

## CILEX Regulation Ltd Strategic Risks

Strategic Objective	Strategic Risks – High level	Risk description	Current Risk	Target Risk
<b>High standards</b> We will uphold standards whilst pursuing innovative models to improve access and minimise the regulatory burden.	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. This also includes the existential threat posed by the CILEX re-delegation proposals.	12	9
<b>Consumer empowerment</b> We will enhance the information available to consumers to improve accessibility to legal services.	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
<b>Equality, diversity &amp; inclusion</b> We will champion fair access for all in the legal services market	3. 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
<b>Build a resilient, healthy, capable and sustainable organisation</b>	4. The resources we require to achieve our strategy and deliver BAU activity are not in place or are not financially sustainable.	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.	9	9

### 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

+/-	2024 RPA report and action plan. Performance favourable relative to SRA and BSB.
+/-	OPBAS Audit and ability of CRL to satisfy AML expectations
-	LSB proposed workplan and potential impact on resources
+	Higher rights gone live. Increased advocacy training capacity. Approval of training providers
+	Technology/market changes lead to greater unregulated legal services market – opportunity to provide regulation to a wider area
+/-	Continued uncertainty about CILEX redelegation proposals. Changes in key personnel and positive LSB meeting
-	Technology/ market changes, lead to greater unregulated legal services market - potential lower demand for paralegals leading to fewer CILEX members
+	Standalone litigation rights

### 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
	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

September-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.		2023/2024 CPD Compliance monitoring complete 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. Standalone litigation rights consultation. OPBAS action plan
	Corporate Plan – Roundtable to examine growth of unregulated sector		Roundtable held in 2025 subject
	2025 LSB RPA action plan		LSB Axion Ince lessons learnt review. RPA Action Plan approved in May.
	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**

September 2025

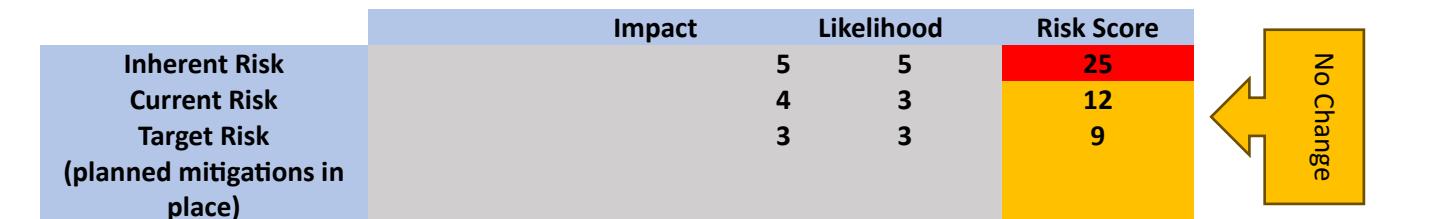
**Risk Owner**

DoPG

<b>Risk Summary</b>	
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.	

<b>Current Risk Influencers</b>	
 	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

<b>Mitigations in place</b>	
	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.



<b>Risk Appetite</b>	
Communication and Profile – Seeks Reform - Seeks	

<b>Planned Mitigations 2025</b>		<b>Progress</b>
	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	Resourcing strategy – recruitment of Policy Research Officer
	Response to SRA consultation and associated comms highlights consumer impact of CILEX proposals	SRA consultation response published. Public affairs strategy. Concerns raised with MoJ and Privy Council.
	Ongoing development of web content and comms collateral with a consumer focus.	Strategic Comms plan Stakeholder perception survey
	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.
	Digital exclusion collaborative research with BSB, CLC & ICAEW Gap analysis against LSB SoP on First tier complaints	Research launched with M-E-L research Effective Consumer Regulation self evaluation – completed May Board
	Legal Choices and development of RIS. Engagement with LSB on AI thinking.	RIS Project moving to delivery phase Additional funding agreed for evaluation.

**Strategic Risk 3** – 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**

September 2025

**Risk Owner**

CEO/DoG

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

<b>Current Risk Influencers</b>	
–	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 implementation. Standalone litigation rights.
+/-	No corporate complaints
+	Beyond Buzzwords collaborative EDI research published
+	Development of 2025-27 Strategy and publication of Corporate Plan, including media coverage

<b>Mitigations in place</b>	
	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 Consumer focussed regulation self assessment
	CRL Firms diversity data collection report published Published article on EDI research

Inherent Risk	Impact	Likelihood	Risk Score		
			5	4	20
			4	3	9
Target Risk			3	2	6

No change

<b>Risk Appetite</b>	
Regulatory - Minimal Communication and Profile – Seeks	

<b>Planned Mitigations 2025</b>		<b>Progress</b>	
	Refresh 2022 EDI strategy and develop action plan in response to the <i>Beyond Buzzwords</i> report		Draft 2025-28 EDI Strategy considered at May Board 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 Appointment of Information Analyst to enhance data insights
	EDI career progression research		Engaging with the Bridge Group to explore options in context of currently available data Stakeholder perception survey
	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		Effective consumer regulation self assessment
	Publish biennial Diversity Data report		

**Strategic Risk 4** – 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
+	Reduced staff turnover and continued ability to recruit.
-	Lack of access to reserves and inter-company balance leads to financial instability
+/-	Approval of 2026 PCF application. Lack of engagement by CILEX. 11% 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 and backlog of CRM improvements
-	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
+	CRL currently meeting CILEX Group and LSB reserves policy requirements

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. Enhanced cashflow monitoring.
	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

**Review Date**  
September 2025

**Risk Owner**  
CEO

	Impact	Likelihood	Risk Score
Inherent Risk	5	4	20
Current Risk	3	4	12
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.	AML Officer, Policy Research Officer and replacement PAS Manager recruited. Temp PAS Administrator and Investigations Officers made permanent.
	Staff survey action plan	June All staff meeting considered progress against Staff Survey action plan. Induction material and revised Staff Handbook rolled out.
	Strategic review of unregulated sector.	Roundtable in February. Chair of LSCP attended Board in February. Improved engagement and involvement at Board meetings of Committee chairs
	Request transfer of inter-company balance and inter-company reserves.	2024 PCF reconciliation Reserves in healthy position. Projected end of year surplus. Enhanced reporting of cashflow
	Review approach to 2026 PCF application in light of LSB feedback	2026 PCF consultation being prepared for presentation to July Board.
	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 to be published in November. Corporate Plan published in January. Deliverables Progress report presented to each Board meeting.