



**MINUTES OF THE MEETING OF  
THE BOARD OF DIRECTORS OF CILEx REGULATION LIMITED (CRL)  
HELD ON 22 FEBRUARY 2024**

**Present:**

Jonathan Rees (Chair), Helen Astle, Alice Belcher, Douglas Blackstock and Patricia White

**In attendance (CILEx Regulation):**

John Barwick, Chief Executive Officer  
Richard Hood, Interim Director of Governance, Policy and Legal  
David Pope, Director of Operations  
Becky McKune, Executive Assistant  
Michelle Drury, Finance Manager (item 7 – Financial Update)  
Michael Stacey, Solicitor with Russell Cooke (item 6)

Note: the formal meeting had been preceded by a private Board discussion.

**1 Welcome and Apologies**

The Chair opened the meeting and welcomed everyone. It was noted, with sadness, that it was David Pope's last meeting before retiring and everyone joined with the Chair in wishing him all the best for the future and thanking him for his contribution.

**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:

- Minutes 16/11/23
- Telecon Minutes 06/12/2023
- Telecon Minutes of 24/01/24

The Board noted the action log and **AGREED that completed actions would be removed**. It was noted that changes to the Enforcement Rules would require Board consent and was scheduled for Q2.

**4 Chair's update**

The Chair referred to his and the CEO's attendance earlier in the day at the LSB's Chairs of Regulatory Bodies Event where, amongst other things, there had been

preliminary discussion around the LSB's proposed review of the Internal Governance Rules. The LSB had now formally written inviting CRL to contribute to this review.

A Board-to-Board meeting between the LSB and CRL was being organised for May/June time.

## **5 Chief Executive's Report**

The Board considered the CEO's report, which had been circulated within the Board pack and was NOTED.

This report updated the Board on key activities across the organisation over the last few months. Part 2 provided an overview of organisational performance.

The Board reviewed the information on the key strategic and performance activities, which had been circulated within the Board pack, **and this was NOTED**. This covered the review of the Strategic Implementation plan, BAU plan, Strategic Risk Register, Heat Map Jan 2024, Full Risk Register 2024, Performance Data for Q4 2023 and KPI data Q4 2017.

In addition, the Board briefly addressed the findings within the recently published LSB Regulatory Performance Assessment of CRL. The overall performance was generally satisfactory, particularly when considering the challenges currently being faced by CRL. The Board noted that the report and recommendations would be fully considered alongside an improvement plan at its next meeting.

On staffing matters, details of recent recruitment and new starters to CRL was provided, including Simon Blandy who was returning to CRL as Director of Regulation.

Contained within the report was a proposal for an annual pay increase for staff, which had been included within the agreed budget and accounted for in the 2024 PCF settlement.

The Board **APPROVED** the proposed staff salary increase for 2024 of 5% pay increase for all staff with effect from 1st April 2024 and **NOTED** the remainder of the report.

## **6. Response to CILEX Proposal**

**This minute is not for publication on the basis it includes legal or other professional advice on sensitive or confidential matters.**

## **7. Financial Update**

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

The Finance Manager provided further information on the finalising of the year end accounts and the minor adjustments that had been made. Currently, a pre-tax Surplus of approximately £160,000 was anticipated.

The Board noted the current level of Reserves available, and the general financial position continued to appear positive, with a maintained strong operational performance. At the end 2023 financial year end CRL has uncommitted reserves which ensures it is compliant with the LSB's PCF Rules and Guidance 2021, and CRL's own reserves policy.

With regard to the CILEX intercompany balance, the report detailed that the balance at the year-end (31 December 2023) was circa. £191,000 owed to CRL. The Finance Manager explained that in late 2022, it was agreed between CILEX and CRL that the nominal balance of the intercompany account should not exceed £50,000.

In addition to the high intercompany balance, the full £700,000 contingency reserve is expected to be transferred by 31 March 2024 in line with the email from CILEX referenced in paragraph 34 of the paper. The Finance Manager indicated that at 2 February 2024 no cash transfers have been made in respect of the contingent reserves.

The Finance Manager recommended seeking immediate assurances in relation to the cash repayment of the intercompany balance and contingent reserves.

The Board **AGREED** that the CEO would:

- **formally write to the CILEX CEO, requesting repayment of the intercompany balance and set out CRL's position and if needed engage the LSB on this matter, and**
- **also write to the CILEX CEO in response to the letter dated 19 June 2023, in relation to the transfer of the £700,000 contingent reserves, which stated that they "anticipate the full balance having been transferred by 31 March 2024".**

The Board also requested that the outstanding 2020 PCF reconciliation should now be brought to a conclusion and the CEO will also engage with the CILEX CEO to close this matter.

The Board noted that the Finance Manager would be leaving CRL shortly and expressed their appreciation to her for her hard work and contribution to supporting the Board.

## **8. Strategy, Performance and Risk**

### Risk Appetite Statement

The Board considered the Chief Executive's report as circulated within the papers, providing a proposed risk appetite statement for CRL based on a set of agreed risk types including the proposed risk categorisations. Board Members' feedback on the new format was being sought.

There was full support for this new format and the way that the Board's risk tolerance across different activities had been articulated, with some comments and suggestions for amending the 'compliance' section to widen its scope. The statement would be maintained as a *living document* and reviewed annually. The intention would be for the risk appetite to be embedded into the Board's decision making by including appropriate reference to it within the impact assessment section of reports being presented.

### Strategic Risk Register (SRR)

A revised format for the strategic risk register was presented, focusing specifically on a small number of key risks linked to CRL's strategic objectives, and kept under constant review. In terms of the risk, the CEO undertook to consider again whether the strategic risks identified were sufficient.

The Board liked the new format and agreed that this should be considered again at the Board Strategy Away Event in May.

The Board **NOTED the report and APPROVED the widening out of** the scope of compliance, then publishing the Risk Appetite Statement, and reviewing the SRR format in light of comments and bring a full version back to the next Board meeting.

## **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 revised practice rights and advocacy assessor fees of £60 and £80 respectively for the work carried out by the external assessors in assessing the practice rights & advocacy portfolios.**

## **11 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.

Additional mention was made of current policy issues relating to ethics and the increased profile of professional conduct issues (in the light of the recent LSB chair's

recent public comments and the high-profile Post Office scandal) and the development of artificial intelligence and the impact that this would have on the regulating legal service providers.

The Board noted the commentary and analysis provided on CILEX's Education report.

**The Board NOTED the report and endorsed the comments on CILEX's Education Report.**

## **12 Board Evaluation Feedback**

The Board was asked to consider the initial response to the self-assessment findings. It was pleased to see a positive picture of strong governance, and **AGREED to defer further consideration of this to the Board's Away Day and Meeting in May.**

## **13 Board Member Extension including Term Cycle**

For the Board to consider extending the terms of office of three current Board Members in accordance with Standing Order 54.

**APPROVED endorsement of the extension of the terms of office of these existing Board Members for a second term of three years, as follows:**

- **Helen Astle** (extended until 31 August 2027)
- **Douglas Blackstock** (extended until 31 August 2027)
- **Jonathan Rees (Chair)** (extended until 31 August 2027)

## **14 Annual Complaints and Compliments Report**

The Board received a report on corporate complaints and compliments received by CRL in 2023. This information would be included in the 2023 CRL Annual report.

Thanks were expressed to staff for the excellent performance.

**APPROVED for inclusion in the 2023 CRL Annual report the information on complaints and compliments received by CRL.**

## **15 Annual Cycle of Business**

The Board **NOTED** the annual cycle of business without comment.

## **16 May Strategy Session**

The Board noted the arrangements being put in place for the Board and Executive Team to meet in Stratford-upon-Avon on 16 and 17 May 2024.

**17 Confirmation Papers Can Be Published**

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

**18 Any Other Business**

The next full Board meeting would be the Away Day and Board Meeting in May, with a Board Teleconference at 1.30pm on 20 March 2024.

**Jonathan Rees  
Chair of the Board**

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