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 and latest position on redelegation:** Our regulatory performance does not meet the expectations of our stakeholders. 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		**Remedial**
	Monitoring		**Horizon scanning**
	Detective		**Best practice development**
	Communication		

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

Review Date
September 2026

Risk Owner
CEO

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.

	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

Current Risk Influencers

+	Mazur CoA appeal provided clarity. CRL responded to challenge of demand of PR with 1100 approved. Positive comment by LSB CEO.
+/–	2024 RPA report and action plan. Performance favourable relative to SRA and BSB. Awaiting 2026 RPA process
+/–	OPBAS Audit and ability of CRL to satisfy AML expectations. Supervision transition to FCA
–	LSB proposed workplan and potential impact on resources
–	Stakeholder perception research
+	SRA and CILEX public statements on redelegation means this is no longer an imminent threat to CRL and allows for longer term planning.
–	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 at 1100+

Risk Appetite

Regulatory - Minimal
Communications and Profile – Measured and Seeks

Mitigations in place

Publication of guidance on conduct of litigation and supervision. Updated with FAQs following CILEX webinar
Weekly Executive team monitoring of practice application data and progress through the application process. Improved data capture and presentation
Meetings with representative groups eg CSG, APIL,LGA and LAA. Extension of portfolio exemptions until September 2026.
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
Collaboration with SRA and CILEX on supervision guidance. Supporting Comms around 1000 PR approval. July Webinar.

Planned Mitigations 2026	Progress
Introduction of internal and external Quality Assurance strategy. Learning from LSB review of Mazur Mazur Lessons Learnt exercise	2025/2026 CPD Compliance monitoring complete Awaiting outcome of LSB s55 review Mazur Lessons Learnt fieldwork complete Joint CILEX/CRL work programme focused on: Improving regulations, Finance and Service delivery
Review of enforcement performance measurement data and KPIs	Enforcement rules consultation for approval at July Board. Information Analyst developing data dashboard.
Strategic review of unregulated sector. Horizon scanning informed by State of Legal Services report	May strategy day confirmed priorities. LSB CEO Forum has renewed focus on horizon scanning and risk identification
AML compliance and entity inspections Enhance customer response capabilities – reset approach to call and email handling.	Additional resource to improve customer responsiveness included in 2027 budget. Additional short-term resource for PAS. OPBAS action plan
Collaboration with CILEX to improve regulatory arrangements.	Joint working group established including ToR and Comms MoU
2025 LSB RPA action plan	LSB Axion Ince lessons learnt review to include learning from SSB. RPA Action Plan approved in May.
Publication of 2026 Corporate Plan CILEX Journal articles and press to communicate Mazur approach	2026 Corporate Plan published in December 2025. Chair LSG article Dedicated Comms highlighting the 1000 PR approval.

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 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 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.

Risk Appetite

Communication and Profile – Measured/Seeks
Reform - Seeks

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 – moved to 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
+/–	Diminished uncertainty regarding redelegation. Discussions with insurers on possible Comp Fund arrangements. Increase in prospective entities seeking authorisation.
–	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 linked to the outcomes of the Stakeholder Perception Research
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 LSCP 2026 Tracker survey
Cross regulatory working led by Legal Choices Governance Board
Legal Choices and development of the Regulators Information System.

Planned Mitigations 2026

Planned Mitigations 2026	Progress
2026 Corporate plan Updated rules for First Tier Complaints Handling	FTCH rule change application approved by LSB and implemented Mazur lessons learnt review
Continued engagement with Legal Choices and LSCP	Legal Choices evaluation Data transformation project is improving data capture and operational reporting.
Engagement with LSCP and Legal Needs survey	Participation in LSCP Consumer Focused Regulation Workshop Engagement with LSCP 2026 Tracker survey
Ongoing development of web content and comms collateral with a consumer focus.	Stakeholder perception survey actions
Attend AI and Tech webinars to understand impact and opportunities relating to Law Tech	Ongoing CRL attendance at SRA and LSB conferences. Development of AI guidance included in workplan
Digital exclusion collaborative research with BSB, CLC & ICAEW	Digital Exclusion Research published in Dec 2025 Effective Consumer Regulation self evaluation – completed in 2025
Legal Choices and development of RIS. Engagement with LSB on AI thinking.	RIS Project moved to public beta.

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 2026

Risk Owner
CEO/DoG

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

No change

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. Improved understanding of CRL's data and development of dashboards by the Information Analyst
–	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. Supervision guidance and amended FAQs published
–	Increase in corporate complaints following Mazur
+/-	Stakeholder Perception research

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. Data transformation project is improving data capture and performance reporting
Observer at CILEX External Relations Working Group. Watching brief on LSB/MoJ decisions. Monitor LSB impact on resourcing.
Bell Yard Kysen contract extended
LSB CEO Forum has a renewed horizon scanning and risk sharing brief
Regulators forum and cross regulatory working Consumer focussed regulation self assessment Legal Market reports
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 Data transformation project - improved tracking and automation of QE and WBL applications. To be rolled out to Practice Rights. Similar exercise for enforcement in progress.
EDI career progression research Stakeholder perception survey	Data collection questions to monitor career progression in place Stakeholder perception survey action plan.
Liaison with CILEX to widen scope of annual member data survey to include employer information. Review resourcing in policy team.	CILEX/CRL joint project
Ongoing engagement with key stakeholders.	CEO met with MoJ and LSB. Stakeholder perception survey and Mazur Lessons learnt actions Attendance at CILEX strategy launch.
Develop CSR plan to improve CRL's external profile	London Legal Walk promoted on social media channels and in newsletter
Publish biennial Diversity Data report Enhance customer response capabilities – reset approach to call and email handling. Stakeholder perception survey and Mazur Lessons Learnt	Publication of diversity report Dedicated Mazur comms and Chair LSG article July Webinar

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
September 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.

	Impact	Likelihood	Risk Score
Inherent Risk	5	4	20
Current Risk	4	4	16
Target Risk	3	3	9

No CHange

Current Risk Influencers

+	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
+/-	Successful approval of 2027 PCF application and compliance against LSB PCF Decision Notice.
+/–	Limited funding restricts CRL's ability to regulate effectively. Response to 2027 budget and PCF proposals
–	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

Risk Appetite

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

Mitigations in place

Conversion of FTC to Perms contracts. Updated staff handbook and process documentation. Clarification from CILEX on the treatment of reserves in CILEX accounts and the transfer of the outstanding £700k including staged payment
Balance scorecard. Monthly management accounts and reserves position regularly reviewed by Executive and Board.
Research into unmet legal need and unregulated markets. Enhanced cashflow monitoring. Agreed objective to increase number of regulated entities
New panel members and Clerks recruited.
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. Established an Operational Management Group of function leads to oversee operational performance and development

Planned Mitigations 2026	Progress
Resource plan and pay and grading review.	Budget and resourcing plan for 2027 includes information governance and customer experience resource. Temporary additional Enforcement resource included in 2027 headcount. High turnover in Enforcement Admin role mitigated with introduction of apprenticeship option.
Provision of quarterly financial information inc 3 year forecast to LSB	Q1 & Q2 financial return provided to LSB Three-year forecast
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 SRC review of Comp Fund in progress
Contingency planning to protect contingent reserves.	Enhanced reporting of cashflow. Legal advice to clarify treatment of contingent reserves.
Review approach to 2026 PCF application in light of LSB feedback Explore options to further reinforce CRL financial independence	Legal advice requested and letter to CILEX seeking assurances regard. Staged reserve payments 2027 PCF consultation in progress.
Explore investment options for reserves and cash balance that maintain liquidity.	Options for higher Interest yielding accounts being explored.
Publication of Corporate Plan and cost transparency statement	2026 Corporate Plan published in December. Deliverables Progress report presented to each Board meeting.