



**MINUTES OF THE TELECONFERENCE OF THE BOARD OF  
DIRECTORS OF CILEx REGULATION LIMITED HELD ON 25  
JANUARY 2023**

**Present:**

Jonathan Rees (Chair), Helen Astle, Alice Belcher, Douglas Blackstock, Robert Morris

**In attendance (CILEx Regulation):**

Carilyn Burman, Chief Executive  
Victoria Purtill, Chief Operating Officer  
David Pope, Director of Operations  
Simon Blandy, Director of Governance  
Beccy Snape, Personal Assistant to CEO, Chair and Executive Team (minutes)

**1. Welcome and Apologies**

The Chair opened the meeting and welcomed the Chief Executive who had returned from maternity leave on 3 January 2023.

There were no apologies for absence.

**2. Declarations of Interests**

Douglas Blackstock declared that he had joined the advisory Board of FutureLearn.

No other declarations of interest were made.

**3. Board Portfolios**

Board members reviewed and **AGREED** the portfolios assigned to them as follows:

<b>Board Member</b>	<b>Portfolio</b>
Alice Belcher	<ul style="list-style-type: none"><li>• Audit &amp; Risk (with Helen Astle)</li><li>• EDI (with Jonathan Rees)</li><li>• Education</li></ul>
Douglas Blackstock	<ul style="list-style-type: none"><li>• Communications &amp; Engagement</li><li>• Internal Management (including Shared Services)</li><li>• Strategy &amp; Business Planning</li></ul>
Helen Astle	<ul style="list-style-type: none"><li>• Audit &amp; Risk (with Alice Belcher)</li><li>• Authorisation (Supervision &amp; Enforcement)</li><li>• Governance</li></ul>
Jonathan Rees	<ul style="list-style-type: none"><li>• Consumers</li><li>• EDI (with Alice Belcher)</li><li>• Finance</li></ul>

Robert Morris	<ul style="list-style-type: none"> <li>• Regulatory Model (including entity review and compensation)</li> <li>• Relations with the regulatory community</li> </ul>
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The Chair reminded the Board that the internal Board Self-Evaluation report which had been circulated to Board members would be discussed at the May Board meeting.

#### 4. CRL Response to the LSB Consultation on its Draft Business Plan 2023/24

The Chair introduced the item and advised the Board that he and the Chief Executive had had a meeting with the Chair, Chief Executive and a member of the Board of the LSB (5 way meeting) the day before. The Chair had commented on the LSB's Business Plan. He noted that the LSB expressed some sympathy with the timing of the LSB's consultation which comes after the approval of the PCF applications.

The Chair asked the Director of Governance to present the paper.

The Director of Governance presented CRL's response to the LSB's consultation on its draft business plan for 2023/24. The response highlighted four areas:

- a) The draft business plan lacked sufficient information on budget and proposals, making it difficult to understand the work that would be carried out. Given the high standard set for regulators to submit detailed business plans, more defined proposals had been expected from the LSB.
- b) The proposed increase in budget did not reflect the current financial climate, in which regulators had cut costs and reduced spend. Additionally, there was not enough information provided to justify the budget increase.
- c) The LSB's continued expansion to their areas of interest had an impact on the finances and resources of the regulatory bodies and their communities.
- d) Notification of an increase to the levy after regulators had agreed their PCF budgets for the year was not ideal, though CRL would be able to manage this.

The following comments were made by the Board:

- it was difficult to make informed comments because the draft business plan contained insufficient information
- the consultation response could emphasise the importance of the LSB being evidence led and enquire how success would be measured
- the LSB should focus on workstreams strictly within their remit, particularly in the current cost of living crisis.

The Board **AGREED** the draft consultation response to be submitted by 3 February 2023, subject to the comments made by the Board. In addition, the Chair said that the LSB should be invited to explain line by line variances from the 2022/23 budget.

#### 5. Review of the LSB Regulatory Performance Assessment

The Chair reminded the Board that in 2021 the LSB had assessed CRL as meeting all 27 outcomes. Under the hybrid system for 2022 CRL was assessed as providing sufficient assurance on 3 of the 5 standards and partial assurance on 2 of the standards. The Chair invited the Chief Executive to introduce the item.

The Chief Executive reminded the Board that the 2022 assessment assessed regulators against the standards in the 2018-22 framework adopting the assessment approach in the new framework. CRL had responded to the LSB's request for factual accuracy checks at the end of 2022. The LSB had made some amendments to the text, but the assessments against the five standards had remained unchanged. CRL had received sufficient assurance on authorisation, supervision and enforcement and partial assurance on well led and the regulatory approach. With the exception of the BSB, other regulators received similar ratings. Only the CLSB had received sufficient assurance across all five standards.

CRL had not issued a press release. The Executive Team was responding positively to the LSB regulatory assessment and was working on a draft action plan which would be presented to the Board for approval at its meeting in February 2023. Progress reports would be made to the Board at its meetings in 2023.

### Transparency

The following comments were made by the Board:

- It was disappointing that the CRL was criticised for a lack of transparency at a time when it had been subject to an NDA and had had extensive discussions on a range of issues which necessarily had to be confidential
- Generally, it was a good discipline for papers to be drafted in the knowledge that they might end up in the public domain
- The aim should be to keep redactions in Board papers and records of meetings to a minimum
- The Executive might wish to compare the approach taken by a range of regulators to transparency.

Summarising the points arising from the discussion, the Chair confirmed that in meeting the LSB's transparency expectations the following would be taken into account:

- Board papers would be published unless they met one or more of the exemption criteria set out in the Governance Transparency Policy
- Care needed to be taken that increased transparency did not result in extensive off the record discussions.
- Items that met the exemption criteria at the time they were put before the Board might later be published if the information contained within the reports had been subsequently released into the public domain.
- So far as possible, papers with extensive redactions should be avoided.

### Regulatory Approach

The Board discussed the LSB's comment made at the 5 way meeting that in some areas CRL's effort was disproportionate to the benefit, though when this statement was challenged the LSB accepted that it did not apply to the Higher Rights application. The Chair had advised the LSB that because of the way in which the profession was developing it was inevitable that it was dealing with relatively small groups. The LSB was well aware that issues particularly around access to PII and the Compensation Fund had acted as a significant barrier to rapid expansion of the of entities it regulated.

The Chief Operating Officer commented that CRL had committed to finding a solution to Compensation Fund. As a result of concerns raised in response to the consultation on changes to consumer protection arrangements published in April 2022 CRL had decided to go back to the drawing board.

The Director of Operations said that as a result of changes in process at the LSB, the LSB had recently raised more queries on CRL rule change applications. CRL was making changes to its rule change application template to avoid the risk of the similar queries being raised in future applications.

The following comments were made by the Board:

- the LSB had not appreciated the importance of the diversity of CRL's regulated community
- Ensuring representation and parity within the legal sector were key issues, regardless of the number of entities or individuals affected
- CRL might wish to articulate more clearly the benefits of a diverse regulated community for consumers, the public interest and access to justice.

Summarising the points arising from the discussion, the Chair confirmed:

- An action plan would be presented to the Board at its meeting in February 2023 in response to the issues identified in the LSB Regulatory Performance Assessment 2022
- CRL is committed to meeting the standards for transparency in relation to Board reporting. The Board recognises that it may have been overcautious over the last 12 months; however, it was fearful of potential legal action against it owing to the restrictions of the CILEX-imposed non-disclosure agreement (NDA). The Board was not convinced that the comments made by the LSB about disproportionate effort made by CRL in some areas reflected an understanding of the importance, particularly to the profession and to consumers, of the diversity of the regulated community
- The Board recognised that CRL's response to concerns raised by respondents to the consultation on consumer protection arrangements by investigating alternative solutions showed that the consultation process was working as it should.

## **6. CILEX Acquisition of the Institute of Paralegals**

The Chief Executive provided the Board with an update on the acquisition of the Institute of Paralegals (IoP) by CILEX. CILEX had issued a press release on the acquisition, so all the attachments to the Board paper were now in the public domain.

### **REDACTED – CONFIDENTIAL INFORMATION PROVIDED BY THIRD PARTY**

The following comments were made by the Board:

- Additional costs incurred in carrying out prior conduct and CPD checks would in the short term be paid out of the PCF (this amounted to a cross subsidy from authorised to non-authorised CILEX membership)
- Prior conduct and CPD checks would need to be made before IoP members were transferred to CILEX membership
- It was surprising CILEX had not notified CRL about the intended acquisition in advance so that regulatory implications could be costed and factored in
- This issue highlighted the importance of CRL having a separate funding stream to regulate non authorised CILEX members

- CRL should celebrate the increase in CILEX members resulting from the IoP acquisition and consider how it could benefit the profession as a whole, particularly by increasing the number of regulated legal professionals.

Summarising the points arising from the discussion, the Chair confirmed:

- Whilst the Board was disappointed that CILEX had not engaged CRL, a letter should be sent to CILEX
  - noting the positive move to bring paralegals into the CILEX membership structure
  - setting out the impact on CRL's finances and resources of this change
  - asking for financial contribution to enable CRL to support the transition and welcome the individuals into the regulated community
  - highlighting the need for a review into the funding of the non-authorised grades of CILEX membership.
- The letter would be copied to Board members.

**Action:** 87/23: The CRL CEO to write to the CILEX CEO expressing the views of the Board in relation to CILEX's acquisition of the Institute of Paralegals and copy the letter to Board members.

The Board **NOTED** the report.

## 7. Any other business

### **Draft Reserves Position 2023**

The year-end position was better than expected, with legal costs lower than anticipated. Board members agreed it would be helpful to continue to be kept updated on the legal costs.

### **LSB Investigation**

CILEX and CRL had now been copied into each other's representations. A response to CILEX's representations would be sent to the LSB and copied to the Board.

The Board noted that since the LSB had asked for additional financial information from CILEX, the timetable for LSB to complete its investigation was likely to change.

### **Legal Advice**

Legal advice was expected shortly on draft guidance prepared by CRL for the supervision of litigation services. An update would be provided to the Board at its meeting in February 2023.

There was no further business.

**Jonathan Rees  
Chair**