



LEGAL SERVICES  
**BOARD**

# 25/26

**ANNUAL REPORT AND ACCOUNTS**



## **LEGAL SERVICES BOARD**

### **Annual report and accounts 2025-2026**

For the period 1 April 2025 to 31 March 2026

Report presented to the 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.

Ordered by the House of Commons to be printed on 25 June 2026



© Legal Services Board copyright 2026

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [www.nationalarchives.gov.uk/doc/open-government-licence/version/3](http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3).

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at [www.gov.uk/official-documents](http://www.gov.uk/official-documents).

Any enquiries regarding this publication should be sent to us at  
**Legal Services Board, 2nd Floor, 2 Redman Place, London E20 1JQ**

ISBN: 978-1-5286-6547-6

E-Number: E03616573 06/26

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office

# Contents

<b>Performance report</b>	<b>6</b>
Overview – Statement from the Chair	6
Overview – Statement from the Chief Executive	7
Overview of our regulatory objectives and behaviours in 2025/26	10
Statement of the purpose and activities of the LSB	11
Performance analysis	15
<b>Accountability Report</b>	<b>35</b>
Corporate governance report	35
Overview of Board and executive structure	37
The LSB's annual governance statement 2025/26	38
Remuneration and staff report	47
Parliamentary accountability and audit report	55
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	56
<b>Financial Statements</b>	<b>61</b>
Notes to the financial statements	65

# Performance Report

## Overview - Statement from the Chair

It is a privilege to present this Annual Report and Accounts as the new Chair of the Legal Services Board (LSB), following my recent appointment by the Ministry of Justice.

I would like to begin by thanking Catherine Brown for her service as interim Chair during the year covered by this report. Catherine's leadership provided continuity, stability and clear direction to the LSB. Her stewardship ensured that the Board remained focused and effective in fulfilling its responsibilities at a time of heightened delivery alongside organisational change.

This year saw the appointment of Richard Orpin as the LSB's Chief Executive, following a competitive process. Richard brings principled leadership, strategic capability and a clear vision for the LSB's future. We also saw the departure of two Board members, Kate Briscoe and Flora Page; I extend my thanks to both for their valuable contributions during their tenure with us. As we recruit new members, we will seek to ensure that we continue to have a diverse range of skills and experience on the LSB Board.

Operationally we have continued to manage resources carefully, delivering efficiencies while maintaining our ability to respond to emerging issues and to coordinate the sector in relation to more upstream issues. We have started to strengthen our capability in key areas, including the use of data and technology. Savings, including those from our office move, have been reinvested in building our capability and evaluating our impact, supporting long-term value for money.

A key development this year has been the introduction of a new approach to oversight regulation. We are placing greater emphasis on intelligence-led, risk-based and targeted interventions. This will enable us to focus our resources where they are most needed, while reducing unnecessary burdens on well-performing regulators. In doing so, we are strengthening both the efficiency and effectiveness of our regulatory approach.

The legal services sector continues to evolve rapidly, shaped by technology, economic pressures and changing consumer needs. Our Public Bodies Review - ongoing at the time of writing - has provided a welcome opportunity to reflect on how we operate and we look forward to engaging with its findings.

The Board remains committed to ensuring that regulation is proportionate, forward-looking and in the public interest. We will continue to support the executive in delivering effective oversight regulation of legal services.

**Monisha Shah**  
Chair

**17 June 2026**

## Overview - Statement from the Chief Executive

This has been a year of heightened activity and impact for the LSB. We have delivered a broad programme of work across policy development, regulatory oversight and enforcement, all aimed at ensuring that legal services regulation protects consumers, supports the rule of law and enables a modern, effective sector.

This year has also seen increased focus and scrutiny on the effectiveness of legal services regulation, including its ability to protect consumers and enable sustainable growth. The Public Bodies Review into the LSB, which began in February 2026, will provide an important opportunity to consider how best the LSB can play its part in advancing those goals, and in ensuring the regulatory framework can be applied to the best extent possible.

### **Strengthening regulatory performance and enforcement**

A priority this year has been holding regulators to account where performance has fallen short.

Following independent reviews into the regulation of Axiom Ince and SSB Group, we took decisive enforcement action against the Solicitors Regulation Authority (SRA). This included issuing binding directions to address systemic weaknesses identified in the Axiom Ince case and a formal public censure alongside performance targets in response to the SSB findings.

Our actions reflect the seriousness of the failures identified and the significant harm caused to consumers. They also demonstrate our commitment to exercising our statutory powers where necessary to drive improvement and rebuild public confidence.

Alongside formal enforcement, we have continued to engage closely with regulators to secure improvements through supervisory and informal mechanisms. This includes agreeing voluntary undertakings with the Bar Standards

Board (BSB) to address shortcomings in its performance.

### **Improving regulatory clarity and consistency**

The High Court and subsequent Court of Appeal judgments in Mazur brought into focus issues around the interpretation of the “conduct of litigation” and the clarity of regulatory guidance.

We acted quickly to convene regulators and representative bodies, emphasising the importance of clear, consistent and accurate guidance for the profession. We also launched a formal review of regulatory advice and guidance in this area, publishing interim findings during the year.

This work has highlighted variation across the sector and is supporting improvements in collaboration and consistency. We will continue this review to ensure that the regulatory framework provides clarity for practitioners and confidence for consumers.

### **Pursuing better outcomes for consumers and the public**

We have made substantial progress across a number of major work programmes. In particular, we have made progress in the following areas:

#### **Professional ethics and the rule of law**

We published our final statutory policy statement on “Upholding professional ethical duties”, setting clear expectations for regulators to strengthen ethical standards across the profession. This included clarifying the primacy of duties to the court, the rule of law and the client, and identified key areas for regulatory action around education, guidance and workplace culture.

This work responds to evidence of ethical pressures within the profession and is central to maintaining public trust. Regulators must now act. We are monitoring how they respond and holding

them to account, because the public rightly expects the profession to meet the highest ethical standards.

## Diversity and inclusion

We launched a consultation on a new policy framework to encourage a more diverse and inclusive legal profession. Our proposals set out clear outcomes and expectations for regulators, with an emphasis on evidence-based, strategic action to address persistent barriers.

## Economic crime

We issued new guidance to regulators on promoting the prevention and detection of economic crime. This supports the implementation of a new regulatory objective and reinforces the role of legal services in addressing serious societal harms such as fraud and money laundering.

## Understanding the legal services market

Our research programmes have continued to provide a strong evidence base for developments in policy and oversight.

We also published a new State of Legal Services report, which assesses how the sector has changed over the last five years and the implications for consumers.

## Supporting innovation and managing risk

We have continued to promote a pro-innovation approach to regulation, recognising the opportunities presented by technology, including artificial intelligence, to improve access to legal services.

At the same time, we have strengthened our focus on identifying and managing emerging risks. This includes developing our approach to horizon scanning, enabling earlier identification of risks across the sector.

Our work has also considered the implications of developments such as litigation funding, mass claims and the growth of unregulated legal

services, emphasising that consumer protection keeps pace with the changing market.

## Enhancing oversight regulation

We are putting in place a new approach to oversight regulation, moving towards a more targeted and risk-based model. This will allow us to focus more intensively on areas of greatest risk, ensuring that our approach is proportionate and operates in the interest of consumers.

## Working collaboratively

Collaboration has continued to be central to our work this year. We have worked closely with government, regulators, consumer and campaign groups, and the profession to address complex challenges and drive improvements.

We have also continued to engage widely through consultations, events and stakeholder forums, ensuring that our work is informed by a broad range of perspectives.

## Looking ahead

The legal services sector is complex and evolving. The need for effective regulation – and independent oversight to ensure that effectiveness – has never been greater.

Our focus in the coming year will therefore be on maximising our effectiveness, including through delivering a more proportionate, risk-based approach to regulatory oversight, and through clear prioritisation of our activity in the interests of consumers. We will fully reflect on the conclusions of the Public Bodies Review, once it is available, and take account of its findings in shaping our future approach.

**Richard Orpin**  
Chief Executive

17 June 2026



# Overview of our regulatory objectives and behaviours in 2025/26

Regulatory objectives	
<b>RO1</b>	Protecting and promoting the public interest
<b>RO2</b>	Supporting the constitutional principle of the rule of law
<b>RO3</b>	Improving access to justice
<b>RO4</b>	Protecting and promoting the interests of consumers
<b>RO5</b>	Promoting competition in the provision of services
<b>RO6</b>	Encouraging an independent, strong, diverse and effective legal profession
<b>RO7</b>	Increasing public understanding of the citizen's legal rights and duties
<b>RO8</b>	Promoting and maintaining adherence to the professional principles
<b>RO9</b>	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 set the standards regulators must meet, monitor their performance against those standards, and act when they fall short. That means requiring regulators to demonstrate they have addressed our concerns, conducting targeted reviews where needed, and, in the most serious cases, taking 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 2025/26 corresponded to £27.88 per person (2024/25: £26.09 ). The average over the last three years (2023/24 to 2025/26) 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), 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. Both the LSB and OLC budgets are subject to agreement by the Lord Chancellor.

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 fulfil their responsibility to promote 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, practising certificate fees, compensation funds 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 the 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. We may also put in place voluntary arrangements for the purpose of improving standards of service and promoting best practice of any legal activity.
- 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 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. The Act also contains provision for the LSB to be an approved regulator 'of last resort'.

## Key issues and risks

During 2025/26, 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 the leadership, resources and capability to meet the regulatory objectives in the Legal Services Act 2007 and address risks to the public and consumer interests.
- Public confidence in legal services regulation could be undermined because consumers are under-served 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.
- Senior turnover at the LSB has a destabilising effect.

These risks are discussed in more detail in the Performance analysis section on page 30.

## Performance summary

The Business Plan (the Plan) for 2025/26<sup>1</sup> set out an ambitious programme of work, including longer-term projects designed to tackle long standing issues in the interests of consumers.

As of 31 March 2026, alongside fulfilling its in-year obligations to make statutory decisions on matters emerging from the regulators, and provide oversight of the OLC and the SDT, the LSB has made progress against its Plan. This was delivered alongside a number of enforcement actions and wider new pressures which emerged in-year, which require some elements of the planned work to be extended into 2026/27. These work-streams are included in our business plan for 2026-27.

## Financial performance

The levy amount billed to regulators this year was £5.669m, other income was £2k, total

income £5.671m; and our actual out turn was £5.671m, resulting in a break-even position, so no movement in tax payers equity.

The average levy of £27.88 per authorised person is calculated based on forecast out turn of £5.715m in 2025/26. This is reduced by a £52k underspend from the prior year, 2024/25. The surplus reduces the amount the LSB needs to raise through the levy the following year.

	2025/26	2024/25
	£'000	£'000
Budget	5,718	5,271
<b>Income received</b>	<b>5,718</b>	<b>5,271</b>
Expenditure	5,671	5,219
<b>Deferred income</b>	<b>46</b>	<b>52</b>

## Going concern basis

Whilst the Act remains in place, the LSB is required to fulfil its functions. To fund our activities, a budget of £5.872m (not including the prior year rebate) has been submitted for agreement by the Lord Chancellor. Subject to the Lord Chancellor's agreement, this will give the LSB authority to raise the levy income from the approved regulators to fund our budget.

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

<sup>1</sup> <https://legalservicesboard.org.uk/wp-content/uploads/2024/04/Final-Business-Plan-2024-2025.pdf>



# 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

We aim to ensure regulation plays an effective role in the interests of consumers.

Our Plan is underpinned by the regulatory objectives, which underpin all our work.

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 reports to 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 this year we have been embedding our capability in this area through our horizon scanning function. In 2020 we published our State of Legal Services report which reviewed progress over ten years of legal services regulation, and was underpinned by a long-running research programme. It examined how the legal services market had changed over the period from 2010-2020. In 2025/26, our programme of research culminated in the publishing of our State of Legal Services report in December 2025.

Our 2025 interim update<sup>1</sup> reviewed how the sector has changed over the last five years and the implications for consumers. It found that the sector has made progress in some areas, but persistent challenges remain. The demand for legal services, as well as the delivery models and expectations of consumers are changing, with increased use of unregulated online legal tools which may lack effective redress.

Consumer satisfaction has risen, more people are shopping around for legal services, and technology use has increased. However, there has been a slight increase in unmet legal need, progress on diversity remains slow and uneven, and high-profile scandals have exposed gaps in consumer protection and professional standards.

The LSB has continued to push for improvements in these areas in 2025/26. Our future priorities will be set out in a three-year strategy, which we intend to consult on in 2026/27.

A detailed breakdown of the work the LSB carried out in 2025/26 is set out in the following pages.

<sup>1</sup> <https://legalservicesboard.org.uk/wp-content/uploads/2026/01/LSB-Interim-CoL-Report.pdf>

# Policy and research projects 2025/26

## In 2025/26, we were engaged in the following work

<b>Encouraging a diverse legal profession</b>				<p>Legal services should be accessible to all, regardless of background, and the profession should reflect the society it serves.</p> <p>A diverse profession is essential to delivering better outcomes for consumers and dismantling barriers to a diverse and inclusive legal profession is essential to sustaining a dynamic, innovative and effective workforce that can support the sector’s contribution to economic growth.</p> <p>In 2025/26, we developed evidence-led proposals aimed at driving more effective regulatory efforts in the legal sector to encourage a diverse profession. In November 2025, we launched a 12-week consultation on a draft statement of policy with clear outcomes and expectations for regulators. The consultation closed in March 2026 and we are considering next steps</p>
RO1	RO3	RO6		
RO8				
<p>This column outlines the challenges and regulatory objectives each project relates to – see page 10 for full description.</p>				
<b>Technology and innovation</b>				<p>It is important that legal regulators support the responsible use of technology to facilitate growth, improve efficiency and help improve access to justice through promoting innovation that designs services around consumer needs. The LSB is also cognisant that users increasingly use unregulated AI powered tools to resolve their legal issues.</p> <p>In 2025/26, we commissioned a landscape review to identify existing technical, ethical and regulatory standards relevant to AI powered legal services and understand how these work in practice. We also commissioned work exploring users expectations about AI powered legal tools. The findings from both pieces of research will inform our work in 2026/27 on the potential use of voluntary standards to support access to justice and make sure consumers are protected.</p> <p>The LSB’s Bi-annual Innovation and Technology Forum continued to enable regulators to collaborate and share emerging developments and best practice on the use of technology and innovation to improve consumer outcomes – this included helping legal services organisations take advantage of the Department for Business and Trade’s programme of support targeted at Small and Medium-sized Enterprises looking to adopt growth.</p> <p>We continued to disseminate and share best practice at conferences, at a No 10 roundtable for regulators on AI and in a hackathon led by central government on how AI can help regulators.</p> <p>We continue to support work to develop the Regulatory Information Service being implemented by the front line regulators and supported LawtechUK via our membership of the Regulatory Response Unit and participating in the Regulatory Pathfinding Programme. (Cf Access to Justice and Consumer Protection Projects).</p>
RO3	RO4	RO5	RO6	

**In 2025/26, we were engaged in the following work**

**Surveillance of harms**

RO3	RO4	RO5	RO7
-----	-----	-----	-----

An enhanced surveillance of harms approach strengthens the LSB's ability to spot risks early and understand where consumers, providers or the public may be exposed to harm and ensures we can identify emerging issues in the market, respond proportionately, and support the regulatory objectives.

In 2025/26 we developed a new approach to horizon scanning and market surveillance. This includes a typology that groups the main types of risks and issues we see in the sector, and a "surveillance of harms" framework that helps us track indicators of concern over time. Together, these tools give us an earlier and clearer view of where problems may arise. These products will be further tested and refined during the year as we implement our new approach to regulatory oversight, to help enable a more intelligence-led approach.

**Access to justice**

RO1	RO2	RO5	RO6
-----	-----	-----	-----

RO8			
-----	--	--	--

Access to Justice underpins all our work and during 2025/26 we published a report jointly commissioned with the LSCP on 'Regulatory Leadership on Access to Justice'. We also provided regulatory expertise and advice to support access to justice initiatives across the sector, including to the Justice Select Committee's Access to Justice Inquiry and to inform the Government's Interest on Lawyers Client Accounts (ILCA) proposals. Following the decision not to award the LSB funding through the Regulators Pioneers Fund, we began to explore options to address access to justice through a regulatory sandbox that would explore the potential for voluntary standards to support the provision of high-quality AI-powered, consumer facing legal tools for those with legal need. This included commissioning two pieces of research to understand more about the effectiveness of voluntary standards and how consumers interact with AI powered legal tools, recognising that these tools may provide an important avenue for access to justice (Cf Technology & Innovation and Consumer Protection Projects).

**In 2025/26, we were engaged in the following work**

**Consumer Protection**

RO1	RO2	RO4	RO5
-----	-----	-----	-----

RO6	RO8		
-----	-----	--	--

In the context of evidence of increased harm to consumers as a result of changing business models, and risks relating to litigation funding and consumer behaviours, in 2025-26, we initiated a programme of work exploring approaches to reduce the risk of harms to consumers. The project’s initial focus has been on understanding any gaps in mass claims regulation including the risks posed by third party litigation funding, as well as risks posed by the unregulated sector and whether there is a need to consider the introduction of a voluntary standards scheme.

We launched consumer research into how consumers expect artificial intelligence and online tools to behave to help us determine what safeguards should be in place. The findings from this research were published in June 2026 and will inform further work on unregulated legal services to ensure the right balance between access to justice and consumer protection.

We also analysed the litigation funding market to identify where consumer protection gaps remain, noting government’s intention to introduce legislation of Litigation Funding Agreements. We continued to make the case for the regulation, by the FCA, of all forms of litigation funding as a financial service. (Cf Technology & Innovation and Access to Justice Projects).

**Professional ethics, rule of law and regulation**

RO3	RO4	RO5	
-----	-----	-----	--

High standards of ethical conduct are crucial to ensuring that legal services reinforce public trust, support the rule of law, and ensure legal services better serve the public interest and the wider economy.

In 2025/26, we published our consultation on our proposed statement of policy. The consultation closed on 29 May 2025, receiving over 60 responses – a record for a LSB consultation. Responses came from a wide cross-section of stakeholders and enabled us to further refine our final statement of policy which we published in March 2026. The policy statement requires regulators to commence implementation planning promptly and have implementation action plans in place by September 2026.

We will continue to convene regulators and wider stakeholders to support regulators to implement our proposals and to maintain momentum on long-term leadership and culture change.

## In 2025/26, we were engaged in the following work

### Economic Crime Objective

RO1	RO2	RO4	RO6
-----	-----	-----	-----

RO8	RO9		
-----	-----	--	--

As part of the Economic Crime and Corporate Transparency Act 2023, the government introduced a new regulatory objective on 'promoting the prevention and detection of economic crime' to the Legal Services Act 2007. In 2025/26 we issued new guidance for legal services regulators outlining how they should demonstrate alignment with this new objective. Our guidance supports regulators in taking meaningful and coordinated steps in detecting and preventing economic crime, recognising that economic crime poses significant risks to public trust and the integrity of the profession. We have also engaged with regulators, the Financial Conduct Authority (FCA) and government to support a smooth transition to the proposed new anti-money laundering and counter terrorist financing (AML/ CTF) supervisory system, following the more recent government announcement that AML supervision will move to the FCA. During 2026/27 we will be working closely with key partners and supporting regulators to ensure a smooth transition towards, and implementation of, the new supervisory system.

## In 2025/26, we were engaged in the following research

### Monitoring and Evaluation

RO1	RO2	RO3	RO4
-----	-----	-----	-----

RO5	RO6	RO7	RO8
-----	-----	-----	-----

Strengthening how we monitor and evaluate the impact of our programmes will improve our understanding of the impact of our interventions and provide lessons learned for future regulatory actions. In 2025/26, we commissioned an external review of our current approach to monitoring and evaluation. This included a detailed assessment of existing tools and processes, and practical recommendations for improvement. We also delivered staff training to build in house capability, ensuring teams can embed evaluation into projects from the outset and use evidence to guide decisions. Follow up work to consider and implement the recommendations will continue into 2026/27.

### Small Business Legal Needs Survey

RO1	RO3	RO4	RO7
-----	-----	-----	-----

This survey helps us understand the legal problems small businesses face, the help they seek, their levels of unmet need, and how they choose legal services.

In 2025/26, we conducted a further wave of the Small Business Legal Needs Survey across England and Wales which provided updated data on the types and frequency of legal issues experienced, the support businesses use, and their levels of confidence and understanding of their legal rights and duties. It also supports our assessment of competition by tracking how actively small businesses shop around for legal services. Analysis and reporting will occur in 2026/27.

**In 2025/26, we were engaged in the following research**

**Prices of Legal Services Survey**

RO1	RO4	RO5	
-----	-----	-----	--

This survey tracks the average prices of commonly used legal services and helps us understand how transparent providers are about cost and quality. In June 2025 we published the latest wave of the survey. The results provide updated data on typical prices, how prices vary across services and regions, and how providers present price and quality information to consumers. This evidence informs our assessment of consumer empowerment and the overall transparency of the market.

## Discharging our oversight role

**In 2025/26, we were engaged in the following work to discharge our oversight role**

**Oversight reviews and regulatory performance**

RO1	RO4	RO8	
-----	-----	-----	--

To ensure that regulators act to protect consumers and the public interest, we assess their performance against three standards, Well-led, Effective approach to regulation, and Operational Delivery. In our most recent assessment of regulators' performance, published in March 2025, we rated the two largest regulators, the Solicitors Regulation Authority (SRA) and Bar Standards Board (BSB) as providing "insufficient assurance" against at least one standard. Since then, we have focused on ensuring that the SRA and BSB, and other regulators, act promptly to improve their performance. We have taken formal enforcement action against the SRA to ensure it addresses the issues with its performance identified by our targeted reviews of its handling of the failures of Axiom Ince Ltd and SSB Group Ltd. We have also taken informal enforcement action against the BSB through the introduction of voluntary undertakings to address concerns identified in the 2025 Regulatory Performance Assessment.

In 2025/26 we undertook a review of our approach to oversight, to ensure that it is risk-based, effective, targeted and proportionate. We are implementing the revised approach in 2026/27.

# External engagement

## In 2025/26, we were engaged in the following stakeholder outreach activity

<b>External engagement</b>				<p>In 2025/26, we continued to strengthen our engagement with stakeholders across England and Wales. Our programme of regional engagement remained active, with Board level and working level sessions held across the country, including our most recent Board engagement event in Southampton in December 2025, building on earlier visits to Manchester, Cardiff, Bristol, Norwich and Bangor. We also held a regional engagement session for the South East in September 2025, with presentations and speeches from the event made available via our website to widen access to learning from the discussion.</p>
RO1	RO2	RO3	RO4	
RO5	RO6	RO7	RO8	

# Policy Workstreams Paused or Ended During the Year

## In 2025/26, work on the following projects was paused or stopped to support delivery of our strategic priorities

<b>Evaluation of Internal Governance Rules (IGR)</b>				<p>The Internal Governance Rules (IGR) emanate from the requirement under Section 30 of the Legal Services Act 2007. The intention of the IGR is to enhance regulatory independence as far as reasonably practicable; to create and maintain clear divisions which prevent the representative functions prejudicing the regulatory functions; and to promote the regulatory objectives and to uphold the better regulation principles.</p> <p>In 2025/26, we analysed responses from a comprehensive evidence-gathering exercise with approved regulators and regulatory bodies and concluded that, while some respondents had concerns about specific aspects of the IGR, overall the IGR are operating as intended. Given this initial finding, and in light of potential litigation which may have implications for the IGR, we paused further substantive work on the evaluation. We expect to conclude this evaluation in 2026-27.</p>
RO1	RO2	RO3	RO4	
RO5	RO6	RO7	RO8	

## Policy Workstreams Paused or Ended During the Year

**In 2025/26, work on the following projects was paused or stopped to support delivery of our strategic priorities**

### **Disciplinary and enforcement processes**

The Disciplinary and Enforcement Project was intended to review regulators' D&E processes and consider their effectiveness, so as to identify whether there are any gaps that need addressing.

Having carefully reviewed our priorities during the course of 2025/26, we made the decision to stop our work to develop principles to underpin regulators' disciplinary and enforcement processes. Instead, we are driving improvements in more direct ways, for example through our enforcement action against the SRA and BSB. Our policy statement on upholding professional ethics also includes expectations for regulators regarding the use of disciplinary and enforcement action to secure higher standards of ethical conduct.

## Enabling our business

### In 2025/26, we were engaged in the following work to enable the delivery of our workplan

#### Value for money

We continue to work closely with NAO and Deloitte to enhance the efficiency and effectiveness of the external audit, ensuring value for money. During 2025-26, our internal audit program included the Accounts Payable and Action from previous audits across the last two years to ensure implementation or recommendations.

In Q4 we embarked on an efficiency project, aimed at modernising and streamlining internal processes to reduce manual admin, including through the use of technology. Phase 1 involved a discovery review of key systems and workflows to identify opportunities for simplification and potential automation. The next phase of this project will continue into 2026/27, focusing on prioritising and delivering improvements identified during the initial review.

The finance team has partnered with Microsoft Dynamics support to improve efficiency in financial transactions and reporting, and is working to further automate budgeting and reporting processes.

We introduced monthly reporting to SLT alongside Board reporting, and this provided SLT with an oversight of the financial position across LSB. This has been welcomed by budget holders and Board.

We moved to new office accommodation in September 2025, occupying desks under a licence arrangement in a space shared with other public sector bodies. This more flexible way of supporting working staff and our meetings also represented greater value for money, with a reduction in office overheads of £240k (including depreciation) per annum and a reduction in resources needed to manage estates-related contracts.

#### Information Technology

During 2025/26, we continued to strengthen our cyber security position while progressing key operational improvement initiatives.

We carried out a joint cyber security exercise with Cyber GSeC to test our systems, improve our ability to respond to threats, and check that our existing security controls are working effectively. The exercise also supported continued refinement of internal processes in line with best practice. While it showed resilience in some areas, it highlighted other areas for improvement. We are now working with Rock, our IT provider to implement recommendations, refine internal processes and further develop our cyber-maturity.

**In 2025/26, we were engaged in the following work to enable the delivery of our strategy**

**Human resources**

In 2025/26, we conducted our biennial colleague engagement survey. Following the survey, we developed a People Plan to help maintain our positive scores and improve the areas where our scores decreased. The plan brings together activity around leadership, inclusion, learning and ways of working and provides a focus for the next three years.

We carry out regular pulse surveys to assess colleague engagement and their commitment to the LSB. We plan to continue the surveys in 2026/27. See page 52 for more information on our staff policies, equality and colleague involvement.

**Communications and engagement**

Over the course of the year, we held a number of key meetings and events, including regional engagement in Manchester, London and Southampton. We also convened chairs of the approved regulators and other regulatory bodies to discuss shared strategic priorities.

Through our Professional Ethic and Rule of Law (PERL) programme, we continued to run a reference group to inform and shape our work. We also contributed to sector conversations by speaking at conferences and participating in the International Conference of Legal Regulators.

Overall, this work has supported the delivery of our workplan by strengthening collaboration and demonstrating leadership across the sector.

## 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 2025/26 is shown below.

Activity	2021/22	2022/23	2023/24	2024/25	2025/26
<b>Decisions on applications to alter regulatory arrangements:</b>					
● Total decisions made	17	18*	9	11	13
● Decisions made in the initial decision period of 28 calendar days	10	8	2	5	6
● Decisions made within an extended decision period of 90 calendar days	6	7	7	6	7
● Average decision time (calendar days)	41 days	43 days	62 days	51 days	49 days
Exemption directions issued	14	6	2	5	9
Practicing fees approved	9	8	8	8	8
<b>Publication within target of two working days (internal target):</b>					
● Applications to alter regulatory arrangements	87% (13/15)	100% (18/18*)	100% (8/8)	100% (13/13)	100% (15/15)
● Decisions	100% (17/17)	100% (15/15)	100% (9/9)	100% (11/11)	100% (13/13)
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 2025/26, we received 16 new applications (compared with 13 in 2024/25) concerning a range of regulatory arrangements. There was also an increase in exemption directions issued (five in 2024/25 compared with nine in 2025/26). We started the business year with no applications carried over from 2024/25 and had no applications outstanding at the end of 2025/26. Of these 16 applications three applications did not result in a decision from the LSB as one was withdrawn by the regulatory body following discussion with the LSB and another fell away due to significant changes during the assessment period which meant that the application no longer met the information requirements for an application. The final application was deemed improperly made and was later resubmitted as a new application and received a decision within the 2025/26 business year.

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 improved complaints handling which may require a number of regulatory bodies to amend their regulatory arrangements within a similar time period. In 2025/26 five out of 13 decisions related to implementing changes to first tier complaints handling.

The number of extension notices required, increased from six to seven from 2024/25 to 2025/26 and the average time taken per decision this year reduced from 52 days to 49 days. Applications may take longer than 28 days 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.

We have continued to carry out a check against the information requirements under the

Applications to Alter Regulatory Arrangements Rules 2021 for all new applications. In 2025/26 one application did not meet the information requirements under the Rules.

We assessed that the practising fee we approved should be adequate to effectively discharge the approved regulator's regulatory functions in an efficient and cost-effective manner.

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 the budget is shown below:

	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000
Budget	4,287	4,679	5,271	5,718
Income received	4,292	4,788	5,271	5,718
Expenditure	4,260	4,659	5,219	5,671
PAYE Provision movement	-	-	-	-
Expenditure excluding PAYE movement	4,260	4,659	5,219	5,671
Deferred Income	32	129	52	46

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 is equal to its estimated net expenditure.

Income and expenditure are accounted for on an accruals basis. The levy amount billed to approved regulators in 2025/26 was £5.669m (2024/25 was £5.142m). The amount of funds released from deferred income was £46k (this was £52k in 2024/25). Any underspend that occurs in a given 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 2025/26, 96% of invoices were paid within 10 working days; (100% in 2024/25). 100% of invoices were paid within 30 calendar days (also 100% in 2024/25).

## Collection of debt

For the levy relating to 2025/26, £5.669m (100%) was collected within 30 calendar days (2024/25, £5,142m, 100%). The average time to pay was 18.9 calendar days (17 calendar days in 2024/25).

# Performance against other measures

## Alternative business structures (ABS)

The Act requires the LSB to comment in its Annual Report 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. According to the frontline regulator's records, by the end of March 2018, a total of 1,075 ABS licenses had been issued, and by the end of March 2026, this had increased to 1,790.

By 31 March 2026 there were 1,515 active ABS licenses. 1,515 had been issued by the Solicitors Regulation Authority, 127 by the Institute of Chartered Accountants in England and Wales, 81 by the Council for Licensed Conveyancers, 53 by Intellectual Property Regulation Board and 14 by the Bar Standards Board.

While growth in ABS licensing has been gradual, the wider market context in which ABSs operate has changed more rapidly. Recent years have seen increased levels of private equity investment and merger and acquisition activity across the legal sector.

This investment spans both ABS and non-ABS firms and reflects a range of drivers, including competitive pressures, the search for scale, and interest in technology-enabled service delivery. The extent to which these developments are

attributable to the ABS regime itself, rather than broader market and economic factors, remains unclear.

The implications of these developments for consumers and competition are mixed and uncertain.

Increased investment may intensify competition in the short term, potentially improving efficiency, innovation and service quality. However, there is also a risk that continued consolidation could reduce competition over time or give rise to business models that prioritise short-term financial returns over long-term resilience. Where firms are acquired primarily for investment purposes, there may be heightened risks to financial sustainability, particularly if investor incentives are misaligned with consumer protection objectives.

Evidence to date suggests that ABS status alone is not a reliable indicator of consumer risk. Analysis of SRA disciplinary outcomes shows that ABS firms fare no better or worse than traditional law firms overall, with consumer risk more closely associated with firm-level governance, financial controls and management quality than ownership structure.

In addition, the LSB's Technology and Innovation Survey indicates that ABS firms are more likely than non-ABS firms to report having introduced innovations in recent years, and to cite service quality, cost reduction and responsiveness to client needs as drivers for change. These findings point to potential benefits associated with some ABS models, while underlining the importance of effective oversight and management.

Overall, the available evidence suggests that ABSs present both opportunities and risks, and that their impact on the regulatory objectives depends less on legal form and more on how firms are governed, financed and operated in practice. There remains limited evidence on the long-term

effects of evolving business models – including those linked to private investment and litigation funding – and further monitoring and analysis will be needed to assess their implications for consumers, competition and market resilience over time.

## 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 2025/26 we received 25 requests, and on average these were responded to within 19 working 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. Three subject access requests were received in 2025/26.

We continued our work during 2025/26 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 report<sup>4</sup> but we are committed to working with the landlord of our premises to take account of the impact of our activities on the environment. In September 2025 we moved, occupying desks in a modern office in Stratford. The office has a range of features which have reduced our impact on the environment, such as greater use of water recycling and better overall energy performance.

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 52.

During the course of the year, our colleagues supported the London Legal Support Trust by participating in the London Legal Walk. A total of £665 was raised this year.

---

<sup>4</sup> 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 500m<sup>2</sup> and has fewer than 50 FTE staff.

## Key Risks

During 2025/26, the LSB maintained its active management of risks in line with the organisation's risk management strategy (see page 42). The following four risks were of particular concern to our performance.

### Risk movement during 2024/25 key

↑ Risk has Increased this year

↓ Risk has decreased this year

→ Risk has remained the same

+ New Risk

## 1. Regulators lack the leadership, resources and capability to meet the regulatory objectives in the Legal Services Act 2007 and address risks to the public and consumer interests ↑

### What is the risk?

Regulators are unable to provide the LSB with sufficient assurance that:

1. They are meeting, or making progress towards meeting, the regulatory objectives in the Legal Services Act 2007.
2. Their Boards proactively ensure their executives pursue the regulatory objectives in the Legal Services Act 2007 and hold their regulators' executives accountable for their performance.
3. They take account of the interests of consumers and the public and work to protect them.
4. They have the capability, capacity, resources and experience required to effectively carry out their regulatory activities.
5. Their approaches to regulation are evidence-based and enable them to identify risks to the regulatory objectives and the consumer and public interests.
6. Their operational activities are effective.
7. They learn from and seek to improve their performance based on their experience and from assessments by the LSB.

### How is this risk monitored and mitigated?

LSB assessed regulators' performance against the three standards (well-led, effective approach to regulation and operational delivery) in the Regulatory Performance Framework. LSB reviewed and scrutinised practising fee and regulatory arrangement applications.

Where necessary, the LSB used enforcement and assurance mechanisms. In 2025/26 the Board moved to enhanced informal action through voluntary undertakings against the BSB and formal enforcement actions via directions against the SRA.

This risk continues to be monitored via 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 year?

This risk has increased due to raised concerns. This risk increased during the year and remained outside the LSB's risk appetite, reflecting heightened concerns arising from regulatory failures in the sector and the need for enhanced oversight and assurance.

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

### What is the risk?

Capacity and capability of LeO to deliver current operational performance and strategic objectives in light of increasing demand and staff attrition.

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.

The Ministry of Justice and other stakeholders lose confidence in the current model due to LeO's failure to keep pace with incoming work or otherwise fail to sustain performance or show improvement (in context of poor historic performance) which would have reputational consequences for LSB given its oversight role and approval of annual budgets.

### What is the impact?

A deterioration of the relationship between the OLC and LeO and reduced opportunities for them to play a role in raising standards in the sector.

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.

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

The need for primary legislation to deliver alternative arrangements.

### How is this risk monitored and mitigated?

The LSB Board oversees LeO and approves the OLC annual budget to ensure that LeO remains' capable of maintaining and improving performance targets, achieving strategy objectives and meeting budget acceptance criteria. LSB set and monitored LeO's performance targets via various sources of assurance, such as, scrutinising OLC Board papers, regular CEO to CEO and Chair to Chair meetings.

LSB continued to approve modifications to the Legal Ombudsman's scheme rules to enable OLC to meet performance targets and improve customer experience.

The LSB also oversaw the appointment of a new OLC Chair and Board member who both have experience in transformation in 2025/26.

### How has this risk changed from the previous year?

This risk has increased during the year as concerns grew about LeO's caseload and waiting times, resulting in a higher residual and inherent risk scores. The risk remains 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?

Due to the lack of provisions in the current regulatory framework, there are not sufficient mitigations to address breaches of ethical duties and poor ethical conduct. Failure by regulators to promptly recognise professional ethical breaches and respond through appropriate enforcement action to deter similar occurrences in future. Obstacles or difficulties within the enforcement processes which prevent regulators from taking action effectively. A Lack of acknowledgement and awareness across the legal sector of the prevalence of poor professional ethical conduct and its impact on public trust, confidence and reputation.

#### What is the impact?

The continued 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 LSB's consultation on the Professional Ethics and Rule of Law (PERL) policy statement closed in May 2025. Responses were analysed and engagement with the PERL reference group occurred before the final policy statement was approved by LSB's Board.

A detailed long-term engagement plan was created to ensure longer term momentum and engagement on leadership and workplace cultural change post-consultation. Input was sought from key internal stakeholders. The development and embedding of a monitoring and evaluation via the regulatory performance process to ensure that the statement of policy has demonstrable improved standards of professional ethical conduct across the sector.

#### How has this risk changed from the previous year?

This risk remained within appetite in 2025/26.

## 4. Senior turnover at the LSB has a destabilising effect

### What is the risk?

During the year, the LSB faced a risk to organisational stability arising from a prolonged process to recruit a new Chair and Chief Executive, which necessitated extensive interim leadership arrangements. This came following wider senior leadership turnover, particularly within Corporate Services.

### What is the impact?

Unstable leadership risks a lack of clarity of direction and indecision, reduced inclusion among staff, reputational damage and impaired operational effectiveness. Additional internal resource required to recruit and onboard new staff and external resource required e.g. recruitment costs

Project performance could be affected by a loss of capacity and corporate memory while vacancies are carried and new colleagues are onboarded.

### How is this risk monitored and mitigated?

Regular Senior Leadership Team discussions about Chair and Board support during times of senior turnover. Interim positions used as appropriate. When needed, LSB used external recruitment experts to help appoint key positions. Internal recruitment processes were used for other vacancies. Away days were held regularly to keep colleagues engaged throughout the year. The development of a People Plan following the Colleague Engagement Survey conducted in December 2025. The creation of a Chair induction plan to review and monitor key outputs during the induction period.

### How has this risk changed from the previous year?

This was a new risk in 2025/26. The risk was within appetite.

**Richard Orpin**  
**Chief Executive**

**17 June 2026**

# 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 2025/26 the LSB continued to oversee nine approved regulators, collectively responsible for regulating over 203,143 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<sup>7</sup>. 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.

<sup>7</sup> <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 and
- 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 Chief Executive as the Accounting Officer for the LSB. The responsibilities of an Accounting Officer, including 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 2026, a fee of £42.5k was charged for the external audit work that has been performed (2024/25 £38.5k).

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 holding the executive to account in relating to Managing Public Money and 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. The Board contains the LSB's Senior Independent Director, who leads on the annual appraisal of the Chair's performance.

### 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:** RNC 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, the Legal Services Consumer Panel and the OLC.

### Senior Leadership Team Membership:

- Chief Executive
- Director, Corporate 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, related performance, management and financial information and ensures delivery of all executive activity and key business processes.

# The LSB's Annual Governance Statement 2025/26

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, save for circumstances where, by reason of a vacancy, the Board is not capable of having 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.<sup>6</sup> 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.

<sup>6</sup> <https://legalservicesboard.org.uk/wp-content/uploads/2024/12/Governance-Manual-2024-FINAL.pdf>

## LSB Board

The LSB Board comprises both non-executive Members (including the Chair) and the Chief Executive. The Board met formally on 11 occasions during the period 1 April 2025 to 31 March 2026.

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	
Catherine Brown (Interim Chair, Lay Member)	11/11
Clare Brown (Non Lay Member)	10/11
Dr Gary Kildare (Lay Member)	9/11
Habib Motani (Non Lay Member)	11/11
Kate Briscoe (Lay Member) – till 30 September 2025	3/5
Flora Page (Non Lay Member)	10/10
Lizzie Peers (Lay Member)	10/11
Christine Nwaokolo, (Non Lay Member))	7/11
Craig Westwood (Chief Executive, Lay Member) – (till 1 October 2025)	1/5
Richard Orpin (Interim Chief Executive, Lay Member)*	10/10

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 second Boardroom apprentice from 1 January 2025 to their resignation in July 2025 due to difficulties with

UK Boardroom Apprentice programme. The Boardroom apprentice continued to observe meetings till 31 December 2025 at the invitation of the Board. This provided an opportunity for the apprentice to gain valuable non-executive experience whilst increasing the range of views at Board meetings.

## 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 their opinion on the maintenance of appropriate audit and risk processes within the LSB, and 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 2025/26, 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 on three occasions during the year.

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

Membership and attendance records are given below:

\* Richard Orpin served as Interim Chief Executive from 16 May 2025 to 12 January 2026, at which point he was appointed permanently to the position of Chief Executive.

Audit and Risk Assurance Committee	
Lizzie Peers (Chair)	4/4
Gary Kildare	4/4
Clare Brown	4/4
Kate Briscoe (till 30 September 2025)	0/1

Remuneration and Nomination Committee	
Gary Kildare (Chair)	3/3
Habib Motani	3/3
Lizzie Peers	3/3

### 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.
- 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.
- 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.

## Budget application for 2026/27

The OLC's budget application was considered in draft at the LSB's Board meetings of November 2025 and then in final form, after public consultation, in March 2026.

The final application sought a budget of £22,230,382m. – an increase of 11.1% and an alternative budget application of £21,309,262 - an increase of 6.5%.

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.43.4% 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 2,700 by the end of December 2025.

For 2026/27 in recognition that the level of complaints to LeO had now made its working model unsustainable, the LSB approved the OLC's separate request for funding for a Scheme Transformation Review of a total of £979,121. Of this funding, £679,121 will be dependent on in-year agreement from the Board. To monitor this work the Board agreed that:

The OLC / LeO has agreed to provide regular expenditure reporting and a status report on progress delivered.

The LSB will convene a challenge panel within the budget year to assess the outcomes of the design phase of the transformation review. Only if the panel is satisfied with the proposals will the OLC / LeO move forward with expenditure of funds earmarked for design.

The Board therefore agreed to approve the alternative budget application of £21,309,262 and the Scheme Transformation Reviewing funding of £979,121.

## 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.

## 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](http://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, related performance and management information and key business processes. 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 monitors external factors and their implications for LSB performance and the legal services market.

### Programme Board

Chaired by the Interim 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 SID to evaluate the Chair's performance, was held in February.

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.

Decisions are made based on the risks and evidence available with consideration to how the decision interacts with those the Board oversees and how it evidences continuous improvement in holding those it regulates to account. At least

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

The last external board evaluation took place in 2022/23 and will next be undertaken in the financial year of 2026/27.

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 2025/26 were presented at the 24 March 2026 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 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 on 24 March. The Corporate

Risk Register is an executive document which is reviewed regularly by ARAC on behalf of the Board.

The Corporate Risk Register was circulated to the Board for information in July 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 also discusses potential future risks at each of its meetings.

Issues of risk 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 Board and ARAC have evaluated the quality of the LSB's management of risk during 2025/26 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. ARAC initiated a review of how we present and manage risk during 2025/26 and this will be taken forward during 2026/27.

## 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 the Board and ARAC.

## Key risks

Some of the key risks facing the LSB in achieving its priorities in 2025/26 are ongoing, while others arise in year.

Specific key risks managed in 2025/26 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.
- Executive turnover at the LSB has a destabilising effect.

These risks are discussed in more detail in the Performance analysis section (page 30).

### **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 2025/26. There were three recommendations for improvement on our procurement practises which have since been implemented.

### **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 2025/26 by Crowe LLP were as follows:

- A review of legal services procurement (Limited assurance)
- A review of accounts payable (including fraud analytics) (Full assurance)
- A review of follow up actions - ongoing

The Head of Internal Audit provided substantial assurance in respect of governance, risk management and internal controls in operation for the 2025/26 year, as aligned to the assurance definitions utilised in its internal audit reports.

Overall, Crowe LLP considered that we are able to provide "Substantial Assurance" in respect of governance, risk management and internal controls in operation for the 2025/26 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.

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, Corporate 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 2025/26, cyber security training was delivered to the LSB colleagues.

During 2025/26 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.

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.

During 2025/26, new colleagues received training on the Bribery Act 2010, which was provided by the LSB's Senior Legal Adviser.

For existing colleagues, a targeted approach was adopted, whereby colleagues for whom anti-bribery 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 2025 and to the Board in November 2025.

There were no whistleblowing incidents reported during the year.

### Quality of the data used by the Board

The SLT, chaired by the Chief Executive, 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 has no significant weaknesses to address.

### 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 and 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 throughout 2025/26 and up until the signing date 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
- 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 2026, there were seven Board Members – three men and four women with three vacancies.

## 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 non-executive Board Members are paid by salary and set by the Lord Chancellor and is 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	11 March 2026
Dr Gary Kildare	1 April 2025	31 March 2029
Habib Motani**	18 April 2022	17 April 2030
Clare Brown	1 June 2023	31 May 2027
Kate Briscoe	1 June 2023	30 September 2025
Lizzie Peers	1 October 2023	30 September 2027
Christine Nwaokolo	1 May 2024	30 April 2028
Craig Westwood (Chief Executive)	19 August 2024	1 October 2025
Richard Orpin (Interim Chief Executive; Chief Executive)***	16 May 2025	N/A

\* Catherine Brown acted as Chair from 25 February 2025 and became Interim Chair from 8 May 2025 to 31st March 2026.

\*\* Habib Motani's term was extended in July 2025.

\*\*\* Richard Orpin served as Interim Chief Executive and Accounting Officer from 16 May 2025 to 12 January 2026, at which point he was appointed permanently to the position of Chief Executive.

The table below has been audited and provides details of the remuneration of LSB Board Members who served during 2025/26:

### Remuneration of Chair and Board Members

LSB Board Member	2025/26						2024/25					
	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	60-65	8,900	-	-	<b>70-75</b>	60-65	15-20	1,700	-	0-5	<b>20-25</b>
Flora Page (until 11 March 2026)	10-15	10-15	-	-	-	<b>10-15</b>	10-15	10-15	-	-	-	<b>10-15</b>
Gary Kildare	10-15	10-15	2,700	-	-	<b>15-20</b>	10-15	10-15	3,400	-	0-5	<b>15-20</b>
Habib Motani	10-15	10-15	-	-	-	<b>10-15</b>	10-15	10-15	-	-	-	<b>10-15</b>
Katherine Biscoe (until 30 September 2025)	10-15	5-10	-	-	-	<b>5-10</b>	10-15	10-15	-	-	-	<b>10-15</b>
Clare Brown	10-15	10-15	100	-	-	<b>15-20</b>	10-15	10-15	100	-	-	<b>15-20</b>
Lizzie Peers	10-15	10-15	300	-	-	<b>15-20</b>	10-15	10-15	700	-	-	<b>15-20</b>
Christine Nwaokolo (from 1 May 2024)	10-15	10-15	-	-	-	<b>10-15</b>	10-15	10-15	-	-	-	<b>10-15</b>
Craig Westwood (from 19 August 2024 until 1 October 2025)	160-165	75-80	-	12	-	<b>90-95</b>	160-165	95-100	-	12	-	<b>110-115</b>
Richard Orpin**	155-160	140-145	-	19	-	<b>155-160</b>						
Alan Kershaw (until 28 February 2025)	-	-	-	-	-	-	60-65	55-60	11,200	-	-	<b>65-70</b>
Matthew Hill (until 5 April 2024)	-	-	-	-	-	-	150-155	0-5	-	1	-	<b>0-5</b>
Stephen Gowland (until 31 October 2023)	-	-	-	-	-	-	-	-	-200	-	-	<b>-0-5</b>

\* appointed Interim Chair from 1 March 2025. Annual salary rate as at 31 March 2026.

\*\* appointed Interim Chair from 16 May 2025 to 12 January 2026, at which point he was appointed permanently to the position of Chief Executive.

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 2 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 2025/26 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, Richard Orpin, for the financial year before any salary sacrifice choices are made.

# 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 2026, the LSB had 32 full-time employees and 15 part-time employees (2024/25: 35 full-time employees and 12 part time employees). 75% of the staff complement was female (2024/25: 68%) and 25% was male (2024/25: 32%). The LSB supports a range of flexible working patterns.

The LSB's average short term sickness absence was 1.6 days per full-time equivalent (2024/25: 2.5 days). We had four instances of long term sickness and the total sickness absence rate was 4.3 days per full time equivalent.

The LSB's turnover rate was 15% in 2025/26 (2024/25: 11%).

The LSB does not engage any 'off payroll' staff. Two specialist contractors were employed during 2025/26 (one specialist contractor was used in 2024/25).

## 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 2026, the eight Senior Civil Service equivalents on the Senior Leadership Team, excluding the Chief Executive, comprised three 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 2026	Number of senior civil service equivalent within band as at 31 March 2025
80-90	2	2
90-100	3	4*
100-110	1	3
110-120	2	-

\* 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	2	6	0
Consumer Panel	5	3	0
Senior Civil Service equivalents	3	5	0
All others	13	34	0

Diversity information on LSB Board Members, the Consumer Panel and the executive is available on our website.<sup>8</sup>

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

## Fair pay disclosures (audited)

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.

This is outlined in the table below.

	2025/26	2024/25	% change
Band of highest paid director's total remuneration (£000)*	160-165	160-165	0%
LSB employees average total remuneration (£)	69,946	69,161	1%
Upper quartile total remuneration (£)	78,316	80,763	-3%
Median total remuneration (£)	65,917	64,732	2%
Lower quartile total remuneration (£)	53,594	55,426	-3%
Pay Multiple to Upper Quartile	2.07	2.01	3%
Pay Multiple to Median	2.47	2.51	-2%
Pay Multiple to Lower Quartile	3.03	2.93	3%
	2025/26	2024/25	% change
Highest paid director's salary and allowances (£)*	162,500	162,500	0%
Highest paid director's bonuses and performance pay (£)	-	-	-
LSB employees average salary and allowances (£)	69,377	68,237	2%
LSB employees average bonuses and performance pay (£)	569	924	-38.4%
Upper quartile salary and allowances (£)	70,772	79,535	-11%
Median basic salary and allowances (£)	59,439	63,828	-7%
Lower quartile salary and allowances (£)	47,835	55,000	-13%
Pay Multiple to Upper Quartile	2.30	2.04	13%
Pay Multiple to Median	2.73	2.39	14%
Pay Multiple to Lower Quartile	3.40	3.15	8%

\* 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 2026, rather than the salary amount paid in 2025/26. Salaries for part time colleagues have been grossed up to full-time equivalent.

In 2025/26 the annual full-time equivalent rate of total remuneration ranged from £40,000 - £45,000 to £135,000 - £1450,000 (2024/25 £35,000-£40,000 to £135,000 to £140,000).

The pay award made to SCS and non SCS colleagues in 2025/26 was 3.25%, in line with the 2025/26 pay remit directive from the Cabinet Office.

Employer pension contributions remained at 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, lower and upper quartile and the LSB employees average remuneration calculations.

## Remuneration of Executive directors (audited)

LSB Executive Directors	2025/26				
	Annual salary Rate	Salary	Pension	Bonus	Total
	£000s	£000s	£000s	£000s	£000s
Danielle Viall	135-140	120-125	16	-	135-140
Matilda Quiney	115-120	85-90	13	-	100-105
Richard Orpin	145-150	140-145	17	-	155-160
Jelena Lentzos	110-115	80-85	10	-	90-95
Craig Westwood	160-165	75-80	11	-	85-90

LSB Executive Directors	2024/25				
	Annual salary Rate	Salary	Pension	Bonus	Total
	£000s	£000s	£000s	£000s	£000s
Danielle Viall*+	115-120	125-130	16	-	140-150
Matilda Quiney	-	-	-	-	-
Richard Orpin	115-120	125-130	16	-	145-150
Jelena Lentzos	-	-	-	-	-
Craig Westwood	160-165	95-100	12	-	110-115

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

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

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 2026.

### Staff policies, equality and colleague involvement

The 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.

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

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 2025/26, we carried out regular pulse surveys to assess colleagues' welfare and carried out a full employee engagement survey in November 2025. We followed these surveys with conversations, at the individual and organisational level. The data and qualitative feedback has supported our drawing up a People Plan of actions for 2026/27.

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:

	2025/26 Permanent staff	2025/26 LSB Board	2025/26 OLC Board	2025/26 Consumer Panel	2025/26 Total	2024/25 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Wages and salaries	2,835	170	116	222	3,343	3,006
Social security costs	396	22	13	26	457	340
Pension and other costs	506	-	-	29	535	496
Other staff costs	9	-	-	-	9	13
<b>Total</b>	<b>3,746</b>	<b>192</b>	<b>129</b>	<b>277</b>	<b>4,344</b>	<b>3,855</b>

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 remains 12% basic salary to 13% of basic salary if colleagues make an 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:

	2025/26 Permanent staff	2025/26 Specialist contractor	2025/26 Total	2024/25 Total
Directly employed – LSB	41.6	0.0	41.6	36.1
Directly employed – Panel secretariat	2.5	0.0	2.5	2.3
<b>Total</b>	<b>44.1</b>	<b>0.0</b>	<b>44.1</b>	<b>38.4</b>

Redundancy costs are accounted for in full in the year that an irrevocable decision has been made. There were no redundancies in 2025/26 (2024/25: none). There were no costs of redundancy payments in 2025/26 (2024/25 £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 2025/26 (2024/25: nil). Redundancy payments – there were no redundancy payments made during 2025/26 (2024/25: £0k). Contingent liabilities – there were no contingent liabilities in 2025/26 (nil in 2024/25).

Long term expenditure trends, which are unaudited, show budgeted expenditure for 2026/27 to be £5.812m. 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**

**17 June 2026**

# 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 2026 under the Legal Services Act 2007.

The financial statements comprise the Legal Services Board's:

- Statement of Financial Position as at 31 March 2026;
- 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 2026 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 2024. 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 Performance Report and Accountability Report.

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 Service's 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 non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- 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 and 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 operate. 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 and testing 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 Assurance 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](http://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**

**23 June 2026**

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

# Financial Statements

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2026

	Note	2025/26	2024/25
		£'000	£'000
<b>Programme costs</b>			
Staff costs	5	4,344	3,854
Depreciation	2, 6, 7, 8	71	157
Other programme costs	2	1,257	1,208
		<b>5,671</b>	<b>5,219</b>
<b>Income</b>			
Levy income	3	5,669	5,219
Other income	4	2	-
		<b>5,671</b>	<b>5,219</b>
<b>Net (income) / expenditure</b>		<b>-</b>	<b>-</b>

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

The notes on pages 65 to 77 form part of these financial statements.

## Statement of Financial Position as at 31 March 2026

	Note	31 March 2026	31 March 2025
		£'000	£'000
<b>Non-current assets</b>			
Property and equipment	6	44	48
Right of use asset	7	-	52
<b>Total non-current assets</b>		<b>44</b>	<b>100</b>
<b>Current assets</b>			
Trade and other receivables due within one year	10	112	50
Cash and cash equivalents	11	6,722	6,590
<b>Total current assets</b>		<b>6,834</b>	<b>6,640</b>
<b>Total assets</b>		<b>6,878</b>	<b>6,740</b>
<b>Current liabilities</b>			
Trade and other payables	12	564	378
Provisions	13	-	24
Lease liabilities	16	-	25
<b>Total current liabilities</b>		<b>564</b>	<b>427</b>
<b>Non-current liabilities</b>			
Provisions	13	-	-
Lease liabilities	16	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total assets less total liabilities</b>		<b>6,314</b>	<b>6,314</b>
<b>Taxpayers' equity</b>			
Income and expenditure reserve	-	6,314	6,314
<b>Total taxpayers' equity</b>		<b>6,314</b>	<b>6,314</b>

The notes on pages 65 to 77 form part of these financial statements.

**Richard Orpin**  
Accounting Officer

17 June 2026

## Statement of Cash Flows for the year ended 31 March 2026

	Note	2025/26	2024/25
		£'000	£'000
<b>Cash flows from operating activities</b>			
Net operating income / (cost)		-	-
<b>Adjusted for:</b>			
Depreciation	6, 7, 8	71	157
Notional finance costs / (unwinding of costs)	2	-	2
(Increase)/decrease in trade and other receivables	10	(62)	94
Increase/(decrease) in trade and other payables	12	186	(213)
Use of provisions	13	(24)	-
<b>Net cash inflow from operating activities</b>		<b>171</b>	<b>40</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(14)	(31)
<b>Net cash outflow from investing activities</b>		<b>(14)</b>	<b>(31)</b>
<b>Cash flows from financing activities</b>			
Capital element of payments in respect of leases		(25)	(132)
<b>Net cash outflow from financing activities</b>		<b>(25)</b>	<b>(132)</b>
<b>Net increase /(decrease) in cash and cash equivalents in the year</b>		<b>132</b>	<b>(123)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>11</b>	<b>6,590</b>	<b>6,713</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>11</b>	<b>6,722</b>	<b>6,590</b>

The notes on pages 65 to 77 form part of these financial statements.

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2026

<b>Income and Expenditure Reserve</b>		
	Note	£'000
<b>Balance at 1 April 2024</b>		<b>6,314</b>
<b>Changes in Taxpayers' Equity 2024/25</b>		
Comprehensive net expenditure for the year		-
Notional transfer to Consolidated Fund		(4,659)
Notional receipt from sponsoring department		4,659
<b>Balance at 31 March 2025</b>		<b>6,314</b>
<b>Balance at 1 April 2025</b>		<b>6,314</b>
<b>Changes in Taxpayers' Equity 2025/26</b>		
Comprehensive net income for the year		-
Notional transfer to Consolidated Fund	1.3	(5,671)
Notional receipt from sponsoring department	1.3	5,671
<b>Balance at 31 March 2026</b>		<b>6,314</b>

The notes on pages 65 to 77 form part of these financial statements.

# 1. Statement of accounting policies

## 1.1 Basis of preparation

Financial statements have been prepared on a going concern basis and in accordance with the 2023/24 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 applied 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 liable 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 liable 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 MoJ 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 one year.

### 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.

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 lease to which IFRS 16 applies is the lease for the London offices which ended on 3rd September 2025. There is no further lease as the new offices are on a license agreement.

Further details of the impact of the standard are disclosed at Note 7.

## 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 depreciation 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 a defined contribution group personal pension scheme under which the LSB makes fixed contributions of 12% of the salary for all colleagues.

## Employee leave accrual

The accrual is based on day rate per employee based on their annual salary.

## 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).

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

	2025/26 £'000	2024/25 £'000
External legal costs	239	336
Accommodation - VAT on licence to occupy fee	41	26
Accommodation - rates, services and other costs	62	111
Outsourced services	207	168
Research costs	215	146
Other programme costs	133	126
Recruitment LSB Staff	84	30
Recruitment OLC Members	25	17
Recruitment Consumer Panel	20	13
Consumer Panel (non pay)	95	58
Professional advisers	9	9
Training	40	64
Travel and subsistence - LSB Staff	16	14
Travel and subsistence - LSB Board	8	19
Travel and subsistence - OLC Board	12	11
Fees for statutory external audit work	40	39
Internal audit fees	11	19
Notional finance costs	-	2
Gain on disposals	(1)	(0)
<b>Other programme costs</b>	<b>1,257</b>	<b>1,208</b>
Depreciation	71	157
<b>Depreciation</b>	<b>71</b>	<b>157</b>
<b>Total other costs</b>	<b>1,327</b>	<b>1,365</b>

### 3. Levy Income

	2025/26 £'000	2024/25 £'000
Levy income from approved regulators	5,669	5,219
<b>Total</b>	<b>5,669</b>	<b>5,219</b>

### 4. Other income

	2025/26 £'000	2024/25 £'000
Other income	2	-
<b>Total</b>	<b>2</b>	<b>-</b>

### 5. Staff costs

	2025/26 £000 Permanent Staff	2025/26 £000 LSB Board	2025/26 £'000 OLC Board	2025/26 £'000 Consumer Panel	2025/26 £'000 Total	2024/25 £'000 Total
Wages and salaries	2,835	170	116	223	3,344	3,006
Social security costs	396	22	13	26	457	340
Pension costs	506	-	-	29	535	496
Other staff costs	9	-	-	-	9	13
<b>Total</b>	<b>3,746</b>	<b>191</b>	<b>129</b>	<b>278</b>	<b>4,344</b>	<b>3,855</b>

## 6. Property and equipment

	2025/26 £'000	2025/26 £'000	2025/26 £'000	2025/26 £'000
	Information technology	Furniture, fixtures & fittings	Leasehold improvements	Total
<b>Cost</b>				
At 1 April 2025	103	211	39	353
Additions	14	-	-	14
Disposals	(25)	(206)	(39)	(231)
<b>At 31 March 2026</b>	<b>92</b>	<b>5</b>	<b>-</b>	<b>136</b>
<b>Depreciation</b>				
At 1 April 2025	57	208	39	305
Charged in year	18	1	-	19
Disposals	(25)	(206)	(39)	(231)
<b>At 31 March 2026</b>	<b>49</b>	<b>3</b>	<b>-</b>	<b>92</b>
<b>Carrying amount at 31 March 2026</b>	<b>43</b>	<b>1</b>	<b>-</b>	<b>44</b>
<b>Carrying amount at 31 March 2025</b>	<b>46</b>	<b>2</b>	<b>-</b>	<b>48</b>

	2024/25 £'000	2024/25 £'000	2024/25 £'000	2024/25 £'000
	Information technology	Furniture fixtures & fittings	Leasehold improvements	Total
<b>Cost</b>				
At 1 April 2024	90	211	39	340
Additions	31	-	-	31
Disposals	(17)	-	-	(17)
<b>At 31 March 2025</b>	<b>104</b>	<b>211</b>	<b>39</b>	<b>354</b>
<b>Depreciation</b>				
At 1 April 2024	60	191	35	286
Charged in year	15	18	4	37
Disposals	(17)	-	-	(17)
<b>At 31 March 2025</b>	<b>57</b>	<b>209</b>	<b>39</b>	<b>306</b>
<b>Carrying amount at 31 March 2025</b>	<b>46</b>	<b>2</b>	<b>-</b>	<b>48</b>
<b>Carrying amount at 31 March 2024</b>	<b>30</b>	<b>20</b>	<b>4</b>	<b>54</b>

## 7. Right of use

	2025/26 £'000		2024/25 £'000
<b>Cost</b>	Land and buildings	<b>Cost</b>	Land and buildings
At 1 April 2025	493	At 1 April 2024	493
Disposals	(493)	Disposals	-
<b>At 31 March 2026</b>	<b>-</b>	<b>At 31 March 2025</b>	<b>493</b>
<b>Depreciation</b>		<b>Depreciation</b>	
At 1 April 2025	441	At 1 April 2024	320
Charged in year	52	Charged in year	121
Disposals	(493)	Disposals	-
<b>At 31 March 2026</b>	<b>-</b>	<b>At 31 March 2025</b>	<b>441</b>
<b>Carrying amount at 31 March 2026</b>	<b>-</b>	<b>Carrying amount at 31 March 2025</b>	<b>52</b>
<b>Carrying amount at 31 March 2025</b>	<b>52</b>	<b>Carrying amount at 31 March 2024</b>	<b>173</b>

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

The original lease term was 5 years and was extended to September 2025. We have now exited the lease.

## 8. Financial instruments

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:

<b>Maximum exposure to credit risk</b>	<b>2025/26 £'000</b>	<b>2024/25 £'000</b>
Cash at bank	6,722	6,590
Other receivables	9	-
	<b>6,731</b>	<b>6,590</b>

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.

## 9. Trade and other receivables

Amounts falling due within one year	2025/26 £'000	2024/25 £'000
Other receivables	9	-
Prepayments	103	50
<b>Total trade and other receivables</b>	<b>112</b>	<b>50</b>

## 10. Cash and cash equivalents

	2025/26 £'000	2024/25 £'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	6,590	6,713
Net increase / (decrease) in cash and cash equivalents	132	(123)
<b>Balance at 31 March</b>	<b>6,722</b>	<b>6,590</b>
<b>Balances at 31 March were held at: Government Banking Service</b>	<b>6,722</b>	<b>6,590</b>

## 11. Trade and other payables

Amounts falling due within one year	2025/26 £'000	2024/25 £'000
External suppliers	56	40
Payroll tax and social security	117	110
Statutory audit fee	40	39
Deferred income	46	52
Employee leave accrual	59	43
Accruals	247	94
<b>Total trade and other payables</b>	<b>564</b>	<b>378</b>

## 12. Provisions for liabilities and charges

	2025/26 £'000
<b>Provisions</b>	<b>Dilapidations</b>
At 1 April 2025	24
Provision raised	-
Provision utilised	(24)
Provision written back	-
<b>At 31 March 2026</b>	<b>-</b>

	2024/25 £'000
<b>Provisions</b>	<b>Dilapidations</b>
At 1 April 2024	24
Provision raised	-
Provision utilised	-
Provision written back	-
<b>At 31 March 2025</b>	<b>24</b>

The dilapidations provision is non current.

## 13. Capital commitments

There are no capital commitments.

## 14. Other financial commitments

LSB has a licence agreement for the occupancy of 2 Redman Place. This is at a rate of £121.5k per year. The agreement is for five years with a break clause at two years.

## 15. Lease Liabilities

Current	25
Non current	-
<b>Lease Liabilities recognised under IFRS16 as at 31st March 2025</b>	<b>25</b>
Current	-
Non current	-
<b>Lease Liabilities recognised under IFRS16 as at 31st March 2026</b>	<b>-</b>

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

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.

## 16. Contingent liability

There are no contingent liabilities.

## 17. 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 2025/26 (2024/25 - £141k). During 2025/26 OLC Board members were paid fees of £116k (2024/25 - £122k).

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.

## 18. 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.

There are no significant events after the reporting period to report.





LEGAL SERVICES  
**BOARD**

**Legal Services Board**

2nd Floor, 2 Redman Place,  
London, E20 1JQ

Telephone: **020 7271 0050**

[www.legalservicesboard.org.uk](http://www.legalservicesboard.org.uk)

E03616573  
978-1-5286-6547-6