



LSB Performance Assessment

STATUS

1. The report is open. Some of the appendices are confidential and the others are open as marked.

EXECUTIVE SUMMARY

2. This paper provides an overview of the Legal Services Board ('LSB') Regulatory Performance Assessment for 2023. This year's performance assessment takes place under the LSB's new regulatory performance framework that has been in force since January 2023.
3. The draft response has been reviewed by the IRB Legal Services Sub-Group, and updates have been made to the response to reflect that feedback. The updated draft response is attached as Appendix A.
4. The deadline for submission of the response to the LSB is 28 July 2023, so following the IRB meeting of 20 July 2023 the response will be finalised for submission.

RECOMMENDATIONS

5. The IRB is asked to note the content of the paper for information.
6. The IRB is asked to approve the classification of the paper as open, and some of the appendices are open.

ANNUAL LSB REGULATORY PERFORMANCE ASSESSMENT

2022 Regulatory Performance Assessment

7. ICAEW Professional Standards Department ('PSD') are assessed on an annual basis by the LSB to determine PSD's performance as a regulator. The last performance assessment took place in October 2022, in which ICAEW received a largely positive rating, with a grading of sufficient assurance (green) on four out of five of the performance standards. ICAEW received a score of partial assurance (amber) on the performance standard on being a well-led regulator. The LSB concluded that greater transparency of IRB board meetings was needed for ICAEW to achieve a score of sufficient assurance on this standard. A summary of the performance of all legal service regulators can be found [here](#).
8. Regulatory Policy staff have regular meetings with ICAEW's allocated relationship manager at the LSB and keep her informed of PSD's work on all legal services related matters, including steps that are being taken to address particular findings in the 2022 performance assessment.

2023 Regulatory Performance Framework

9. The 2023 regulatory performance assessment takes place under a new LSB regulatory performance framework that has been in operation since January 2023. However, the 2022 assessment took place on a hybrid of the old and new performance frameworks so we are familiar with the new framework to a certain extent.
10. Under the new regulatory performance framework, legal service regulators have to demonstrate how they comply with three standards, and 20 characteristics that underly those standards. The three standards are Well-led, Effective approach to regulation, and Operational delivery. The assessment from the LSB will use a narrative format and a new grading system. There will be a red/amber/green rating against each standard but not against each characteristic. The LSB are focussing this year on the Well-led and Effective approach to regulation standards so have asked for assurance against the whole standards. For Operational delivery, the LSB have only requested assurance on specific issues noted in last year's assessment and that may have arisen since.
11. The LSB have asked ICAEW to provide assurances as to how it:
 - demonstrates the characteristics of each of the **well-led** and **effective approach to regulation** standards including responses to specific questions set out in the Annex to the information request;
 - has addressed the specific areas for improvement under the **operational delivery** standard relating to authorisation, supervision, and enforcement that were identified in the 2022 assessment including responses to the specific questions set out in the Annex; and
 - responses to any other specific questions set out in the Annex.
12. As part of the response, the LSB have asked ICAEW to include an analysis schedule to demonstrate how it meets each of the characteristics, with links to supporting evidence or information. This is included as Appendix B.

OVERVIEW OF RESPONSE

13. The draft response to the 2023 regulatory performance assessment is attached as Appendix A. The response provides commentary on how ICAEW meets the Well-led and Effective approach to regulation standards, with reference to each of the underlying characteristics. It also provides answers to the specific questions asked by the LSB relating to these standards which include:
 - The steps ICAEW is taking to gather more information about the needs of probate consumers
 - How ICAEW is taking the policy statement on consumer empowerment into account in design and evaluation of legal services regulations
 - Steps ICAEW has taken or expects to take to increase the publication rate of IRB board papers and thereby achieve greater transparency about issues being considered, decisions being taken and the reasons for doing so.
 - Proactivity in supervisory work
 - Work undertaken to ensure provision of useful information on the quality of legal service providers

- When ICAEW expects to have met the specific expectations in the empowering consumers policy statement
- An update from ICAEW's monitoring of the revised transparency rules
- Any update on progress since January 2023 on meeting the outcomes in the ongoing policy statement

14. In relation to the operational delivery standard, the response answers some specific questions relating to ICAEW's plans for putting in place regulatory arrangements for oaths; the outcome of the review of the training provider for probate; and an update on the review of ICAEW's guidance on sanctions.

REVIEW TIMINGS AND NEXT STEPS

15. The regulatory performance assessment for 2023 takes place earlier in the year than in previous years, with the information request from the LSB on 8 June 2023, and a submission deadline for response of 28 July 2023. Within this timeframe, a draft response has been produced, and reviewed by the PSD Senior Management Team. The draft has then been shared with the IRB Legal Services Sub-Group for review, and the response has been updated to reflect the feedback received. The draft response is now being shared with the full IRB for information. On the basis that the Legal Services Sub-Group have reviewed the draft response, the IRB are not asked to review the response in detail. However, should any IRB member identify any fatal flaws with the draft response, then these can be raised in the board meeting.

APPENDICES

	Appendix Name	For consideration or for reference	No of pages
Appendix A	Draft response to LSB performance assessment	Reference Confidential	18
Appendix B	Analysis of how ICAEW meets performance standard characteristics	Reference Confidential	18
Appendix C	LSB information request 2023 performance assessment (including Annex)	Reference Open	5
Appendix D	2022 final submission to LSB on performance assessment	Reference Open	14

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