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| <b>Date</b>                            | <b>11 February 2025</b>   |
| <b>Item</b>                            | <b>07.0</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>    | N/A   |
| <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

- There have been no staff changes to the PAS Team since the September report. Recruitment for a part-time administrator is underway to provide cover and support to the work based learning Officer. This role will also provide ad hoc cover across the team when required.

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

- There are currently 12 live applications. In 2024 17 applications were approved and one application was rejected.

#### 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  | 47  | 35  | 35  | 58  | 52  | 30  | 23  |     | 516 |
| <b>Applications 2023</b>                    | 55  | 57  | 63  | 51  | 44  | 45  | 41  | 33  | 57  | 44  | 39  | 31  |     | 562 |
| <b>Applications 2022</b>                    | 61  | 65  | 62  | 70  | 57  | 72  | 43  | 67  | 58  | 43  | 42  | 28  |     | 668 |
| <b>Av No weeks to overall decision-2024</b> | 5   | 4   | 5   | 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  |
| <b>Applications 2024</b>         | 44  | 39  | 58  | 69  | 67  | 42  | 44  | 51  | 65  | 41  | 35  | 38  |     | 593 |
| <b>No. authorisations - 2024</b> | 64  | 31  | 37  | 44  | 46  | 58  | 51  | 48  | 50  | 48  | 60  | 39  |     | 576 |
| <b>Applications 2023</b>         | 54  | 58  | 59  | 62  | 57  | 43  | 43  | 80  | 62  | 61  | 59  | 21  |     | 659 |
| <b>No. authorisations - 2023</b> | 72  | 53  | 38  | 53  | 65  | 63  | 57  | 47  | 78  | 73  | 70  | 39  |     | 708 |
| <b>Applications 2022</b>         | 42  | 37  | 71  | 70  | 62  | 52  | 48  | 77  | 65  | 65  | 60  | 38  |     | 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  | 364  | 376  | 391  | 406  | 416 | 421 | 429 |     | 429 |
| <b>Applications received</b>         | 13   | 6    | 6    | 7    | 6    | 3    | 11   | 9    | 3    | 2   | 6   | 1   |     | 61  |
| <b>Applications authorised</b>       | 24   | 17   | 26   | 13   | 16   | 7    | 12   | 15   | 15   | 8   | 7   | 6   |     | 166 |
| <b>Av. no. weeks to</b>              | 37.5 | 37.5 | 37.5 | 34.5 | 33.1 | 32.3 | 32.3 | 32.3 | 32.3 |     |     |     |     |     |

|  |      |      |      |      |      |      |      |      |      |      |      |      |  |     |
|--|------|------|------|------|------|------|------|------|------|------|------|------|--|-----|
| <b>overall decision</b>                            |      |      |      |      |      |      |      |      |      |      |      |      |  |     |
| <b>No of practice right holders (ACCA-Probate)</b> | 58   | 60   | 61   | 61   | 62   | 62   | 62   | 62   | 62   | 62   | 62   | 62   |  | 62  |
| <b>2023</b>  |      |      |      |      |      |      |      |      |      |      |      |      |  |     |
| <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    |  | 74  |
| <b>Applications authorised</b>                     | 2    | 3    | 11   | 2    | 0    | 2    | 9    | 22   | 11   | 22   | 16   | 26   |  | 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

- Advocacy courses across all areas are scheduled in January and February resulting in very few people waiting to get onto a course. Course provider1 has also scheduled family courses throughout 2025. Negotiations have started on the terms of a new contract.

### Practice Rights training and assessments

- Interest in the practice rights course continue to decline. The numbers currently registered for the March cohort are disappointing. If this pattern persists it is likely that the number of courses delivered will be reduced from four to three a year. CRL is investigating the opportunities for a joint marketing campaign with CILEX to increase the uptake in practice rights.



|  |    |    |    |    |    |    |    |    |    |    |    |    |
|--|----|----|----|----|----|----|----|----|----|----|----|----|
| <b>No. ABS</b>                           | 1  |    |    |    |    |    |    |    |    |    |    |    |
| <b>2024</b>                              |    |    |    |    |    |    |    |    |    |    |    |    |
| <b>No. of CILEX<br/>Authorised firms</b> | 20 | 18 | 19 | 19 | 20 | 20 | 21 | 20 | 20 | 20 | 20 | 20 |
| <b>2023</b>                              |    |    |    |    |    |    |    |    |    |    |    |    |
| <b>No. of CILEX<br/>Authorised firms</b> | 22 | 20 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 20 | 20 | 20 |
| <b>2022</b>                              |    |    |    |    |    |    |    |    |    |    |    |    |
| <b>No. of CILEX<br/>Authorised firms</b> | 24 | 24 | 24 | 25 | 25 | 25 | 25 | 24 | 23 | 23 | 22 | 22 |

12. The number of firms authorised increased to 21 in January 2025 with the authorisation of an additional civil litigation firm. One application received in December 2024 is currently being assessed but will be delayed as the applicant owner/manager has only recently submitted his practice rights application.
13. An important element of the Annual Return reviews is to ensure compliance with the Transparency Rules as revised in September 2024.
14. All Annual Returns due in 2024 were completed and regulatory fee payments collected. One Accountant's Report remains overdue and is being addressed as part of a continuing investigation.
15. The Entity Team continues to deal with two Land Registry requisitions relating to matters dealt with by a CRL conveyancing firm that ceased operating in March 2023.

## **ECONOMIC CRIME UPDATE**

### **Anti-Money Laundering (AML) Supervision**

16. In late November and early December 2024 members of the team attended meetings of the Legal Sector Affinity Group ([LSAG](#)), AML Supervisors Forum (AMLSF), Office of Financial Sanctions Implementation ([OFSI](#)), Shared Intelligence Service (SIS) and Legal Sector Intelligence Sharing Expert Working Group ([ISEWG](#)). The Office for Professional Body Anti-Money Laundering Supervision ([OPBAS](#)) Conference in November 2024 provided a useful update on AML issues and gave advance notice of the Financial Action Task Force ([FATF](#)) Mutual Evaluation for the UK (currently scheduled for early 2028).
17. A response to an information request has been sent to OPBAS preparatory to its supervisory assessment in the week commencing 10 March 2025.
18. An AML officer is due to be recruited shortly to increase capacity across the Entity Team.

## **ENFORCEMENT TEAM UPDATE**

### **Operational**

## Context

19. An Investigation Officer left CRL in December 2024. A Lead Investigation Officer has been appointed and is due to start at the beginning of March 2025.
- The Professional Conduct Panel (PCP) met in November and December 2024. The next PCP meeting is scheduled for February 2025. 9 further meetings have been scheduled for the remainder of the year.
  - Two misconduct cases scheduled for hearing by the Disciplinary Tribunal (DT) in November 2024 were adjourned to January 2025 due to a panel member becoming unavailable.
    - One of the cases was further adjourned by the DT at the Respondent's request prior to the January hearing and is in the process of being relisted.
    - The second case which the respondent attended was part heard on 17 January 2025. A further hearing to conclude the case is currently being scheduled,
  - Further DT hearings are being scheduled for the remainder of 2025 to determine a further six cases.
  - Two appeal hearings are being scheduled for determination by the Appeals Panel in 2025.
  - The newly appointed panel clerks and lay members attended an induction workshop in November 2024. An all-panel training session is due to be held in Spring 2025.
  - A member of staff from the Practitioner Authorisation and Supervision Team has joined the Enforcement Team one day a week to assist with workloads.
  - Prior conduct cases have increased by approximately 60% since the beginning of December 2024, contributory factors are the annual renewals process and CILEX transferring IoP members to its regulated membership grades.

## Prior conduct

| Prior Conduct Declarations   |     |     |     |     |     |     |     |     |     |     |     |     |     |            |
|------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------------|
| 2024                         |     |     |     |     |     |     |     |     |     |     |     |     |     |            |
|                              | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD | FY         |
| <b>Declarations received</b> | 28  | 24  | 26  | 20  | 14  | 16  | 15  | 25  | 24  | 18  | 19  | 33  |     | <b>262</b> |
| <b>No of cases resolved</b>  | 41  | 23  | 26  | 25  | 8   | 15  | 17  | 23  | 17  | 30  | 19  | 21  |     | <b>265</b> |
| <b>No of cases open</b>      | 67  | 68  | 68  | 63  | 69  | 70  | 68  | 70  | 77  | 65  | 65  | 77  |     | <b>77</b>  |
| <b>No of cases 'On hold'</b> | 16  | 16  | 20  | 17  | 15  | 15  | 15  | 17  | 17  | 10  | 7   | 6   |     | <b>6</b>   |
| <b>No of cases - live</b>    | 51  | 52  | 48  | 46  | 54  | 55  | 53  | 53  | 60  | 55  | 58  | 71  |     | <b>71</b>  |
| 2023                         |     |     |     |     |     |     |     |     |     |     |     |     |     |            |
| <b>Declarations received</b> | 27  | 22  | 24  | 21  | 22  | 14  | 16  | 26  | 30  | 12  | 19  | 27  |     | <b>260</b> |
| <b>No of cases resolved</b>  | 37  | 32  | 25  | 19  | 24  | 18  | 32  | 29  | 21  | 20  | 14  | 18  |     | <b>289</b> |
| <b>No of cases open</b>      | 99  | 89  | 88  | 90  | 88  | 84  | 68  | 65  | 74  | 66  | 71  | 80  |     | <b>80</b>  |

|                       |     |     |     |     |     |     |     |     |     |    |    |     |  |            |
|-----------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|----|----|-----|--|------------|
| No of cases 'On hold' | 23  | 24  | 26  | 26  | 24  | 24  | 23  | 24  | 21  | 19 | 23 | 23  |  | <b>23</b>  |
| No of cases - live    | 76  | 65  | 62  | 64  | 62  | 60  | 45  | 41  | 53  | 47 | 48 | 57  |  | <b>57</b>  |
| <b>2022</b>           |     |     |     |     |     |     |     |     |     |    |    |     |  |            |
| Declarations received | 18  | 20  | 16  | 22  | 22  | 17  | 18  | 17  | 18  | 19 | 43 | 28  |  | <b>258</b> |
| No of cases resolved  | 13  | 17  | 21  | 30  | 27  | 33  | 22  | 16  | 34  | 44 | 25 | 21  |  | <b>303</b> |
| No of cases open      | 172 | 203 | 185 | 168 | 162 | 139 | 143 | 115 | 115 | 87 | 94 | 109 |  | <b>109</b> |

20. Progress made this year in reducing the number of aged prior conduct cases will continue in 2025. Prior conduct complaints by age (as of 31 December 2024):

| December 2024       | 0-6 months | 6-12 months | 12-18 months | 18-24 months | 24+ months | Total     |
|---------------------|------------|-------------|--------------|--------------|------------|-----------|
| No of open cases    | 40         | 20          | 9            | 4            | 4          | <b>77</b> |
| Those 'On Hold'     | 2          | 1           | 1            | 0            | 2          | <b>6</b>  |
| No of cases - live  | 38         | 19          | 8            | 4            | 2          | <b>71</b> |
| <b>January 2023</b> |            |             |              |              |            |           |
| No of open cases    | 50         | 17          | 13           | 10           | 9          | <b>99</b> |
| Those 'On Hold'     | 10         | 7           | 2            | 1            | 3          | <b>23</b> |
| No of cases - live  | 40         | 10          | 11           | 9            | 6          | <b>76</b> |

## Misconduct

| <b>Misconduct Complaints</b> |     |     |     |     |     |     |     |     |     |     |     |     |     |            |
|------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------------|
|                              | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD | FY         |
| <b>2024</b>                  |     |     |     |     |     |     |     |     |     |     |     |     |     |            |
| No of New Complaints         | 8   | 5   | 7   | 9   | 1   | 2   | 7   | 3   | 5   | 3   | 6   | 4   |     | <b>60</b>  |
| No of Complaints resolved    | 12  | 12  | 19  | 9   | 7   | 5   | 4   | 3   | 5   | 9   | 2   | 7   |     | <b>94</b>  |
| No of cases open             | 131 | 124 | 112 | 112 | 106 | 103 | 106 | 106 | 106 | 100 | 104 | 101 |     | <b>101</b> |
| No of cases 'On hold'        | 48  | 50  | 47  | 45  | 41  | 40  | 41  | 40  | 41  | 41  | 40  | 39  |     | <b>39</b>  |
| No of cases - live           | 83  | 74  | 65  | 67  | 65  | 63  | 65  | 66  | 65  | 59  | 64  | 62  |     | <b>62</b>  |
| <b>2023</b>                  |     |     |     |     |     |     |     |     |     |     |     |     |     |            |
| No of New Complaints         | 4   | 6   | 7   | 4   | 11  | 4   | 5   | 7   | 5   | 12  | 3   | 3   |     | <b>71</b>  |
| No of Complaints resolved    | 1   | 1   | 7   | 4   | 8   | 3   | 5   | 3   | 4   | 2   | 6   | 0   |     | <b>44</b>  |
| No of cases open             | 128 | 133 | 132 | 132 | 135 | 136 | 136 | 140 | 141 | 149 | 145 | 138 |     | <b>138</b> |
| No of cases 'On hold'        | 37  | 38  | 39  | 39  | 44  | 45  | 46  | 45  | 45  | 46  | 50  | 49  |     | <b>49</b>  |
| No of cases - live           | 91  | 95  | 93  | 93  | 91  | 91  | 90  | 95  | 96  | 103 | 95  | 89  |     | <b>89</b>  |

| 2022                      |     |     |     |     |     |     |     |     |     |     |     |     |  |     |
|---------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--|-----|
| No of New Complaints      | 3   | 4   | 5   | 11  | 5   | 8   | 3   | 10  | 8   | 10  | 3   | 3   |  | 73  |
| No of Complaints resolved | 1   | 4   | 3   | 13  | 4   | 4   | 2   | 1   | 2   | 13  | 9   | 2   |  | 58  |
| No of cases open          | 112 | 112 | 114 | 112 | 113 | 117 | 118 | 127 | 133 | 130 | 124 | 125 |  | 125 |

21. The open misconduct cases have been reduced by 26% from 143 on 30 September 2023 to 106 on 30 September 2024:

|                       |   |       |
|-----------------------|---|-------|
| Authorised Entities   | 1   | 1.0%  |
| Fellows               | 53 (one Fellow is subject to 3 separate complaints) | 52.5% |
| Non-Authorised grades | 47 (5 members are subject to multiple complaints)   | 46.5% |

22. As at 31 December 2024, the oldest case has been open (on hold) for **304 weeks**. This is one of a number of complaints made against the same respondent. Another regulator has started a parallel investigation with a view to determining whether to initiate criminal proceedings and has provided regular reports on progress. An internal review is being carried to determine what steps need to be taken to bring this and the related complaints to a conclusion.

23. Open conduct complaints by age:

| December 2024         | 0-6 months | 6-12 months | 12-18 months | 18-24 months | 24+ months | Total |
|-----------------------|------------|-------------|--------------|--------------|------------|-------|
| No of live cases      | 27         | 16          | 13           | 7            | 38         | 101   |
| No of 'On Hold' cases | 4          | 1           | 3            | 6            | 27         | 39    |

## Recommendation

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