

<b>Date</b>	<b>9 July 2024</b>
<b>Item</b>	<b>07.00</b>
<b>Title</b>	<b>Director of Regulation Report</b>
<b>Author</b>	<b>Simon Blandy, Director of Regulation</b>
<b>Purpose</b>	This paper provides the Board with an update on the work of the Regulation Directorate
<b>Recommendation</b>	The Board is asked to <b>NOTE</b> this report.
<b>Timing</b>	N/A
<b>Impact Assessment</b>	N/A
<b>Impact on Regulatory Objectives</b>	The work covered in this report impacts on the following: <ul style="list-style-type: none"> <li>- encouraging an independent, strong, diverse, and effective legal profession.</li> <li>- protecting and promoting the consumer and public interest; and</li> <li>- promoting and maintaining adherence to the professional principles.</li> <li>- promoting the prevention and detection of economic crime</li> </ul>
<b>Implications for resources</b>	This report covers a period in which there continues to be changes in staffing impacting on the operational areas.
<b>Impact on consumer empowerment</b>	N/A
<b>Impact on ongoing competence</b>	CPD non-compliance is being monitored. See further the Director of Governance report.
<b>Publication status</b>	For publication.
<b>Appendices</b>	None

## Introduction

1. This paper provides the Board with an update on the work of the Regulations Directorate including:
  - The work of the Practitioner Team,
  - The work of the Entity Team, and
  - The work of the Enforcement Team.
2. The data in this Report is supplemented by the performance data which is published on a quarterly basis.

## PRACTITIONER TEAM UPDATE

### Operations

3. The PAS team now consists of eight members of staff plus the PAS Manager. Half of the team has been recruited this year and during May and June there have been multiple cross team training sessions to create resilience and knowledge building. A three-day training session across the multiple applications processes was also held at Wrest Park in June. One project that has been initiated is a PAS Manual to detail the various responsibilities and process activity that the team is responsible for. It is hoped that this will help increase knowledge but also provide an opportunity to make changes for streamlining and simplicity where identified.
4. The team are preparing to receive applicants from the new CILEX CPQ qualification which includes practice rights elements. Applicants will have to undertake the new standards work based learning portfolio over the summer. Assessors have been involved in discussions around the new standards and the approaches. Although the process of the assessment will not differ from the legacy approach to becoming a Chartered Legal Executive, the learning outcomes will differ and therefore there is a recognition that the new standards may take longer to assess as assessors come across these portfolios for the first time. Exact numbers of these applications coming through from CILEX have not yet been provided.
5. The PAS Manager delivered a webinar to invited CILEX members including students, advanced paralegals and Fellows to talk about conveyancing and probate practice rights. 263 attended the webinar which was recorded and will be put on both CILEX and CILEX Regulations website. Questions were asked and answered at the session and further FAQs will also be shared for those questions that could not be answered due to time limitations. Evaluation surveys were sent afterwards to ascertain whether the webinar was successful and to determine further activities if identified. Another webinar is being scheduled in July where the practice rights areas in litigation and advocacy will be discussed.

### Applications for Recognition of lawyers qualified outside of the UK

6. There continues to be a steady stream of queries and applications for the foreign lawyer scheme with currently seven live applications and five authorisations confirmed in 2024 as Chartered Legal Executives. Several of those who have been authorised are interested in practice rights but the criteria for this application limits those recently moved to the UK as they require at least five years UK experience.

### Qualifying Experience (QE)

Qualifying Experience														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	FY
<b>Applications 2024</b>	28	37	58	57	56								236	
<b>Applications 2023</b>	55	57	63	51	44	45	41	33	57	44	39	31	270	562
<b>Applications 2022</b>	61	65	62	70	57	72	43	67	58	43	42	28	315	668
<b>Av No weeks to overall decision-2024</b>	5	4	5	5	5									

### Work Based Learning (WBL)

Work Based Learning														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	FY
<b>Applications 2024</b>	44	39	58	69	66								276	
<b>No. authorisations - 2024</b>	64	31	37	44	46								222	
<b>Applications 2023</b>	54	58	59	62	57	43	43	80	62	61	59	21	290	659
<b>No. authorisations - 2023</b>	72	53	38	53	65	63	57	47	78	73	70	39	281	708
<b>Applications 2022</b>	42	37	71	70	62	52	48	77	65	65	60	38	282	687

### Practice Rights & Advocacy

Practice Rights & Advocacy 2024														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	FY
<b>No of practice rights holders</b>	286	302	328	341	357								357	
<b>Applications received</b>	13	6	6	7	6								38	
<b>Applications authorised</b>	24	17	26	13	16								96	
<b>Av. no. weeks to overall decision</b>	37.5	37.5	37.5	34.5	33.1									
<b>No of practice right holders (ACCA-Probate)</b>	58	60	61	61	62								62	
2023														
<b>No of practice rights holders</b>	149	155	164	165	165	165	195	204	216	236	264	280		280
<b>Applications received</b>	5	9	4	8	9	4	5	5	7	10	6	2	35	74
<b>Applications authorised</b>	2	3	11	2	0	2	9	22	11	22	16	26	18	126
<b>Av. no. weeks to overall decision</b>	40.6	40.5	47.6	47.2	45.8	44.8	42.8	41.3	40.1	39.4	38.2	37.5		
<b>No of practice right holders (ACCA-Probate)</b>	54	55	49	49	49	49	48	45	45	46	46	46		46

## Courses

7. Since the last Board meeting two additional course dates have been set for advocacy for Civil Litigation. The current position is as follows:
  - Family proceedings scheduled for July 2024.
  - Civil proceedings scheduled for August and December 2024
8. The challenges around the regularity of the family courses continue. The course due to be held in July 2024 has been full since February and there is a waiting list of 11, several of whom have been waiting since earlier in the year. Applicants are increasingly frustrated that there are no further dates confirmed in 2024. Barbri has only confirmed a date in January 2025. This is because Barbri has only one external trainer for the course and their availability is limited. The PAS Manager and the Head of Education met with Barbri representatives in May to agree a way forward but since then Barbri has not confirmed future dates or agreed to alternative flexible approaches that would benefit those waiting to attend a course. Alternative providers who were also approached about delivering the courses have not resulted in agreements for future delivery.
9. Since the last Board meeting, advocacy courses for criminal, civil and family proceedings have taken place with a 100% pass rate. Those applicants are undergoing the final elements of the process to authorisation.

## Practice Rights training and assessments

10. In June 2024 22 out of 25 applicants (88%) passed the University of Law practice rights course with 13 achieving a pass mark of over 70%.
11. The next cohort commences in September 2024 with the registration deadline in August. At the time of writing only three applicants had registered.

## CPD Non-Compliance

12. There has been a slight decrease in the numbers that are non-compliant. A new member of staff joined PAS in May to manage the CPD area. With this additional resource recruited to cope with the volume of queries from those members who are non-compliant, the numbers should decrease further.

<b>Compliance Year 2022/2023</b>	<b>30/09/2023</b>	<b>31/12/2023</b>	<b>31/03/2024</b>	<b>31/05/2024</b>	<b>% reduction since 1 October 2023</b>
Associate Prosecutors	25	13	4	6	84
Fellows	942	392	171	157	82
Advanced Paralegals	517	452	304	298	41
WBL reduction	127	49	13	9	90
Paralegals (Associates)	926	864	663	647	28
Total	2,537	1,770	1,155	1,117	54

## ENTITY TEAM UPDATE

### Rule changes

#### Designated Professional Body (DPB) application.

13. CRL has had no recent update from either the FCA nor HM Treasury on the work related to the Statutory Instrument, with all work presumed to be on hold until after the election.

### Operations

#### ACCA Performance Update

Current ACCA Firms												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>No. of CILEX- ACCA Probate firms 2024</b>	37	37	39	36	37	38						
<b>No. of CILEX- ACCA Probate firms 2023</b>	42	42	39	39	39	40	39	39	37	38	38	37
<b>No. of CILEX- ACCA Probate firms 2022</b>	21	28	37	39	42	43	43	43	43	42	42	42

14. One new firm was authorised in May and one in June 2024. A further application is currently being assessed. In addition, there have been enquiries from several other accountancy firms regarding authorisation but these as yet have not progressed into online applications for authorisation as CILEX ACCA Probate Entities.
15. As at the 21 June 2024 only one CILEX ACCA Probate entity has not completed the renewal process for 2024. The firm has several compliance points which to date it has failed to address. The practitioner responsible for the firm has therefore been informed that if these points are not addressed by 28 June 2024, the firm will lapse out of authorisation on 30 June 2024.
16. The renewal period this year has been protracted: some firms have been slow to respond to the need to renew despite reminders and there has been a high level of non-compliance with the transparency requirements. Firms are required to take corrective action before renewal is granted.
17. In June 2024 we were notified that the sole practitioner at one of the CILEX ACCA Probate Entities had sadly passed away. We are now working with a colleague at the associated ACCA regulated accountancy firm to ensure the firm's business continuity plan is followed for the live probate cases. As yet the decision has not been taken as to whether the probate firm will close or whether another member of the accountancy staff will apply for authorisation as a CILEX Practitioner (ACCA Probate) to ensure the firm can continue to trade.

## Entity Performance Update

Current Entity applications												
2024												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>No. of CILEX Authorised firms</b>	20	19	19	19	20	20						
<b>No. applications granted full authorisation</b>	0	0	0	0	1	0						
<b>No. renewals authorised (YTD)</b>	1	3	3	7	7	0						
<b>No. ABS</b>	1	1	1	1	1	1						
2023												
<b>No. of CILEX Authorised firms</b>	22	20	19	19	19	19	19	19	19	20	20	20
2022												
<b>No. of CILEX Authorised firms</b>	24	24	24	25	25	25	25	24	23	23	22	22

18. There are currently 20 authorised firms (including one ABS) with a civil litigation firm receiving full authorisation and a criminal litigation firm provisional authorisation, both in May 2024. This second firm has now worked through the actions needed to move it for full authorisation and is scheduled to be authorised in July 2024 when its professional indemnity insurance starts. This will increase the number of authorised firms rise to 21.
19. The Entity Officer is currently working on another entity application and has had discussions with two additional prospective applicants who are considering submitting applications. There have also been enquiries for entity authorisation from individuals who are not able to make such an application. This is either because the person has not obtained the required independent practice rights or does not understand that we only authorise and regulate firms that are providing reserved legal activities.
20. In June we were notified by the sole practitioner of a probate firm that we have authorised since 2015 that she had taken the decision to close the firm at the end of August 2024. The reason given was the continuing uncertainty about CILEX's future regulatory arrangements and what she perceives to be a growing regulatory burden.
21. As part of a review of our entity supervision work, in May 2024 we produced an overview table drawing together the compliance data we hold on the firms regulated by CRL. Alongside this piece of work, a simplified risk model has been devised to inform our regulatory approach.

## ECONOMIC CRIME UPDATE

### Anti-Money Laundering (AML) Supervision

22. On the 23 May 2024 CRL attended a meeting with Office for Professional Body Anti-Money Laundering Supervision (OPBAS). The meeting was to discuss the work program CRL had in place as a Professional Body Supervisor. Whilst OPBAS were supportive of the work CRL was undertaking in relation to anti-money laundering and wider economic crime, it asked CRL to draft a plan of the activity it was undertaking. Progress against this plan would then be assessed during future meetings with OPBAS which it was proposed will take place every six weeks.

23. Following the meeting with OPBAS an AML Plan for 2024 has been drafted covering actions in three key areas: Evidence, Education, and Enforcement. The 'Evidence' element of the plan is designed to increase the information CRL gathers to ensure it continues effectively to target its resources on a risk-based approach when conducting its anti-money laundering supervision. A detailed questionnaire (AML Statement) was circulated in June 2024 to all regulated firms so they can assess whether they deliver services (such as tax advice and trust and company services) which bring them within the scope of the AML regulations. In line with OPBAS guidance the AML Statement also covers the sanctions regime and wider economic crime.
24. Our review of the completed questionnaires will enable us to monitor improvement and target inspection work. Inspection work will be in the form of desk-based reviews and on-site inspection of firms. To aid the desk-based reviews CRL is working with the IT Team to build a secure portal for the uploading of case files, to manage the risk of confidential information being lost or intercepted in the email system. The aim is to test the secure portal in July 2024.
25. Firms will be notified of updates to AML and wider economic crime information on the CRL website for the Education part of the AML Plan. This will include an explanation of the consequences of failing to adhere to AML laundering requirements.
26. In May CRL completed the HM Treasury National Risk Assessment questionnaire and encouraged its AML firms also to submit responses (75% firms did so).
27. On 17 June 2024 CRL attended the Legal Sector ISEWG though there was little to report given the pre election period.
28. The AML Regulators Forum held on 19 June 2024 discussed the OPBAS reviews of the Professional Body Supervisors. From the discussions it was clear that OPBAS places considerable weight on being able to demonstrate improvement. Other regulators have satisfied this expectation through thematic reviews, gap analyses and specific case studies. The Forum also discussed the revised HM Treasury Annual Return. Whilst it was accepted that the extension of the submission date to the end of August 2024 was helpful, the additional data required would be a challenge.
29. The LSAG meeting on 24 June 2024 included a discussion on the nature and timing of the feedback provided to individual Supervisors by OPBAS.
30. The LSB Roundtable on 26 June 2024 was an opportunity for regulators to compare approaches to compliance with the Economic Crime Objective. A representative from Transparency International suggested that regulators should take the lead from discussions in Parliament during passage of the Bill. These emphasised the intended breadth of the objective and the need for a paradigm shift in approach to economic crime, recognising specifically that it is not a victimless crime. The LSB will now prepare draft guidance with a view to publishing a consultation in the autumn.

## **ENFORCEMENT TEAM UPDATE**

### **Operational**

31. The newly appointed Investigation and Enforcement Manager is carrying out a review of investigatory processes and responsibilities within the team (see separate paper).

New operational guidance has been introduced which focusses on greater oversight of cases, case management and best investigatory practices. Key priorities over the next 3-6 months and achievements will be presented to the Board.

### Institute of Paralegals

32. CRL has received a request from CILEX to carry out prior conduct checks on a small cohort of IoP members. No further requests have been made by CILEX. The Investigations and Enforcement Manager will be arranging a meeting with the CILEX Director of Membership) shortly to discuss future working relationships.

### LSB - Professional ethics, rule of law and regulation

33. CRL has submitted a detailed response to the LSB's request for information. Guidance is also being developed on the Code of Conduct, which is aimed at providing regulated persons with greater understanding of what each Principle means in practice. The guidance is due to be published shortly.

### **Prior conduct**

<b>Prior Conduct Declarations</b>														
<b>2024</b>														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	FY
<b>Declarations received</b>	28	24	26	20	14								<b>112</b>	
<b>No of cases resolved</b>	41	36	26	25	8								<b>136</b>	
<b>No of cases open</b>	67	55	68	63	69								<b>69</b>	
<b>No of cases 'On hold'</b>	16	16	20	17	15								<b>15</b>	
<b>No of cases - live</b>	51	52	48	46	54								<b>54</b>	
<b>2023</b>														
<b>Declarations received</b>	27	22	24	21	22	14	16	26	30	12	19	27	<b>116</b>	<b>260</b>
<b>No of cases resolved</b>	37	32	25	19	24	18	32	29	21	20	14	18	<b>137</b>	<b>289</b>
<b>No of cases open</b>	99	89	88	90	88	84	68	65	74	66	71	80	<b>88</b>	<b>80</b>
<b>No of cases 'On hold'</b>	23	24	26	26	24	24	23	24	21	19	23	23	<b>26</b>	<b>23</b>
<b>No of cases - live</b>	76	65	62	64	62	60	45	41	53	47	48	57	<b>62</b>	<b>57</b>
<b>2022</b>														
<b>Declarations received</b>	18	20	16	22	22	17	18	17	18	19	43	28	<b>98</b>	<b>258</b>
<b>No of cases resolved</b>	13	17	21	30	27	33	22	16	34	44	25	21	<b>108</b>	<b>303</b>
<b>No of cases open</b>	172	203	185	168	162	139	143	115	115	87	94	109	<b>185</b>	<b>109</b>



34. On 21 June 2024, there were 68 open cases, 12 of which are likely to be determined by an investigator and the remaining 56 by the PCP.
35. Due to the lack of availability of clerks, no Professional Conduct Panel meetings took place in May 2024 and June 2024. This will be remedied following the recent recruitment drive for lay panel members and clerks. The Investigations and Enforcement Manager is currently exploring whether it is possible to convene a meeting in July 2024. The panel members have agreed in principle. To date, no clerks have indicated availability.
36. Prior conduct complaints by age (as of 31st May 2024):

March 2024	0-6 months	6-12 months	12-18 months	18-24 months	24+ months	Total
<b>No of open cases</b>	37	13	10	3	5	<b>69</b>
<b>Those 'On Hold'</b>	10	3	3	1	3	<b>15</b>
<b>No of cases - live</b>	27	10	7	2	2	<b>54</b>
<b>January 2023</b>						
<b>No of open cases</b>	50	17	13	10	9	<b>99</b>
<b>Those 'On Hold'</b>	10	7	2	1	3	<b>23</b>
<b>No of cases - live</b>	40	10	11	9	6	<b>76</b>

## Misconduct

Misconduct Complaints														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	FY
<b>2024</b>														
<b>No of New Complaints</b>	8	4	4	5	1								<b>22</b>	
<b>No of Complaints resolved</b>	15	13	18	7	12								<b>65</b>	
<b>No of cases open</b>	131	122	108	106	99								<b>99</b>	
<b>No of cases 'On hold'</b>	48	50	47	45	39								<b>39</b>	
<b>No of cases - live</b>	83	72	61	61	60								<b>60</b>	
<b>2023</b>														
<b>No of New Complaints</b>	4	6	7	4	11	4	5	7	5	12	3	3	<b>32</b>	<b>71</b>
<b>No of Complaints resolved</b>	1	1	7	4	8	3	5	3	4	2	6	0	<b>21</b>	<b>44</b>
<b>No of cases open</b>	128	133	132	132	135	136	136	140	141	149	145	138	<b>135</b>	<b>138</b>
<b>No of cases 'On hold'</b>	37	38	39	39	44	45	46	45	45	46	50	49	<b>44</b>	<b>49</b>
<b>No of cases - live</b>	91	95	93	93	91	91	90	95	96	103	95	89	<b>91</b>	<b>89</b>
<b>2022</b>														
<b>No of New Complaints</b>	3	4	5	11	5	8	3	10	8	10	3	3	<b>28</b>	<b>73</b>

<b>No of Complaints resolved</b>	1	4	3	13	4	4	2	1	2	13	9	2	<b>35</b>	<b>58</b>
<b>No of cases open</b>	112	112	114	112	113	117	118	127	133	130	124	125	<b>113</b>	<b>125</b>

37. The open misconduct cases have been reduced from 138 on 31 December 2023 to 99 on 31 May 2024. The 99 open misconduct cases can be categorised as follows:

<b>Authorised Entities</b>	5 (concerning 2 firms)	5.0%
<b>Fellows</b>	50 (one Fellow is subject to 3 separate complaints)	50.1%
<b>Non-Authorised grades</b>	44 (5 members are subject to multiple complaints)	44.4%

38. The oldest open case, which is on hold, is **279 weeks** and was last reviewed on 31 May 2024.

39. One of the key priorities for the investigations and enforcement team over the next 3-6 months is to reduce the number of aged cases (12 months plus) and on hold cases (misconduct and prior conduct). This will be achieved through focused case reviews and new operational guidance which will provide greater scope for the team to close cases that have been placed on hold for a considerable period of time as a result of third-party investigations.

40. Open conduct complaints by age:

	<b>0-6 months</b>	<b>6-12 months</b>	<b>12-18 months</b>	<b>18-24 months</b>	<b>24+ months</b>	<b>Total</b>
<b>No of live cases</b>	21	17	10	11	40	<b>99</b>
<b>No of 'On Hold' cases</b>	1	2	5	7	24	<b>39</b>

### Disciplinary Panels

41. The marketing campaign for panel clerks and lay panel members applications concluded on 20 June 2024. Interviews will be scheduled in the first two weeks of July 2024.

### Recommendation

42. The Board is asked to **NOTE** the report.