The Legal Services Board Independent Public Bodies Review

Government Response

Ministry of Justice

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Contents

Ministerial Foreword
Introduction
The Government's Overall Position
Response to the Recommendations
Next Steps
Annex A – Summary of Recommendations and Government Responses

Ministerial Foreword

The independent review of the Legal Services Board is clear: change is needed. The LSB must have sharper priorities, stronger oversight and a clearer focus on protecting consumers. The government accepts all the review's recommendations and supports a reset in how the regulatory system operates.

I commissioned this review in February 2026 to assess whether the LSB is equipped to fulfil its vital role as the oversight regulator for legal services. I am grateful to Richard Lloyd, the independent Lead Reviewer, for his thorough and candid assessment and to all those who contributed. The review also recognises the LSB's commitment to improve, and the progress made under its new leadership. The focus now must be on delivery.

This matters because the legal services sector is a vital part of our justice system and a major contributor to the UK economy, generating £43.2 billion in 2025. Effective regulation is essential to protecting consumers and maintaining public confidence, while enabling the sector to grow, innovate, and compete internationally.

This response sets out the government's position on each of the review's recommendations and how they will be taken forward. It explains how the government will support implementation, through more transparent oversight of the LSB, clearer policy responsibilities, and further consideration of the longer-term regulatory framework for legal services.

Throughout this work, the government will continue to respect the operational independence of the LSB and the frontline legal services regulators. That independence must be matched by clear accountability for performance, outcomes and value for money.

Sarah Sackman KC MP
Minister of State for Courts and Legal Services

Introduction

1. In February 2026, the government commissioned an independent Public Bodies Review of the Legal Services Board (LSB), led by Richard Lloyd and supported by the Ministry of Justice's (MoJ) Public Bodies Centre of Expertise. The review considered the effectiveness of the LSB in delivering its statutory role, including its strategic clarity, governance and accountability, and whether it remains equipped to respond to changes in the legal services sector.

2. The LSB was last reviewed in 2017. Since then, the legal services sector has changed considerably, including through market consolidation, major law firm failures, the growth of artificial intelligence and lawtech, and ongoing concerns relating to professional ethics, consumer protection and access to justice. As the oversight regulator established under the Legal Services Act 2007, the LSB plays a central role in ensuring the regulatory framework responds effectively to these challenges.

3. The review gathered evidence through a public call for evidence, interviews, workshops, roundtables and stakeholder engagement. It found that the LSB has lacked strategic clarity and not always exercised its oversight role as effectively as it could, including in its oversight of frontline regulation, that its activities have not been sufficiently focused on consumer protection and regulatory outcomes, and that the wider regulatory framework is characterised by duplication, complexity and unclear responsibilities.

4. The review concluded that a significant reset is needed, including changes to the LSB's culture and capabilities, with clearer prioritisation, a stronger focus on proportionate, risk-based oversight, improved collaboration across the regulatory system and clearer accountability for outcomes. The full review can be found here: The Legal Services Board: independent public bodies review - GOV.UK.

The Government's Overall Position

5. The government accepts all the review's recommendations and agrees with its conclusion that significant change is needed to strengthen the effectiveness of legal services regulation.

6. The government recognises that the complexity of the current regulatory framework can make it more difficult for regulators to identify, manage and respond to risks, that it contributes to duplication across the regulatory system and makes accountability for regulatory outcomes less clear.

7. The Legal Services Act 2007 already provides scope for the LSB to set clearer priorities and improve how the existing framework operates. Alongside this, the government will develop the scope and approach for the longer-term review of legal services regulation, while ensuring that immediate improvements are not delayed in anticipation of future reform.

8. The government has already begun implementation. Initial work will include strengthening transparency and accountability arrangements, working with the LSB and frontline regulators to agree on the best way to develop a shared approach to risk management and clarify policy responsibilities across the regulatory framework. The government will support the LSB and other relevant bodies in taking forward the wider recommendations, while maintaining clear accountability for delivery.

9. The government's approach to taking forward the recommendations will be guided by two principles:

(i) Consumer protection must be at the heart of legal services regulation, encompassing the prevention of harm, effective redress and access to appropriate legal services, while ensuring the system can respond to emerging risks.

(ii)The independence of legal services regulation from government must be preserved. The LSB must remain independent in its regulatory decision-making, but that independence should be accompanied by clear accountability for performance, outcomes and value for money.

Response to the Recommendations

10. **Recommendations 1B and 8** are directed to the MOJ. **Recommendations 5 and 6** require action by the MOJ alongside the LSB and frontline regulators. The government's response to these recommendations is set out below.

11. **Recommendations 1A, 2, 3, 4, 7, 9 and 10** are primarily directed to the LSB. The government agrees with these recommendations and expects the LSB to act promptly and set out how it intends to take them forward. The government also expects the frontline regulators to engage constructively on these recommendations, recognising that effective implementation will require collaboration across the wider legal services regulatory system. The government encourages progress to be made as quickly as practicable, while recognising that the detailed approach and timing of implementation will be matters for the LSB and other relevant bodies.

The full list of recommendations can be found at **Annex A.**

Recommendation 1B

For the longer term, the MOJ should carry out a comprehensive review of the regulation of legal services, with consideration given to what activity should sit within or outside the current regulatory perimeters. A new framework should be developed by 2029 with a view to implementation during the next Parliament. The LSB and other regulators should not defer action in anticipation of structural change.

Lead: *MOJ, with support from the LSB as appropriate.*

Timescale: *Review to be conducted by 2029.*

Government response: Accept

12. The government accepts the substance of this recommendation. The government will undertake a comprehensive review of the regulatory framework to consider whether it remains fit for purpose in a changing legal services market. The government will work closely with consumers, regulators and other key stakeholders in the legal sector to consider, among other things, the regulatory boundaries, the structure and complexity of the system, and the implications of developments such as AI and lawtech.

    The scale and complexity of this work will require a full and robust review process to ensure that any future reforms are evidence-based, informed by engagement across the legal sector and capable of delivering lasting improvement. As the review will need to take account of the breadth of complex issues under consideration, the government cannot fully commit to the proposed timeline at this stage.

In taking this work forward, the government will also ensure that consideration of longer-term reform does not delay improvements that can be delivered in the short term, within the existing framework.

Recommendation 5

The LSB, frontline regulators and MOJ should establish a shared framework for identifying, assessing and managing market and consumer risk, including an agreed statement of sector risk tolerance. The LSB should co-ordinate an annual assessment of key risks and regulatory mitigations, drawing on the data held by frontline regulators, to be shared more widely.

Lead: *LSB, with input from the MOJ and frontline regulators.*

Timescale: *Within six to nine months.*

Government response: Accept

13. The government accepts this joint recommendation and the MoJ will work collaboratively with the LSB and frontline regulators, to support the development of a shared framework for identifying, assessing and managing market and consumer risk, including an agreed approach to sector risk tolerance.

    Effective implementation will require close collaboration, recognising the respective roles and responsibilities of the MoJ, the LSB and the frontline regulators. This should support a more coherent, whole-system approach to risk, recognising the need to protect consumers while taking a proportionate approach that supports access to legal services, innovation and growth.

Recommendation 6

The LSB should refocus its policy activity so that it is clearly aligned with, and limited to, its regulatory oversight role. A clear and shared delineation of policy responsibilities across the MOJ, LSB and frontline regulators should be established and communicated to reduce duplication and stakeholder confusion.

Lead: *LSB, MOJ, and frontline regulators.*

Timescale: *Within one year.*

Government response: Accept

14. The government accepts this joint recommendation and will work closely with the LSB and frontline regulators to clarify the respective policy responsibilities, with the aim of avoiding duplication and stakeholder confusion.

    This work will consider the framework proposed in the review as a starting point.

Recommendation 8

The MOJ should consider how it can increase transparency in its oversight of the LSB, including whether aspects of its existing assurance and accountability mechanisms could be made publicly available.

Lead: *MOJ.*

Timescale: *Within six months.*

Government response: Accept

15. The government accepts this recommendation. The MOJ will review its assurance and accountability arrangements, including what information could appropriately be made public, drawing on relevant practice elsewhere in government. The ongoing update to the LSB's framework document will also provide an opportunity to clarify and simplify accountability arrangements.

    These changes will increase transparency, provide clearer accountability and improve understanding of how the MOJ oversees and holds the LSB to account.

Annex A – Summary of Recommendations and Government Responses

Rec	Recommendation (summary)	Lead	Timescale	Response
1A	Take immediate steps to bring together relevant actors within the existing framework so it operates more effectively for consumers.	LSB	Six months	Agree
1B	Carry out a comprehensive review of the regulation of legal services, including the regulatory perimeters, with a new framework developed by 2029.	MOJ, with LSB support	Review by 2029	Accept the substance of the recommendation, though cannot yet commit to the timeline
2	Reset strategic purpose towards consumer protection through oversight of frontline regulators and the OLC; stop activity that cannot support the oversight role.	LSB, OLC, frontline regulators, LSCP	Commence 2026–27	Agree
3	Strengthen prioritisation, oversight and articulation of outcomes: proportionate risk-based supervision; system-wide alignment; accountability for outcomes.	LSB	Immediate	Agree
4	Review the convening role, separating performance oversight from collaborative activity; review the Chief Executives' Forum.	LSB	End of 2026	Agree
5	Establish a shared framework for market and consumer risk, including a statement of sector risk tolerance and an annual risk assessment.	LSB, with MOJ and frontline regulator input	Six to nine months	Accept the substance of the recommendation, though the timescale of delivery will depend on coordinated action across a number of organisations.
6	Refocus policy activity on the oversight role; establish and communicate a shared delineation of policy responsibilities.	LSB, MOJ, frontline regulators	One year	Accept the substance of the recommendation, though the timescale of delivery will depend on coordinated action across a number of organisations.
7	Commission an expert review of the supervisory approach, including whether the RPA is proportionate and captures key risks.	LSB, with regulator input	One year	Agree
8	Consider how to increase transparency in the MOJ's oversight of the LSB, including publishing aspects of assurance mechanisms.	MOJ	Six months	Accept
9	Strengthen corporate governance, with a clear governance/executive distinction, refined	LSB	One year	Agree

Rec	Recommendation (summary)	Lead	Timescale	Response
	scheme of delegation, and annual board effectiveness reviews.			
10	Rethink organisational design and rebalance use of existing funding to secure the necessary capabilities.	LSB	Six months	Agree