

**MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF CILEx REGULATION LIMITED  
HELD ON 18 July 2017**

**Present:**

Sam Younger (Chair), Ian Chivers, Luisa Fulci, Harvey Sandercock

**In attendance (CILEx):**

Millicent Grant, President, CILEx  
Phil Sherwood, Vice-President, CILEx  
Karl Cerski, Director of Group Finance, CILEx  
Linda Ford, Chief Executive Officer, CILEx

**In attendance:**

Jill Durham, Director of Policy and Enforcement, CILEx Regulation  
Danielle Ingle, Practitioner Authorisation & Supervision Assistant, CILEx  
Regulation (observing)  
David Pope, Entity Authorisation and Client Protection Manager, CILEx  
Regulation  
Victoria Purtill, Director of Authorisation and Supervision, CILEx Regulation  
Beccy Ryder, Personal Assistant, CILEx Regulation  
Helen Whiteman, Chief Executive Officer, CILEx Regulation

**Apologies:**

David Gilbertson

**1 Minutes of previous meetings**

The Board considered minutes presented for approval.

**DECISION:**

- To approve the following:
  - minutes of the Board meeting on 26 April 2017;
  - confidential minutes of the Board meeting on 26 April 2017;
  - minutes of the Board telecon on 8 June 2017 (confidential).

**2 Chairman's Update**

The Chairman gave an overview of his work since the previous Board meeting (minuted confidentially).

### **3 Board Governance: Next Steps**

#### Risk Management

The Board considered proposed changes to the Risk Management Strategy and agreed the new Strategy, subject to small wording changes.

#### Risk Register

The Board considered an updated and reformatted risk register and agreed these on the understanding that the executive would continue to monitor risk and update the register as a whole, reporting key risks to the Board. It was acknowledged that risk identification could usefully form a key element of the Board's next strategy day.

The Board agreed to review the arrangements for sharing the risk register with CILEx following their next review of the key risks.

#### Costs Transparency

The Board reviewed a draft statement of regulatory costs for 2016 for web publication. This was based on data reported at a previous meeting.

The Board requested the following changes:

- use of more consumer-focused language, including a clearer definition of '*authorised person*' for a lay reader;
- adding an explanation of how savings were achieved in 2016;
- replacing '*retained*' with '*received*' at section 5 and explaining how the regulator's share of the PCF had increased;
- adding that no extra days were claimed in 2016 at section 8.

The Board agreed that revisions be signed off under Chair's delegated authority.

#### Board Governance Transparency

The Board agreed to publish the register of Board member interests and records of attendance at main meetings in the interests of further transparency.

#### Protocols with CILEx

The office reported discussion with CILEx as a precursor to updating the protocols between the two organisations having regard to the new Group governance structure. The office had agreed to develop proposals on new service level agreements for discussion with CILEx.

#### **DECISION:**

- To approve the Risk Management Strategy.

- To approve the 2016 annual regulatory costs transparency statement, subject to small changes.
- To approve publication of the register of Board members' interests and records of attendance at main Board meetings.

#### **4 Education Standards Review**

The Board considered an update by Director of Authorisation and Supervision Vicky Purtill on review of education standards. The Board's discussion is minuted confidentially.

#### **5 CILEx Update**

The Board received an update from newly inaugurated CILEx President, Millicent Grant. The President's focus would be on progression in the profession. Her objectives included coaching members to achieve career goals, helping them obtain experience in their study area and supporting members in applying for judicial appointment.

Articles providing advice in these areas and useful tools would be added to the MyCareer member platform on the CILEx website. CILEx's aim was to provide broader support to members as well as establishing better relationships with firms.

The Chairman commended the CILEx President's inaugural speech and expressed the hope that messages on diversity within the profession would go out to the widest possible range of external audiences.

#### **6 CILEx Business Development**

The Board considered a report by CILEx Director of Development Vicki Hurdley, setting out the position on sales and marketing activity for practice rights, entity and ABS. The Board's discussion is minuted confidentially.

#### **7 Finance**

The Board considered the following:

- Group finance update Q2;
- Group services delivery update;
- practice/other fees 2018;
- Management Accounts to June 2017.

Discussion is minuted confidentially.

#### **DECISION:**

- To note the Group Finance position.
- To receive Management Accounts to June 2017.
- To note the position in relation to Group finance service delivery and revised timetables for work streams, and to consider the impact of these in relation to delivery under the service level agreement.

- To agree 2018 Board dates having regard to the financial cycle.
- To note discussions about the staging of next year's budget process.
- To note the current position on VAT and how this might develop.

## **8 ABS Licensing**

ABS Working Group Report: At its recent meeting the Group had agreed that ABS regulation be marketed from the point of application for the designation. A targeted approach to various groups was favoured over a blanket approach. Vicky Purtil confirmed that a press release would be issued when the application was lodged with the LSB.

Designation Application: Further LSB feedback was expected on the draft by end July 2017. CILEx Council had approved the application at its meeting on 13 July 2017. The Board approved the application for submission to the LSB, subject to any minor changes following feedback from the LSB.

### **DECISION:**

- To approve the application for ABS designation for submission to the LSB.

## **9 Rule Changes: Compensation Arrangements**

Vicky Purtil updated the Board on proposed changes to the compensation arrangements. The application had been shared with the LSB for informal feedback. This had been largely positive with minor technical issues to be clarified.

Having regard to consultation outcomes CILEx Regulation had decided not to pursue the proposal to reserve the right to pay an unpaid PII run-off premium in the event of failure of the entity to pay the premium. The minimum terms and conditions had been amended accordingly.

The guidance has been amended following the consultation. A separate consumer facing version would be developed. An offer by Board member Luisa Fulci to review this from a lay reader angle was gratefully accepted.

The Board expressed their appreciation to David Pope, Jill Durham, Vicky Purtil and Andrew Donovan for their work on the changes.

CILEx Council had approved the application at its meeting on 13 July 2017. The Board approved the application for submission to the LSB.

### **DECISION:**

- To approve the application to change the compensation arrangements, for submission to the LSB.

## **10 Rule Changes: PII Rules**

Vicky Purtill updated the Board on a proposal to amend the Professional Indemnity Insurance (PII) Rules and to amend the Minimum Wording for insurance provided by Qualifying Insurers.

The intention was to apply for LSB approval as part of the ABS application. A decision on PII Rules was expected first.

The Board discussed the recent SRA consultation on waiving run-off cover on switching regulator. Subject to LSB approval, the requirement for run-off cover when switching regulator would be lifted on 1 October 2017. The outcome was welcomed by the Board, acknowledging that wider consumer issues remained.

### **DECISION:**

- To approve the application to amend the PII rules and minimum wording for submission to the LSB.

## **11 Rule Changes: CPD Regulations**

Vicky Purtill updated the Board on proposed amendments to CPD Regulations for 2017/2018 CPD year. The changes sought to:

- remove reference to transitional arrangements;
- clarify scope and distinguish the Regulations from guidance in the CPD Handbook.

Handbook content removed from the regulatory arrangements would be updated. The Board suggested adding an explanation of 'outcomes-focussed' to the Handbook. CILEx agreed to offer support to members by demonstrating exemplars of CPD evidence.

The consultation was scheduled to close on 18 August. The Board approved the rule change subject to any amendments arising from consultation responses being signed off under Chair's delegated authority.

### **DECISION:**

- To approve changes to the CPD Regulations and Handbook.
- To approve the application to the LSB for rule change, once the consultation closed.

## **12 Rule Changes: Associate Prosecutor Rules**

Vicky Purtill updated the Board on a request from the Crown Prosecution Service for amendments to the Associate Prosecutor advocacy course and rules to remove the following from the Level 1 qualification:

- reference to the course length;

- reference to Road Traffic prosecutions, exceptional hardship arguments and questioning for the advocacy course.

The executive had consulted with an external assessor who gave in principle support for the changes, subject to clarification that (1) road traffic offences were included in e-learning materials and (2) what matters would be assessed in place of mitigating circumstances currently assessed using road traffic law.

The consultation had closed on 17 July with no responses.

**DECISION:**

- To approve amendments to the Associate Prosecutor Rules.

### **13 CMA Market Study Recommendations**

Director of Policy and Enforcement, Jill Durham updated the Board on progress in response to the CMA recommendations. The action plan had been submitted to the LSB on 30 June. A consultation on implementing transparency requirements would be developed for launch by 30 September.

The SRA had circulated business case for additional investment in promoting the Legal Choices website and extending its reach.

CILEx Regulation had invited CILEx to work with them in developing a communication and member engagement plan.

**DECISION:**

- To note the final action plan.

### **14 CEO Report**

CEO, Helen Whiteman updated the Board on key work streams and stakeholder engagement.

LSB: The office had had an informal telecon with Caroline Wallace and Bryony Sheldon regarding the LSB Internal Governance Rules. A consultation would be issued in early autumn.

MoJ: Helen Whiteman and Vicky Purtill had met with Stephen Jarman, Head of Legal Service Policy and Stakeholder Relations at the MoJ. A '*Legal Services are Great*' campaign was due for launch.

Equality and Diversity: This year's all member diversity survey had closed on 20 June with an encouraging 4,917 responses. The headlines had been shared with CILEx ahead of more detailed analysis to inform a report on the survey outcomes.

Communications: Sarah Bailey had joined CILEx Regulation as Digital Engagement and Communications Coordinator. Helen Whiteman thanked Board members for their feedback following the launch of [Regulation Matters](#)

in June. Positive responses had been received from stakeholders and members. CILEx Regulation had been approached by stakeholders asking to be featured. Citizens Advice had recently been filmed for a future edition.

Enforcement: Recent training for all panels had provided an opportunity for panel members to reflect on their practice.

## **15 Q2 Performance (April to June)**

2017 Business Plan: The Board endorsed a proposed reporting format for progress on activities to deliver the business plan. The Board agreed to publish Business Plan updates including RAG (Red/Amber/Green) ratings and asked the executive to ensure that updates were expressed in consumer friendly language.

Diversity Action Plan: The Diversity Action Plan, presented in an LSB supplied template, demonstrated how CILEx Regulation would meet the LSB's revised Diversity Guidance on how to meet the regulatory objective of encouraging a strong and diverse legal profession. The Board agreed the final version for sharing with the LSB.

2017-2020 Board Strategy: The development of the business plan had been completed having regard to the strategic priorities. The office had revisited the consumer strategic objective and on reflection took the view that introducing more meaningful consumer impact assessments would add more value than appointing staff consumer champions. The Board agreed this amendment to the strategic objectives.

Q2 Operational Performance: The Board noted operational performance in Q2 (April to June) and emerging trends. Year on year comparisons would be reported once data in this format developed over time. The Board agreed to review its approach to the publication of performance data in January 2018.

LSB Regulatory Standards Assessment 2018 onwards: The LSB had proposed new style regulatory standards assessment, including ongoing performance reporting. The format for reporting to the LSB was similar to Board reporting. CILEx Regulation would respond to the consultation.

### **DECISION:**

- To endorse the proposed format for Business Plan progress reporting and to publish this.
- To update bullet three of the Board's consumer strategic priority as referred to above.
- To note progress in Q2 against Business Plan objectives.
- To review the Board's approach to publication of operational performance data in January 2018.
- To approve the Diversity Action Plan for sharing with LSB.
- To note the position in relation to other associated delivery plans.

**16 Forward List**

The Board noted the forward list.

**SAM YOUNGER  
CHAIRMAN**