

Date	25 September 2024
Item	06.0
Title	Director of Regulation Report
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Purpose	This paper provides the Board with an update on the work of the Regulation Directorate
Recommendation	The Board is asked to NOTE this report.
Timing	N/A
Impact Assessment	N/A
Impact on Regulatory Objectives	The work covered in this report impacts on the following: <ul style="list-style-type: none"> - encouraging an independent, strong, diverse, and effective legal profession. - protecting and promoting the consumer and public interest; and - promoting and maintaining adherence to the professional principles. - promoting the prevention and detection of economic crime
Implications for resources	This report covers a period in which there continues to be changes in staffing impacting on the operational areas.
Impact on consumer empowerment	N/A
Impact on ongoing competence	CPD non-compliance is being monitored. See further the Director of Governance report.
Publication status	For publication.
Appendices	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. Changes to the PAS team in September 2024 are as follows:
 - The team's in-house assessor is retiring but is expected to continue as an external assessor (with reduced workload). Other elements of that role will be covered by two additional external assessors (to be recruited) and the Head of Education.
 - The additional external assessors will also assess CPQ portfolios.
 - A part-time administration assistant is being recruited to support work based learning.
 - Some members of the PAS team had Qualifying Experience assessment training in July and August 2024 to enable one of its Officers to transfer full time to increase capacity of the Enforcement Team.
4. The PAS Team have started to receive applications for the new CILEX CPQ qualification. The PAS Manager is liaising with CILEX colleagues to ensure a clear, common understanding of the process. The PAS Manager delivered a [webinar](#) on litigation and advocacy practice rights to 140 CILEX members.

Applications for Recognition of lawyers qualified outside of the UK

5. There are currently five live applications and in total 12 applications have been approved in 2024 and one application has been rejected.

Qualifying Experience (QE)

Qualifying Experience														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	FY
Applications 2024	28	37	58	57	56	47	35	35					353	
Applications 2023	55	57	63	51	44	45	41	33	57	44	39	31	389	562
Applications 2022	61	65	62	70	57	72	43	67	58	43	42	28	497	668
Av No weeks to overall decision-2024	5	4	5	5	5	5	5	5						

Work Based Learning (WBL)

Work Based Learning														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	FY
Applications 2024	44	39	58	69	67	42	44	51					414	
No. authorisations - 2024	64	31	37	44	46	58	51	48					379	
Applications 2023	54	58	59	62	57	43	43	80	62	61	59	21	389	659
No. authorisations - 2023	72	53	38	53	65	63	57	47	78	73	70	39	448	708
Applications 2022	42	37	71	70	62	52	48	77	65	65	60	38	459	687

Practice Rights & Advocacy

Practice Rights & Advocacy 2024														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	FY
No of practice rights holders	286	302	328	341	357	364	376	391					391	
Applications received	17	6	6	7	6	3	11	9					65	
Applications authorised	24	17	26	13	16	7	12	15					130	
Av. no. weeks to overall decision	37.5	37.5	37.5	34.5	33.1	32.3	32.3	32.3						
No of practice right holders (ACCA-Probate)	58	60	61	61	62	62	62	62					62	
2023														
No of practice rights holders	149	155	164	165	165	165	195	204	216	236	264	280		280
Applications received	5	9	4	8	9	4	5	5	7	10	6	2	49	74
Applications authorised	2	3	11	2	0	2	9	22	11	22	16	26	51	126
Av. no. weeks to overall decision	40.6	40.5	47.6	47.2	45.8	44.8	42.8	41.3	40.1	39.4	38.2	37.5		
No of practice right holders (ACCA-Probate)	54	55	49	49	49	49	48	45	45	46	46	46		46

Courses

- Following positive discussions, dates to summer 2025 have been proposed by the training provider to deliver family courses. It has also been agreed that there should be 6 monthly review meetings. Additional providers to deliver the advocacy courses may still be considered when the advocacy course is reviewed in 2025.

Practice Rights training and assessments

- In August 2024, 20 out of 26 applicants (77%) passed the practice rights course (7 with marks over 70%). 22 have registered for September 2024, slightly less than previous cohorts.

CPD Non-Compliance

8. The CPD year ends on 30 September with the new year 2024/25 starting on 1 October. Those that are identified as non-compliant will be contacted.

Compliance Year 2022/2023	30/09/2023	31/12/2023	31/03/2024	31/08/2024	% reduction since 1 October 2023
Associate Prosecutors	25	13	4	7	72
Fellows	942	392	171	147	84
Advanced Paralegals	517	452	304	280	46
WBL reduction	127	49	13	8	94
Paralegals (Associates)	926	864	663	639	31
Total	2,537	1,770	1,155	1,081	57

ENTITY TEAM UPDATE

Rule changes

Designated Professional Body (DPB) application.

9. The FCA have confirmed that the work related to the Statutory Instrument is currently on hold and have asked for an update following CILEX's Board meeting in October 2024.

Operations

ACCA Performance Update

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

10. As at the end of August 2024 there were 38 CILEX ACCA firms. Two ACCA firms are currently seeking authorisation.

11. The CILEX ACCA firm renewals for 2024 are now all complete with all entity fees paid.

Entity Performance Update

Current Entity applications												
2024												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
No. of CILEX Authorised firms	20	19	19	19	20	20	21	20				
No. applications granted full authorisation	0	0	0	0	1	0	1	0				
No. renewals authorised (YTD)	1	3	3	7	7	8	10	11				
No. ABS	1	1	1	1	1	1	1	1				
2023												
No. of CILEX Authorised firms	22	20	19	19	19	19	19	19	19	20	20	20
2022												
No. of CILEX Authorised firms	24	24	24	25	25	25	25	24	23	23	22	22

12. There are currently 20 authorised firms (including one ABS). A criminal litigation firm was granted authorisation in July 2024, and one probate firm closed in August 2024. This closure was attributed to the continuing uncertainty over the future regulatory arrangements and what was perceived as being CILEX's failure to take into consideration the views of the firms currently regulated by CILEX Regulation. One entity application is currently being assessed.

13. One regulated firm is currently non-compliant. Following a meeting in early September 2024 an action plan has been agreed to bring the firm back into compliance. The practitioner has stated that CILEX's proposal to change its regulatory arrangements has had a severe detrimental effect on the business and that it has made substantial changes to its business model to ensure its longer term viability.

14. Since the last Board Report in July 2024 the Annual Return reviews are now up to date with the exception of the firm reported above.

ECONOMIC CRIME UPDATE

Anti-Money Laundering (AML) Supervision

15. At the beginning of 2024 HM Treasury consulted on a revision of the data sets that they require Professional Body Supervisors to provide as part of their AML/ CTF Return. CRL circulated a questionnaire (AML Statement) to firms in June 2024 to collect the additional information requested.
16. All regulated firms, not just the firms falling within the scope of the Money Laundering Regulations, were required to complete an AML Statement. This was to check whether any firms not currently falling within the AML supervised sector had taken on work which brought them within the scope of the regulations. The firms will be required to update their AML Statements each year. Current indications are that the scope of information required by HM Treasury is likely to increase. CILEX ACCA firms are not required to complete an AML Statement because of the restricted scope of their regulated activities.
17. All bar one of the regulated and supervised firms completed the AML Statement. The one firm that did not complete the return has now given an assurance it will do so (see above). The data provided by that firm will be included in the baseline data for next year's AML Statement analysis.
18. CRL's AML / CTF Return was submitted to HM Treasury at the end of August 2024. Data from the Return will be applied to assess supervisors' performance and build an evidence base in advance of the next Financial Action Task Force (FATF) inspection (scheduled for 2027).
19. There were comments at the Legal Sector Affinity Group meeting on 3 September 2024 on the additional demands the HM Treasury Return had made on supervisors. There were also concerns about requests for AML related information from other public bodies such as Companies House and OPBAS.
20. The data from the AML Statements has been used to produce a first draft of a revised Sectoral Risk Assessment. This will be published shortly with guidance notes on areas that have been identified as risks for our supervised community.
21. The AML Intelligence Sharing Expert Working Group (ISEWG) met on 10 September 2024. There were further discussions on the sharing of information between the supervisors and others such as NCA and OPBAS. Concerns were expressed about what should be shared (not all information in scope was directly linked to AML), bulk sharing and the sharing of information in the absence of feedback.

ENFORCEMENT TEAM UPDATE

Operational

Context

22. At the Board meeting in July 2024 a commitment was made to meet the targets set out in the Table. Although there has been some slippage following the departure of the Investigation and Enforcement Manager, all actions are being progressed.

Within 3 months	Within 6 months
1. KPIs informed by the current reporting data will be trialled and agreed	1. A review of the misconduct process will be undertaken to identify whether any further process and other changes should be made (without the requirement for a rule change) to improve efficiency and effectiveness.
2. A training and induction programme will be developed for panel clerks and lay members to be delivered over the summer with the aim of convening a series of panel hearings in the early autumn to determine misconduct cases Training Day November 2024 (para 26)	2. There will be a review of the operation of remote hearings since the implementation of the permanent rule change. Complete (para 24)
3. Guidance on the following will be developed to improve the quality and timeliness of investigations, with the last two intended to ensure the most serious cases are actioned promptly). <ul style="list-style-type: none"> • Evidence gathering • Parallel investigations • Best evidence • Investigation planning • Risk assessments • Applying for interim orders 	3. Further training workshops will be rolled out into 2025 to ensure greater understanding and knowledge within the team to progress certain types of complex cases. In person Training Day October 2024
4. Adopt a more person-centred approach when managing complaints	
5. A safeguarding referral procedure will set out safeguarding commitments to those who are subject to disciplinary proceedings and/or key witnesses.	

23. With support from the other members off the team, the Disciplinary Standards Manager has assumed the responsibilities of the Investigation and Enforcement Manager who left in July 2024. As reported above, one of the Investigations Officers who has been shared with the PAS Team is moving full time to the Enforcement Team and an officer is being recruited to assist in the development of the back office process and documentation.
24. The findings of a review of the operation of remote hearings are reported in the [2023 Enforcement Annual Report](#).
25. Meetings of the Professional Conduct Panel (PCP) resumed in August 2024. There is a hearing of the Disciplinary Tribunal in November 2024 to determine allegations of professional misconduct against two CILEX members with further hearings to be scheduled in early 2025.

26. The Enforcement Team will deliver induction training to the newly appointed panel clerks and members in November 2024. CRL intends to facilitate additional panel training in Spring/ Summer 2025 to cover wider regulatory topics and key legal updates.

Prior conduct

Prior Conduct Declarations														
2024														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	FY
Declarations received	28	24	26	20	14	16	15	25					168	
No of cases resolved	41	36	26	25	8	15	17	23					178	
No of cases open	67	55	68	63	69	70	68	70					70	
No of cases 'On hold'	16	16	20	17	15	15	15	17					17	
No of cases - live	51	52	48	46	54	55	53	53					53	
2023														
Declarations received	27	22	24	21	22	14	16	26	30	12	19	27	172	260
No of cases resolved	37	32	25	19	24	18	32	29	21	20	14	18	216	289
No of cases open	99	89	88	90	88	84	68	65	74	66	71	80	65	80
No of cases 'On hold'	23	24	26	26	24	24	23	24	21	19	23	23	24	23
No of cases - live	76	65	62	64	62	60	45	41	53	47	48	57	41	57
2022														
Declarations received	18	20	16	22	22	17	18	17	18	19	43	28	150	258
No of cases resolved	13	17	21	30	27	33	22	16	34	44	25	21	179	303
No of cases open	172	203	185	168	162	139	143	115	115	87	94	109	115	109

27. All prior conduct cases open before the start of 2024 have now been reviewed. Four cases that were opened before 2024 went to the PCP for determination on 29 August 2024 and a further 6 cases have been referred to the next PCP meeting on 19 September 2024. CRM has been updated to record all closed cases. Processes for Prior Conduct cases are being reviewed to ensure they are actioned and resolved in accordance with KPIs.

28. Prior conduct complaints by age (as of 31 August 2024):

March 2024	0-6 months	6-12 months	12-18 months	18-24 months	24+ months	Total
No of open cases	33	20	7	5	5	70
Those 'On Hold'	4	5	2	3	3	17
No of cases - live	29	15	5	2	2	53

January 2023						
No of open cases	50	17	13	10	9	99
Those 'On Hold'	10	7	2	1	3	23
No of cases - live	40	10	11	9	6	76

Misconduct

Misconduct Complaints														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	FY
2024														
No of New Complaints	8	5	7	9	1	2	7	3					42	
No of Complaints resolved	12	12	19	9	7	5	4	3					71	
No of cases open	131	124	112	112	106	103	106	106					106	
No of cases 'On hold'	48	50	47	45	41	40	41	40					40	
No of cases - live	83	74	65	67	65	63	65	66					66	
2023														
No of New Complaints	4	6	7	4	11	4	5	7	5	12	3	3	48	71
No of Complaints resolved	1	1	7	4	8	3	5	3	4	2	6	0	32	44
No of cases open	128	133	132	132	135	136	136	140	141	149	145	138	135	138
No of cases 'On hold'	37	38	39	39	44	45	46	45	45	46	50	49	44	49
No of cases - live	91	95	93	93	91	91	90	95	96	103	95	89	91	89
2022														
No of New Complaints	3	4	5	11	5	8	3	10	8	10	3	3	49	73
No of Complaints resolved	1	4	3	13	4	4	2	1	2	13	9	2	32	58
No of cases open	112	112	114	112	113	117	118	127	133	130	124	125	127	125

29. The open misconduct cases have been reduced from 138 on 31 December 2023 to 106 on 31 August 2024:

Authorised Entities	6 (concerning 2 firms)	5.6%
Fellows	52 (one Fellow is subject to 3 separate complaints)	48.6%
Non-Authorised grades	48 (5 members are subject to multiple complaints)	45.8%

30. The oldest open case was **293 weeks** as at 31 August 2024. The complaint has since been rejected. The complainant has been notified of their entitlement to request a review by the PCP of the decision to reject.

31. Open conduct complaints by age:

	0-6 months	6-12 months	12-18 months	18-24 months	24+ months	Total
No of live cases	25	19	10	12	40	106
No of 'On Hold' cases	1	2	3	9	25	40

Recommendation

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