

**MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF CILEx REGULATION LIMITED  
HELD ON 2 May 2018**

**Present:**

Sam Younger (Chair), Andrew Donovan, Luisa Fulci, David Gilbertson,  
Harvey Sandercock

**In attendance (CILEx Regulation):**

Jill Durham, Director of Policy and Enforcement  
David Pope, Entity Authorisation and Client Protection Manager (part only)  
Victoria Purtill, Director of Authorisation and Supervision  
Beccy Snape, Personal Assistant  
Natalie Sweeney, Practitioner, Authorisation and Supervision Manager  
(observing - part only)  
Helen Whiteman, Chief Executive Officer

**In attendance (CILEx):**

Chris Bones, Chair, CILEx Group Board  
Karl Cerski, Director of Group Services and Chief Financial Officer (minute 4)  
Michelle Drury, Management Accountant (minute 4)  
Millicent Grant, CILEx President  
Philip Sherwood, CILEx Vice-President

**1 Minutes of previous meetings**

The Board considered minutes presented for approval.

**DECISION:**

To approve the following:

- minutes of the Board meeting on 21 February 2018;
- confidential minutes of the Board meeting on 21 February 2018;
- confidential minutes of the Board telecon on 11 April 2018.

**2 Q1 2018 Operational Performance**

Director of Policy and Enforcement, Jill Durham and Director of Authorisation and Supervision, Vicky Purtill reported progress against business plan activities and operational performance against targets in the period January to March 2018, including updates on associated work plans.

New Group Governance Structure: CILEx had launched a consultation on proposed byelaw changes. CILEx indicated that these did not directly affect delegation of regulatory functions to the independent regulator.

The Board would review the formal response prior to it being submitted by the deadline of 18 July 2018.

Group Service Purchasing: The pro-rata calculation at the end of 2017 for CILEx Regulation's portion of Group Services recharges was presented as being £142k to include MIS (management information systems) recharge. Group Services had since advised that the MIS charge would be in addition to £142k. The revised reforecast was now approx. £170k, this could be covered by the £200k 2018 budget for Group Services re-charges.

Barriers to entity growth - tackling anti-competitive practices in the legal services market: A Memorandum of Understanding (MoU) that removed the barrier to firms wanting to switch regulator had been agreed with the Solicitors Regulation Authority (SRA).

The office continued to work with various organisations to remove barriers so that CILEx Regulation authorised entities could be accepted onto mortgage lender panels. Many lenders only allowed SRA firms as a matter of policy.

The Ministry of Housing, Communities and Local Government said they would try to assist with recognition as a regulator. The entity team would continue discussions with individual lenders. A positive outcome with one lender could initiate a domino effect.

Access to After the Event Insurance (ATE) and other indemnity insurances: Officers were seeking to meet with insurers in the market to discuss an alternative approach using a broker.

CILEx Regulation may need to reconsider seeking designated professional body (DPB) status. This had been sought previously at the point of application for entity regulation, however CILEx Regulation was dissuaded by HM Treasury. A new insurance distribution directive (IDD) coming into force shortly could impact on the future of DPBs.

The Board discussed the level of PII cover and the office would continue to work with their broker, Marsh.

Performance reporting to LSB: The office continued to work with the LSB on the performance dataset requirements. CILEx Regulation would provide a return for Q1 2018 with a second return in the Autumn for Qs 2 and 3.

The Board agreed to carry out a review of preparedness for assessment against the functional standards areas (Regulatory Approach, Authorisation, Supervision and Enforcement) at its strategy meeting on 11 July 2018.

Business Plan: Performance to deliver business objectives was reviewed and noted. The Board suggested adding succession planning to section five of the plan.

**DECISION:**

- To consider progress in Q1 against Business Plan objectives;
- To endorse the approach to development of expanded consumer business objectives;
- To consider progress against associated delivery plans (Diversity Action Plan, Entity/ABS Plan, CMA Action Plan);
- To consider operational performance in Q1.

**3 Q1 Risk Review**

The Board reviewed a risk update. The Board's discussion is minuted confidentially.

**DECISION:**

- To agree mitigating action in relation to key risks;
- To share the risk register with CILEx.

**4 Finance**

The Board considered the following:

- 2017 Annual Accounts;
- March 2018 Management Accounts;
- 2019 Practice Fees Consultation Proposal;
- CRM Update.

Discussion is minuted confidentially.

**DECISIONS:**

- To approve the 2017 audited financial statements;
- To review Management Accounts to March 2018;
- To review the first quarter 2018 reforecast against budget;
- To approve the 2019 practice fee consultation;
- To consider an update on progress in the Group CRM project.

**5 CEO Report**

CEO, Helen Whiteman updated the Board on key work streams and stakeholder engagement.

CMA – Remedies Programme Implementation Group (RPIG): Progress against consultations and action plans had been made at pace. The timetable for implementation had been revised to ensure a consistent approach with other regulators. The CMA expected to see changes by Q1 in 2019, at which point the LSB would take over in a proactive oversight role.

Ministry of Justice: Helen Whiteman and Vicky Purtill had attended a meeting at BEIS to discuss the regulators pioneer fund. The fund was open to regulators across all sectors. The LSB had suggested the possibility of approaching the fund jointly with legal regulators.

Helen Whiteman attended a teleconference yesterday to discuss the Brexit withdrawal bill. This did not affect CILEx Regulation.

Wellbeing Taskforce: Board members were invited to attend a roundtable on 10 May organised by LawCare, focusing on contributions from the fields of academia and research about emotional competence. Officers from CILEx Regulation would attend, along with colleagues from CILEx and CILEx Law School.

Office for Professional Body Anti-Money Laundering Supervision (OPBAS): OPBAS visited CILEx Regulation and CILEx Professional on Tuesday 24 April for a pre-audit discussion. The anticipated 2-day audit in July had been reduced to a 1-day audit. The audit would involve interviewing the officers and entity team to ensure correct procedures were in place.

CILEx: CILEx Regulation would be hosting a table at CILEx's inaugural awards evening on 6 September 2018 and sponsoring the Legal Expert Award.

Group branding: Spencer DuBois, a PR agency enlisted by CILEx to report on perceptions of the CILEx brand, was expected to publish a preliminary report on their findings. The work had been put back by 6-8 weeks and the report was now expected to be available for the Group Board and CILEx Regulation Board meetings in July 2018.

JET (Joint Education and Training): The next meeting would take place on 4 June 2018, following the internal Group away day scheduled for Monday 14 May.

London Legal Walk: Board members were invited to join a team of CILEx Regulation staff on the London Legal Walk on Monday 21 May.

Regulation Matters: Board members praised the recent interview with Rebecca Marsh, Chief Legal Ombudsman, and looked forward to seeing similar content for consumers. Helen was scheduled to film with Elizabeth Rimmer from LawCare, on Friday.

Luisa Fulci's invitation for the Executive to see the Royal Mail application robots in use was gratefully accepted.

**DECISION:**

- To receive the CEO's report.

## **6 PII Rule Change Proposals**

The Board reviewed the proposal to make an application to the LSB to amend the CILEx Minimum Wording that covered the professional indemnity insurance (PII) that Qualifying Insurers provided to firms authorised by CILEx Regulation. The changes were required to enable regulator switching.

Discussion is minuted confidentially.

### **DECISION:**

- To approve a submission to the LSB of an application to amend the minimum wording.
- To agree the risks identified as arising in relation to regulator switching will be mitigated as far as it is possible to do so.

## **7 Marketing Update**

Vicky Purtil presented a report on the progress made on the direct marketing of CILEx Regulation products and services. This included an update on progress in Q1 against the marketing plan for 2018, current actions and the new dashboard for tracking applications and leads. The Board's discussion is minuted confidentially.

### **DECISION:**

- To endorse the progress made on the direct marketing of CILEx Regulation products and services.

## **8 Entity Supervision Fees**

The Board reviewed proposals to changes to entity supervision fees, including setting an additional fee for amendment to Entity Authorisations where a new area of law is authorised and setting fees to cover the costs of approving and supervising specified unregulated firms for compliance with the requirements of the Money Laundering Regulations 2017.

Discussion is minuted confidentially.

### **DECISION:**

- To approve the setting of an additional entity authorisation amendment fee of £80 for each new area of law for which a firm is authorised after the first application and to amend the fees for assessing a new Compliance Manager to £120 for either practice management or

accounts management and £160 for both management areas to provide full cost recovery.

- To approve the setting of a new Anti-Money Laundering Supervision fee of £150 to fully cover the cost of application and £100 on renewal for supervising specific unregulated firms for compliance with the Money Laundering Regulations 2017.

## **9 Education Standards Update**

The Board received an update on the latest developments on the education standards review at CILEx Regulation including an update from the Joint Education and Training Working Group meeting (JET) on 27 February 2018 and the current position in relation to the application for designation as the External Quality Assurer (EQA) for the Chartered Legal Executive trailblazer apprenticeship.

Discussion is minuted confidentially.

### **DECISION:**

- To review the information provided in relation to the development of the revised education standards and endorse the approach currently adopted.

## **11 Board Forward Plan**

The Board considered its Forward Plan of items of business and 2018 meeting dates.

### **DECISION:**

- To agree the Forward Plan.

**SAM YOUNGER  
CHAIRMAN**