



**CONFIDENTIAL MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF CILEx REGULATION LIMITED (CRL)
HELD ON 16 NOVEMBER 2023**

Present:

Jonathan Rees (Chair), Helen Astle (for items 8 onwards), Alice Belcher and Patricia White

In attendance (CILEx Regulation):

John Barwick, Interim Chief Executive Officer
David Pope, Director of Operations
Richard Hood, Interim Director of Governance, Policy and Legal
Simon Blandy, Director of Governance
Becky McKune, Personal Assistant (minutes)
Michelle Drury, Finance Manager (items 6)

Note: the formal meeting had been preceded by a private discussion attended by CRL's legal advisors in relation to CILEX's proposals to re-delegate the regulatory arrangements and to consider the results of CILEX's consultation, which had been shared with CRL in confidence.

1 Welcome and Apologies

The Chair opened the meeting. An apology was received from Douglas Blackstock and Helen Astle for the early part of the meeting.

2 Declarations of Interests

None.

3 Minutes of previous meetings and action log

The Board received and **APPROVED** as a correct record the minutes of the meetings on 27 September 2023 and 18 October 2023.

Arising from these, it was noted that a response originally expected in October from the LSB on their Enforcement Review was still awaited.

The Board noted the action log and **AGREED** that completed actions would be removed.

4 Chair's update

The Chair welcomed John Barwick, new interim CEO, to his first meeting of the Board following his recent recruitment.

5 Interim Chief Executive's Report

The Board considered the Interim CEO's report, which had been circulated within the Board pack and was **NOTED**. In this first two weeks since starting with CRL, the



Interim CEO had been meeting the internal team and stakeholders from outside the organisation and considering business plans.

His first impressions of CRL and its people had been positive, and he had appreciated the warm welcome that he had received. The Interim CEO would endeavour to keep communications open, clear and positive and in doing so he would be producing a regular blog.

The Board reviewed Part 2 of the Interim CEO's report covering key strategic and performance activities, which had been circulated within the Board pack, and this was **NOTED**. This review covered the review of the Strategic Implementation plan, BAU plan, Strategic Risk Register, Heat Map, Full Risk Register 2024, Performance Data for Q3 and KPI data.

Arising from the discussion:

- CRM– concern was expressed about the issues and the need to upgrade and modernise as the system was viewed as not currently fit for purpose from a customer perspective. ACTION 67/23: Interim CEO to raise with CILEX CEO to seek an update on system development and press for this to be prioritised.
- Risks – ACTION 31/23: Interim CEO to review and propose revisions for developing and enhancing the reporting of risks to the Board. The highest risk to CRL remained the existential threat from CILEX's proposals. Also, risk appetite has not been considered by the Board recently and CRL should produce a statement of how this was being articulated. This would differentiate between regulatory function (where risk tolerance would be minimal) and policy matters (where more risk could be tolerated).

6 Financial Update

The Finance Manager provided an update on CRL's financial position including the Management Accounts September 2023 and the Unit Costings Q3 2023 as presented within the paper circulated.

The Board noted the current level of Reserves available, and the general financial position appeared positive, with a continuingly strong operational performance.

However, despite best efforts, the issue relating to a refund on the 2020 and 2022 PCF remained unresolved due mainly to deficiencies in the financial data available to CILEX for this period, some of this being attributed to a switch between CRM systems around that time. CRL's view now was that the historic PCF data could only be reconciled by an independent review by specialist auditors: the firm Mercer & Hole were suggested as suitable. The Board supported the action that had been taken and **AGREED** that the proposal should now be put formally to CILEX for an independent review as the way to obtain resolution.

ACTION 69/23: it was **AGREED** that the interim CEO would raise this issue with CILEX CEO and seek agreement for an independent review as the best way forward to save any further delay.

The Board's asked that its appreciation of the work that the Finance Manager was doing in this respect be recorded.

In relation to fees for QE and WBL, the Board **APPROVED** a 5% increase in fees, to reflect increases in CRL's costs.

7 Strategy (2022 - 2024)

Consumer strategic objective

The Board considered the interim Director of Governance's report, as circulated within the papers, providing updates on the key activities undertaken in 2023 in relation to the consumer objective and setting-out proposals for activity for CRL for Qs 1 & 2 – 2024.

Arising during the discussion, there was the view that there needed to be more information around *Legal Choices* and evidence provided on its effectiveness. This would require an impact assessment rather than an activity assessment. CRL would of course continue to support this joint initiative although it would continue to press for improved content and better outcomes generally.

The Board **NOTED** the report and **APPROVED** the activity proposed for Q1 and Q2 – 2024.

8 Strategy (2022 - 2024)

Standards theme strategic objective

The Board considered the Director of Operations' report, as circulated within the papers, providing a review of achievement against the current Objectives and presenting proposed areas of work for 2024. ACTION: Director of Operations to share with Board Members a copy of the briefing paper provided to the Ministry of Justice.

Questions arose in the discussion about the unregulated sector and the regulation of the 8500 paralegals, which CILEX had agreed previously to admit. It was felt that there was general confusion with the public around the meaning of the term 'paralegal' and it was generally considered that further clarity was required around what legal services were 'unreserved activities' and 'unregulated activities'. ACTION 70/23: to agree a roundtable meeting to consider CRL's stance on these issues so that CRL could contribute thoughtfully and effectively to a wider debate in the sector.

The Board **NOTED** the progress in 2023 and **APPROVED** the proposed workstreams for 2024.

9 Strategic Implementation Plan & Business as Usual Plans for 2024



The Director of Operations provided the Board with both the draft strategy implementation and business as usual plans for CRL for 2024, as included within the agenda papers, which the Board was asked to review and approve. The plans covered the associated staffing, operations and resource requirements.

The Board recognised the need for continuing to provide high standards and remaining focused on the future, whilst mindful of the existential threat presented by CILEX's current proposal to re-delegate. CRL remained responsive to the LSB's initiatives and priorities. This would involve concentration of efforts on best outcomes in these areas and CRL contributing to on-going sector discussions, collaborations and developments.

With regard to presentation of CRL's plans, it was agreed that there would be benefit in providing a shorter, condensed plan in the form of, for example, a 2-page summary, focussing on CRL's top priorities, such as promoting higher rights for members, and the outcomes for the consumer.

The Board also considered the impact of Artificial Intelligence (AI) on the delivery of legal services and how this could provide benefit to CRL and the membership, whilst mindful of the challenges that managing AI presented.

The Board **APPROVED** the report, together with agreeing to the production of an additional summary document highlighting what was contained within the plan.
ACTION 71/23: Interim CEO to come forward with a draft short Business Plan suitable for publication.

10 Director of Operations Report

The Director of Operations provided an update on the work of the Operations Directorate undertaken since the last meeting. This was contained within a comprehensive report circulated within the agenda papers.

The Board **NOTED** the report and **APPROVED** the application fee of £300 for the Recognition of lawyers qualified outside the jurisdiction of the United Kingdom.

11 Pay Review

Consideration was given to the review of the CRL Grade Structure and Pay Bands and any associated pay reviews, as presented by the Director of Operations as contained within his report contained within the agenda papers. This focused on a review of salary bands and proposals to aid staff retention.

The Board **APPROVED** the proposals comprised three separate elements:

- i) Review of pay bands to reflect current CPI;
- ii) Pay increases to reflect progression following qualification and market rates; and
- iii) Boosting staff retention through extending notice periods where appropriate.

The Board **APPROVED** the proposals, as presented, to amend the grade structure and pay bands reflecting changes to CPI the proposed pay reviews, the extension of fixed term contracts and the offer to extend the notice period for contracts that were less than 3 months.

12 Director of Governance Report

The interim Director of Governance provided an update on the work undertaken in the Governance, Policy and Legal Directorate since the last Board meeting, referring to the paper that had been circulated with the agenda papers. The report included the EDI Annual Report for which the Chair had provided the foreword.

By way of an update, the Board was informed that the LSB had requested an extension on the time for considering the application submitted seeking Higher Rights and CRL would be responding to their requests for additional information.

The Board **NOTED** the report and **APPROVED** the EDI Annual Report for publication and wider circulation.

13 Board Appraisal and Evaluation

The Board considered the Director of Governance's proposal with the report circulated and **APPROVED** the undertaking of its annual assessment of Board operation including the selected questions, and performance and the Chair's appraisal of individual Board Members. This work would be scheduled over the coming month.

14 Annual Cycle of Business

The Chair introduced the Annual Cycle of Business 2023.

The Board **NOTED** the annual cycle of business.

15 Confirmation Papers Can Be Published

The Board confirmed they agreed with the proposals for papers to be published.

16 Any Other Business

The next full Board meeting was on 22 February 2024, with a Board Teleconference on 6 December 2023.

There was no other business.

**Jonathan Rees
Chair of the Board**