

Regulatory Developments May 2024



READING TIME: 23 mins



ACTION: To note



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FRAMING

Context

This paper provides a summary of relevant articles and announcements in professional services' regulation since the last IRB meeting.

The status of this report is open.

Questions to the reader

1. Do any of the developments highlighted in this paper require detailed consideration by the IRB for potential impact on ICAEW's regulatory work or ICAEW's regulatory objectives?

THE PAPER

FRC CEO calls for more power

[UK accounting watchdog warns he is 'sheriff for only half the county'](#)

Speaking to the House of Commons business and trade select committee (committee), Richard Moriarty, chief executive of the Financial Reporting Council (FRC), argued that delayed legislation to create the Audit, Reporting and Governance Authority (ARGA), left “*serious gaps*” in their regulatory toolkit. The Financial Times reported that Moriarty asked for more powers to bring the FRC in line with watchdogs for other sectors. He complained that at present he is “*sheriff for only half the county... and (his) arsenal is weaker than other regulators*”.

Moriarty listed five problems that were hampering the FRC without enhanced powers. They included companies and individuals providing information to the FRC on a voluntary basis only during investigations; being required to “effectively beg” for 40 per cent of the regulator’s funding from the industry it oversees; and a lack of powers in relation to competition in the audit market. The former head of the Civil Aviation Authority, he commented that in his experience, the FRC was in an “*anomalous position*” in comparison to other regulators with statutory powers to demand and request the provision of information. He said: “*At the moment, I’m beholden to the goodwill of firms and individuals to provide that information.*”

Moriarty commented that the government should “modernise” the definition of PIEs and give the FRC the ability to go after company directors for financial wrongdoing. In November, the government gave

the FRC a new remit to promote economic “competitiveness” amid a push by ministers to reduce red tape on businesses and shore up London’s position as a listing venue.

Speaking at the same session, Kevin Hollinrake, enterprise and markets minister, said there had been a “*significant improvement in audit quality*” over the past five years, adding the government was “*not against*” establishing ARGA, or anti-regulation and it was “*keen to legislate when we get the time to do that*”.

Separately, an [ICAEW insights](#) article notes that in a meeting with ICAEW’s CEO Alan Vallance, Jonathan Reynolds MP, Shadow Business and Trade Secretary discussed plans for a Labour government. They include if elected, audit and corporate governance reform and ARGA would also be part of whatever measures were brought forward. Reynolds said that Labour is being cautious about what it commits to action in the first 100 days in government, to make sure it can deliver on promises, but wants to get the message across that there would be a sea change if Labour won. He said the aim is to ensure the UK is perceived as competitive and as an attractive place to do business.

Local Audit Delays

[Only 1% of council accounts are audited on time \(thetimes.co.uk\)](#)

[Just 1% of English councils published audited accounts by deadline | Local government | The Guardian](#)

Further concerns have been highlighted in the press about the capacity of the local audit market and the increasing backlog of local government and local authority audits. The Times reported in March that just 1 per cent of local government accounts were audited by its legal deadline last year. As at 31 December 2023, the backlog of outstanding audit opinions stood at 771. This list includes councils such as Slough which in effect [declared bankruptcy](#) in 2021.

The Times reported that the delays also affect the sign-off of the accounts of several government departments. In particular, the Department of Health noted that it nearly missed the legal deadline for its accounts.

The Times reported that a factor contributing to the backlog of public audit opinions is that fees for public audits are viewed as being less competitive than those for private audits. Firms are focusing on more valuable work in the private sector. Other contributory factors include a scarcity of trained public auditors and the growing complexity of local government accounts as contributors to the backlog. ICAEW has previously [reported](#) in ICAEW Insights, that just 101 people are now qualified to audit local government accounts.

The articles noted that the government has begun to address the backlog in audit opinions. There are three separate consultations being conducted by the FRC, National Audit Office and the Department for Levelling Up, Housing and Communities (DLUHC) about reforming the audit process.

ICAEW responded to the consultation on ‘Addressing the Local Audit Backlog in England’ by the DLUHC in March. The response supports the proposed backstop and regulatory changes. ICAEW recommends extending the deadline for preparing unaudited accounts to June of each year, to initially mitigate conflict to give local authorities more time to concentrate on the quality of their underlying working papers. However, ICAEW also underline that the measures should not deter audit firms from operating in the local audit market and they should be implemented in a timely way. The response can be accessed [here](#).

FRC market study on sustainability assurance

<https://www.frc.org.uk/consultations/assurance-of-sustainability-reporting-market-study/>

In March, the FRC launched its first market study into the market for the assurance of sustainability reporting. The study will focus on how well the UK sustainability assurance market is functioning, whether it is delivering desirable outcomes including high quality assurance with minimal burdens and costs on business, and how the market may develop in the future.

19. The FRC notes that 84% of the FTSE 100 obtained some form of sustainability assurance in 2022. Therefore, it represents a fast-growing market serviced by a wide range of providers, including audit firms, sustainability consultancies and engineering firms.

The approach to the study will be based around three themes:

- **Choice and competition:** To understand whether UK companies have sufficient choice of sustainability assurance provider, what drives their choices, and whether they have the information required to make informed choices and receive high-quality assurance.
- **Market capacity, opportunities, and barriers to entry/expansion:** To identify whether there is sufficient capacity among suppliers to meet demand for sustainability assurance.
- **Regulatory framework:** To understand how the changing regulatory requirements internationally could affect the UK's sustainability assurance market.

The FRC states that its findings will inform wider policy and work related to sustainability assurance and may inform any future government policy relating to sustainability assurance. To respond, ICAEW's Reputation & Influence Department has published a survey seeking feedback from members in business who obtain assurance, or will be seeking assurance, on sustainability information to inform its submission to the FRC: <https://r1.dotdigital-pages.com/p/4B45-X32/frc-launches-uk-sustainability-assurance-market-study>.

FRC 2024-25 business plan and budget published

<https://www.frc.org.uk/about-us/reports-plans-and-budgets/plan-and-budget/>

The FRC has published its plan and budget for 2024-25, outlining its priorities and the key deliverables for each of the FRC's five divisions: Regulatory Standards, Supervision, Enforcement, Corporate Services and the new CEO division. It highlights how the FRC intends to deliver on the Government priorities set out in its updated [remit letter](#) from the Secretary of State. It also covers the FRC and the UK Endorsement Board's operational requirements and resourcing and sets out targets to measure success.

24. With no new statutory powers expected during this period, the FRC has decided against the previously planned 16% headcount increase to 590 staff. Instead, headcount will remain flat at around 506 in 2024-25 to avoid unnecessary cost increases for levy payers. The combined £71.5m budgeted cost for the FRC and UK Endorsement Board in 2024-25 is 5% lower than previously forecast, but higher than 2023-24 (£66.3m), reflecting inflation. This includes provision for a new FRC office in Birmingham.

Press coverage on Regulatory accountability and ethics

https://www.complianceweek.com/accounting-and-auditing/accountancy-bodies-urge-ethical-behavior-amid-exam-cheating-scandals/34694.article_2/3

Following news that KPMG Netherlands is the latest firm to be penalised for cheating in exams, the House of Lords' industry and regulators committee commented that it highlighted problems that included alleged political interference and a "vacuum in accountability." The committee warned that there needs to be an overhaul of oversight of regulators, as it had heard "concerns from some quarters about increasing politicisation of regulation". There was a perception that certain executives at regulators had been appointed based on "their political loyalty rather than their experience and capability."

KPMG was fined a record \$25 million by the U.S. Public Company Accounting Oversight Board (PCAOB) for cheating in ethics exams. The scandal implicated senior managers and hundreds of staff, including a personal fine of \$150,000 for the firm's former head of assurance. KPMG UK was previously disciplined by the PCAOB in 2022 for quality control failures regarding exam integrity.

Compliance Weekly highlights concerns that these scandals are not isolated incidents and that ultimately it affects trust in the integrity of corporate finance and auditing. It notes that another PCAOB penalty was brought against Deloitte affiliates in Indonesia and the Philippines for exam cheating, resulting in \$2 million in fines. In 2022, EY was also fined \$100 million by the U.S. Securities and Exchange Commission (SEC) for improper answer sharing among employees. KPMG was issued with a \$50 million penalty by SEC in 2019 as part of a case that included allegations of exam cheating.

Noting that the creation of ARGA was dropped from the Parliamentary agenda, the article questions what professional bodies and accountancy firms across Europe are doing to police accountancy exams and prevent cheating. The article cites Alan Vallance, chief executive of the ICAEW, who said, "*As an institute, we have robust processes to safeguard against exam malpractice, and we work proactively with regulators to monitor the risk on an ongoing basis. Ethical behaviour is a cornerstone of chartered accountancy, and any contravention of these principles contravenes ICAEW's professional standards. We won't hesitate to take action if and when such cases occur.*"

While internal auditing qualifications were not implicated in these scandals, the article notes that strong corporate governance includes monitoring corporate ethics and behaviour. Gavin Hayes, head of policy and public affairs at the Chartered Institute of Internal Auditors, said the scandal involving external auditors "highlights the urgent need for all firms to redouble their efforts to cultivate and embed a strong culture of honesty, integrity, and accountability." He pointed to "too many examples of unchecked or poor culture leading to poor decision-making in the recent past. He points out that unethical behaviour risks eroding public trust and confidence. Firms should look to strengthen their internal controls to help prevent such incidents from occurring.

FRC QUIZZES BIG FOUR ABOUT USE OF AI IN EXAMS

[FRC quizzes Big Four about use of AI - Accountancy Age](#)

[Accounting watchdog quizzes Big Four on AI exam cheating \(telegraph.co.uk\)](#)

The Telegraph reported in April that the FRC has been engaged in discussions with the UK's largest auditors and professional accountancy organisations to ensure that robust mechanisms are in place to identify, monitor, and address any cheating incidents. The Big Four were asked to disclose the measures they are implementing to prevent exam cheating facilitated by AI tools such as ChatGPT.

Concerns have arisen that individuals might be exploiting common technologies to circumvent rules, potentially also undermining audit quality. It was reported that KPMG UK now regularly reminds its staff during mandatory audit training sessions that cheating with AI tools is unacceptable and could

lead to dismissal. Similarly, Deloitte UK has informed its trainees that the use of AI during exams is strictly prohibited and would be treated as serious misconduct.

An ICAEW spokesman told the Telegraph that the institute remains vigilant about the evolving use of AI and its potential risks. ICAEW exams are designed to reflect the skills needed in the modern and future accountancy landscape. In addition, ICAEW are exploring how AI might be utilised to improve the examination experience in the future as the technology becomes more prevalent in professional settings. The ICAEW was described as ‘proactive in collaborating with regulators to continuously monitor and manage the risks of exam malpractice’. It ensures that its audit exams are conducted under strict supervision, making it difficult for candidates to use AI chat bots undetected.

Matthew Hill interview: Why are lawyers forced to pay for professional bodies?

[LSB chief: Why are lawyers forced to pay for professional bodies? - Legal Futures](#)

The former chief executive of the LSB was interviewed by Legal Futures to mark the end of his tenure. Matthew Hill who is now chief executive of the Chartered Insurance Institute after five years in post, said the LSB has put itself “*firmly on the map*” under his leadership and has “*a very strong sense of mission and purpose*”. He said: “*What the LSB says now matters more than it arguably did in the past. Alongside that has been the broadening of its reach. When I joined the LSB, our relationships were confined largely to the innermost circle of the regulators and the professional bodies. We’ve absolutely transformed that.*”

Legal Futures commented that the Bar Council frequently criticise the LSB for overstepping its remit, for example with the recent statutory guidance it issued on innovation and technology. Mathew Hill disagreed. He argued “Parliament has asked us through the Act to promote the regulatory objectives and Parliament has made it clear that working out how best to [do this] is a matter for the board. It’s not a matter for anybody else.” Another achievement was establishing the regulatory objectives at the heart of what regulators did. He pointed out that reviews in 2021 of the BSB and the Faculty Office showed that the regulatory objectives “were not really being given the time of day”. But now they “are at the heart of every conversation that we have with regulators” He noted that for example, equality, diversity and inclusion had moved to the top of the agenda for all regulators.

43. However, he also observed that while the regulators have generally made “great progress” in setting out their expectations, “very few of them have done very much at all to ensure those expectations are met at a strategic level” His greatest regret of the last five years was regulators not fully translating “the intent of the Act into outcomes for the public.” Hill also discussed some of the difficulties operating under the Legal Services Act 2007 (The Act), where the approved regulators named in the legislation include the Law Society and Bar Council, which delegate their regulatory responsibilities to regulatory subsidiaries. Hill noted that as a result, the LSB had to build a framework, the internal governance rules, to ensure the regulators have proper independence.

44. He commented: “Even after all these years, I find it as peculiar as I did when I first set foot in this strange land.” But noted: “One thing that has changed for me is that I can see how it can and is being made to work, but it takes a hell of a lot of effort. He went on: “I have described it in the past as like a chair with three legs and you can make that chair stable if everybody runs around holding it up. And that’s really how it feels to me. We put a lot of expensive architecture around the preservation of the professional bodies as regulators. One might argue that removing some of that expense and effort might be better for both the public and professionals who pay for it.”

45. Another feature of this is that the Act allows a portion of lawyers’ practising fees, ostensibly to pay for regulation, to go to the approved regulators to use for specific so-called permitted purposes that go

beyond regulation. The smaller bodies do not take advantage of this but the ‘big three’ of the Law Society, Bar Council and CILEX do. The Law Society, for example, received 27%, or £35m, from the 2023 practising fees paid by solicitors.”

46. Hill said that he has “never encountered another in which professionals have to pay for their trade association. There are plenty where to be regulated, you pay a fee to the regulator, but none where to belong to a trade association, you pay a mandatory fee.” He said that the LSB’s approach has been to “pursue the transparency of that funding arrangement”. The permitted purposes provisions in the Act effectively provide for a statutory funding stream for trade associations. He further speculated: “I wonder whether the security of that income stream has resulted in some professional bodies being perhaps less accountable or feeling less accountable to their members than they might otherwise have been.”

Report calls for overhaul of BSB enforcement processes

[The Bar Standards Board publishes the Fieldfisher review of its enforcement system](#)

[Report calls for major overhaul of BSB enforcement processes - Legal Futures](#)

47. The BSB [commissioned](#) law firm, Fieldfisher LLP to carry out an independent review of its enforcement processes following the LSB’s critical assessment of its performance in 2023. Enforcement was one of two areas where it received a red rating, meaning it had failed to provide sufficient assurance it was meeting requirements. The report produced in April 2024 assessed how well the BSB’s enforcement system operates from first receipt of concerns about barristers’ conduct, through to final decisions on sanctions to be imposed by staff, an [Independent Decision-making Panel](#) or by the [Disciplinary Tribunal](#).

48. Overall, the report found that the BSB’s enforcement procedure was “appropriate” and noted that both Covid and a major cyber-attack in April 2022 had impaired its performance. However, they considered that concerns were deeper than these incidents. The report identified several areas that require improvement and several themes that contributed to problems: This was described as, “a very wide set of embedded challenges to the achievement of effective and satisfactory performance across nearly all aspects of the end-to-end assessment and enforcement processes and procedures.” While the BSB’s approach to handling complaints about conduct was appropriate, the report recommended improvements throughout the whole process.

Around 1,500-1,700 reports are received by the BSB a year. A survey found that almost 90% felt their report had not been handled in the way they wanted, that the BSB’s decision had been incorrect, and their report had not made a difference. Fieldfisher said helping the public better understand the boundaries of the BSB’s role and what it can realistically do could reduce the number of inappropriate reports it received. The issues led some to believe that the BSB and the Bar Tribunals and Adjudication Service (BTAS) “are in practice secretive and leaning towards protecting the profession rather than effectively regulating it”.

The report’s recommendations spanned eight different areas and include:

- the creation of a new executive role to oversee continuous improvement of the enforcement process
- an improved approach to knowledge management
- better communication with consumers to ensure that the public understands what the BSB can help with and what it cannot

- the re-engineering of some processes and of the Case Management System
- further changes intended to bring about improvements in the performance and effectiveness of both the BSB and the BTAS.

The BSB's main board accepted the recommendations of the report on its enforcement processes. The board was told that the aim was to implement most of the recommendations in the current financial year, ending 31 March 2025, with the rest in the following year's business plan.

Bar Council tells MPs that independence of the BSB is for them to decide

[Bar Standards Board becoming independent? That's for us to decide, Bar Council tells justice committee | Law Gazette](#)

The House of Commons Justice Select Committee have been hearing written and [oral evidence](#) on the regulation of the legal professions. Noting the complex regulatory landscape, [committee chair, Sir Bob Neill, raised the issue of whether the BSB should consider greater institutional independence to enhance](#) its effectiveness as a regulator. The Law Gazette report that the Bar Council, the Approved Regulator under the Legal Services Act, dismissed the suggestion of formal separation between the representative and regulatory arms of the bar.

In a [letter](#) to Sir Bob Neil, Bar Council chief executive Malcolm Cree CBE explained that under the Act, it is not possible for the BSB to seek legal separation without the agreement of the General Council of the Bar (GCB). Cree explained that the GCB decided upon the current model and does not wish to change it. The letter sets out the reasons why GCB would not want further separation. They include:

- It would be costly both to set up and then to operate.
- It could create unnecessary problems with access to data.
- A small profession needs close relations between representative and regulatory functions, whilst ensuring that the representative functions do not prejudice the regulatory functions
- For a small profession there are enough governance bodies: the four Inns and the GCB.
- None of the present challenges are attributable to the BSB not being incorporated.

Chalk accepts “growing case” to review regulation of lawyers

[Chalk accepts “growing case” to review regulation of lawyers - Legal Futures](#)

[MPs: Case to review Legal Services Act "growing stronger and stronger" - Legal Futures](#)

Legal Futures reported that the Lord Chancellor and Secretary of State for Justice, Rt Hon Alex Chalk, has acknowledged that there is “a *growing case*” for a review of the Legal Services Act. He has asked officials at the Ministry of Justice (MoJ) “to consider when the appropriate time to conduct a thorough review of

the Act might be". Legal Futures comments that the statement marks a significant shift in position by the MoJ, which has previously batted away similar calls

This follows recommendations from Justice Committee chair, Sir Bob Neill in a letter to the Lord Chancellor which notes: *"In summary, we heard about a legal services market which has already changed a great deal since the Legal Services Act 2007 came into force and is likely to change even more as the effects of technological advancement are felt. We saw some indications that the needs of consumers are not being met as much as they should be.... The Post Office Horizon Scandal will inevitably have damaged the public's perception of the legal professions. It is imperative that the public can see that that the regulatory framework is robust and responsive enough to identify and punish egregious breaches of regulatory standards."*

Sir Bob Neil continued that: *"We recognise that there is relatively little appetite in the sector for far-reaching regulatory change, however, it is undeniable that the case for re-examination of the legislative framework underpinning regulation is growing stronger and stronger."*

Chalk described the Committee's findings as *"sensible evidence-based recommendations and conclusions."* However, he was non-committal about the committee's call to review the LSB. The committee had argued that the LSB's wide-ranging approach to its remit risks raising expectations that cannot be delivered upon. Chalk pointed out that the Ministry of Justice had considered a review of the LSB under the 2022-25 Public Bodies Review Programme on several occasions. Mr Chalk said: *"Given the need to prioritise bodies based on risk profile, size of budget, and opportunities for efficiencies, the LSB has not yet been included. However, I note the arguments for a review of the LSB and will keep this matter under consideration."*

SRA sets out plans to regulate CILEX Paralegals and students

[SRA sets out plans to regulate CILEX paralegals and students - Legal Futures](#)

[Solicitors Regulation Authority consults on regulating CILEX paralegals and students | Law Gazette](#)

Legal Futures reports that the SRA has outlined its plans in a new [consultation](#) to regulate CILEX members who are paralegals and students. The SRA initially intended to initially only take on the regulation of authorised persons, chartered legal executives and work towards including non-authorised members. However, they said that, if CILEX decided to switch regulator, *"we are persuaded by the merits of implementing arrangements for all CILEX members at once."*

LSB tech and innovation guidance

[LSB tells regulators they need to promote tech and innovation - Legal Futures](#)

[LSB publishes update on approach to regulating AI use - The Legal Services Board](#)

74. Legal Futures reported that the LSB has recently issued [new statutory guidance](#) advocating for a more proactive engagement by legal regulators in promoting technology and innovation. The guidance follows a consultation and a [survey of legal services providers](#). The guidance sets out that regulators should be *"proactively engaged in fostering a regulatory environment that encourages technological and innovative*

solutions to meeting consumer need". It outlines three outcomes against which all the regulators will be judged as part of the LSB's annual assessment of their performance:

- Regulation enables the use of technology and innovation to support improved access to legal services and to address unmet need.
- Regulation balances the benefits and risks, and the opportunities and costs, of technology and innovation in the interests of the public and consumers.
- Regulation actively fosters a regulatory environment that is open to technology providers and innovators.

In delivering the first outcome, the LSB says regulators could consider, among other things – promoting the use of technological solutions to share information with consumers about price, quality and routes for redress, *"and providing information to the public to explain the benefits of using technology and innovation to access legal services in order to build and enhance public trust"*. The second outcome might require regulators to consider *"what steps may be necessary for legal service providers to take to ensure consumers are aware of how technology, such as artificial intelligence, has been deployed in the provision of a legal service"*. To achieve the third outcome, regulators should be committed to *"fostering a regulatory environment that is open to innovators entering the market"*. This could be achieved through running pilots or using regulatory sandboxes to facilitate new products being trialled and reducing barriers to entry where appropriate.

PSD Regulatory Policy responded to the LSB's consultation in October 2023. Responses to the consultation can be accessed [here](#).

LSB warns regulators of enforcement action on lawyer quality indicators

[LSB warns regulators of enforcement action on lawyer quality indicators - Legal Futures](#)

[Chair's blog April 2024 - The Legal Services Board](#)

Referring to the LSB's Chair's blog for its most recent board meeting in May, Legal Futures report that the LSB has warned regulators that they could face enforcement action over "slow" progress in developing quality indicators to help consumers choose lawyers. Legal Futures also notes that the LSB will be seeking assurance that regulators are implementing their consumer policy statement's expectations.

The LSB's policy statement on empowering consumers was issued in 2022 and can be found [here](#). The aim of the policy is to empower consumers by ensuring they have sufficient information about the quality and price of legal services. It sets out consumer-focused expectations and principles for regulators to help people who need legal advice to shop around easily and compare information about price and quality.

In July 2023, legal services regulators confirmed through the Market Transparency Co-ordination and Oversight Group that they would meet the LSB's expectations by the end of September 2024. However, the LSB's blog, remarks that it shared *"concerns about the pace of progress"* with the Legal Services Consumer Panel (LSCP). The LSCP wrote to the [CMA](#) in January this year, complaining about *"painfully slow progress"* on quality indicators. The LSB followed this with a letter to the CMA in February about its work in this area and promised to *"continue to engage"* with it.

The LSB warned that they will consider action under its enforcement policy if regulators do not assure them that they are meeting the policy statement's expectations. Legal Futures further comment that the LSB's latest performance assessment showed that regulators *"still had varying amounts of work to do to fully*

take account of the statement of policy, meet its expectations and demonstrate how their initiatives do so". The BSB, CLR and the Faculty Office needed to do "more on transparency", while the SRA, CLR and the Council for Licensed Conveyancers (CLC) needed to "make clear" how they would implement the findings of the joint quality indicators pilot.

Legal Futures also reports in the same article, that the LSB has been working to implement the CMA's recommendation, in its 2020 review of the earlier 2016 legal services market study for "a single digital register of all regulated entities and professionals. The CMA recommended that more comparison websites should be involved in the legal market. A [report](#) jointly launched in 2021 by the SRA, CLR and the CLC and published last year found that consumers considered reviews and comparison websites helpful when choosing a legal services provider. However, it notes "barriers remain" to making information on services and performance more readily available.

The LSB said it would write to regulators this month, asking for assurance that they are implementing the policy statement's expectations "and set out what we may do if they cannot provide us with sufficient assurance". Regulators would be formally requested to provide the assurance in September 2024. The LSB will review regulators' responses and "consider further action in relation to any regulator who has not provided sufficient assurance" between October and November.

PSD are reviewing the current [consumer engagement strategy](#) and collaborating with other regulators to develop a single digital register known as a 'Regulatory Information Service' (RIS). RIS will initially include data for all regulated legal services providers and subsequently is intended to also include information on unregulated providers to help consumers navigate the market.

LSB business plan

[Final Business Plan 2024 2025 \(legalservicesboard.org.uk\)](#)

[Legal Services Board adds £1.75m to levy on legal profession - Legal Futures](#)

The Legal Services Board (LSB) finalised and published its business plan for 2024/25, following a public consultation which concluded in February. The consultation response document can be viewed [here](#). This is the fourth business plan under the LSB's Reshaping Legal Services strategy. The plan focuses on nine challenges that need to be addressed to improve outcomes for legal services users and the public, grouped under the following three strategic themes: fairer outcomes, stronger confidence and better services. Workstreams for 2024/25, include:

- Equality, diversity, and inclusion - setting clear expectations for regulators on dismantling barriers to a diverse and inclusive legal service sector
- Professional Ethics and Rule of Law – exploring how regulation can contribute to ensuring legal services meet the standards the public expect
- Access to justice - ensuring regulation plays a full part in improving access to the publicly funded justice system.
- Oversight and surveillance - developing market surveillance and horizon scanning to better anticipate and respond to future developments and risks at an early stage.

In response to feedback from some stakeholders, the LSB lowered its proposed budget increase to 10%. The LSB's draft business plan previously set out a budget of £5.3m, 14% or £650,000 more than in the current year to strengthen its "direct oversight" of regulators' performance. The LSB's main board, approved the increase to 10% noting that it had been able to reduce this by £100,000 due to lower

inflation than anticipated and confirmation that the number of regulated individuals had increased by 3.4% in 2023.

CMA launches consultation on guidance for unregulated pre-paid probate and Will writing services

[Competition and Markets Authority unveils draft guidance for unregulated legal services providers | Law Gazette](#)

89. The Law Gazette reports that following its [consumer enforcement investigation](#) on unregulated legal services last summer, the CMA has opened a [consultation](#) in April on proposed [guidance](#) to help unregulated providers of will-writing, online divorce and pre-paid probate services comply with consumer protection law obligations.

90. The draft guidance states that it is estimated that there are at least 3,800 unregulated businesses providing legal services in England and Wales alone, with the largest number around wills and estate administration. It also notes that its 2020 review of the Legal Services Market Study, found evidence that unregulated providers can often be more innovative than traditional regulated professions. The CMA points out that if the Digital Markets, Competition and Consumers Bill is brought into force, they will have the power to determine whether consumer law breaches have occurred, and to impose penalties for such breaches.

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