

CILEx Regulation Ltd Strategic Risks

Strategic Objective	Strategic Risks – High level	Risk description	Current Risk	Target Risk
Standards and public trust We will promote high quality professional practice that enables the individuals and entities that we regulate to meet our standards, so they are able to adapt to changes in the delivery of legal services and utilise the benefits of innovation and law tech which meet the needs of consumers.	1. Our regulatory performance does not meet the expectations of our stakeholders and as a result stakeholders have negative experiences of our regulation. CRL's regulatory expectations are not appropriate or understood by the regulatory community.	This includes the inability to deliver the 9 regulatory objectives and meet the LSB's performance expectations as reflected in the annual Regulatory Performance Review. This includes the appropriateness of our performance measures, and requires awareness of new developments in the sector underpinned by strong stakeholder engagement to ensure expectations are met.	12	9 →
Access to justice and consumer empowerment We will champion fair access to all in the legal services market. We will continue to improve the information available to consumers to improve accessibility to legal services, so they are able to make informed choices and have confidence in the legal professionals they engage with.	2. We do not understand consumer needs and so are unable to be as effective a regulator as we can be.	This includes the ability to respond and influence external drivers for change for example, technological developments, the unregulated/unauthorised legal services sector, consumer empowerment and the development of entities.	9	9 →
Independence and sustainability Promote the value and importance of independent, specialist regulation, ensuring CRL is able to work without fear or favour and its independence is protected.	3. The resources we require to achieve our strategy and deliver BAU activity are not in place or are not financially sustainable. The IGRs fail to ensure effective relationships between the Approved Regulator and the delegated regulatory body.	This risk includes not having the resources we need to be effective and/or not being efficient in our use of resources (resources include financial, knowledge, skills, culture and infrastructure). It includes the development of our culture, people and physical assets, our continued financial viability and the significant failure of key business process. This also includes the existential threat posed by the CILEX re-delegation proposals and impediments to CRL's operational independence resulting from eg access to reserves.	12	6 →
Be an authoritative, inclusive and capable organisation	4. We do not have the data and/or harness the benefits of our data to understand the barriers to access and translate this into positive action.	This risk includes the management of stakeholder engagement and key relationships as well as reputation management.	9	6 →

Mitigation key

	Preventative
	Monitoring
	Detective
	Remedial
	Horizon scanning
	Best practice development
	Communication

Strategic Risk 1 – Our regulatory performance does not meet the expectations of our stakeholders

Risk Summary

This includes the inability to deliver the 9 regulatory objectives and meet the LSB's performance expectations as reflected in the annual Regulatory Performance Review. This includes the appropriateness of our performance measures, and requires awareness of new developments in the sector underpinned by strong stakeholder engagement to ensure expectations are met. This also includes the existential threat posed by the CILEX re-delegation proposals.

Current Risk Influencers

+/-	LSB Performance report 2023 and action plan. Response to 2024 RPA submitted. LSB signal to increase oversight
-	OPBAS Audit and ability of CRL to satisfy AML expectations
-	LSB proposed workplan and potential impact on resources
+	Higher rights gone live in association with ULaw. Increased advocacy training capacity.
+	Technology/market changes lead to greater unregulated legal services market – opportunity to provide regulation to a wider area
-	CILEX continue to progress with regulatory redelegation proposals which creates uncertainty
-	Technology/ market changes, lead to greater unregulated legal services market - potential lower demand for paralegals leading to fewer CILEX members
-	Provision of advocacy training by 3 rd parties

Mitigations in place

	Legal advice obtained in respect of CILEX's proposed changes and Part 8 lawfulness test being progressed
	Balance scorecard and KPI monitoring. Board review of Strategic and BAU implementation plans
	Observer at CILEX External Relations Working Group. Watching brief on LSB/MoJ decisions. Monitor LSB impact on resourcing.
	Additional capacity in place for litigation and advocacy courses. Explore uncoupling litigation and advocacy course as this appears to be a hurdle Appointment of AML Officer, Policy Research Officer and additional temp IO
	Ongoing monitoring of CILEX membership numbers
	Review LSB RPA for best practice and reflect in action plan. Action plan from LSB Axiom Ince report
	Bi-monthly calls with CILEX and regular engagement with LSB, TLS and other key stakeholders. Publication of Corporate Plan

Review Date

April-2025

Risk Owner

CEO

	Impact	Likelihood	Risk Score
Inherent Risk	5	4	20
Current Risk	4	3	12
Target Risk (planned mitigations in place)	3	3	9

NO Change

Risk Appetite

Regulatory - Minimal
Communications and Profile – Seeks

Planned Mitigations 2025		Progress	
	Review of Advocacy qualification scheme Introduction of internal and external Quality Assurance strategy.		Design and implementation of 2024/2025 CPD strategy
	Review of enforcement performance measurement data and KPIs		Updated Corporate Plan progress template
	Strategic review of unregulated sector.		IRN report to be published in November. Report shared with LSB and LSCP. Roundtable in Feb.
	Feasibility study into offering standalone Litigation practice rights. Additional resource to support AML compliance		Improved availability of family advocacy courses. Preparation for OPBAS inspection Appointment of AML Officer Standalone litigation practice rights consultation 26 March
	Corporate Plan – Roundtable to examine growth of unregulated sector		Roundtable held on 26 February.
	Analysis of 2024 LSB RPA and action plan		LSB Axion Ince lessons learnt review and action plan presented to Feb Board meeting.
	Publication of 2025 Corporate Plan including 2024 achievements.		Corporate Plan published in January.

Strategic Risk 2 – We do not understand consumer needs and so are unable to be as an effective regulator as we can be.

Review Date

April 2025

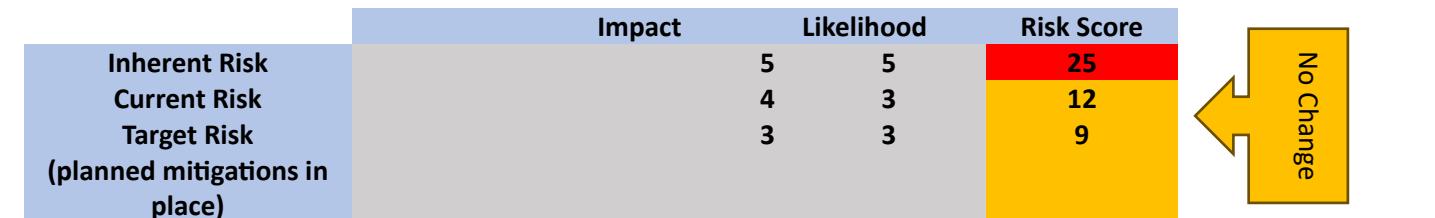
Risk Owner

DoG

Risk Summary	
This includes the ability to respond and influence external drivers for change for example, technological developments, the unregulated/unauthorised legal services sector, consumer empowerment and the development of entities.	

Current Risk Influencers	
-/+	LSB Business Plan and publication of statutory guidance on technology and innovation
+	LSB approval of changes to CRL transparency rules
+	Legal Choices and the development of the RIS
+	Technology/market changes lead to greater unregulated legal services market – opportunity to provide regulation to a wider area
-	Consumer detriment owing to lack of consumer knowledge of legal services market
-	Uncertainty created by CILEX proposals results in hard insurance market impacting entity numbers and barrier to growth
-	Digital exclusion prevents individuals accessing essential legal services
-/+	First tier complaints handling including expectations around standardised wording in client care letters

Mitigations in place	
	AI and innovation paper for Board discussion. Member of LSB Innovation and Technology Forum
	Review of LSCP and LSB consumer research eg Legal Needs survey. Member of Law Tech UK
	Increased emphasis on PLE – development of CRL website content
	DPD application. Liaison with Insurers to resolve barriers to potential CRL regulated entities.
	AI and Law tech paper and discussion at Board level to assess impact and regulatory response
	Cross regulatory working led by MTCOG and Legal Choices Governance Board
	Legal Choices and development of the Regulators Information System.



Risk Appetite	
Communication and Profile – Seeks Reform - Seeks	

Planned Mitigations 2025		Progress
	Corporate plan – unregulated market literature review and roundtable	Literature review published in November. Roundtable scheduled for 26 February
	Continued engagement with MTCOG and Legal Choices	LCGB – RIS moving to delivery phase. Beta version available in Spring 2025
	Response to SRA consultation and associated comms highlights consumer impact of CILEX proposals	SRA consultation response publish. Public affairs strategy. Concerns raised with MoJ and Privy Council.
	Ongoing development of web content and comms collateral with a consumer focus.	
	Engagement with Lexis Nexus Gen AI product. Attend AI and Tech webinars to understand impact and opportunities relating to Law Tech	Ongoing. CRL attendance at SRA and LSB conferences. Engagement with Lexis Nexis and entities webinar. IoR and Westminster Forum seminars. Lawtech UK conference - 12 March
	Digital exclusion collaborative research with BSB, CLC & ICAEW Gap analysis against LSB SoP on First tier complaints	Research launched with M-E-L research FTCH – LeO Regulators Forum and liaison with other regulators
	Legal Choices and development of RIS. Engagement with LSB on AI thinking.	RIS discovery phase complete. Project moving to delivery phase Additional funding agreed for evaluation

Strategic Risk 3 – The resources we require to achieve our strategy and deliver BAU activity are not in place or are not financially sustainable.

Risk Summary

This risk includes not having the resources we need to be effective and/or not being efficient in our use of resources (resources include financial, knowledge, skills, culture and infrastructure). It includes the development of our culture, people and physical assets, our continued financial viability and the significant failure of key business process.

Current Risk Influencers

	SQE impacts future Fellow numbers and leads to reduced PCF income to CRL. Disillusionment with SQE may increase CILEX CPQ numbers
	Reduced staff turnover and continued ability to recruit. Interim DoG left but opportunity to review role
	Lack of access to reserves leads to financial instability
	Approval of 2025 PCF application. 14% proposed increase to LSB budget for 2025/26 adds after the PCF has been set may impact available funds
	Limited funding restricts CRL's ability to regulate effectively
	Reliance on shared services for delivery of IT results in poor service for CRL
	Ability to recruit and retain sufficient PCP and DT panel members and Clerks to run hearings effectively
	Operational surplus and transfer of inter-company balance by CILEX

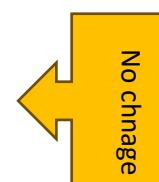
Mitigations in place

	Reconciliations prepared for all accounting entries, assets and liabilities. Conversion of FTC to Perms contracts. Updated staff handbook. Update process documentation and key tasks, esp Finance and HR.
	Balance scorecard. Monthly management accounts and reserves position regularly reviewed by Executive and Board.
	Seek new regulatory areas for expansion. Research into unmet legal need and unregulated markets
	New panel members and Clerks recruited. Some availability challenges remain.
	Ongoing monitoring of CILEX membership numbers
	Ensure reserves position continues to meet reserves policy requirements
	Monthly all staff meetings and meetings with managers with a focus on successes and challenges. In person team meetings to identify process improvements

Review Date
April 2025

Risk Owner
CEO

	Impact	Likelihood	Risk Score
Inherent Risk	5	4	20
Current Risk	3	3	9
Target Risk	3	3	9



Risk Appetite

Financial (investment) – Measured/Open
Financial (control/compliance) - Minimal
People – Open

Planned Mitigations 2025		Progress
	Resource plan and pay and grading review.	Temp PAS Administrators being recruited. Lead Investigator recruited. AML and Policy & Research Officer recruited. X2 temp IOs recruited.
	Staff survey action plan	Action plan approved at September Board. Objective setting session at All staff meeting
	Strategic review of unregulated sector. Enhance monitoring of	Roundtable in February. Chair of LSCP to attend Board in February. Improved engagement and involvement at Board meetings of Committee chairs
	Request transfer of inter-company balance and inter-company reserves.	£85k transferred from CILEX via inter-company balance. 2024 PCF reconciliation Reserves in healthy position. Projected end of year surplus.
	Review approach to 2026 PCF application in light of LSB feedback	2026 budget preparation commenced.
	Explore investment options for reserves and cash balance that maintain liquidity.	Interest yielding accounts identified although likely return will be less than anticipated due to low interest rates
	Publication of Corporate Plan and cost transparency statement	2025-2027 strategy published in November. Corporate Plan published in January.

Strategic Risk 4 – We do not have the data and/or harness the benefits of our data to understand the barriers to access and translate this into positive action

Review Date

April 2025

Risk Owner

CEO/DoG

Risk Summary	
This risk includes the management of stakeholder engagement and key relationships as well as reputation management.	

Current Risk Influencers	
–	Quality and availability of data impacts career progression EDI research
–	Lack of effective Marketing and Communications leads to inability to promote CRL brand
+	Low brand awareness of CRL in the market place leads to lower growth and strengthens case for redelegation
+	Failure to deliver EDI action plan leads to reputational damage
+/-	Higher rights of audience approval by LSB and ability of CRL to implement in the 2024/25 academic year
+	No corporate complaints
+	Beyond Buzzwords collaborative EDI research published
+	Development of 2025-27 Strategy and publication of Corporate Plan, including media coverage

Mitigations in place	
	Increased transparency with the publication of corporate information including Board papers.
	Balance scorecard and KPI monitoring of website traffic and social media engagement
	Observer at CILEX External Relations Working Group. Watching brief on LSB/MoJ decisions. Monitor LSB impact on resourcing.
	Kysen contract extended
	Public affairs strategy
	DPMMSG survey. Regulators forum and cross regulatory working
	CRL Firms diversity data collection report published Published article on EDI research

	Impact	Likelihood	Risk Score
Inherent Risk	5	4	20
Current Risk	4	3	12
Target Risk	3	2	6

No change

Risk Appetite	
Regulatory - Minimal	Communication and Profile – Seeks

Planned Mitigations 2025		Progress
	Refresh 2022 EDI strategy and develop action plan in response to the <i>Beyond Buzzwords</i> report	Comms plan approved by the Board. Digital Engagement and Communications Executive JD reviewed to include relationship management with comms third party suppliers and CSR plan. Proactive placement of articles with legal press eg Solicitors Journal.
	Continue to review KPI metrics and maintain momentum with EDI action plan including publication of next EDI report	EDI strategy progress update provided to Sept Board
	EDI career progression research	Engaging with the Bridge Group to explore options in context of currently available data
	Liaison with CILEX to widen scope of annual member data survey to include employer information. Review resourcing in policy team.	Issue of accessibility of the data form in the MyCilex portal raised with CILEX
	Ongoing engagement with key stakeholders including MoJ	Chair and CEO met with MoJ officials.
	Develop CSR plan to improve CRL's external profile	CSR Policy statement being drafted
	Publish biennial Diversity Data report	Data collection comms issued.