








CILEx Regulation Ltd Strategic Risks








Strategic Objective	Strategic Risks – High level	Risk description	Current Risk	Target Risk
High standards We will uphold standards whilst pursuing innovative models to improve access and minimise the regulatory burden.	1. Updated to reflect Mazur: 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
Consumer empowerment 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.	12	9
Equality, diversity & inclusion 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
Build a resilient, healthy, capable and sustainable organisation	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.	12	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 and the impact of the Mazur judgement.	
Current Risk Influencers	
–	Mazur judgement has created uncertainty and distress in the CILEX community with impact on the delivery of legal services/access to justice. Expected increase in demand for PR. CRL not seen as sufficiently responsive which may cause reputational damage. Confusion between CILEX and CRL roles. LSB review and political interest
+/-	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
+	Approval of additional training providers
+/-	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
+	Approval of standalone litigation rights

Mitigations in place	
	Publication of interim guidance on conduct of litigation and supervision. Updated with FAQs Expedited LSB approval of standalone litigation rights
	Weekly Executive team monitoring of practice application data and progress through the application process.
	Weekly Mazur coordination meeting with CILEX. Meetings with representative groups eg CSG, APIL,LGA and LAA.
	Recruitment of additional staff and external assessors to respond to increase in Practice Rights applications. Increasing ULaw capacity for the Assessment Only routes to litigation practice rights. Streamlining of processes and creation of application portal
	CILEX membership survey to forecast likely demand for practice rights
	Action plan from LSB Axiom Ince report to include learning from SSB investigation
	Mazur information hub and dedicated standalone litigation rights web page. Joint stakeholder meetings with SRA. Regular KITs with LSB and MoJ







Review Date
November 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	
	Introduction of internal and external Quality Assurance strategy. Learning from LSB review of Mazur inc: update document retention policy and staff induction Notification to insurers of potential Mazur claims		2023/2024 CPD Compliance monitoring complete
	Review of enforcement performance measurement data and KPIs		Slippage with enforcement review. Regulatory Support Lead starts in December.
	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 Enhance customer response capabilities – reset approach to call and email handling.		Standalone litigation rights approved and implemented. AML Officer appointed. OPBAS action plan
	Corporate Plan – Roundtable to examine growth of unregulated sector Continue to work with CILEX and LSB to identify impacts of Mazur		Roundtable held in February2025
	2025 LSB RPA action plan		LSB Axiom Ince lessons learnt review to include learning from SSB. RPA Action Plan approved in May.
	Publication of 2026 Corporate Plan including 2025 achievements. CILEX Journal articles and press to communicate Mazur approach		2026 Corporate Plan due to be published.

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

Risk Summary

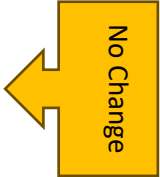
This includes the ability to respond and influence external drivers for change for example, technological developments, the unregulated/unauthorised legal services sector, consumer empowerment and the development of entities.

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	
	Monitoring of the implementation of the revised Transparency rules. Entity webinar to explain transparency requirements.
	Review of LSCP and LSB consumer research eg Legal Needs survey. Member of Law Tech UK
	Development of CRL website content
	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 Member of LSB Innovation and Technology Forum
	Cross regulatory working led by Legal Choices Governance Board
	Legal Choices and development of the Regulators Information System.

Review Date
November 2025

Risk Owner
DoPG

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

Risk Appetite	
Communication and Profile – Seeks Reform - Seeks	

Planned Mitigations2025		Progress	
	Corporate plan – unregulated market literature review and roundtable Updated rule for First Tier Complaints Handling		Literature review published in November. Roundtable in February 2025 with supporting comms FTCH rule change application submitted to LSB in Oct.
	Continued engagement with Legal Choices and LSCP		Resourcing strategy – recruitment of Policy Research Officer
	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.		Strategic Comms plan Stakeholder perception survey
	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		Digital Exclusion Research ready for publication 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. Some slippage moving to public beta testing phase

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








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
–	CRL’s systems and capacity unable to respond to significant increase in Mazur related queries resulting in reputation damage
–	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
+	Standalone litigation rights approval and implementation.
–	Increase in corporate complaints following Mazur
+	Biennial data diversity report due for publication

Mitigations in place

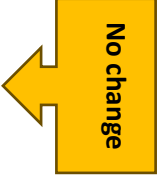
	Increased transparency with the publication of corporate information including Board papers.
	Balance scorecard and KPI monitoring of website traffic and social media engagement
	Observer at CILEX External Relations Working Group. Watching brief on LSB/MoJ decisions. Monitor LSB impact on resourcing.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

Review Date

November2025

Risk Owner

CEO/DoG








	Impact	Likelihood	Risk Score	
Inherent Risk		5	4	
Current Risk		4	3	
Target Risk		3	2	

Risk Appetite

Regulatory - Minimal
Communication and Profile – Seeks

Planned Mitigations 2025

Progress

	Refresh 2022 EDI strategy		2025-28 EDI Strategy ready for publication. 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 ready for publication following Sept Board Appointment of Information Analyst to enhance data insights
	EDI career progression research Stakeholder perception survey		Data collection questions to monitor career progression identified with the Bridge Group Stakeholder perception survey to launch in Nov/Dec
	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 and LSB. Webinars & D
	Develop CSR plan to improve CRL’s external profile		Effective consumer regulation self assessment completed in May
	Publish biennial Diversity Data report Enhance customer response capabilities – reset approach to call and email handling.		Publication on track for December Additional PAS resource recruited. Dedicated Mazur information hub and FAQs

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.
-	Additional unplanned resource pressures due to Mazur response
-	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

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

November 2025

Risk Owner

CEO

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








No change

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 Administrators and PAS Officer recruited for Mazur response Investigations Officers made permanent, temp Investigations Officer and Regulatory Support lead recruited to support enforcement improvement project.
	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.		2025 PCF reconciliation Reserves in healthy position. Projected end of year deficit due to exceptional legal costs. Enhanced reporting of cashflow.
	Review approach to 2026 PCF application in light of LSB feedback		2026 PCF application submitted.
	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		2026 Corporate Plan to be published in December. Deliverables Progress report presented to each Board