

	CILEx Regulation Limited
Date	10 May 2023
Item	11.0
Title	Annual Review of the Governance Framework
Author	Simon Blandy, Director of Governance
Purpose	This paper reviews key governance documents and processes to ensure that they remain fit for purpose and meet best practice
Recommendation	The Board is asked to: <ul style="list-style-type: none"> • NOTE the report and APPROVE the amendments proposed to governance documents, and • CONSIDER and AGREE any further governance changes that are required in light of the report and the Board's discussions at its strategy session on 9 May 2023.
Timing	As set out in the paper, as required
Impact assessment	Set out below
Impact on Regulatory Objectives	The assurance provided by this report has a positive impact on the following regulatory objectives: <ul style="list-style-type: none"> - Public interest - Consumer interest - Access to Justice - Rule of Law - Professional Principles
Implications for resources	No additional resource implications
Impact on consumer empowerment	The regular review of governance arrangements assist in the promotion of consumer empowerment
Impact on ongoing competence	N/A
For publication	No, the paper will not be published because it relates to emerging policy although each of the Appendices as approved by the Board will be published
Appendices	Appendix 11.1: Board member Code of Conduct Appendix 11.2: Schedule of matters reserved to the Board Appendix 11.3: Standing Orders Appendix 11.4: Governance Transparency Policy Appendix 11.5: Board, committee and panel periods of appointment Appendix 11.6: Expenses Policy (all non-executive roles) Appendix 11.7: Board member Appraisal Arrangements Appendix 11.8: IGR Dispute Resolution Annex

Background

1. It is a good governance measure to review at regular intervals key governance documents to ensure they remain fit for purpose and reflect best practice. These documents were last reviewed and updated by the Board on 17 May 2022.
2. The Board has previously committed to carrying out an external governance review in line with the Corporate Code of Governance good practice and an indicative date of October 2022 was included within the Board's agreed Well-led action plan.

3. In advance of any external substantive review, the following governance documents were reviewed with proposed improvements highlighted for quick identification:
 - Board member Code of Conduct
 - Schedule of matters reserved to the Board
 - Standing Orders
 - Governance Transparency Policy
 - Board, committee and panel periods of appointment
 - Expenses Policy (all non-executive roles)
 - Board member Appraisal Arrangements
 - IGR Dispute Resolution Annex

Governance review

4. This review helps achieve the transparency and public accountability element of the consumer objective and underpins CRL's performance in accordance with the LSB's regulatory performance framework, particularly the Well-led standards.
5. The changes proposed are summarised below. The full documents have been appended so the Board can review all the proposed improvements.
6. Governance matters that have arisen during the year that the Board may wish to take into account in agreeing any improvements or learning are:
 - in its 2022 [regulatory performance assessment](#), the LSB assessed CRL as providing partial assurance that it was meeting the Well-led standard. It considered that transparency of CRL's decision-making was the key area for improvement. Progress on transparency is reported in the Director of Governance Report
 - the Well-led Standard of the LSB's [current regulatory performance framework](#) and in particular Characteristic 8 requires the Board to have fit for purpose governance systems that align to best practice
 - any impact of remote working on governance
 - the Internal Governance Rules and regulatory arrangements.
7. Issues discussed at the Board's strategy session on 9 May 2023 may also inform the review of the governance framework.

Governance documents review

Board member Code of Conduct – Appendix 11.1

8. No changes are proposed.

Schedule of matters reserved to the Board – Appendix 11.2

9. No changes are proposed, other than deletion of reference to the Appointments and Remuneration Committee at 3.4. The Board agreed at its meeting on 13 July 2022 not to establish this committee.

Standing Orders – Appendix 11.3

10. The Board is asked to approve a series of changes:
- a. Paragraphs 1 and 3 amendments reflect the current practice of holding Board meetings remotely and treating such meetings as of equal standing to in person meetings
 - b. Paragraphs 8, 15, 25-28, 54 and 55 stylistic change
 - c. Paragraph 11 use of the term ‘remotely’ in preference to ‘by video or telephone conferencing’ and other stylistic changes
 - d. Paragraph 14 stylistic changes. The Board is also asked whether the sentence ‘Chair’s action is a more suitable alternative for short-term quoracy issues’ should be deleted or alternatively amended to explain the nature of the action contemplated by the term ‘Chair’s action’.
 - e. Paragraph 16 stylistic change. Deletion of the second sentence because there is no requirement in the IGR rules or guidance for the LSB to be informed before a Board member is co-opted, although the Board may choose to notify the LSB
 - f. Paragraph 18 stylistic changes. It is recommended that the Chair should have explicit authority to determine whether an individual invited to attend a Board meeting as a participant should be sent copies of all or any of the Board papers for that meeting
 - g. Paragraph 23 re-works the process for varying or rescinding a resolution of the Board. As it considers the proposed wording the Board may wish to vary the 12 month period within which the provision applies and/or vary the minimum notice period for a motion to be put to a meeting
 - h. Paragraphs 31-32 Emergency decisions. Paragraph 28 already provides considerable flexibility in the manner in which the Board is able to make decisions. Since there is substantial scope for paragraphs 31 and 32 to be used oppressively and inappropriately, the Board is asked to consider whether these paragraphs should be removed.

Governance Transparency Policy – Appendix 11.4

11. Paragraphs 3 and 6 stylistic changes

Board, committee and panel periods of appointment – Appendix 11.5

12. Only stylistic changes are proposed.

Expenses policy – Appendix 11.6

13. No changes are proposed.

Board member Appraisal Arrangements – Appendix 11.7

14. No changes are proposed.

IGR Dispute Resolution Annex - Appendix 11.8

15. The Annex (to the [IGR Protocols](#)) agreed with CILEX was approved by the Board at its meeting on 17 May 2022. The escalation process set out in the Annex was followed to try and resolve claims made by CRL against CILEX resulting in the IGR NEDs meeting on 14 September 2022. In the absence of agreement, a referral was made to the LSB in accordance with rule 14(2) [IGR](#). At the conclusion of its investigation the LSB published its [report](#) on 18 April 2023.
16. No changes are proposed.

Governance matters that have arisen in the year

17. The LSB Investigation and Board Effectiveness are being discussed in the Strategy Session on 9 May 2023 and an Update on actions taken following the LSB's 2022 Regulatory Performance Assessment is included in the Director of Governance Report for the Board meeting on 10 May 2023.

Recommendation

18. The Board is asked to:
- **NOTE** the report and **APPROVE** the amendments proposed to the governance documents, and
 - **CONSIDER** and **AGREE** any further governance changes that are required in light of the report and the Board's discussions at its strategy session on 9 May 2023.

Impact Assessment:

Public/Consumer	
Consumer	Regular review of the Governance Framework demonstrates sound governance in the interests of consumers
Public interest	Regular review of the Governance Framework demonstrates sound governance in the public interest
Access to Justice	Regular review of the Governance Framework demonstrates sound governance and promotes access to justice
Public Legal Education	No direct impact
Other Regulatory Objectives	
Rule of Law	Regular review of the Governance Framework demonstrates sound governance and supports the constitutional principle of the rule of law
Competition	No direct impact
Professional principles	Regular review of the Governance Framework demonstrates sound governance and assists in promoting and maintaining adherence to the professional principles within the profession
Other issues	
Environment	No direct impact
Regulated Community	
Cost of Regulation	No direct impact – good governance underpins good control of regulatory cost
Equality and Diversity	Promoting Equality, Diversity and Inclusion has been incorporated as a key element of governance
Us	



Reputation/Brand	Sound and transparent governance arrangements enhance our brand and reputation
Resources:	No direct impact
Operations:	No direct impact
Risk:	Continuous review and improvement of our governance arrangements mitigates the risk that we are unable to carry out our regulatory functions to the standards we, consumers, the profession and other stakeholders reasonably expect
Finance:	No direct impact
Legal:	No direct impact
IT:	No direct impact