

<b>Date</b>	<b>15 July 2025</b>
<b>Item</b>	<b>05.00</b>
<b>Title</b>	<b>Chief Executive's Report</b>
<b>Author</b>	<b>John Barwick, Chief Executive</b>
<b>Purpose</b>	This report updates the Board on key activities and an overview of organisational performance since the last CEO report which was presented to the Board at its April 2025 meeting.
<b>Recommendation</b>	To <b>NOTE</b> the report
<b>Timing</b>	N/A
<b>Impact assessment</b>	None
<b>Impact on Regulatory Objectives</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>The report also includes: the 2025 Regulatory Performance Assessment Action Plan, the draft of which was received at the May Board meeting, and the Section 32 directions that were recently imposed by the LSB on the SRA in relation to the SRA's handling of the collapse of Axiom Ince.</li> </ul>
<b>Implications for Resources</b>	<ul style="list-style-type: none"> <li>This report covers staffing, operations and resource implications affecting CRL since the last Board meeting.</li> <li>CRL has healthy contingency and operating reserves which comply with the LSB and CILEX Group reserves policy.</li> </ul>
<b>Impact on Consumer Empowerment</b>	This report covers some high-level meetings linked to consumer empowerment. The consumer facing projects and issues can be found in the Director of Policy and Governance report.
<b>Impact on Ongoing Competence</b>	None
<b>Publication Status</b>	For publication
<b>Appendices</b>	<b>05.01</b> Corporate Plan Deliverables Report <b>05.02</b> Strategic Risk Register <b>05.03</b> 2025 Regulatory Performance Assessment Action Plan <b>05.04</b> SRA - LSB Section 32 directions <b>05.05</b> Board KPI Data Q1 <b>05.06</b> Operations Data including the Balance Scorecard Q1

## Section 2

### Legal Services Board

1. CILEx Regulation's application to update the technical knowledge requirements of the probate specialist pathway in the education standards was approved by the LSB on 2 May 2025. The application was the result of CRL's work on responding to the LSB's Statement of Policy on ongoing competence. CRL has reviewed its nine Specialist Pathways to ensure they are fit for purpose for use in assessing knowledge, skills and competence throughout the careers of individuals authorised by CRL.
2. The CRL CEO and Director of Policy and Governance attended the Welsh Legal Regulators Forum on 4 May. The Forum is convened as a joint meeting between the legal services regulators and Welsh Government to provide an effective platform for engagement on Welsh legal sector issues. This includes collaborating to deliver better outcomes for legal consumers in Wales. The most recent meeting included an update from the Welsh Government, plans for the Individual Legal Needs Survey Wales and a presentation from the SRA on harnessing technology to improve Online Dispute Resolution.
3. On 7 May the CRL CEO attended the Fourth PERL Roundtable event. Participants shared reflections on the LSB's policy proposals on upholding professional ethical duties as well as practical solutions beyond regulation to support a step-change in workplace leadership and culture.
4. The CRL CEO and Director of Policy and Governance attended the Innovation and Technology Forum on 14 May. This Forum provides an open and collaborative space to discuss the opportunities and challenges from innovation and technology in the legal sector. The most recent Forum included a presentation by the Department of Science, Innovation and Technology on the AI Opportunities Action Plan and the Regulator AI Capability Framework and Self-Assessment Tool. The SRA presented on the authorisation of the first law firm to provide regulated legal services exclusively through artificial intelligence.
5. The CRL CEO, Director of Regulation and Director of Policy and Governance met with the LSB Relationship Manager on 20 May 2025. The meeting provided an opportunity for the LSB to update on the following activities and projects:
  - a. PERL consultation
  - b. EDI statement of policy – consultation expected in the Autumn
  - c. Internal Governance Rules (IGRs) evaluation – paper presented to the LSB's June meeting which set out the responses received from regulators on the operation of the IGRs following the information request sent to regulators last year
  - d. Confirmation that the Disciplinary and Enforcement project is paused.
6. CRL used the meeting to provide an update on the external Board Effectiveness Review and seek feedback on the draft Terms of Reference, as well as the key discussions and decisions from the April and May Board meetings. The lack of progress with the transfer of the contingency reserve and inter-company balance by CILEX was flagged as a risk which could be raised formally with the LSB at a later date.
7. On 30 June, the CRL CEO, Director of Regulation and Director of Policy and Governance met with the LSB's horizon scanning lead. The LSB was interested in CRL's approach to horizon scanning. This provided an opportunity to feedback on the recent Board discussions at the May strategy meeting.

8. The LSB announced on 1 July that the CEO, Craig Westwood, had resigned and would be leaving in the summer. Interim CEO arrangements are in place until a permanent CEO appointment is made.
9. An independent review of the Solicitors Regulation Authority's (SRA) actions before it closed law firm Axiom Ince Limited has resulted in the LSB taking enforcement action in the form of binding directions. The actions include:
  - a. Improving how the SRA identifies risks to consumers and being more proactive in responding to them. This includes risks arising from the corporate structure of law firms and from sales, mergers and acquisitions;
  - b. Strengthening the regulation of client money and ensuring firms have effective safeguards in place
  - c. Strengthening controls to protect the public interest and consumer interest where there is a concentration of ownership, compliance and management roles in one person.
10. The LSB's directions have potential implications for those legal services regulators that regulate entities. The findings of the independent review and the LSB directions will be reviewed to inform the assessment of management risks in relation to CRL regulated entities. A paper will be taken to the October 2025 Strategic Risk Committee which in turn will inform the detail of any proposed remedial actions which will be presented to the Board at its full meeting in December.

#### Regulatory Performance Assessment

11. At its meeting on 15 April 2025 the Board reviewed the LSB's Regulatory Performance Assessment report noting the positive comments, particularly in relation to the "Well-led" standard, and agreed for a draft Action Plan to be considered at the May Strategy meeting. Informed by the Board's discussion, the final version of the 2025 RPA Action Plan can be found at **Appendix 5.03**. As requested by the Board, Actions 10,11 and 12 from the version considered at the May Strategy meeting now appear as Actions 2,3 and 4.

#### CILEX

12. The CRL CEO and CILEX CEO continue to hold constructive meetings on a regular basis. fortnightly basis. At the operational level there is good cooperation and joint working to ensure the best service is provided to the regulatory community, an example of this is CRL's recent consultation of standalone litigation practice rights.
13. The most significant development has been the announcement on 12 May that CILEX has received the Privy Council's agreement to amend its Royal Charter. The new Charter enables the introduction of the CILEX Chartered Paralegal status to those who have demonstrated at least five years of validated legal work experience; a new governance structure which allows full participation and voting rights for all levels of memberships and an updated suite of CILEX Lawyer titles which includes CILEX Chartered Lawyer. The amended Charter also no longer includes the requirement for the delegated regulatory body to be a subsidiary of CILEX.
14. CRL has had preliminary discussions with CILEX regarding the potential impacts on CRL arising from the introduction of the new CILEX Membership grades.
15. As previously reported, both the SRA and CILEX Boards confirmed their intention to proceed with the proposals to redelegate regulation of Chartered Legal Executives from CRL at their respective Board meetings in June and July 2024. CRL reaffirmed its public position that it considers the proposals to be unlawful and is prepared to challenge this in the courts. CRL continues to be in correspondence with the LSB, the Law Society, SRA and CILEX on resolving the legal position.

16. The CRL CEO has been in continuing dialogue regarding the transfer of the inter-company balance to ensure the balance held in the inter-company account is no greater than £50,000. Following several weeks of delay a transfer of £130,000 was received by CRL on 24 June 2025. The inter-company balance is now at the agreed level.

### Consultations

17. CRL responded to the Legal Services Board's consultation on a proposed statement of policy in relation to upholding professional ethical duties. [CRL-PERL-consultation-response-May-2025.pdf](#)

### Staffing and Operations

18. Following a competitive search and selection process, CRL's new Director of Policy and Governance started on 6 May 2025. The appointment is on a permanent basis.
19. Following approval at the February Board meeting, an AML Officer has been appointed and took up their position on 12 May 2025.
20. The Policy Research Officer took up their position on 7 April but then resigned shortly after joining, disclosing they had been engaged in the recruitment process for another organisation when accepting the CRL position. A fresh search and selection process was initiated and a new candidate has been appointed. They are due to take up their position at the end of July.
21. The Practitioner Authorisation and Supervision (PAS) Manager left on 28 May. A new PAS Manager has been appointed and is due to take up their position in August.
22. A temporary PAS Administrator and two temporary Enforcement and Investigation Officers have been brought on to payroll with CRL contracts. This will provide a saving on agency fees as well as providing capacity and resilience to the PAS and Enforcement teams.
23. As part of the organisation's commitment to have regular in-person meeting, the latest all employee in person event was held on 12 June at Box End Park, Bedford. The meeting included:
  - a. An update from the CRL Chair
  - b. Corporate Plan and Staff survey progress report by the CEO
  - c. A session on putting CRL's values into action
  - d. CRL's wellbeing support
  - e. An Insights workshop facilitated by CILEX's Learning and Development Manager.
24. A small CRL team, joined by colleagues from Allen Lane, participated in this year's London Legal Walk held on 17 June. The walk raised 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. Although the weather was on the hotter side of fine we all completed the course from Chancery Lane to the Royal Albert Hall and back. At the time of writing £480 has been raised by CRL.

### Shared Services

25. CRL Finance team colleagues have been working with CILEX to complete the necessary testing to enable an upgrade to the SAGE finance system to be

implemented. The upgrade is due to take place in August 2025.

26. At the December 2024 All staff meeting, some colleagues shared their frustrations with how the current CRM is configured and the process inefficiencies it can cause. In response, the Director of Regulation has been exploring with the CILEX IT team the feasibility and cost of using a secure portal to facilitate the sharing of large document files relating to CRL's authorisation and supervision activities.

### External meetings















27. The CRL CEO attended a Ministry of Justice meeting to discuss the toolkit for legal practitioners in the Coroners Court on 16 April.
28. On 23 April the CRL CEO attended a Consumer Focused regulation workshop hosted by the Legal Services Consumer Panel (LSCP).
29. The CRL CEO attended a close out meeting for the 2024 audit with CRL's external auditors on 9 May.
30. The CRL CEO was invited by CILEX to be an observer of the tender presentations for the procurement of CILEX insurance broker held on 21 May. Insurance is provided as part of CRL's shared services agreement with CILEX.
31. On 4 June the CRL CEO met with the Chair of the LSCP.

## **Section 2**

### **Corporate Plan, Risk and Performance**

#### Balanced Scorecard

32. 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			

33. As approved by the Board, an updated Deliverables Progress Report (DPR) is now used to monitor the delivery of the Corporate Plan. The latest DPR can be found at **Appendix 5.01**.
34. Areas of note for April-June are highlighted below:
- a. OPBAS AML inspection completed and final report received. The report and action plan will be presented to the September 2025 Board meeting.
  - b. Updated risk appetite published.
  - c. Response to LSB PERL policy statement consultation submitted and published.
  - d. Consultation on standalone litigation rights
  - e. LSB approval of alterations to CRL's regulatory arrangements for Probate education pathway.

## Risk

### *Strategic Risk Register*

35. This can be found at **Appendix 05.03** Each of the strategic risks have been reviewed and updated in light of:
- a. developments in relation to seeking clarification of the lawfulness of CILEX's re-delegation proposals and the likely impact on timing
  - b. CRL's financial position including reserves and the delay in the transfer of the inter-company balance by CILEX
  - c. OPBAS audit and increasing AML workload
  - d. Publication of 2025-2027 strategy, 2025 Corporate Plan and improved progress reporting.
  - e. Improved staff retention and continued ability to attract high calibre employees.
  - f. Positive response to the consultation on standalone litigation rights

## Performance

### *Strategic KPI data for Q1-2 2025*

36. CRL's financial performance for the year up to the end of May 2025 showed an operational deficit, before exceptional costs, of £3,735.
37. CRL's reserves position up to 31 May 2025 was as follows:

Description	Total £	Committed £	Uncommitted £
Total Reserves Working & Contingency	£1,163,034	£532,241	£630,793

38. There has been a small decrease in overall CPD compliance for the period 1 October 2023 to 20 September 2024, 91.5% compared to 92.1% the previous year.
39. There has been an increase in the number of website and engaged sessions compared to the beginning of the year as well as a significant increase in Linked In followership.

40. The Practitioner Authorisation team has reduced the decision time for QE applications from 5-4 weeks and made significant improvements in the length of time for Practice Rights authorisation decisions – the average length of time to decision is 11 weeks compared to 37 weeks for the same quarter in 2024.
41. Regulated firms have stabilised, with 19 CRL firms and 39 ACCA firms regulated at the end of Q2 2024. One firm is expected to seek authorisation.
42. The Enforcement team has seen an increase in the number of live prior conduct declarations and misconduct complaints. With regards enforcement activity, 33 new complaints were received in December 2024 which is the highest number received in one month during 2024. The total number of live prior conduct cases is 77, which is an increase of 12 on the previous month. The age of the oldest prior conduct case has decreased from 170 weeks to 117 weeks. The age of the oldest live misconduct case has increased from 271 weeks to 313 weeks between Q1 2024 and Q1 2025. Improving the length of time it takes to progress and conclude cases remains a corporate priority, and is the focus of the new Lead Investigator Officer post as well as the additional Investigations Officers.
43. **Recommendation**
44. The Board is asked to:
  - **NOTE** the update.