








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. | 16 | 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 |
| + | Repositioning on 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. Regular PR application progress updates |

Review Date

March 2026

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 – Measured and Seeks

Planned Mitigations 2026

Progress

| | | |
|--|--|---|
| | Introduction of internal and external Quality Assurance strategy. Learning from LSB review of Mazur Notification to insurers of potential Mazur claims Enforcement review | 2023/2024 CPD Compliance monitoring complete Awaiting outcome of LSB s55 review |
| | Review of enforcement performance measurement data and KPIs | Regulatory Support Lead in post. Scoping of enforcement review to be complete by Feb.. |
| | Strategic review of unregulated sector. Horizon scanning informed by State of Legal Services report | Horizon Scanning to be focus of May strategy day. |
| | AML compliance and entity inspections 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 February 2025 |
| | 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 published in December 2025. |

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 and First Tier Complaints Handling |
| + | Legal Choices and the development of the RIS - delay to rollout of public beta testing phase |
| + | 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 and ongoing engagement with entities to ensure compliance |
| | 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

March 2026

Risk Owner

DoPG

| | Impact | Likelihood | Risk Score |
|--|--------|------------|------------|
| Inherent Risk | 5 | 5 | 25 |
| Current Risk | 4 | 3 | 12 |
| Target Risk (planned mitigations in place) | 3 | 3 | 9 |

No Change ←

Risk Appetite

Communication and Profile – Measured/Seeks
Reform - Seeks

Planned Mitigations 2026

Progress

| | | |
|--|---|---|
| | 2026 Corporate plan Updated rules for First Tier Complaints Handling | FTCH rule change application approved by LSB |
| | Continued engagement with Legal Choices and LSCP | Legal Choices evaluation |
| | Engagement with LSCP and Legal Needs survey | Participation in LSCP Consumer Focused Regulation Workshop |
| | 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 | Digital Exclusion Research published in Dec 2025 Effective Consumer Regulation self evaluation – completed May Board |
| | Legal Choices and development of RIS. Engagement with LSB on AI thinking. | RIS Project moving to public beta in May. |

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
March 2026

Risk Owner
CEO/DoG

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

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

No change ←

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 |

Risk Appetite
Regulatory - Minimal
Communication and Profile – Measured/Seeks

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 |

| Planned Mitigations 2026 | | Progress | |
|--------------------------|--|----------|--|
| | Refresh 2022 EDI strategy | | 2025-28 EDI Strategy published. 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 published Appointment of Information Analyst – review of CRL's as is and to be data requirements 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 | | CEO met with MoJ and LSB. Stakeholder perception survey actions |
| | 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 of diversity report 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.

Review Date

March 2026

Risk Owner

CEO

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

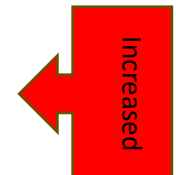
| | |
|-----|---|
| -/+ | SQE impacts future Fellow numbers and leads to reduced PCF income to CRL |
| + | Reduced staff turnover and continued ability to recruit. |
| -/+ | Additional unplanned resource pressures due to Mazur response and increase to non-PCF income |
| - | Lack of access to reserves and inter-company balance leads to financial instability |
| - | LSB 2026 PCF decision, liquidity of reserves and impact of approved regulator’s financial position |
| +/- | 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 |

Impact Likelihood Risk Score

| | | | |
|----------------------|---|---|----|
| Inherent Risk | 5 | 4 | 20 |
| Current Risk | 4 | 4 | 16 |
| Target Risk | 3 | 3 | 9 |



Risk Appetite

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

Planned Mitigations 2026

Progress

| | | |
|--|---|--|
| | Resource plan and pay and grading review. | 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. |
| | Provision of quarterly financial information inc 3 year forecast to LSB | Staff Survey action plan. Induction material and revised Staff Handbook rolled out. Q1 financial return provided to LSB |
| | 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 |
| | Contingency planning to protect contingent reserves held by CILEX Transfer of inter-company balance and inter-company reserves. | 2025 PCF reconciliation. Enhanced reporting of cashflow. Legal advice requested |
| | Review approach to 2026 PCF application in light of LSB feedback Explore options to further reinforce CRL financial independence | Legal advice requested. |
| | 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 published in December. Deliverables Progress report presented to each Board |