

**MINUTES OF THE MEETING OF THE BOARD
OF DIRECTORS OF CILEx REGULATION LIMITED
HELD ON 16 JULY 2015 IN THE CILEx COUNCIL CHAMBERS,
KEMPSTON, BEDFORD, MK42 7AB**

Present: Mr Patrick Bligh-Cheesman (Chair), Mr Andrew Donovan, Ms Luisa Fulci and Mr Harvey Sandercock.

In attendance: Mrs Baljeet Basra (Head of Business Development & Operations), Miss Shazrin Begum (Governance and Consultations Officer), Mrs Sue Chandler (Consumer Engagement and Policy Officer) (Item 9), Mr David Edwards (CILEx President), Ms Laura Gadsby (Management Accountant) (Item 8), Mandeep Nagra (Client Protection Manager) (Item 6), Mr David Pope (Entity Authorisation and Supervision Manager) (Item 6), Ms Joanne Stringer (Practitioner Authorisation and Supervision Manager) (Item 5) and Mr Ian Watson (CEO).

ITEM 1 APOLOGIES FOR ABSENCE

1. Apologies for absence had been received from Mr Ian Chivers and Mr David Gilbertson.

ITEM 2 DECLARATIONS OF INTEREST

2. There were no declarations of interest.

ITEM 3 MINUTES

3. The minutes of the CILEx Regulation Board meeting held on 19 May 2015 were approved as a true record.

SB

ITEM 4 BUSINESS DEVELOPMENT

Developments

4. The Board noted performance against KPIs, successes and opportunities and risks relating to business development.

Marketing and Business Development Plan

5. The Director of Development at CILEx had started work on a marketing and business development plan which would be produced by September 2015. The comprehensive plan would bring together all activity and identify follow through action. Board members requested that the plan identify long and short term opportunities and is circulated to Board members for comment by August 2015.

VH

Existing Marketing activity

6. The office had continued to promote the practice rights and entity regulation schemes through e-shots, journal articles, direct mailing and adverts. The office and CILEx had attended roadshows to promote the rights.

7. The Board noted CILEx Regulation's marketing report for June 2015 which identified the response received from the recent marketing activities undertaken. Further work would be carried out to assess the success of these marketing activities.

MR

8. The Board requested a short marketing summary be produced to highlight the strengths of the current marketing activities, up-to-date budgetary spend and future action points. Board members expressed the importance of having an effective marketing programme which would address the rapid changes in the legal sector. CILEx and CILEx Regulation would consider setting up an operationally focussed group to progress discussions further.

BB

Planned Marketing Activity

9. The office had sent emails to members segmented by each practice area, this would address the opinions members had formed about the schemes. Marketing activity for the litigation area would start in the autumn.

MR

Current business development

10. Business development activity continued to be reactive; however it had begun to move towards planned activity. Opportunities had been identified with law firms and employers who were interested in practice rights.

11. Further roadshows have been planned for autumn 2015, with data being collated to help assess the effectiveness of the roadshows.

MR

Opportunities for future business development activity

12. The Practice Regulation Working Group (PRWG) considered at its June meeting the work which would take place to target certain markets. Meetings would be arranged at senior level and the Board agreed for the

office to make contact with the relevant organisations to promote practice rights.

- 13.If the meeting option could not progress then the office would consider advertising practice rights in professional publications. Work had also started on identifying potential members through social media.

ITEM 5 PRACTITIONER AUTHORISATION AND SUPERVISION

Developments

- 14.The Board noted performance against KPIs, reporting the successes, opportunities and risks of Practitioner authorisation work. The Board requested that the target practice rights figures would need to be revised down and the budget updated to reflect the change. The risks section would need to be updated.

JS

Work Based Learning

- 15.The Board noted the workload of the Practitioner team through May and June 2015. External assessors had been utilised to enable the team to get application processing up to date and as a result the office had cleared the backlog.

- 16.Additional documentary resources aimed at supporting candidates were being finalised. The Practitioner Manager had undertaken an analysis of the current scheme and would further discuss this with the Head of Operations and the responsible Board member. The Board asked that this paper provide a wide-ranging suite of options for how the evidence gathering and testing procedures could be streamlined.

JS

Qualifying Employment/Fellowship

- 17.The practitioner team had received a high number of Qualifying Employment/Fellowship applications and queries throughout May and June, due to the end of the transitional arrangements.

- 18.Further work has been planned to refine the Qualifying Employment application form and process. This would help to capture more information within the application form and reduce the number of requests for further information. Work would start once the current surge in Qualifying Employment/Fellowship volume had been dealt with.

JS

Continuing Professional Development (CPD) Non-Compliance

- 19.The Board noted the final non-compliance figures for the CPD year which ended in September 2014. Work had continued with non-compliers during the period which had further reduced numbers.

20. CPD sampling had now commenced and 2.5% of members in each grade of membership were contacted in June with a request for evidence of their professionalism CPD. Members would have 3 months to respond and reminders would be issued 4 weeks prior to end of deadline. The Board discussed whether fewer members should be sampled, however Mrs Basra confirmed that the office was committed to sample 2.5% of the membership, as this had been the rule approved by the Legal Services Board (LSB).
21. The Practitioner Manager had started work with membership to create a plan of action to try to reduce the number of non-compliers that would be handed to CILEx Regulation in October 2015.
22. A review of the CPD scheme would be undertaken at the December 2015 Board meeting, which would discuss proposals to streamline the current CPD scheme.

JS

Practice Rights

23. The Board noted the office had received a number of applications for individual practice rights. Further staff had been trained to assist with practice rights and enquiries were being followed up by the office. The Practitioner Manager attended a number of the roadshows to provide tailored advice to potential applicants and pursue networking opportunities

Advocacy

24. Civil Advocacy courses had been planned to be delivered by an external provider and would commence in September, October and December 2015. The office continued to work directly with the course provider to identify potential applicants and ensure that courses would run where whenever there are sufficient applicants.

ITEM 6 ENTITY AUTHORISATION AND SUPERVISION

Developments

25. The Board noted the Entity Authorisation and Supervision team's performance against KPI, and a report on successes, opportunities and risks on entity work.

Professional Indemnity Insurance (PII) – Qualifying Insurers Joint Advisory Panel

26. A Joint Advisory Panel had been established with the Qualifying Insurers based on the recommendation made by CILEx Regulation's PII broker.

The Panel included representatives from the Qualifying Insurers and CILEx Regulation. The role of the Panel would be to review PII arrangements, consider proposed changes and report on risk. The Panel would meet twice a year.

27. The broker and office agreed to elect a professional Board member to act as Chairman of the meetings. The Board agreed Mr Andrew Donovan should take the position of Chair of the Joint Advisory Panel.

MN

Entity Regulation

28. The entity regulation application forms had been updated. The office would consider if a separate handbook to support the Approved Manager application would be required.
29. The office had started work on the accountants' report requirements, which would be added to the CILEx Regulation website. The FAQs for both practice rights and entities would be updated with feedback gained from the roadshows.
30. CILEx Regulation had submitted an application to Disclosure and Barring Services (DBS) to carry out standard DBS checks. Once approved guidance would be added to the CILEx Regulation website.
31. The office would issue separate 'security enhanced' certificates for Authorised Entities, Approved Managers and Compliance Managers. This will help provide security against fake firms.
32. The PRWG adopted a revised entity target for 2015. The office had authorised its first entity application and presented at a number of roadshows.
33. The office continued to provide guidance to self-employed members on their client care information, compliant handling and business communications. The Entity Team has liaised with the Investigation Team and other organisations where conduct issues had been identified.
34. HM Treasury had completed the first review of the money laundering guidance. Issues were identified which were raised at the recent AML Supervisors Forum the office attended.
35. The office had a meeting with the Legal Ombudsman to discuss the key issues affecting members of CILEx and the future implementation of the Alternative Dispute Resolution being adopted under EU legislation.

Escrow Arrangements

36. CILEx Council and CILEx Regulation Board have agreed to set up a joint

Escrow Working Group to progress the work on escrows. The Office started work with CILEx to deliver action points which followed on from the CILEx Strategy Meeting. CILEx Council agreed specific fund to allow an audit of certain PTS arrangements, you will need to get the precise details. A further meeting of the escrow working group would be arranged.

The CILEx Compensation Fund

37. The recruitment process of the Chair and trustees for the CILEx Compensation Fund had completed. The new Trustees started their positions and had their first meeting in June 2015, while the interim Trustees had resigned. The Trustee positions are not remunerated.

Alternative Business Structures

38. The office continued to work on the Alternative Business Structure application which would be submitted to the Ministry of Justice (MoJ) by April 2016.

39. The PRWG had agreed the office should instruct a research agency to refresh the previous research on capacity and capability. The Office would reconsider the figures quoted to make the licensing application and the fixed costs of processing an application. The PRWG requested these be set out in a Profit & Loss forecast for the initial three years.

KC/LG

40. The PRWG had requested CILEx Council be made fully aware of the losses that would occur through pursuing a licensing application.

41. Discussions on the transfer costs for new appeal rights to the First Tier Tribunal had continued. These would be reviewed at the September PRWG meeting.

Professional Indemnity Insurance

42. The office continued to consider the issue of run-off insurance and the restrictions it placed on entities transferring between regulators. CILEx Regulation's PII broker had spoken with insurers on behalf of the Office, to determine the amount of insurance premiums entities would have to pay if they switched regulators.

43. Research showed that entities looking to change regulators would be adversely affected. The PRWG had agreed that legal advice should be sought, after which it would consider the available options.

ITEM 7 CAPACITY AND CAPABILITY

Confidential Items

44. The Board considered two confidential items of the senior management review and the remuneration committee, minutes of which have been produced separately.

Protocols and Service Level Agreements (SLA)

45. The annual Protocols and SLA review between CILEx and CILEx Regulation had been completed. The review identified areas where the protocols and SLAs needed to be updated.

46. The Protocols agreed CILEx should set entity regulation fees, and individual practice fees, based on budgeting carried out by CILEx Regulation. The Protocols confirmed that CILEx Regulation would be responsible for setting application fees and compensation fund contributions. The marketing SLA had undergone substantial update, as work related to website, launch and branding projects had completed.

47. The proposed amendments to the Protocols and SLAs were reviewed and agreed by the Board.

Board meeting dates and schedule of work 2016

48. A schedule was presented to the Board for meeting dates in 2016; this included a proposed outline of the agenda for each meeting. The Board agreed the meeting dates for 2016. The Board felt it was not good practice to set so many standing items for meetings during the year as this encouraged preparation of general reporting items rather than focused action points. The Office said that the headings served as an aide memoire for recurring items during the year, but that Agendas were drafted before each meeting.

Appointment of Chair

49. The recruitment process for the Chair of CILEx Regulation had started. Closing date for applications had passed and shortlisting for interview was under way. The Board noted the progress made against the recruitment of the Chair, which is proceeding according to schedule.

Business Plan 2015

50. The Business Plan for 2015 had been updated to record work that had taken place since the last Board meeting. The Board noted progress made against the business plan and requested minor updates to the plan.

LSB deregulation work streams

51. The Board noted that the LSB and the Regulatory bodies had agreed three

reports for submission to the MoJ covering: deregulatory work achieved, list of minor amendments to the LSA and options for handling client money, including use of escrows. A further report on Options for substantial change to the LSA which had also been agreed and would be sent to the MoJ separately.

Regulatory Standards Self-Assessment

52. Work had started on the LSB's next regulatory standards self-assessment. There would be a full review in 2015 divided into three stages, the second part would involve the LSB obtaining feedback from stakeholders and the third requiring CILEx Regulation to complete a bespoke self-return.

53. It is anticipated that the LSB will issue the self-assessment in the summer and expect completion by autumn 2015.

ITEM 8 FINANCIAL REPORT AND BUDGET

Practice Certificate Fees (PCF) 2016

54. CILEx Council considered the draft PCF for 2016 at its July meeting. CILEx consulted on the two options: one which allowed recovery of the full cost of regulation and one which provided a move towards recovery of the full cost regulation. The majority of Fellows had opted for the option which allowed full recovery of the cost of regulation.

55. The proposals had been put to the Crown Prosecution Service and they had responded. The Board agreed the PCF submission which related to Fellows and Associate Prosecutors to be made in accordance with the decision of Council.

Practice rights

56. CILEx Regulation had worked on PCF for individuals with practice rights. Fee proposals were developed for each category. The proposals were agreed by the PRWG and consulted on. The Board agreed the proposals should form part of the PCF submission.

Entity fees

57. CILEx Regulation had set the entity authorisation application fees based on risk factors such as an entity's size, turnover, and how client money would be handled. It was agreed by the PRWG that the office adopt the same approach with annual entity practising fees. The Board agreed to this approach.

Compensation fund contributions

58. Authorised entities would be required to make an annual contribution to the compensation fund. The PRWG has proposed to retain the same level of contributions as for 2015, the Board approved the proposal.

2015 Financial Report

59. The Board noted the income and expenditure report to the end of May 2015 and the revised forecast for 2015. Both income and expenditure were lower compared to the budget. Income had been affected by the practice rights and entity application numbers and figures were revised accordingly.

60. Increases to Board members fees were expected in 2015. The forecast outturn for 2015 had increased more than originally budgeted. CILEx had been made aware of the increase in costs at their July Council meeting and had agreed the need for CILEx Regulation to have the resources it needed this year in accordance with the forecast.

61. The Board reviewed the management accounts to the end of May and the profit and loss forecast to the end of 2015. The Board requested minor amendments to the profit and loss report and explanation of income expenditure.

62. Mrs Gadsby confirmed that by the end of 2015 CILEx Regulation would receive profit and loss reports which better reflected the income and expenditure of the organisation. It was explained that the budget figures in the financial report were those originally agreed by CILEx in 2014. The forecast figures reflected the expected outturn in accordance with the report to CILEx Council. There was no second approved budget.

LG

ITEM 9 CONSUMER AND STAKEHOLDER ENGAGEMENT

Equality and Diversity Data

63. CILEx Regulation had launched its third annual diversity survey in January 2015. The survey gathered evidence about the composition of the legal sector workforce across a wide range of diversity indicators. The survey had been sent to self-employed and locum regulated members who had not been sent surveys by the other regulators.

64. The survey had closed in May 2015, with an increase in response rate from the previous year. The office had analysed the results and presented its findings to the Board. The Board approved the report subject to minor amendments for publication on the CILEx Regulation website. A copy would be sent to the LSB.

SC

65. The LSB had identified a need for more work to be done with the data.

The Board noted that that the regulators agreed to meet again with the LSB to discuss further action.

First Tier Complaints Handling Survey

66. CILEx Regulation had completed its annual First Tier Complaints Handling Survey to gather information about complaints made against members of CILEx. The survey was sent out to members between January and April 2015. The response rate was slightly less than 2014. Awareness of the report's findings would be raised with regulated members through Journal articles and e-shots. The Board approved the report, subject to minor amendments and agreed for it to be published.

SC

Consumer Engagement Action Plan 2015

67. An update was provided on the performance against the Consumer Engagement Action Plan to May 2015. Work had concentrated on the Equality and Diversity and the First Tier Complaints Handling surveys and promotion of the client survey had continued.

Data Release to Comparison Websites

68. Work had continued towards the release of data for comparison websites. There had been further e-shots and chaser correspondence sent to Fellows to encourage registration. The data release spreadsheet was placed on the consumer section of the CILEx Regulation website in July 2015 in accordance with the project plan. The Board noted this report.

Legal Choices

69. A marketing meeting was held in April 2015 and the marketing plan was augmented following the meeting and presented to the editorial meeting. The editorial meeting generated practical initiatives to supplement the marketing plan and each member agreed to take on sections of the marketing work.

70. The social media element of the website had been developed over the past quarter and had proved successful.

Regulators' Forum

71. The Regulators' Forum had most recently met in May 2015. The minutes of the meeting were noted by the Board. The Forum agreed to meet again to explore joint working on consumer engagement.

72. CILEx Regulation had led on the development of a Memorandum of Understanding (MoU) to exchange risk intelligence through the Regulators' Forum. The MoU had been or would be signed by most

regulators.

ITEM 10 EDUCATION AND STANDARDS

Seven year expiry rule

73. At its May 2015 meeting, the Board approved the removal of the rule requiring qualification submitted for exemption from CILEx examinations to be no more than 7 years old. This would require LSB approval, and therefore CILEx Regulation would need to make an application to the LSB.

74. A full stakeholder consultation would need to be undertaken before final Board and Council approval could be given and for an application to be made to the LSB. The Board noted that CILEx had issued a survey to its members which would be followed by a formal consultation by CILEx Regulation.

Trailblazer Apprenticeships

75. The Board noted that the Chartered Legal Executive assessment plan had been submitted to the Department for Business, Innovation & Skills (BIS) in May 2015. In June the Head of Qualifications at CILEx provided a summary of the status of their submission to BIS.

76. BIS had accepted that CILEx Regulation admitted CILEx Fellows and required a written confirmation of the same. CILEx and CILEx Regulation agreed a statement to be submitted to BIS in June 2015. The Board noted that both organisations were now awaiting a response to the submission. A positive response would allow CILEx Regulation to delegate the end point assessments to CILEx.

Youth Court Advocacy review

77. The Board noted progress on research commissioned by the BSB with CILEx Regulation on advocacy in youth courts. The draft report will be published in autumn 2015.

Ethics in Advocacy research project

78. The ethics in advocacy project focused on 'new' advocates who had qualified and practised as advocates for less than 3 years. A meeting had been planned with the Advocacy Training Council, with an interim report expected in late 2015.

Paralegal Enquiry

79. The Board noted that CILEx had completed its series of round table discussions in respect of the paralegal enquiry and was in the process of

preparing a full research brief.

80. Later during the year CILEx will instruct an independent agency to conduct formal research, based on the information received.

Update on Quality Assurance Scheme for Criminal Advocacy (QASA) implementation

81. At the end of June 2015, the Supreme Court handed down its judgment on QASA; it dismissed the final aspect of the judicial review of QASA in criminal proceedings. The scheme would now move towards implementation. CILEx Regulation, the BSB and the SRA intend to launch the scheme simultaneously.

Vulnerable witnesses project

82. The Vulnerable Witnesses Project has grown out of an on-line information resource called the Advocates Gateway (TAG). CILEx and CILEx Regulation agreed to join the management committee for TAG. The Advocacy Training Council, which supported the training of barristers, agreed to provide a web-site platform to host the materials.

83. Originally, Board member Thelma Brown was appointed to the Committee but had been replaced by Mr Chivers after Ms Brown stepped down from the Board. It had been agreed subsequently by the Chair, with Mr Chivers' agreement, that she should resume her membership of the Committee and report to the Board on the work of the Committee. Ms Brown had attended an international conference in London on vulnerable witnesses on behalf of CILEx Regulation. Her report of the conference was tabled at the Board meeting. The Board noted the report and agreed Ms Brown should continue to represent CILEx Regulation on the vulnerable witness management committee. In a side note to her report, Mrs Brown had alerted the Board to the risk arising from the research being undertaken by the Bar Standards Board on Youth Court advocacy that Youth Court advocacy would be restricted to barristers. The board recognised the risk but felt the issues were being monitored as a result of CILEx Regulation's involvement with the research.

ITEM 11 ENFORCEMENT

Developments

84. The Board noted performance against KPIs, successes and opportunities and risks in Enforcement work.

Amended CILEx Regulation Publication Policy

85. CILEx Regulation had reviewed its Publication Policy to ensure it reflected

data protection requirements. The office had amended the Publication Policy with the Board's recommendations from the May 2015 meeting. The key amendment specified which exclusion resulted in which publication. The Board approved the Publication Policy subject to minor amendments.

86. All publications which needed to be removed from the CILEx Regulation Website in accordance with the revised publication policy had been removed. All spent convictions had been redacted from the CILEx Regulation Website. **SS**

Case costs in misconduct investigations and proceedings

87. At the Board meeting in May 2015 the implementation of claims for full costs in disciplinary and misconduct cases was agreed by the Board. A costs policy would need to be developed to ensure effective and fair implementation of the new costs structure. The Board would need to agree a commencement date from which costs would apply. The change would be publicised on the CILEx Regulation website before implementation. **SS**

88. The Board noted the costs implementation plan and agreed to implement recovery of costs from 1 August 2015. **SS**

CPD non-compliance update

89. The Enforcement team are dealing with the CPD non-compliers referred to them by Practitioner Authorisation and Supervision Team, these were Fellows who had outstanding CPD for 2012/2013 and Graduate and Associate members of CILEx in regard to their outstanding CPD for 2013.

Panel Appraisals

90. The Board noted that appraisals had begun for panel members. Panel members who had been appointed from January 2015 will be appraised next year.

Equality and Diversity Project update

91. The Board noted the progress made against the equality and diversity project plan within CILEx Regulation's disciplinary procedures.

Legal Ombudsman (LeO) Portal

92. The Board was asked to note the LeO sharepoint site had become live. Its main function would be to share misconduct referrals and ombudsman decisions between both organisations. The site would also allow LeO to send CILEx Regulation regular data reports and for a reciprocal data share

to be undertaken by CILEx Regulation.

Conduct Panel's Summer Training

93. The Board noted the dates of the summer training for the Conduct Panels and the agenda.

ITEM 12 CONSULTATIONS

94. The Board noted a summary of open and closed consultations.

95. The BSB had issued a consultation on insurance requirements for single person entities. The Board noted the summary of the consultation document and agreed a response was not required. However the office would continue to monitor the changes which the BSB implemented as a result of the consultation.

96. The Board noted a summary of the LSB's Annual Report for the year ended 31 March 2015.

ITEM 13 INFORMATION ITEMS

97. The Board noted the minutes of the Practice Regulation Working Group meeting held on 27 April and 3 June 2015.

98. The Board noted the minutes of the Admissions and Licensing Committee meeting held on 4 March and 22 April 2015.

99. The Board noted the minutes of the Strategic Risk Committee meeting held on 24 March 2015.

ITEM 14 DATE OF NEXT MEETING

100. The next meeting was scheduled for 1 October 2015 at 9:30am.

**Patrick Bligh-Cheesman
Chairman**