

Confidential: OPERATIONAL RISK REGISTER

As at 25 July 2017

1. RISK SCORING

(i) Risk to operation

Legal, financial, operation/continuity, capacity/capability, security, reputation, stakeholder.

(ii) Gross risk: Impact x Probability

<p>Impact (I): The consequences of an event occurring: The event will have: Negligible (1): Very little consequence Moderate (3): Some impact but will not have serious consequences Serious (5): Serious consequences</p>	<p>Probability (P): The likelihood of an event occurring: The event is: Low (1): Very unlikely to occur Medium low (2): Unlikely to occur Medium high (3): Likely to occur High (4): Very likely to occur</p>
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IMPACT	5	5 YELLOW	10 YELLOW	15 RED	20 RED
	3	3 GREEN	6 YELLOW	9 YELLOW	12 YELLOW
	1	1 GREEN	2 GREEN	3 GREEN	4 GREEN
		1	2	3	4
		PROBABILITY			

(iii) Adequacy of controls

Descriptor	Score	Description
Fully effective	5	Controls are well designed for the risk and address the root causes. The Executive and Board are comfortable that controls are effectively applied, monitored and assured
Substantially effective	4	Most controls are designed correctly and are in place and effective. Some more work to be done to improve operating effectiveness, or doubts about operational effectiveness and reliability

Partially effective	3	Controls in place but are not sufficient to fully mitigate risk. There are potential weaknesses in the application of controls and limited assurance or reporting available
Largely ineffective	2	Significant control gaps. Either controls do not treat root causes or they do not operate at all effectively
None or totally ineffective	1	Virtually no credible control and limited confidence in the application or oversight of risk activity

2. RISK REGISTER

Reference	B1	Risk score: I(5) x P(4) = 20
Risk	Impact of changes in the profession	
Risk to operation	Financial Operation/continuity	
Evidence	<p>(i) Electronic bills of costs As per current practice direction, new electronic bill of costs (currently under a pilot scheme) will become mandatory April 2018 at SCCO and County Courts (put back from October 2017 due to inadequate stress testing) for costs incurred after that date. Currently under discussion with Civil Procedure Rules Committee on implementation in other courts.</p> <p>(ii) Increased fixed costs levels Fixed costs currently apply on PI claims value up to £25k. LCJ Jacksons report expected 31 July 2017 on increasing that value and potentially expanding it outside of PI claims. LCJ Jackson seems to have accepted argument that costs cannot be fixed when procedure is not fixed. Voluntary pilot to test cap costs for claims up to £250k to be run for 2 years in Mercantile Court of London, Manchester and Leeds.</p> <p>(iii) Increased level of provisional assessment Currently applies under CPR 47.15(i) where costs claimed are £75k or less for cases in High Court or County Court.</p> <p>Impact evidence Gradual increase in number not applying for a practising certificate (2012:9 to 2017: 38)</p>	
Controls	<ul style="list-style-type: none"> • Changes outside the remit of CLSB. • CLSB monitoring implementation. • CLSB monitoring impact: Assessment of impact study undertaken 2016 on changes (i) and (ii). 	
Control adequacy	4	

Priority area of risk	Yes
Actions outstanding/status	CLSB investigating alternative routes of entry into the profession e.g. Costs Lawyer competence test (CLCT), apprenticeships and exemptions for the legally qualified.
Commentary	<ul style="list-style-type: none"> • LSB being kept informed on changes and potential impact. • ACL encouraging Costs Lawyers to diversify.

Reference	B2	Risk score: I(5) x P2 = 10
Risk	Death/incapacity of CEO	
Risk to operation	Operation/continuity Capacity/capability Reputation	
Evidence		
Controls	3/10/14: Disaster recovery & business continuity plan. 16/7/14: Disaster recovery & business continuity plan reviewed. 2015: Continual document backup to Cloud as well as manual backup. 2016: NED took possession of key business continuity items. 25/4/17: BSB CEO offered interim support in such an event. 25/7/17: Organisational structure prepared, bank account has back up signatory.	
Control adequacy	4	
Priority area of risk	Yes	
Actions outstanding/status	On-going evaluation of actions that can be taken to minimise impact should the event occur.	
Commentary		

Reference	B3	Risk score: I(3) x P(4) = 12
Risk	Single training provider	
Risk to operation	Financial Operation/continuity	
Evidence	Due to small numbers seeking to enter the profession and there being only one route to entry there is only one provider: ACL Training (ACLT). Yearly cost of course significantly increased (2013: £940 to 2017: £3,000). Trainees via ACLT significantly reduced (2012: 314 to 2017: 126)	
Controls	<ul style="list-style-type: none"> • Continued annual independent audit. • Continued meetings with ACL education representative. • Increased communication with ACLT since they appointed a Chair in March 2017. • 1/2/17: Consultation issued on Costs Lawyer competence test. 	

Control adequacy	3
Priority area of risk	Yes
Actions outstanding/status	<ul style="list-style-type: none"> • On-going monitoring/audit. • Consider adequacy of exemptions. • Consider alternative access routes e.g. apprenticeships, Costs Lawyer competence test.
Commentary	

Reference	B4	Risk score: I(3) x P(1) = 3
Risk	Single regulator	
Risk to operation	Operation/continuity	
Evidence	LSB publically making statements in support of single regulator since 2010.	
Controls	<ul style="list-style-type: none"> • Monitor comments and reports being made. • Contribute towards debate. • Respond to calls for evidence/consultation. 	
Control adequacy	3, as ultimately outside control of CLSB.	
Priority area of risk	No, as ultimately outside control of CLSB.	
Actions outstanding/status	On-going monitoring and contribution to debates/calls for evidence/consultation.	
Commentary	<p>10/4/13: LSB mentioned this before Justice Select Committee.</p> <p>9/10/13: LSB made case for this, yet LSB Chair advised at a stakeholder meeting it was unlikely to happen.</p> <p>17/7/14: Lord Chancellor addressed ILEX conference and advised this would not happen. Chair of LSB made subsequent public statement that it was their intention to see it happen, however the LSB is an independent body with no government power to force such a change.</p>	