

Update on the 2023/2024 Regulatory Performance Assessment

Purpose: For information
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Summary

This paper updates Council on the outcome of the Regulatory Performance Assessment (RPA) June 2023 to September 2024 and the proposed actions in response to certain of the expectations that have been set by the Legal Services Board (LSB) for the coming performance period.

The CLC was assessed as providing partial assurance that it is well-led, sufficient assurance under the effective approach to regulation standard and partial assurance that its operational delivery is effective and clearly focused on the public interest.

Recommendations

The Council is invited to:

- (1) note the content of the report
- (2) note and agree the proposed actions at Annex B (with the exception of those where decisions can only be taken once the outcome of the ongoing Disciplinary and Enforcement Review is known)
- (3) decide whether to publish the narrative report and proposed actions on the CLC website in addition to this covering Council paper.
- (4) discuss the draft letter at Annex C, and identify any further points for inclusion in the letter.

Relevant Regulatory Objectives

Directly or indirectly, the outcome of RPA and narrative assessment of the CLC has the potential to engage all the Regulatory Objectives. In the CLC's RPA submission, detail can be found evidencing how the Regulatory Objectives were fulfilled in the period June 2023 to September 2024.

RO1 - protect and promote the public interest

RO2 - support the constitutional principle of the rule of law

RO3 - improve access to justice

RO4 - protect and promote the interests of consumers

RO5 - promote competition in the provision of legal services

RO6 - encourage an independent, strong, diverse and effective legal profession

RO7 - increase public understanding of the citizen's legal rights and duties

RO8 - promote and maintain adherence to the professional principles

RO9 - promoting the prevention and detection of economic crime.

Relevant CLC Principal Risks

Potential risks arising because of the RPA are highlighted below. Importantly however, the likelihood of these risks manifesting is very low. This is because, as outlined at Annex B, the actions that the Senior Management Team has proposed are proportionate but adequate to address the expectations, can be resourced with existing staffing levels and within this year's budget, and

crucially, undertaking these actions will not risk diverting the organisation from its core functions, delivering on the strategy and fulfilling the Regulatory Objectives.

1. Loss of significant practice fee income caused by depressed market conditions, practice churn or practice closure
2. **Unplanned increase in the cost of regulation to the point where expenditure exceeds income**
3. Loss of any or multiple SMT members
4. The CLC is unable to attract and retain capable and competent employees due to uncompetitive pay or benefits
5. A major incident, either physical or cyber threatens the continuity of the CLC through loss of staff or infrastructure
6. **Not delivering on the CLC Strategy**
7. Practices are not able to secure Professional indemnity insurance or terms are unaffordable or unacceptable to the CLC
8. **Organisational performance and staff welfare risks in a small organisation**

Financial impact

The costs associated with delivering the proposed actions in response to the expectations will be covered by the 2025/2026 budgets.

As identified at Annex B, some of the expectations arising in the RPA are focused on our monitoring, disciplinary and enforcement activities which are in scope of the LSB's ongoing Disciplinary and Enforcement review, the outcome of which is not yet known (the draft report, which we will be able to review for accuracy, is anticipated in May, with the final report anticipated in June following a 2 month extension to the timetable the LSB initially set).

Given the clear overlap between the subject of that review and certain of the expectations set in the RPA, as identified in Annex B, we are not proposing any actions to address those RPA expectations until the outcome of the Disciplinary and Enforcement review is known.

It is only once we can consider the RPA and Disciplinary and Enforcement review in tandem that we will be able to address questions such as what action is necessary and proportionate and whether they can be financed and resourced within the existing budget and resourcing envelope.

Diversity and inclusion impact

No differential impact can be identified that may give rise to EDI impacts for any groups arising from the RPA though any consequential or follow up actions to address expectations may give rise to EDI impacts. Where this is the case, those impacts will be considered and where relevant, mitigations put in place as part of the projects to deliver those actions.

Communications requirements

The LSB has published the [full RPA](#), which includes their assessment of the CLC, alongside their assessment of all other legal services regulators.

We invite Council to consider and decide whether to publish the CLC's RPA (that is Annex A, the narrative assessment) and/or, the CLC's response to the RPA expectations (that is the table at Annex B) online.