

Date	15 April 2025
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 February 2025.
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 and risk. 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. Due to the timing of the Board meeting the report does not include Q1 KPI and operations data. A combined Q1 and Q2 report will be provided at the July Board meeting.
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 CRL reserves policy.
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 Corporate Plan Deliverables Progress Report 05.02 Strategic Risk Register 05.03 2023 Regulatory Performance Assessment Action Plan 05.04 2024 Regulatory Performance Assessment Report

Section 1

Legal Services Board

1. The CRL CEO, Director of Regulation and Director of Governance met with the LSB Relationship Manager on 11 February. The meeting provided an opportunity for the LSB to provide an update on LSB activities and projects including: the Regulatory Performance assessment (see para 6 below), Professionalism, Ethics and the Rule of Law, EDI and Access to Justice. It was noted that the LSB has paused the Internal Governance Rules evaluation work in order to prioritise other workstreams. The LSB will be consulting on their EDI work in June with the intention of publishing a statement of policy in the autumn. CRL provided an update on its Corporate Plan activities for 2025 including the research into the unregulated legal sector.
2. The meeting was also used to raise concerns about the lack of progress with the transfer of the contingent reserves by CILEX, noting that this was an undertaking agreed by CILEX resulting from the LSB investigation in 2023. Further to this, the CRL CEO wrote to the LSB CEO on 3 March to formally raise CRL's concerns regarding the lack of progress in resolving the matter.
3. On 6 March the CRL CEO, Director of Regulation and Director of Governance attended the 2025 Reshaping Legal Services Conference which is organised by the LSB and Legal Services Consumer Panel. The conference brings together lawyers, regulators, academics, students, judges, charities and advice agencies - all working to improve legal services for those who need them. There was a packed agenda with a diverse range of top-class speakers and thought-provoking panel discussions. The conference had three main themes:
 - Exploring creative ways to improve access to justice through collaboration and learning from international approaches.
 - Rebuilding public trust and confidence in the legal profession by raising ethical standards in legal services. This included the launch of the LSB's consultation on its proposed statement of policy on [Upholding Professional Ethical duties](#). The consultation is open until 29 May. CRL is preparing a response.
 - Encouraging a fair, healthy, diverse and inclusive legal profession.
4. On 28 February, Alan Kershaw notified the Lord Chancellor that he would be stepping down from his role as LSB Chair with immediate effect, citing personal considerations. The Ministry of Justice will run a formal process to recruit a new permanent Chair for the LSB. The LSB's Senior Independent Director, Catherine Brown, will Chair the LSB on an interim basis.
5. The CRL Chair and CEO attended a meeting of the Chairs of the Approved Regulators and Regulator Bodies on 2 April.

Regulatory Performance Assessment

6. The Regulatory Performance Assessment (RPA) report was published on 31 March. This can be found at **Appendix 5.04**. The LSB assessed CRL as providing partial assurance against the Well-led, Effective approach to regulation and Operational delivery standards. The operational delivery standard was assessed for the first time in 2024. CRL's performance has been maintained compared to the previous RPA. This contrasts with a number of regulators, including the SRA and BSB, who have seen their performance decline this year.
7. The RPA recognises:

- CRL's continued improvements to its transparency of decision making and risk framework
- Improvements to organisational stability, resourcing capacity and capability
- Use of member data to inform CRL's approach to EDI.

8. The RPA highlights a number of areas of improvement including:

- More clearly communicating when Corporate Plan activities are being discontinued and the rationale
- Improving the approach to effectively pursuing and implementing regulatory activities that are in the consumers' interests
- Improve the quality of applications for changes to the regulatory arrangements and PCF
- Work to develop a sustainable Compensation Fund model for the future
- Identify and respond to thematic issues arising out of operational activity
- Ensure sufficient training provision for students.

Work is already in train to engage external consultancy support to undertake an evaluation of Board effectiveness. The previous decision to not commission an external evaluation of Board effectiveness due to the uncertainty arising from the CILEX proposal has been the subject of LSB criticism in the recent RPA.

9. The Executive will develop an action plan which will be presented at the May Board strategy meeting. This will be informed by a consideration of the RPA findings for all the regulators as well as the CRL specific report. Progress against the 2023 RPA Action plan can be found at **Appendix 5.03**.

CILEX

10. The CRL CEO and CILEX continue to hold constructive meetings on a fortnightly basis. At the operational level there is good cooperation and joint working to ensure the best service is provided to the regulatory community. This includes the recently launched consultation which seeks views on whether to make an application to the LSB to enable CRL to authorise existing chartered legal executives with stand-alone practice rights under the legacy education standards.
11. The CILEX Registrar informed the CRL CEO on 21 March that she would be leaving CILEX at the end of March. The CRL CEO will meet with the CILEX CEO going forward.
12. CRL continues to be in correspondence with the LSB, The Law Society, SRA and CILEX on the issue of the lawfulness of CILEX proposals to redelegate regulation to the SRA. A more detailed update will be provided in the private session.
13. There has been no further progress with the clarification of the timetable for the approval by the Privy Council of the proposed amendments to the CILEX Royal Charter.
14. The undertakings approved by both the CILEX and CRL Boards in response to the LSB's Investigation report published in 2023 stated '*The parties will work together to give effect to CRL's request to hold its own contingency reserve so far as reasonably practicable.*' Further to this action, in June 2023 the CILEX CEO wrote to the CRL CEO on 7 June 2023 to confirm that following the balance sheet transfer of the contingent reserve, the cash funds would be transferred between December 2023 and March 2024. The CRL CEO wrote to CILEX on 5 March 2024 to seek clarification as to when the cash transfer would likely take place in view of the deadline of 31 March 2024 fast approaching. A response was received on 12 April 2024 explaining the transfer of cash funds was dependent on the sale of a property asset.

15. Following the Board meeting in November 2024, the CRL CEO wrote again to CILEX seeking a response to the letter of 15 October 2024 concerning the inter-company balance and the request for a report on the CILEX on the CILEX Investment Fund which holds CRL's £700k contingent reserves was also repeated. The CILEX Registrar has stated that an end of year (for 2024) investment fund report has been requested and will be provided to CRL as soon as it is available. Despite repeated requests the investment report has still not been received. The matter of reserves was raised by CRL at the joint meeting with LSB and CILEX held in February 2025 and formally raised by the CRL CEO to the LSB CEO in March. The CRL Chair also raised the issue with the new CILEX Chair and CILEX CEO at a meeting held on 28 February. Following feedback by CRL on the draft RPA report, the LSB has recognised the current position in the final published RPA report:
- Paragraph 14 "...we note that the undertaking relating to CRL's request to hold its own contingency reserves remains outstanding. CRL has repeatedly requested in writing the transfer of the contingency reserves. CILEX in turn advised CRL that the transfer was outstanding due to certain CILEX dependencies. To date, CILEX has not actioned CRL's requests to transfer the reserves."

Consultations

16. CRL responded to the LSB's consultation on the proposed guidance on the Legal Services Act's new regulatory objective on economic crime. [20250131-CRL-response-to-LSB-Economic-Crime-consultation.pdf](#)
17. On 6 March, the LSB launched a consultation paper on its proposed statement of policy in relation to upholding professional ethical duties. CRL will be preparing a response ahead of the deadline of 29 May 2025.

Research

18. CRL, in collaboration with the Legal Services Board and the Legal Services Consumer Panel, hosted a roundtable on 26 February 2025 to discuss the future shape of legal regulation in the light of research CRL published last year on the unregulated legal sector. The research showed that:
- Unregulated providers such as will-writers take about 10% of the overall market;
 - Some evidence that this share is growing with over 200,000 unregulated providers already; the share is moreover bigger in some areas (e.g. personal injury) and for certain types of customers (e.g. SMEs);
 - Some evidence that some consumers do not understand the distinction between regulated and unregulated providers.
19. Attendees included the Ministry of Justice, an academic, other regulators and a representative from the will writing sector. There was a wide-ranging and lively discussion. The key points arising from the discussion were:
- CRL's view is that the current legal framework needs to be updated to reflect the huge changes over the last 25 years. Consumers are more diverse and demanding, regulators need to be able to work independently, and technology (notably Artificial Intelligence) will have growing implications for how legal services are delivered, and how consumers access them.
 - Views differed on whether we should bring unregulated activities within the ambit of the 2007 Act, but all agreed that good regulation in the public interest was a prerequisite for growth.

- There was broad support for the notion that risk assessment needed to be at the heart of any new system alongside the current regulation of title. The distinction between regulated and unregulated services at the moment owed more to history than risk.
- Consumers needed help and support to differentiate between regulated and unregulated providers, building on the transparency work the LSB was championing.
- While new legislation was unlikely to be an imminent prospect, there was much that regulators, consumer groups, representative bodies, trade associations and academics could do in advance to create a consensus on what changes made sense.

Staffing and Operations

20. The appraisal and objective setting process for 2025 was launched at the All staff meeting on 31 January with a deadline for completion of 20 March. At the time of writing 96% of the appraisal forms have been completed by the deadline. The Business Support Manager is reviewing the learning and development requirements identified through the proposals. This will inform a discussion planned with the CILEX Learning and Development Project Manager to agree CRL's learning priorities for the next 12 months and confirm the 2025/26 learning and development plan.
21. A Finance Assistant has been appointed, initially on a fixed term basis, and took up their role on 10 February 2025.
22. A temporary part time PAS Administrator has been appointed and is due to start on 7 April. This will provide additional capacity and resilience to the PAS team during its busy renewals period.
23. The Lead Investigations Officer started on 1 March 2025.
24. The Interim Director of Governance, Policy and Legal left CRL on 18 March. The job description has been reviewed to ensure it better aligns with CRL's strategic objectives going forward. The role therefore has an enhanced focus on CRL's policy objectives so will now be Director of Policy and Governance. A recruitment agency has been engaged to support the search and selection process, with interviews scheduled to take place before the Easter break. The appointment will be on a permanent basis. The CEO and Director of Regulation are covering the Director of Governance responsibilities until an appointment is made.
25. The Practitioner Authorisation and Supervision Manager has resigned and will be leaving on 28 May. The role has gone out to advert with interviews scheduled for week commencing 7 April.
26. One of the Investigations Officers has resigned. His last day is 10 April. However, two temporary Investigations Officers have been appointed and started on 24 March. This will allow handover with the outgoing Investigation Officer as well providing the enforcement team with additional capacity in conjunction with the recently appointed Lead Investigations Officer.
27. Following approval at the February Board meeting, recruitment of an AML Officer and Policy Research Officer has commenced. An appointment to the Policy Research Officer has been made, with the candidate due to start on 7 April. The preferred candidate for the AML Officer position accepted the offer but unfortunately subsequently withdrew. We are liaising with recruitment agency to source a suitable replacement candidate.

28. The CRL CEO and Director of Regulation joined the PAS team for their in-person team meeting at Wrest Park. Everyone in the team contributed positively and constructively to the discussions. The outcome was an action plan which included short term, as well as longer term, improvements that could be made to improve processes and help the team do their jobs better. Other teams in CRL are being encouraged to adopt this approach.

Shared Services

29. The CRL CEO and Director of Governance met with a third-party IT supplier as part of some preliminary work to establish the feasibility, including cost, of contracting out of the current CILEX shared services agreement. The meeting was informative however it identified that the current shared CRM tenancy between CILEX and CRL posed a significant barrier to CRL being able to establish a standalone IT service agreement.
30. In view of the barriers mentioned above, the focus will now be on identifying improvements that can be made to the current CRM, working collaboratively with CILEX to prioritise and cost the requirements.
31. The Croner HR contract is due for renewal in April 2025.

External meetings















32. The CRL CEO attended the pre-launch of the LSCP sponsored research on Regulatory Leadership and access to justice on 24 February and the launch meeting hosted by Nottingham Trent University on 1 April.
33. The CRL CEO attended a meeting of the Legal Choices Governance Board on 3 March. The Board received a paper outlining the next steps for the Regulatory Information Service (RIS) project and options for moving the project forward which had been informed by feedback from the testing phase of the RIS.
34. The CRL CEO attended the first ever LawtechUK conference on 12 March. The conference brought together government, thought leaders and investors on a global stage and included keynote addresses from Sarah Sackman KC MP, Minister of State and the Master of the Rolls, Sir Geoffrey Vos.
35. On 13 March the CRL CEO was interviewed as part of the OPBAS inspection of CRL's anti-money laundering supervision arrangements.
36. On 26 March the CRL CEO and Senior Policy Officer attended the Legal Ombudsman's regulator forum on first-tier complain handling. The meeting focused on the development and adoption of a model complaints handling procedure. The outcome of the forum will inform CRL's approach to first tier complaints handling as it works towards complying with the LSB's statement of policy.
37. The CRL CEO attended an evening event on 26 March hosted by the Institute of Regulation and Objective Corporation which brought together the CEOs and senior leaders from regulators across different sectors of the economy.
38. The CRL CEO and Director of Regulation attended the Institute of Regulation Annual Conference on 27 March. The theme of the conference was good regulation – protecting citizens, supporting growth and building trust. The conference brought together over 200 delegates from a range of regulators and included a key note address by Justin Madders MP, Minister for Regulation at the Department for Business and Trade.

Section 2

Corporate Plan, Risk and Performance

Balanced Scorecard

39. 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 range		Regulated community	
Variance to budget		CILEX (including shared services)	
Internal Processes (Information from regulatory objectives update)		Staffing	
Practitioner		Vacancies	
Entity		Sickness	
Enforcement		Learning and Development	
Governance			
General Management			

40. The 2025 Corporate Plan was published on 8 January 2025. As approved by the Board, an updated Deliverables Progress Report (DPR) is now used to monitor the delivery of the Corporate Plan. The DPR means there are no longer separate reports for what was previously referred to as BAU activity and the Strategy Implementation plan. The latest DPR can be found at **Appendix 5.01**.
41. Areas of note for February and March are highlighted below:
- Preparation and provision of information for the OPBAS inspection.
 - Recruitment activity including additional resource for the Enforcement team.
 - Unregulated legal sector roundtable event held on 26 February.
 - Launch of 2025 diversity data collection communications. [CRL 2025 Diversity Data collection - CILEx Regulation](#)

Risk

Strategic Risk Register

42. This can be found at **Appendix 05.02** The Strategic Risk Register (SRR) has been updated to reflect the 2025-2027 Corporate Strategy. Each of the strategic risks have been reviewed and updated in light of:
- developments in relation to testing the lawfulness of CILEX's re-delegation proposals and the likely impact on timing

- recent approval of the 2025 PCF and CRL's other exemption directions applications.
 - CRL's financial position including reserves.
 - Contract agreed with CRL's third-party provider.
 - Consultation on stand-alone litigation practice rights.
 - OPBAS audit and increasing AML workload
 - publication of 2025-2027 strategy, 2025 Corporate Plan and improved progress reporting.
 - Recruitment activity
 - Staff retention and continued ability to attract high calibre employees.
43. At the October 2024 teleconference the Board approved revised terms of reference for the Strategic Risk Committee (SRC) which extended its remit to include oversight of CRL's corporate strategic risks. The SRC met on 5 March. The CRL CEO and Director of Regulation were in attendance. The CRL CEO explained CRL's risk management arrangements and the improvements that had been made over the past 12 months. This included presentation of the Strategic Risk Register and the Risk Appetite statement. The Committee agreed with the way in which the Register was set out and that it was restricted to consideration of strategic risks, focusing on risk appetite.

Performance

44. The timing of the Board meeting means it is not possible to provide Q1 performance data. Q1 and Q2 performance data will be provided at the July Board meeting.
45. CRL's financial performance for the year up to the end of February 2025 showed an operational deficit of £11,735.
46. CRL's reserves position up to 28 February 2025 was as follows:

Description	Total £	Committed £	Uncommitted £
Total Reserves Working & Contingency	£1,256,077	£495, 729	£760,349

Recommendation

The Board is asked to:

- **NOTE** the update.