ul style="list-style-type: none"><li>• We are taking forward work on first-tier complaints, recognising that complaints are a key indicator of quality. In May, we launched a <a href="#">consultation</a> on proposed changes to our rules that should help law firms further improve how they define and deal with complaints about their service.</li></ul>

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LSB expectation of the SRA	June 2025 update
9. SRA's response to the results of its planned evaluations of its Standards and Regulations and of the SQE, and what changes to them may result.	<ul style="list-style-type: none"><li>• These evaluations are in progress with an update on the SQE evaluation in the CEO report to the Board.</li></ul>
10. SRA's monitoring of Kaplan's performance against its action plan to address the causes of the marking errors in April 2023 and January 2024 and how the SRA monitors Kaplan's overall performance.	<ul style="list-style-type: none"><li>• We continue to monitor Kaplan's performance through our established fora and processes.</li></ul>
11. SRA to begin publishing SQE training provider pass-rate data by Autumn 2025 at the latest.	<ul style="list-style-type: none"><li>• To be discussed by the Board on 9 September.</li></ul>
12. Implementation of the action plans that derive from its research into differential outcomes for ethnic minority solicitors on SQE and overrepresentation of ethnic minority solicitors in its disciplinary processes.	<ul style="list-style-type: none"><li>• We have <a href="#">published</a> the actions that we are taking forward following our research into differential outcomes for minority ethnic solicitors in legal professional assessments. Updates are covered in the update against the business plan (against priority one) and in the CEO report to the Board.</li></ul>

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- 5 Across its assessment of all regulators, the LSB identified the following themes that require focus and improvement. Our progress and comments against the themes are in the table below, as requested by the Board at the last performance meeting:

LSB themes across all regulators	LSB Performance assessment report comments	SRA progress / comments – June 2025
How regulators evaluate the impact of regulatory activities	<ul style="list-style-type: none"><li>Identified as a significant area of concern in two assessments (SRA and BSB).</li></ul>	This is covered by the Directions issued by the LSB following the review of the regulatory events leading up to our intervention into Axiom Ince, with an update provided separately to the Board at this meeting.
Risk management	<ul style="list-style-type: none"><li>LSB state that regulators had developed their frameworks for managing risk. However, it was not possible to tell how effective these were at the time of the assessment.</li></ul>	As above, this is covered in the Directions issued by the LSB following the review of the regulatory events leading up to our intervention into Axiom Ince.
Effectiveness with which Boards oversee the Executive and hold it to account	<ul style="list-style-type: none"><li>This has been identified this year for ICAEW, FO and SRA, particularly in respect of the impact on consumers.</li></ul>	We understand these comments to relate to the findings from the LSB's review into the regulatory events leading up to our intervention into Axiom Ince, and it is covered in the Directions issued.
Transparency	<ul style="list-style-type: none"><li>LSB wrote to regulators in May 2024 setting out the steps that they should take in order to</li></ul>	The SRA was called out in the report as generally performing 'quite well' in respect of transparency.

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LSB themes across all regulators	LSB Performance assessment report comments	SRA progress / comments – June 2025
	provide meaningful transparency about the decisions they make.	We made further continuous improvements in 2024 to how we minute Board meetings.
EDI	<ul style="list-style-type: none"><li>While some regulators have provided evidence of good practice in respect of EDI, three assessments identified that improvements were needed in this area.</li></ul>	There were no areas of concern relating to EDI specifically raised about the SRA in the LSB's performance assessment report. As already noted in our performance report, we are working closely with the LSB to ensure our EDI evaluation framework aligns with the proposed LSB statement on EDI.
Quality of statutory decision applications to the LSB	<ul style="list-style-type: none"><li>Three assessments (CRL, SRA and ICAEW) identified issues in respect of statutory decisions applications.</li></ul>	Covered in the table above on the expectations set out for the SRA.

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#### LSB performance assessment 2025

- 6 The LSB has written to us to inform us that it does not expect to issue its assurance information request any sooner than January 2026 for the next performance assessment. It is currently reviewing its approach to oversight and considering feedback that it requested from regulators on last year's process.

#### LSB position papers and consultations

- 7 In the period since our last update to the Board, we have responded to the LSB's [consultation](#) on its draft policy statement on professional ethics, which closed on 29 May. We broadly agreed with the LSB's proposed outcomes, and the specific expectations sat underneath each outcome with some specific comments on points of detail. We noted the need for flexibility for regulators in approach as required across professions, and to deviate from specific expectations where appropriate. We also encouraged the LSB to adopt a proportionate and targeted approach to monitoring progress against its statement, considering the totality of its asks of regulators and the timing of them.
- 8 The LSB has issued [new guidance](#) to support regulators in implementing the new regulatory objective introduced under the Economic Crime and Corporate Transparency Act 2023. This follows a consultation earlier in the year that we responded to and reported on in the last update to the Board in April.
- 9 Since the last update to the Board, the LSB has [published](#) its business plan. We provided our comments on the draft business plan earlier in the year and updated the Board in the last update. The LSB's priorities include work to improve ethical standards within the profession and work to protect the public from risks emerging from market developments. Alongside its policy work, the LSB says it will also focus on its approach to regulatory oversight, considering how to reduce burdens on regulators performing well while concentrating its resources on poorer performers.

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