

**MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF CILEx REGULATION LIMITED
HELD ON 21 February 2018**

Present:

Sam Younger (Chair), Luisa Fulci, David Gilbertson, Harvey Sandercock

Apologies:

Ian Chivers

In attendance (CILEx Regulation):

Andrew Donovan, Consultant
Jill Durham, Director of Policy and Enforcement
Clare Harper Smith, Research and Performance Analyst (observing - part only)
David Pope, Entity Authorisation and Client Protection Manager (part only)
Victoria Purtill, Director of Authorisation and Supervision
Beccy Snape, Personal Assistant
Natalie Sweeney, Practitioner, Authorisation and Supervision Manager (observing - part only)
Helen Whiteman, Chief Executive Officer

In attendance (CILEx):

Karl Cerski, Director of Group Services and Chief Financial Officer (minute 2)
Michelle Drury, Management Accountant (minute 2)

1 Minutes of previous meetings

The Board considered minutes presented for approval.

DECISION:

To approve the following:

- minutes of the Board meeting on 8 November 2017;
- confidential minutes of the Board meeting on 8 November 2017;
- confidential minutes of a Board telecon on 14 December 2017;
- confidential minutes of a Board meeting on 24 January 2018.

2 Finance

The Board considered the following:

- 2019 PCF budget;
- 2017 unit costs;
- December 2017 Management Accounts;
- January 2018 Management Accounts;
- Proposed revisions to financial authorisation levels to reflect personnel changes;
- an update on a Group project to implement a new, customer relationships management (CRM) system.

Discussion is minuted confidentially.

DECISIONS:

- To approve the draft 2019 budget;
- To approve the draft 2019 budget for practising certificate fee (PCF) purposes including net cost of entity regulation and Compensation Fund activities;
- To approve in principle options for consultation on practising fees;
- To note unit costs for key processes in 2017;
- To note Management Accounts to January 2018;
- To approve revised financial authorisation levels;
- To note progress of the Group CRM procurement.

3 Q4 2017 Operational Performance

Director of Policy and Enforcement, Jill Durham and Director of Authorisation and Supervision, Vicky Purtill reported progress against business plan activities and operational performance against targets in the period October to December 2017, including updates on associated work plans.

Activities to deliver the Board's strategic consumer objectives: The Board considered a range of new high-level business objectives, designed to develop and further embed the focus on the Board's consumer strategic objectives. These were proposed for preliminary views and as a basis for development of a detailed activity plan for discussion at the July 2018 strategy planning day, and then for adoption as activities to deliver the Board's strategic objectives, last reviewed on 8 November 2017.

The Board asked that the proposals be streamlined to fewer achievable objectives bearing in mind that most available capacity would be absorbed in meeting consumer-facing CMA objectives across 2018.

The Board agreed it would be valuable, in advance of the strategy day in July, to identify gaps where specific activity would add more value. This could be, for example, links with consumer bodies, or further development of the consumer panel.

Business Plan: Performance to deliver business objectives was reviewed and noted.

Education Standards: The review of education standards was on track to be delivered in accordance with agreed timelines.

Eligibility of regulated firms to act for mortgage lenders (membership of Lender Panels): Discussions had been held at officer level with the CMA about potential anti-competition issues in relation to restrictions on eligibility of regulated firms for membership of lender panels. The CMA had agreed to refer the matter to the Ministry of Housing, Communities and Local Government in relation to potential for impact on the housing market. The entity team would continue discussions with individual lenders and the Land Registry.

Performance against targets: The Board congratulated the team on achieving CPD targets. Board members requested a report in the next quarterly review on practice rights and advocacy courses.

Staff Training: Training requirements for staff would be discussed at the next managers' meeting to determine any common requirements identified in staff appraisals. Staff would undertake training on the new CRM system in 2018. The Board asked for additional context to the statistics on days spent on staff training. It was agreed that future reports would give an overview including details of sponsorship of staff studying for qualifications.

Contractors: The Board reviewed the number of contractors within the current governance arrangements and noted that these included the Admissions and Licensing Committee (ALC), external assessors, Strategic Risk Committee (SRC), Professional Conduct Panel (PCP), Disciplinary Tribunal (DT) and Appeals Panel and the independent Clerks to the PCP, DT and Appeals Panel. The Board also noted that Group service HR support did not extend to management of contracts for these non staff posts, which was done in-house by the CILEx Regulation teams. The Board agreed to keep this area under review, although discussion about combining functions across regulators, or development of combined lay member lists had not progressed.

Diversity action plan: An infographic set out headline findings and would be published with the 2017 report¹.

DECISIONS:

- To note progress in Q4 against Business Plan objectives;
- To ask the office to further revisit the approach to development of expanded consumer business objectives;
- To note progress against associated delivery plans (Diversity Action Plan, Entity/ABS Plan, CMA Action Plan);
- To note operational performance in Q4.

4 Interim Marketing Update

Vicky Purtill presented a report on planning for direct marketing of CILEx Regulation products and services in 2018, and an update on progress and access to marketing budget for 2018. The Board's discussion is minuted confidentially.

¹ <https://www.cilexregulation.org.uk/about-us/equality-and-diversity>

DECISION:

- To endorse the progress on direct marketing of CILEx Regulation products and services.

5 Competition and Markets Authority Recommendations: Consultation Outcomes

CEO Helen Whiteman, and Entity Authorisation and Client Protection Manager David Pope, presented a report on the outcome of a consultation on proposals to introduce new regulatory arrangements to meet the recommendations of the CMA about transparency on price and service by regulated firms. The Board's discussion is minuted confidentially.

DECISION:

- To develop high level Rules for price transparency with supporting guidance on possible templates with some key information (guidance not to be a regulatory arrangement);
- Initially to roll out price and service transparency Rules to residential conveyancing and probate;
- To require the following in transparency Rules:
 - provision of service information;
 - that regulated firms display PII and compensation arrangements information on their website or at their premises if no website is available;
 - that information about the complaints procedure and LeO is displayed on a firm's website or at their premises if no website is available.
- To include in digital smart badges, website and verification of regulation by CILEx Regulation plus confirmation that PII and compensation arrangements are available.

6 2017 CILEx Education Directorate Annual Report

The Board considered the Education Directorate Annual Report 2017 submitted by CILEx for formal approval. The Board's discussion is minuted confidentially.

DECISION:

- To approve the 2017 CILEx Education Standards Report on the basis of the assurances given in the report by CILEx.

7 Q4 Risk Review

The Board reviewed a risk update. The Board's discussion is minuted confidentially.

DECISION:

- To agree mitigating action in relation to key risks.

8 Compensation Scheme: Implementation of Changes

The Board considered an update by Vicky Purtill on the progress made in implementing recent changes to the CILEx Compensation scheme (now the CILEx Regulation Compensation Arrangements). The Board's discussion is minuted confidentially.

DECISIONS:

- To note progress towards implementation of the changes to the CILEx Compensation Scheme;
- To approve amended delegations for decisions to make grants;
- To endorse proposals to stand down a loan facility between CILEx and CILEx Compensation Fund Ltd (enabling a decision to stand down to be made by CILEx Compensation Fund trustees);
- To note the ongoing discussions on options to manage the Compensation Arrangements Fund ahead of a proposal to the Board's 2 May 2018 meeting.

9 Complaints and Compliments in 2017

The Board considered a report by Jill Durham on customer service complaints and compliments in 2017. The report was based on a partial year's information since the introduction of a new operational policy for service complaints mid year. The focus of the report was on learning as an opportunity for improvement. The Board noted that there had been only nine customer service complaints during the period reported, and that the overall picture was balanced by a range of compliments to staff about service levels and customer care.

DECISION:

- To receive the inaugural annual report on complaints and compliments.

10 Board Self-Evaluation 2017 and Annual Review of Standing Orders

The Board agreed to review its self-evaluation and Standing Orders at its teleconference in April 2018. The Chair would provide a brief note in advance to Board members.

DECISION:

- To defer consideration of the Board's self-evaluation for 2017 to a future meeting.

11 Board Forward Plan 2018

The Board considered its Forward Plan of items of business and 2018 meeting dates, noting the amended date of its meeting in September which would now take place on 20 September 2018 (rescheduled from 19 September).

DECISION:

- To agree the Forward Plan and remaining 2018 Board meeting dates.

12 CEO Report

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

MoJ: The Chair and Helen Whiteman were scheduled to meet with the Lord Chancellor, David Gauke MP, together with the President and CEO of CILEx Professional Association.

BEIS: Regulators' Pioneer Fund - CILEx Regulation would be notified when the bidding opened. There would be potential to bid as a regulator of small businesses in the public interest.

SRA: A new MoU and Protocol between CILEx Regulation and the SRA governing arrangements when a firm switches regulator was with the Chair for sign off. This would enable CILEx Regulation to accept applications from firms wishing to move from the SRA to CILEx Regulation for entity regulation. The Board agreed Chair to sign off under delegated authority.

CILEx: Revisions to the IGR Protocols between CILEx and CILEx Regulation, last reviewed in 2015, were under discussion following changes to the governance structure at CILEx.

Operations: Board members were invited to join CILEx Regulation staff at the London Legal Walk on 21 May and the Pride parade in London on Saturday 7 July 2018.

DECISION:

- To receive the CEO's report.

**SAM YOUNGER
CHAIRMAN**