

**MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF CILEx REGULATION LIMITED (CRL)
HELD ON 14 NOVEMBER 2024**

Present:

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

In attendance (CILEx Regulation):

John Barwick, Chief Executive Officer

Simon Blandy, Director of Regulation

Richard Hood, Interim Director of Governance, Policy and Legal

Gerrard McCarthy, Finance Manager (item 12 – Financial Update)

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

1 Welcome and Apologies

The Chair opened the meeting and welcomed everyone.

2 Declarations of Interests

None

3 Minutes of previous meetings

The Board received and **APPROVED** as a correct record the minutes of the meeting on 25 September 2024 and the minutes of the decisions taken at the Telecon on 16 October 2024.

The Board noted that all outstanding actions had been picked up on this agenda.

4 Chair's Update

The Chair updated the Board on his recent meeting with members of the Professional Conduct Panel (PCP) and the discussion there. Issues discussed included the clarity of the panel member appointment process, the training arrangements, noting a session is already planned for the New Year and appraisals. It was noted that the training might be beneficial for Board members. An invitation had been extended to the PCP for attending a meeting of the Board in 2025 (date tbc). A similar invitation is being extended to the Strategic Risk Committee (SRC) and the Admissions and Licensing Committee (ALC).

Jonathan would be meeting the new CILEX Chair on 16 December 2024.

Helen reported back on her positive experience of having attended the meeting of the Admissions and Licensing Committee on 23 October 2024.

5 Chief Executive's Report

The Board considered the Chief Executive's report, which had been circulated within the Board pack and 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 included the review of the Strategic Implementation plan, BAU plan, Strategic Risk Register, RPA Action Plan, Operations Data Including Balanced Scorecard, Board KPI Data Q3 and Corporate Plan Activities.

In relation to the new Corporate Plan and to inform the drafting of its content the Board was asked to review and discuss the planned developmental and research activities outlined in Appendix 05.07 and to identify those activities that were thought should be prioritised.

Further updates were provided as follows:

- CRL's annual Regulatory Performance Assessment (RPA) return to the LSB was being finalised. A significant amount of work had gone into preparing this;
- The LSB commissioned report into Axiom Ince was being studied and reviewed to extract the learning from the SRA's failings and regulatory improvements that could be applied within the context of CRL's own regulated firms;
- Meetings had been held and were planned with officials from the Ministry of Justice. CRL's position remained that a full review of the 2007 Legal Services Act would now be timely;
- MoJ Enabling Growth Roundtable – the Chief Executive would be attending this sector event;
- Operationally at CRL, performance was noted as good with low staff turnover, significant progress being made on projects and strong financial performance; and

- The new Corporate Strategy would be published on Tuesday 19 November. Work on the Corporate Plan had started and would be developed over the remainder of November and December, with publication in January 2025.

Regards Strategic Risks, the Board risk SR4 had been reduced to be in line with the target risk. This reflected the improvements in CRL's financial position and retention of staff. The Board discussed whether the existential threat of the CILEX proposals was sufficiently captured in the Strategic Risk Register. The Board was satisfied that SR1 captured this risk and that suitable mitigation measures were in place.

The Board welcomed the report and asked for their thanks be conveyed to staff.

6. Director of Regulation Report

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

An update had been provided on the situation with CPD Non-Compliance and the actions that had been taken to address the situation. It was anticipated that a substantial tranche of the remaining non-compliant members would be compliant by the end of 2024. Those who remained non-compliant from the 2022-2023 CPD year would be added to the sample pool for the 2023-2024 CPD year.

On enforcement, further progress was being made in developing the staffing and Panel capacity, and measures to improve the progression of prior conduct and misconduct cases to provide better and more timely determination of cases. The Board was pleased to see continued improvement with a 25% reduction over last year in the number of open cases, and an even bigger fall in the number of old cases as new ways of working had been introduced.

The Director highlighted the significant work involved in preparing the AML reporting and that CRL was now subject to audit by OPBAS early next year.

The Board **NOTED** the report and endorsed the action being taken particularly in relation to the work to improve enforcement case management.

7. Strategy (2022-2024) Standards strategic objective review

The Director of Regulation presented the Board with a report on achievements against the CRL Standards Objective during the 2022-24 Strategy cycle.

A paper outlining the proposed workstreams 2025 for the standards objective would be presented to the Board after the Corporate Plan 2025 in support of the 2025-2027 Corporate Strategy has been agreed.

Further updates included:

- Reference to the SRA consultations on handling client money and considerations in relation to that, such as Third-Party Managed Accounts (TPMAs).
- Extracting the learning from the LSB's report into SRA's mishandling of Axiom Ince.
- Confirmation that both the LSB and LSCP were supportive in joining with CRL in taking forward the initiative of reviewing activity within the unregulated sector, with a view to initially holding a round-table type event involving sector regulators. It was noted that research that the CRL had commissioned into unregulated legal providers would be published shortly.

The Board **NOTED** the report.

8. Director of Governance Report

The interim Director of Governance, Policy and Legal provided an update on the work undertaken in his Directorate since the last Board meeting, referring to the paper that had been circulated with the agenda papers.

The contract for delivery of training on Practice Rights and Higher Rights of Audience was being finalised and students were already being admitted.

CPD Compliance had been considered earlier in the meeting and the Board noted the excellent teamwork across the organisation in pulling together to redress this.

Following approval by the LSB, Transparency Rules and Regulation 16 of the CILEx Regulation-ACCA Handbook, work was continuing on implementation, with updates to the CRL website and the new requirements and guidance being emailed to firms to advise of the changes. The entity team's work to support firms into compliance with the new transparency requirements had progressed well

The Board **NOTED** the report.

9. Consumer Theme Strategic Objective

This paper provides the Board with an update on the key activities undertaken in 2024 in relation to the consumer strategic objective.

A paper outlining the proposed workstreams for 2025 to deliver the new consumer strategic objective will be presented to the Board after the Corporate Plan 2025 in support of the delivery of new Corporate Strategy.

CRL's progress had been comprehensively captured within the consumer empowerment assurance statement considered by the Board at its September 2024 meeting provided to the LSB 30 September 2024. The paper highlighted key achievements as well as providing an update on projects that are in progress.

The Board **NOTED** the report.

10. Annual Cycle of Business

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

A revised schedule would be produced for 2025 to recognise the change in the meetings cycle and rhythm of meetings.

Noted that Tom Hayhoe, Chair of the LSCP, had accepted an invitation to attend the February meeting of the Board.

11. Any Other Business

None.

Board Members expressed their thanks to the Executive for the high quality of the papers and clear updates being provided.

12. Financial Update

This minute is not for publication on the basis it contains commercially sensitive information.

13. Future Regulatory Arrangements

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

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