

Date	9 July 2024
Item	05.00
Title	Chief Executive's Report
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Purpose	This report updates the Board on key activities and an overview of organisational performance since the last full Board meeting held in May 2024.
Recommendation	To NOTE the report
Timing	N/A
Impact assessment	None
Impact on Regulatory Objectives	<ul style="list-style-type: none"> Section One provides an update on activities carried out by the CEO and senior managers and a summary of other areas of the business of which the Board should be aware. These affect all the regulatory objectives. More detail will be found in other reports presented at the meeting. Section Two covers strategic performance. Monitoring performance of the organisation ensures that CRL is able to meet the regulatory objectives, in particular: protection of the public and consumer interest, access to justice, promoting competition and encouraging an independent, strong, diverse and effective legal profession.
Implications for Resources	<ul style="list-style-type: none"> This report covers staffing, operations and resource implications affecting CRL since the last Board meeting. CRL has healthy contingency and operating reserves which comply with the LSB and CILEX Group reserves policy. IT resourcing generally is satisfactory; however, the shared services element of the CRM remains unchanged. HR support has been brought in-house with specialist HR advice being outsourced to Croner and systems support via the Bright HR software.
Impact on Consumer Empowerment	This report covers some high-level meetings linked to consumer empowerment. The consumer facing projects and issues can be found in the Director of Governance report.
Impact on Ongoing Competence	None
Publication Status	For publication
Appendices	05.01 Strategic Implementation Plan 05.02 BAU plan 05.03 Strategic Risk Register 05.04 Regulatory Performance Assessment Action Plan

Legal Services Board

1. A Board-to-Board meeting took place between the CRL and LSB Boards on 4 June. The meeting had a broad agenda and provided CRL the opportunity to outline plans for the new 2025-27 strategy, our discussions on legal technology, including AI and the future of regulation and progress with the implementation of CRL's Equality, Diversity and Inclusion Strategy. LSB provided an update on their plans for the evaluation of the Internal Governance Rules and confirmed they would be writing to regulators seeking assurance on progress with meeting the expectations contained in the Consumer Empowerment policy statement. The CRL Chair also used the meeting to re-confirm CRL's position regarding CILEX's proposals to re-delegate regulation to the SRA, that CRL would not participate in any detailed discussions regarding any transitional arrangements that would need to be put in place between CRL and SRA in the event of re-delegation until the question of the lawfulness and legitimacy of CILEX's proposals has been clarified.
2. The CRL CEO and Director of Governance met with two colleagues from the LSB on 22 May to discuss the work CRL has been doing on exploring the potential impact of AI on the future delivery of legal services, including improving access to justice. The paper on AI and innovation that was presented to the Board at its May Strategy meeting was shared with the LSB and stimulated a productive discussion. CRL agreed to keep LSB informed as this workstream develops.
3. The next meeting with the LSB Relationship Manager is scheduled for 13 August.
4. The CRL CEO is due to attend a PERL roundtable meeting on 15 July and a meeting of MTCOG on 16 July.
5. The next LSB performance assessment process will begin in September 2024 and will cover the period June 21023 to September 2024. An assurance and information request is expected from the LSB in mid-September.

CILEX

6. Constructive ongoing fortnightly meetings between the CRL CEO and the CILEX Registrar (formally CEO) have been held.
7. CILEX continue to progress changes to their Charter which are required to provide the vires in order to make an application to the LSB to transfer regulation from CRL to the SRA as well as introducing the proposed new CILEX Chartered Lawyer titles and changes to the governance arrangements. At the time of writing, CILEX has convened a SGM on 21 June to seek approval from CILEX Fellows to adopt the proposed amendments to the CILEX Charter. Subject to member approval, the amended Charter will require Privy Council approval. A timetable for Privy Council has not been confirmed. It should be noted that due to the calling of a General Election the Privy Council is not in session until a new government is formed.
8. The CRL CEO and Finance Manager met with the CILEX Registrar and CFO on 9 May to try and progress the resolution of the outstanding 2020 PCF reconciliation. Whilst both CRL and CILEX recognise the reliability issues with the membership and financial data for 2020 there remains a significant difference between the membership number derived from the actual PCF money received in 2020 that CRL has provided and the membership number CILEX want to use. It was agreed that further membership trend analysis would be undertaken in order to validate an acceptable range within which to negotiate a settlement.

9. Following the Board meeting in May, the CRL wrote to CILEX regarding the transfer of the £700k contingent reserve and the Board's request for disclosure of the performance of the CILEX investment fund which holds the CRL reserves and payment of interest by way of compensation for the opportunity cost of not having the reserves transfer as expected by the end of March 2024.

Consultations

10. CRL's consultation on proposed updates to CRL Transparency Rules and Requirements is due to close on 1 July 2024. CRL responded to the LSB's Draft Business Plan and Budget for 2024/25 on 1 February 2024. LSB published its final [Business plan](#) for the coming year in March.

Strategy development

11. Stakeholder webinars are due to take place on 2 and 8 July. Sign up has been encouraging.

Staffing and Operations

12. At the time of writing there are no vacancies. The recent newly appointed CPD Administrator and PAS Administrator are progressing well with their inductions.
13. Regular all staff meetings continue to be held monthly. An all employee in person event is being held on 11 July at an external venue near Bedford. The programme will include presentation and discussion of the findings of the All Staff survey; engagement on the 2025-27 strategy and the opportunity to participate in a range of team building activities.
14. An all-staff survey was conducted between 15 May and 12 June. The last survey took place in March 2022. The survey provided staff an opportunity to comment on a range of aspects relating to working at CRL and contribute suggestions for improvement. A full report on the findings of the staff survey will be presented to the September Board meeting following discussion with employees at the July all staff event. However, key highlights are:
 - a. A 100% response rate
 - b. Positive comments around CRL's working environment and culture
 - c. Significant improvements in communication since the last survey
 - d. Areas for improvement include: objective setting and regular appraisals, effectiveness of 1-1s and training opportunities.

Corporate Social Responsibility

15. As part of CRL's developing Corporate Social Responsibility plan, I was proud to join the CRL team representing our regulated community at this year's London Legal Walk held on 18 June, raising money in support of the London Legal Trust. The walk brought together thousands of participants across the legal community together to highlight the importance of access to justice for all and the provision of free legal advice for the more vulnerable members of society. Fortunately, we were blessed with fine weather and managed to exceed our fundraising target of £500 having raised £580 at the time of writing. Particular thanks goes to Paula C for organising CRL's participation and all important t-shirts. This is the first time CRL has participated, and I hope it becomes a regular fixture in the social calendar in years to come.

Shared Services

16. A contract review meeting has been held with CRL's third party HR provider, with the contract being extended for a further year.
17. As part of the recruitment of additional lay panel members and panel clerks for the Prior Conduct Panels and Disciplinary Tribunals the contracts are being reviewed to ensure CRL remains compliant in light of recent case law concerning the 'worker' status of these type of roles.

Public Affairs

18. Following the announcement of the General Election proactive public affairs activity has been paused until a new government is in office. Contact has been maintained with officials at the MoJ on operational matters but substantive policy discussions are on hold due to the pre-election period.











External meetings





19. The CRL CEO met with the recently appointed new Chair of the Legal Services Consumer Panel (LSCP) on 13 June. The main topic of discussion was the LSCP's response to the SRA's consultation on the regulation of paralegals and unauthorised CILEX members.
20. The CRL CEO and Director of Governance met with representatives of Lexis Nexis to explore organising a webinar on AI for CRL regulated entities. This should be held later in July.
21. The CRL CEO attended the second Consumer Focused Regulation workshop convened by the LSCP on 24 June.

Business Plan, Risk and Performance

Balanced Scorecard

22. The CRL balance scorecard is an assessment of the performance of CRL extracted from the various reports and tables presented to the Board at each Board meeting.

Finance (Information from Finance Paper)		Stakeholder	
PCF v other sources of income		External stakeholder relationships	
Reserves within target rang		Regulated community	
Variance to budget		CILEX (including shared services)	
Internal Processes (Infomation from BAU update)		Staffing	
Practitioner		Vacancies	
Entity		Sickness	

Enforcement		Learning and Development	
Governance			
General Management			

Corporate Plan

23. The Business Plan is made up of two documents:

- a. The Strategy Implementation – Corporate Plan 2024 (**Appendix 05.01**), and
- b. The BAU Business Plan (**Appendix 05.02**)

Strategy Implementation - Corporate Plan 2024

24. To avoid unnecessary duplication of reporting, the Strategy Implementation Plan has been updated to reflect CRL's priorities for 2024 as set out in the published Corporate Plan. The updates are reflected in red text.
25. The plan has been amended to reflect objectives that will not be progressed in 2024, notably developing proposals for enhancing entity regulation, which are dependent on CILEX cooperation and certainty regarding future regulatory arrangements in view of CILEX's re-delegation proposals.

BAU Business Plan update

26. A full update against the plan appears on the document itself. The following report sets out areas of note from the plan:
 - a. Positive progression with our third-party education provider in preparation for the launch of the Higher Rights of Audience training and assessment. Go live continues to be planned for September.
 - b. Positive response to the recruitment campaign for additional Lay Members and Panel Clerks (Legal Assessors). Interviews are scheduled for 1 July. Successful recruitment will increase the number of Professional Conduct Panels and Disciplinary Tribunals that can be held which has hitherto been impacted by the availability of Clerks and Panel members.
 - c. Consultation on proposed changes to CRL's transparency rules and requirements to ensure compliance with the LSB's policy statement on consumer empowerment.
 - d. The Regulatory Performance Assessment report action plan is attached as an appendix to this report.
 - e. Additional resource has been allocated to support the PAS team and CPD related activities.

Risk

Strategic Risk Register

27. Following the discussion at the May Board meeting, it was agreed the Strategic Risk Register will be included as part of the CEO report presented to every Board meeting. This can be found at **Appendix 05.03** A deep dive will be undertaken annually,

normally at the November Board meeting. The risk register will also be reviewed in light of the new strategic plan in November.

28. The strategic risk register has been reviewed in the light of the:

- May Board discussion regarding the assessment of the EDI risk;
- overarching risk generated by the CILEX proposals; and
- emphasis on CRL's low risk tolerance in relation to internal financial controls.

Performance

Strategic KPI data

29. CRL's financial performance for the five months to 31 May 2024 showed an operational surplus of £44,920. This is in part due to the recognition of deferred income at the beginning of the financial year.

30. CRL's reserves position up to 31 May 2024 was as follows:

Description	Total £	Committed £	Uncommitted £
Total Reserves Working & Contingency	£1,227,952	£425,144	£802,808

31. Whilst the number of website users has decreased the number of website sessions continues to increase which indicates the website is seen as a good source of information. There continues to be an increase in the number of followers by LinkedIn compared with the same period last year.

32. CRL has not received any corporate complaints for Q1 2024.

33. The additional members of the Practitioner team are now in post and completing induction and training. The number of applications received is consistent with previous months and the team is generally performing well with small improvements in the average decision time for QE, WBL, Practice Rights and Advocacy applications.

34. A separate paper on the Investigation and Enforcement Manager's review of the investigation processes is before the Board for consideration. This includes recommendations for improving the management and timely throughput of cases.

35. Staff retention has improved with there being no vacancies at the time of writing. There is still further work that needs to be done to ensure processes and procedures are up to date and comprehensively documented to support knowledge transfer and mitigate against potential 'single points of failure'.

Recommendation

36. The Board is asked to:
➤ **NOTE** the update.