

Company number: 04608905

**MINUTES**  
**Costs Lawyer Standards Board Ltd**  
**Wednesday 29 March 2023 at 10:30 am**  
**Remotely via Teams**

<b>Board:</b>	Rt Hon David Heath CBE	Lay NED (Chair)
	Stephanie McIntosh	Lay NED (Vice-Chair)
	Andrew Harvey	Lay NED
	Andrew McAulay	Non-Lay NED
	Paul McCarthy	Non-Lay NED
<b>In attendance:</b>	Kate Wellington	CEO
	Jacqui Connelly	Director of Operations

**1. OPENING MATTERS**

- 1.1 The Chair declared the meeting quorate. There were no apologies.
- 1.2 There were no declarations of interest on any agenda item.

**2. MINUTES**

**2.1 Minutes dated 31 January 2023**

The board considered the minutes of its last scheduled quarterly meeting on 31 January 2023. The board agreed the minutes as being a true record for signing.

**Action: Publish approved minutes on CLSB website.**

**2.2 Matters arising**

The board considered the matters arising from the minutes of its meeting on 31 January 2023. Kate explained that the following matters were outstanding due to competing priorities in Q1:

- Item 6.2: Develop first annual risk review for publication.
- Item 7.4: Develop and issue consultation on changes to Code of Conduct.

Neither project was time critical and both would be completed in Q2.

**3. STRATEGY**

**3.1 Progress against Business Plan: Q1 2023**

The board was provided with a progress update against the 2023 Business Plan for Q1. Kate explained that eight of the 12 priorities were already well underway. The board considered progress to date and noted the executive's proposed strategic priorities for Q2.

### **3.2 Discussion session: Options for entity regulation**

Kate introduced this item and presented a paper setting out different models of entity regulation that the CLSB could implement, ranging from a full statutory scheme to a light-touch approach. The board discussed the opportunities and risks presented by each option in detail.

Board members considered:

- the nature of the regulatory framework and enforcement mechanisms that would be required under each option;
- how entity regulation could further the regulatory objectives and the positive impacts of the different options;
- resource implications and the distinction between front-end and ongoing costs;
- analogies to models used in other sectors, such as the voluntary scheme adopted by the Association of Litigation Funders for its members;
- the risk of compliance being viewed as an issue to be dealt with by entities, undermining the personal responsibility of individual practitioners for their own ethical standards and conduct;
- reputational risk, and the potential for consumer confusion, where a voluntary scheme for entities offers less protection to clients than the existing statutory scheme for the regulation of individuals;
- whether there is market appetite for entity regulation and, if so, what kind and from whom;
- the interplay with existing forms of statutory entity regulation – particularly where Costs Lawyers work in regulated firms – and the need to complement existing schemes/other regulators;
- opportunities to raise standards in the unregulated part of the costs law market.

Overall, the board felt there was limited merit in the option of a light-touch entity regulation scheme but were interested in exploring the other options in more detail. Kate agreed to take initial steps to scope market appetite and costings for the board to consider at its next meeting.

***Actions: Carry out scoping next steps and report to board in June.***

## **4. BOARD MATTERS**

### **4.1 Remuneration Committee minutes (31 January 2023)**

The board noted the minutes of the Remuneration Committee's meeting on 31 January 2023.

### **4.2 Annual review of register of interests**

The board was provided with an updated register of interests. The board agreed that no real or perceived risk of a conflict of interests arose from the register and thus no mitigating action was required. Board members were also asked to confirm that their own interests and declarations were correct for publication.

***Action: Publish updated register on CLSB website.***

## 5. FINANCE

### 5.1 Quarterly report: Q1 2023

Jacqui introduced the quarterly finance report. The board noted the financial position, including a current projected budget shortfall, the reasons for this and plans for budget management (particularly deploying the budget surplus from 2022 for consultancy services). The board also noted that a higher than expected number of reinstatements and new qualifiers meant that income for 2023 was now on track to hit budget.

## 6. RISK MANAGEMENT

### 6.1 Review of risk registers: New framework

At its last meeting, the board had considered a paper on the CLSB's approach to monitoring and managing risk. Taking account of the board's feedback on that paper, a draft risk register was tabled for the board's consideration. The new approach would make the risk register a more meaningful tool, facilitating the board's consideration of developments in the market and landscape, the impacts of those developments, and whether they give rise to risks that are within the CLSB's control to manage.

Kate explained that the draft risk register did not yet include the actions being taken to manage risk, as there was an opportunity to use the risk register to inform the board's strategy session in June, allowing it to take account of medium-term risks in strategic planning for the next four years and then map mitigating actions accordingly.

The board discussed the draft. Board members agreed that when the old risk register was created it had met the needs of the organisation at that time, but that progress over the last three years meant a more sophisticated approach was warranted. The new risk register would assist the board in making sound strategic decisions linked to managing risks to the regulatory objectives. The structure of the register would prompt the board to be curious and think widely about sources of risk.

The board agreed that it was worth mapping the risk mitigations in section C of the register in advance of the strategy session. Kate agreed to do this and circulate an updated version of the register for consideration in June.

**Action: Publish the new risk framework on the CLSB website.**

## 7. REGULATORY MATTERS

### 7.1 Education update

The board was provided with an update on:

- the successful outcome of the CLSB's application to the Legal Services Board to amend its Training Rules;
- progress in considering ACL Training's application for accreditation to provide a new Costs Lawyer Qualification course in 2023; and
- implementation of processes for the CLSB to assess trainees' evidence of Qualifying Experience from 2023 onward.

In relation to Qualifying Experience, during March the board had considered by email and approved for publication a pack of materials including a new Guidance Note, template forms and web FAQs. The board confirmed its approval of these documents

and agreed that no further amendments were necessary. David thanked the board for giving this matter attention promptly between meetings. Board members also acknowledged the significant work that had been undertaken by the executive during Q1 in developing fair, reasonable and robust new processes.

In relation to accreditation, the board discussed the key areas of risk identified by the Accreditation Panel so far. These included the heavy reliance by ACL Training on a single external provider for both institutional knowledge and day-to-day resourcing. Board members agreed that the primary issues for the CLSB in this regard were to: (i) understand the arrangements in place and the allocation of responsibility between the parties; (ii) obtain assurance of business/education continuity for learners; and (iii) ensure that students and members of the public could understand which organisation they were dealing with. Members of the Accreditation Panel (Andrew M and Kate) would ensure the Panel took these views into account.

## **7.2 Diversity survey report**

The board was provided with an update on:

- recent changes to EDI resource within the team;
- an emerging work programme on social mobility, including results of the 2022 diversity survey covering this topic; and
- an EDI information request from the LSB to which a response was required in April.

The board noted that, overall, the survey report indicated there would be merit in exploring ways to further social mobility within the profession. Kate explained that the CLSB was putting together a panel session hosted by a Costs Lawyer who is active in this space and the board discussed potential panellists and topics.

Board members considered the findings in the report and discussed the potential differences in social mobility across the regulated and unregulated parts of the market. They also considered the specific questions in the survey and how they compared to those used previously and to good practice across the market.

Board members gave feedback on the approach to responding to the LSB's information request and David offered to help with the initiatives scheduled for Q2.

***Action: Publish 2022 diversity survey report on CLSB website and commence communications and follow up actions.***

## **8. LEGAL SERVICES BOARD (LSB)**

### **8.1 Work updates**

The board received updates in relation to:

- appointment of a new Chair of the LSB;
- a communication from the Chair of the LSB to all the legal regulators in relation to plans for implementing the new regulatory performance framework; and
- a recent decision of the Legal Services Board that it has found insufficient evidence of detriment to warrant a full/formal review of the list of reserved legal activities in the Legal Services Act 2007 at the current time.

David also provided feedback from a recent LSB meeting on the role of the rule of law in the regulatory objectives, including discussion around what the rule of law means in this context and how that meaning can be applied consistently by the regulators.

## **9 STAKEHOLDER UPDATES**

### **9.1 ACL Council meeting minutes**

The board noted the minutes of ACL Council meetings held in November 2022 and January 2023, including that ACL was developing its next Business Plan and the CLSB had been invited to provide input. Board members also noted an increase in the amount of content that was being redacted from the minutes as confidential.

### **9.2 Work updates**

The board received updates in relation to:

- the outcome of the Legal Ombudsman’s consultation on its 2023/24 Business Plan and budget; and
- changes in the senior leadership team at CILEx Regulation.

## **10 OPERATIONS**

### **10.1 2022 CPD audit report**

Jacqui introduced this report and provided an overview of engagement with the audit, which had generally been very positive.

The board noted the report, including the proposed next steps and amendments to the supporting materials on CPD to take account of the audit outcomes. Board members were encouraged by practitioners’ understanding of the new CPD regime and emphasised the importance of the work being done to provide feedback from the audit to the wider profession.

***Action: Proceed with next steps noted in the report.***

### **10.2 Digital workplan progress report**

The board was provided with a report on progress against the digital workplan for 2023. Jacqui explained that this was being brought to the board’s attention early in the year, as a number of decisions had been taken in Q1 which would have resource/budget implications, but which were important for maintaining data quality and user experience.

The board discussed the lifespan of the existing database and the point at which a full upgrade would be more efficient than ongoing improvements. It was agreed that the lifespan of the current system was still being prolonged successfully, but that committed reserves were available for a full upgrade when necessary, and the executive should inform the board when it was the right time to discuss other options.

## **11 PUBLICATION**

### **11.1 Confirmation that papers can be published**

The board agreed that all board papers for the meeting should be published, other than those noted on the agenda for the reasons stated.

***Action: Publish board papers on website in accordance with agenda notations.***

**12 AOB**

There was no other business.

**13 NEXT SCHEDULED QUARTERLY MEETING**

The next meeting was scheduled for 27 and 28 June in London. The board received an update on logistics for the meeting, including that board members from IPReg would be joining part of the session on 27 June for a roundtable discussion. It was agreed that the session on 27 June should start at 2pm.

There being no further business, the Chair declared the meeting closed at 12:13.

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Chair

**Related documents**

<b>Item</b>	<b>Document</b>	<b>Publication location (CLSB website)</b>
2.1	Board minutes	About ⇨ Our board
3.1	Business Plan	About ⇨ Strategy and governance
4.2	Register of interests	About ⇨ Our board
6.1	Risk register	About ⇨ Strategy and governance
7.1	Resources for Qualifying Experience	Qualify ⇨ How to become a Costs Lawyer
11.1	Board papers	About ⇨ Our board
<b>Item</b>	<b>Document</b>	<b>Publication location (other)</b>
7.1	LSB Decision Notice on application to amend the Training Rules	LSB website <a href="#">here</a>