

REPORT TO: CILEx REGULATION BOARD
FOR: DECISION/DISCUSSION
DATE: 19 SEPTEMBER 2018
REPORT TITLE: OPERATIONAL PERFORMANCE REPORT
SUBMITTED BY: Vicky Purtil, Director of Authorisation and Supervision
and Helen Whiteman, CEO

PURPOSE OF REPORT:

1 To report against Business Plan targets.

KEY ISSUES FOR CONSIDERATION:

2018 Business Plan

- 2 **Appendix 1** shows an overview of progress on work streams to deliver the Board's strategic objectives. The strategy has been updated and will be republished following review at this Board meeting (the revised document appears at **Appendix 2**). The Business Plan has been amended to reflect the new strategic priorities discussed at the July strategy meeting.
- 3 As indicated by the RAG ratings, workstreams are progressing as planned either wholly or in part, other than:
- redevelopment of Protocols to fit the new CILEx Group governance structure.
 - CRM progress which has increased from green to amber, this will be covered separately in the following item on the Board agenda.
 - entity/practice rights growth which has increased from green to amber to reflect the lack of progress in relation to branding across the Group and lower than expected entity applications.
 - succession planning has been added to the Business plan and is currently rated at amber.

New Group governance structure

- 4 The redevelopment of the Protocols between CILEx and CILEx Regulation forms part of the workplan to address anticipated changes in the operating environment as a consequence of the review of the CILEx Group governance structure. Work continues to be on hold in this area, pending the outcome of the on-going work to amend the CILEx Byelaws. CILEx Regulation continues to engage in this area. Any new Protocols will also need to reflect the LSB's new Internal Governance Rules (IGR) for which a consultation will be published in November/December.

Group Services purchasing

- 5 The work to form CILEx Group Services Limited is progressing. There have been several new appointments to Group Services and the impact on the contribution from CILEx Regulation to Group recharges has been queried with Finance to identify whether these staffing changes will impact on the 2019 budget, an oral update will be provided.

Barriers to entity growth

- 6 Work continues to address the barriers to entity growth. A review of marketing actions has been undertaken and this appears separately in the papers.
- 7 The ancillary insurance solution has been provided to relevant entities and we are aware that one entity is exploring this with one of the identified brokers.
- 8 The lender panel issue remains live and this is reflected in the risk rating. We continue to discuss the issues with relevant parties. In the longer term, this issue may be resolved through the use of emerging technologies.

Succession Planning

- 9 As requested by the Board at its last meeting, succession planning has been added into the business plan. This will be drafted during Q3 and presented to the Board by the end of the year. The paper is attached at **Appendix 3**.

Meeting the regulatory objective in relation to diversity

- 10 The LSB will assess us formally in September 2018. We have identified a number of areas of work, as per the Business Plan, and engaged the services of a specialist diversity consultant to assist us with their delivery. This includes ensuring we meet the requirements of the LSB.

Entity/ABS Delivery Plan update

- 11 The ABS Working Group, at its June meeting, requested a refreshed action plan following the LSB's recommendation to the Lord Chancellor that CILEx be designated as a Licensing Authority. This work is progressing and a revised action plan will be developed following review of the marketing paper considered separately.

Meeting the regulatory objective in relation to the consumer

- 12 We are engaged in a number of cross-regulator projects in relation to meeting this objective. The progress in relation to meeting the CMA requirements is reported separately.

New website

- 13 The development of the new corporate website is continuing and the launch is expected at the start of the new year.

GDPR

- 14 An oral update will be provided.

RECOMMENDATION:

That the Board:

- consider progress in Q2 against Business Plan objectives.

APPENDICES:

Appendix 1: Business Plan

Appendix 2: Draft revised strategy document

Appendix 3: Succession planning paper