

**MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF CILEx REGULATION LIMITED  
HELD ON 8 February 2017**

**Present:**

Sam Younger (Chair), Patrick Bligh-Cheesman, Ian Chivers, Andrew Donovan, Luisa Fulci, David Gilbertson, Harvey Sandercock

**In attendance (CILEx):**

Martin Callan, President, CILEx  
Karl Cerski, Director of Group Finance, CILEx  
Laura Gadsby, Group Accounts Manager, CILEx  
Victoria Hurdley, Director of Development, CILEx  
Phil Sherwood, Deputy Vice-President, CILEx

**In attendance:**

Jill Durham, Director of Policy and Enforcement, CILEx Regulation  
David Pope, Entity Authorisation Manager, CILEx Regulation  
Victoria Purtill, Director of Authorisation and Supervision, CILEx Regulation  
Beccy Ryder, Personal Assistant, CILEx Regulation  
Helen Whiteman, Chief Executive Officer, CILEx Regulation

**1 Minutes of previous meetings**

The Board considered minutes presented for approval.

**DECISION:**

- To approve the following:
- Board Strategy notes 5 December 2016 (confidential);
  - minutes of the Board meeting held on 6 December 2016;
  - minutes of Board meeting 6 December 2016 (confidential);
  - minutes of Board telecon 12 January 2017 (confidential).

**2 Chairman's Update**

The Chairman gave an overview of his work since the last Board meeting (minuted confidentially).

### **3 Board Self-Evaluation 2016**

The Board considered the results of its annual self-evaluation. Board members were broadly encouraged by the overall results, which the Chairman confirmed were aligned with his annual 1:1 discussions with Board members.

The Chairman noted three areas for development:

1. Portfolios: Arising from 1:1 discussions with Board members it was agreed that portfolios remain albeit more loosely structured and linked to the remits of the two Directors. Each Director would have a lay member and a professional member who would provide the first point of contact for each Director, with review after an initial period of operation. The Chairman would take responsibility for finance and overarching corporate areas. The split of other responsibilities would be confirmed shortly.
2. Engagement: There was scope to improve how the Board engaged with the regulated community and with CILEx Council. The Board agreed to arrange nominated Board member links with members of the current CILEx Council, through whom they could engage with branches to better understand the views and concerns of regulated members. This would also enable the Board to seek a wider range of individual Council member views. These links might helpfully be with newer Council members, geographical location permitting.
3. Sector knowledge: An external speaker was scheduled to attend April Board. The Board agreed to invite external speakers more frequently in order to develop their knowledge of sector developments.

The Board agreed that it was not necessarily for a Board member to carry out further analysis of the results, and that it would be helpful and provide an element of independent review for analysis to be prepared by the office, so that themes can be presented and recorded for comparative analysis with future evaluations.

The Board agreed that it would be important to maintain the momentum of improvement, and consider what could be done to achieve more 'Outstanding' ratings next year.

### **4 Budget and Finance**

The Board considered the following

- 2018 and 2019 draft budgets
- Year end 2016 statutory presentation
- 2016 Group update
- Draft accounts 2016

Discussion is minuted confidentially.

## **DECISION:**

- To agree the 2016 statutory accounts presentation as recommended.
- To agree proposed working budgets for use in 2018 budget setting.

## **5 CILEx President's Update**

The President updated the Board on the main areas of focus currently, namely consensus, relationships and Group approach.

Council had voted for a new governance structure which it was hoped would provide an improved platform for the Group to move forward.

The President continued to meet with members to hear their perspectives. He had engaged positively with members in relation to improvements in the processing times for Qualifying Employment and Work-based learning applications.

The President reiterated CILEx's support for the proposed application for designation as a Licensing Authority. He was keen to utilise existing forums to agree Group messages.

The Chairman advised the President that Board members were considering how they could better engage with the regulated community and would like to set up link arrangements for each member of the Board to partner with a CILEx Council member and their branch or geographical area.

The President and Vice-President agreed this proposal. The Chairman agreed to consider how this could be arranged so that Board members and senior managers might engage with a local group via Council members and share their learning.

The CILEx President asked about social media policies for regulated members.

Note: Appropriate use of social media by regulated members is covered under the principles based Code of Conduct. Social media use by lay members of the Board is covered by the Board Code of Conduct.

## **6 Business Development**

The Board considered a report by the CILEx Director of Development Victoria Hurdley updating them on the CILEx business development strategy and activity for ABS, entity and practice rights, with a particular focus on the results of market research completed by CILEx over the previous two months. The report included a strategic marketing plan overview update for September 2016 and an update on the development of a new membership structure integrating practice rights.

The Board's discussion is minuted confidentially.

## 7 Compensation Arrangements

The Board considered a report by Director of Policy and Enforcement Jill Durham and Board member Andrew Donovan, inviting approval for publication of a consultation proposing changes to the compensation arrangements.

The Board's discussion is minuted confidentially.

### **DECISION:**

- To approve the proposals for consultation subject to small amendments as discussed.

## 8 Entity and ABS

Entity Authorisation Manager David Pope introduced a report updating the Board on the development of entity regulation and its associated infrastructure, and progress towards application to become an ABS Licensing Authority.

Entity: A total of seven entities had now been authorised. Another litigation firm was due to be approved shortly, with a further application expected by the end of February and more in the pipeline. A practice rights application currently being assessed was likely to generate an entity application.

It was anticipated that the budget profile targets of 10 authorised entities by end 2017 and 21 by end 2018 would be achieved; the leads generated by CILEx's marketing would contribute to achieving these numbers.

ABS licensing: An application for designation as a Licensing Authority and proposed Rules were at the draft stage awaiting additions before pre application review by the LSB.

The Board was keen to agree a date to start pre designation approval marketing to ABS. Victoria Hurdley confirmed that the CILEx marketing plan incorporated ABS. CILEx awaited a decision on when marketing messages could go live for ABS.

AML Guidance: HM Treasury had indicated that whilst it could not formally approve AML guidance before June 2017, draft guidance could be re-published on the website, marked pending HM Treasury approval.

Intervention: Costs estimates from firms bidding to develop intervention documentation were awaited. The office was in dialogue with ICAEW about the possibility of joint partnership funding for this.

### **DECISION:**

- That the report be received.

## 9 CEO Report

CEO, Helen Whiteman introduced a report updating on a number of key work streams.

Transparency of regulatory cost: The LSB had led an initiative to deliver commonality of regulatory cost reporting that would be clear for consumers and stakeholders. Following a cross regulator collaboration exercise, a set of guiding principles had been agreed.

The LSB had written to regulators on 27 January 2017 confirming core metrics each regulator would publish as follows (actuals from the preceding financial year):

- number of authorised persons;
- number of authorised entities;
- total income (and income generated from PCF if different);
- total regulatory expenditure;
- proportion of PCF retained by the regulator;
- staff head count (FTE);

The Board agreed there was nothing in the principles that they would not be content to publish although the information would need to be shown in context in order for it to be meaningful, having regard to the fact that authorised persons constituted a minority of the regulated community.

Publication could be aligned with each individual regulator's business cycle. The Board agreed to consider using the CILEx Regulation Annual Report 2016 as a vehicle for publishing the data.

Publication of the following further set of metrics was considered by the LSB to be good practice:

- size of reserves;
- Chair of Board remuneration;
- CEO pay;
- salary bands showing the number of senior employees (£5,000 increments);
- ratio of pay between CEO and median salary;
- overall staff costs;
- total Board costs.

CMA recommendations: The first meeting of the CMA, LSB and all-regulator Implementation Group to discuss the recommendations in its Legal Services Market Study had taken place on 19 January. Terms of reference had been agreed and published. Subsequent meetings would be chaired by the CEO of the CLC.

The regulators had agreed to work towards delivering some recommendations collectively and to deliver separate work through individual action plans. Some quick wins had been identified, including improved signposting to the Legal Choices website.

The scope of the work for CILEx Regulation and its alignment with other strategic work streams was yet to be determined, given that transparency of cost and service for consumers was primarily a management action for firms and CILEx Regulation authorised and regulated relatively few firms at this stage.

Joiners: Vicky Purtil had joined as Director of Authorisation and Supervision. Vicky was shortly to lead a series of away days with the Practitioner Authorisation and Supervision team to consider further streamlining of the processing of Qualifying Employment and Work-based Learning applications.

**DECISION:**

- That the report be received.

**10 Knowledge Manual**

Director of Authorisation and Supervision Vicky Purtil presented a report on targeted accreditation of CPD activities. Discussion by the Board is minuted confidentially.

**DECISION:**

- To receive a further report with proposals for accreditation of the Manual, at a future meeting of the Board.

**11 Consumer Engagement Strategy 2017**

The Board received a draft 2017 Consumer Engagement Strategy for approval. This had been developed based on strategic aims set by the Board and incorporated reference to work in response to CMA recommendations. A draft delivery plan under development was reported for input, together with the outturn for Q4 of the 2016 plan.

The Board discussed the extent to which work to deliver the strategy might need to be reprioritised having regard to the resource requirements for delivery against CMA recommendations. At this stage it was not considered that the work to deliver CMA recommendations would impact other planned consumer engagement work, but this would be kept under review.

The Board highlighted the absence of reference to use of social media as an engagement tool. Direct engagement with consumers had been a challenge as engagement channels have hitherto been through regulated practitioners. It was accepted that as entity grew this had potential as a more effective route to directly access consumer views.

This has been raised with the CMA as an issue affecting all regulators. The Regulators' Forum had invested in work to engage with national consumer organisations which was bearing some, albeit limited fruit. Regulators had asked the CMA to consider what support they could give to open doors to

national consumer organisations to support the work to deliver its recommendations.

Recruiting a consumer panel for CILEx Regulation was a medium term aim.

**DECISION:**

- To approve the 2017 Consumer Engagement Strategy for publication
- To receive the draft delivery plan.
- To receive the Q4 outturn on the 2016 Consumer plan.

**12 AOB**

Transparency of governance:

In accordance with the decision of the December 2016 Board meeting to commence publishing Board papers in the interests of transparency the Board approved the papers to be published.

**DECISION:**

- That the Board's agenda and reports be published (excepting reports excluded from publication).

**SAM YOUNGER  
CHAIRMAN**