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| Date | 10 February 2026 |
| Item | 11.00 |
| Title | Consultation Updates |
| Author | Jonathan Levack , Director of Policy and Governance |
| Purpose | The paper details: <ul style="list-style-type: none"> - Two consultation responses that we have responded to since the last Board meeting, - Seeks approval from the Board to submit a response to the LSB's draft business plan and budget consultation - Seeks views on our outline approach to our response to the LSB's consultation on a draft EDI statement of policy |
| Recommendation | To: <ul style="list-style-type: none"> - NOTE CRL's responses to the HoL inquiry and MoJ interest on client accounts responses - DISCUSS and APPROVE the draft LSB business plan and budget consultation response. - DISCUSS the outline response to the LSB consultation on EDI and DELEGATE final approval to the Chair |
| Timing | Deadline for consultation responses are: <ul style="list-style-type: none"> - LSB Business Plan and Budget 11 February 2026 - LSB EDI consultation 2 March 2026 |
| Impact assessment | None |
| Impact on Regulatory Objectives | N/A |
| Implications for Resources | |
| Impact on Consumer Empowerment | N/A |
| Impact on Ongoing Competence | N/A |
| Publication Status | Final Approved consultation responses only |
| Appendices | 11.01 CRL response to the HoL Industry and Regulatory Committee Inquiry into the relationship and regulators and growth 11.02 CRL response to the MoJ consultation into Interest on Lawyers' Client Accounts Scheme 11.03 Draft response to the LSB's 2026/27 Business Plan and Budget Consultation 11.04 Analysis of the LSB EDI Statement of Policy and outline response |

Introduction

1. The Executive have submitted two consultation responses since the last Board meeting, drafted a consultation response to the LSB Business Plan and Budget and outlined our proposed response to the LSB EDI Statement of Policy Consultation.

House of Lords Industry and Regulators Committee Inquiry

2. The House of Lords Committee on Industry and Regulators launched an inquiry into the relationship between regulators and economic growth. The Committee wrote to CRL to provide evidence. CRL submitted a response in mid-January.
3. Given the short period of time in which the Committee sought our response and the fact that it was an inquiry rather than consultation, we based our feedback on previous consultation responses and correspondence with Government.
4. Our short response outlined our approach to supporting economic growth, legislative and regulatory impediments to growth and the cost of regulation.

Ministry of Justice: Interest on Lawyers' Client Accounts Scheme

5. MoJ are consulting on proposals to introduce an Interest on Lawyers' Client Account Scheme (ILCA) as a way for the legal sector to contribute more to the justice system. The proposal is based on similar schemes operating in the US, Canada, Australia and France, where interest contributes to funding access to justice.
6. Our response remained neutral on whether a scheme should or should not be introduced as this is a matter for government policy. However, our response raises two issues: the likely resistance from stakeholders to the Government's proposals and the associated implementation challenges.
7. The consultation period has been unusually short, with the deadline for submissions on February 9th.

LSB Consultation on Draft 2026/27 Business Plan and Budget

8. The LSB launched a consultation on its draft 2026/27 Business Plan and Budget on December 17th 2025. The Chief Executive and Policy and Research Officer attended a related webinar on January 13th. The deadline for responses is February 11th.

9. The LSB's proposed business plan and budget represent a continuation of their current approach rather than signalling any significant change. Included, however, are a proposed decrease in the LSB's budget and signals that the organisation intends to take a more nuanced and proportionate, risk-based approach to its oversight role.
10. Our draft response is broadly supportive of the LSB's draft business plan and budget. We welcome the small budget reduction and moves towards more risk-based oversight. However, we note that more can be done by the LSB to demonstrate sectoral leadership and highlight the increasing burden being placed on regulators of all sizes at a time when the Government is asking regulators to prioritise growth.
11. Given the LSB's deadline for consultation responses, we ask that Board members communicate any material feedback as soon as possible and in advance of the meeting. We then seek approval from the Board to submit the response, subject to comment.

LSB Consultation on policy statement on 'Encouraging a diverse legal profession'

12. The LSB published its long-awaited consultation on a draft EDI policy statement in November.
13. Our initial assessment is that our 2026-28 EDI Strategy aligns neatly with the LSB's draft statement of policy (SoP). This view was confirmed by the LSB in a recent meeting. Indeed, our EDI Strategy was developed with the LSB's early policy thinking in mind.
14. However, the draft statement of policy is ambitious in its aims and scope. Our senior policy officer has prepared a thorough analysis of the proposals and their implications for CRL, which is annexed to this paper. This forms the basis of our outline response to the LSB's consultation.
15. In summary, we propose that our response makes the following points:
 - a. CRL supports the aims of the LSB's draft SoP and recognises that more needs to be done to support EDI in the legal services sector. EDI is a strategic priority for CRL and the draft SoP aligns closely with our own EDI strategy.
 - b. However, we have concerns about the breadth and scope of the requirements and the burden that the proposed Statement of Policy requirements will place on CRL. It is, for example, likely to require additional resource. This burden

will also fall on those we regulate at a time when Government is asking regulators to prioritise growth.

- c. The LSB has not included an impact assessment in their consultation.
- d. The draft SoP is prescriptive, and we are concerned that it does not give regulators sufficient scope and space to define their own priorities or address the specific challenges facing their own regulated communities. There is a risk that this one-size-fits-all approach will prevent regulators from targeting issues that may result in meaningful change.
- e. Lastly, the SoP does not consider consumers or the unauthorised within its scope. While understandable from an LSB perspective, we think this is a weakness.

16. We ask the Board to consider our analysis of the LSB's proposals. Feedback will be used to develop our formal response to the LSB's consultation. We then ask for the Board to delegate final approval of the response to the Chair.