



**MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF CILEx REGULATION LIMITED (CRL)
ON 17 MAY 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

Simon Blandy, Director of Regulation

Gerry McCarthy, Finance Manager (items 9 -11)

Ducan Smith and Andrew Dean, Mercer & Hole - Auditors (item 10)

1. Welcome and Apologies

The Chair opened the meeting and welcomed everyone. The Board welcomed back Simon Blandy to his first meeting of the Board since his appointment.

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 – 22 February 2024
- Telecon Decision 20 March 2024

The Board noted the action log and the updates provided.

- review enforcement – report to July meeting;
- PCF – report to July meeting; and
- unreserved/unregulated activities – commence literature review and provide an update to July meeting.

4. Chair's update

The Chair referred to:

- recent communications with the Lord Chancellor, shadow Secretary of State for Justice and Chair of the Justice Committee. In the latter respect he noted that the recent letter from Sir Robert Neil to the Lord Chancellor following the

Committee's hearings last autumn had raised serious concerns about CILEX's proposed redelegation proposals.;

- CRL's response to the SRA's recent consultation in which CRL had commented on the proposal and reiterated concerns about the legitimacy and lawfulness of CILEX's proposal. He noted that the Law Society had also strongly objected to these proposals;
- CILEX's redelegation proposal in relation to which CRL's position remained that the LSB should seek a clarification of the law before any proposal could formally be considered;
- the excellent work being maintained by CRL by a strong and stable workforce who were getting on with the job; and
- Genuine efforts to maintain a good working relationship between CRL and CILEX.

5. Chief Executive's Report

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

- there were currently no staff vacancies and the organisation was moving forward strongly, with consideration now being given to enhancing and building capacity to parts of the organisation to improve service offer;
- the staff survey would be launched shortly and its findings would provide valuable insights to inform an action plan for identifying where development was needed; and
- Higher Rights – there would be further briefing by the Head of Education to the Professional Members of the Board about the suitability of using existing training and assessment programmes currently designed for Solicitors for suitably qualified CILEX members who wished to seek Higher Rights of audience. An update note would be provided to the Board.

This report updated the Board on key activities across the organisation over the last few months.

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 Performance Data for Q1 2024 and KPI data Q1 2024.

In relation to risk reporting:

- The board reaffirmed their satisfaction with format and presentation of the reporting and considered the benefit of a undertaking a deep dive annually;
- the risk register would be reviewed in the light of the new strategic plan in November; and

- the Board re-affirmed CRL's low risk tolerance and strong internal controls in relation to financial management.

6. Financial Update

The Board noted the report, which included:

- Draft Audited financial performance for the 2023 year end for review and sign off of 2023 audited financial statement;
- Presentation of financial performance to February 2024;
- Draft Unit Costings for 2024;
- Other financial matters for the Board to consider; and
- the still outstanding reconciliation of the PCF for 2020, determination of which was being hampered by the inadequacy of records held by CILEX.

Also, an update was provided and action agreed in relation to the situation on CRL's Reserves being held by CILEX that should, in accordance with undertakings, have been transferred to CRL in March 2024. The Board **AGREED** that a further approach be made to CILEX to resolve.

7. 2023 Financial Statements

The Audit Partner and the Audit Manager of the Auditors joined the meeting.

Members of the Executive were asked to leave the meeting whilst the Board had a private meeting with the Auditors. The Auditors said they had no concerns to report, and that the audit process had been very smooth. The Executive rejoined the meeting.

The Audit Partner advised the Board that the audit had run smoothly. He presented the key areas of audit focus identified at the planning process. There were no material concerns identified during the audit, although there was an adjustment made to the treatment of the CRL reserves currently being held by CILEX that had not yet been returned. The reverse of the treatment would mean that this was no longer be shown in the accounts as a debt and no amounts recognised until a capital transfer was made to CRL.

The Auditors continued to note the uncertainty for CRL in the context of CILEX's proposal to re-delegate .

The Chair thanked the Audit Partner and Audit Manager for their presentation and they left the meeting.

The Board:

- REVIEWED the draft Financial Statements for 2023;
- CONSIDERED the auditors comments in the Key Issues Memorandum report;

- DISCUSSED adjustments with the auditors; and
- **APPROVED** the Financial Statements and the sending of a Letter of Representation (which would be circulated to Board Members in advance) written confirmation from CILEX of the inter-company balance transfer, for signing by the Chair before filing the Accounts.

8. 2025 Budget and PCF modelling

The Board discussed the proposed 2025 PCF budget **and APPROVED** the budget assumptions.

The Board accepted the principle of there being a modest increase to reflect changes from new strategy if this is necessary to achieve a balanced budget. Benchmarking of Board remuneration would be undertaken as part of budget considerations.

This would now be subject to discussion with CILEX, consultation and approval by the LSB. The Board would look at the draft consultation document in its July meeting.

9. Director of Regulation Report

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

The Director reported that an update of review of enforcement and process streamlining would be brought to the next meeting of the Board in July.

The Board **NOTED** the report.

10. Director of Governance Report

The interim Director of Governance, Policy and Legal 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 published agenda papers.

In view of the low viewings, the future of Regulation Matters as a standalone website would be reviewed.

The Board **NOTED** the report.

11. Annual review of governance framework

As part of annual best practice, the Board reviewed the documents presented and confirmed no changes were necessary, the documents having been subject to a comprehensive review in 2023.

12. Proposed Amendment of Transparency Requirements

The Board **APPROVED** for publication a consultation on proposed amendments to the CILEx Regulation Transparency Rules and Regulation 16 in the CILEx Regulation-ACCA Handbook.

13. Annual Cycle of Business

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

Future meetings:

- LSB/Board – 4 June in London
- Telecon 6 June
- Board – 9 July
- Telecon – 2 September (confirmed)

14. CPD Sampling Exercise

The Board received and **NOTED** the report from the Head of Education on the findings of the 2022/2023 CPD Sampling exercise.

Whilst the report was not for publication, a public version would be made available shortly after the Board meeting.

Board Members' attention was drawn in particular to the lessons learnt section within paragraphs 34 – 37 of the report.

Consideration would be given to considering either ceasing or making a charge for manual inputting of CPD returns to the regulated community.

15. Any Other Business

Contract of Employment

This minute is not for publication as it contains information relating to an individual staffing matter.

16. Board Calendar

The next full Board meeting would be held on 9 July 2024, with a Board Teleconference scheduled for 6 June 2024.

**Jonathan Rees
Chair of the Board**