

**REPORT TO:** CILEx REGULATION BOARD

**FOR:** DECISION

**DATE:** 15 JULY 2020

**REPORT TITLE:** ITEM 10 GOVERNANCE MATTERS

**SUBMITTED BY:** Vicky Purtill, Director of Authorisation and Supervision  
Stuart Dalton, Director of Policy, Governance and Enforcement

**PURPOSE OF REPORT:**

This paper covers the following different governance matters that need Board decisions:

- Adjudicator contract extension
- New Board members as Trustees of Compensation Fund
- Board recruitment – Appointments Committee membership and delegations
- Board forward plan

**KEY ISSUES FOR CONSIDERATION:**

**Adjudicator contract extension**

The Board is asked to agree to a 12 month' extension to the Adjudicator contracts owing to the Covid19 situation.

Following their resignations as Directors of the CILEx Compensation Fund (Reg Co No 9372204) in September 2016, the individuals were then appointed as Adjudicators for the purpose of making decisions for assessing claims under the scheme of delegation from the CILEx Compensation Arrangements. They also took on the role of providing an independent assessment of any recommendation by the office to intervene in a firm.

Whilst under their previous role as directors they were appointed for a period of up to five years + a further five years, the new Adjudicator terms and conditions set out their appointment to be for two years + a further two years.

This comes to an end in September 2020 and under the current circumstances we are seeking to exceptionally extend their final term to September 2021 to allow time to arrange the appointment of new adjudicators in 2021.

If the Board agrees to this extension, permission from the LSB will be sought under their temporary provisions for rule change.

## **New Board members as Trustees of Compensation Fund**

The Board is asked to confirm new Board members Alice Belcher and Nick Hanning as Trustees of the Compensation Fund.

## **Board recruitment – Appointments Committee membership**

The Standing Orders state, “For any [Board] appointment, the Board will nominate a panel and delegate responsibility to it.” This reflects the old protocols agreed with CILEx requiring an Appointments Committee.

Following informal discussions between the Board members, the Board is asked to approve the proposed membership of the Appointments Committee for the recruitment of a new chairperson and Lay Non-Executive Director:

- Sam Younger
- Nick Hanning
- Alice Belcher
- An independent person (probably Ann Gill)
- Carilyn Burman (voting for remuneration and terms but advisory for the recruitment panel)

Governance best practice is for Board member remuneration and determination of terms such as the number of days to be delegated to a Committee, preferably including independent membership to ensure non-conflicted objective decision-making and independent scrutiny. It also protects against dissatisfaction or challenge by CILEx. The Board is asked to delegate decision-making to the Appointments Committee, with non-conflicted members able to vote.

## **Board forward plan**

Board members are asked to confirm Board dates for 2021.

## **RECOMMENDATION:**

1. The Board is asked to **APPROVE:**
  - A 12 month’ extension to the Adjudicator contracts.
  - Alice Belcher and Nick Hanning as Trustees of the Compensation Fund.
  - The Appointments Committee membership and delegated authority to determine terms and conditions including remuneration.

## IMPACT ASSESSMENT: Re Adjudicators contracts

<b>Public/Consumer</b>	
Consumer	The impact on the consumer neutral. The Adjudicators have not made any compensation arrangement decisions in their 4 year term and are not therefore considered to be too embedded within the scheme.
Public interest	See above
Environment	N/A
<b>Regulated Community</b>	
Cost of Regulation	Neutral – CRL must have adjudicators, however they are paid for work undertaken and therefore the cost of the extension is limited. In addition, CRL will be saving the cost of recruitment at this time.
Equality and Diversity	Neutral.
<b>Us</b>	
Reputation/Brand	Neutral.
Resources:	Neutral
Operations:	Neutral
Risk:	The risk is low. Although this is an extension to the 4-year maximum term, the Adjudicators have made no decisions during that time as there have been no claims against the compensation fund.
Finance:	Neutral, although there is a cost saving on recruitment at this time, a recruitment process will have to take place to recruit new Adjudicators from September 2021.
Legal:	N/A
IT:	N/A