

Annex 5

INTRODUCTION – PRACTICE MANAGEMENT

The qualification criteria, learning outcomes and evidence of competency stated in this schedule set out:

- the level of competency, knowledge and understanding required to run a business which provides a legal service, having consideration for rules and regulations, both professional and legislative
- the elements required to evidence that level of competency, knowledge and understanding.
- the level of competency required in the relevant skills for this area of practice –what it means to be part of a profession, CILEx ~~Regulation's regulations~~regulations, management of a legal entity and business acumen
- the elements required to evidence the required level of competence for these relevant skills
- a statement of the study and work-based experience that demonstrates that an applicant has attained the required level of competence, knowledge and understanding in all the required elements.

Certification of practice management will ensure that the applicant has:

- met the application requirements
- an appropriate level of suitability to manage a practice
- an appropriate level of knowledge and appreciation of the key features both financial and non-financial of practice management to include the ability to deal with risk, have a strategy, make informed business decisions, manage and motivate others, the benefits of IT and the external and internal forces which will ultimately will affect an organisation's ability to succeed
- the ability and skill to advance the organisation through the creation of a strategy appropriate to the market sector the organisation wishes to target, to include the use of a business plan, marketing plan, corporate social responsibility policy and other appropriate associated documents which may be needed to support the organisation's strategy
- the ability and skill to manage a client's expectations appropriately, not just at the outset of a case, but throughout the life of the retainer relationship
- the ability and skill to read and interpret the firm's accounts, in addition to any supporting budgets, cash flows, management accounts and ad hoc reports pertaining to the firm's profitability and financial position
- the ability and skill to perform the tasks required to evaluate the benefits of IT and the need for good project management
- to demonstrate a level of experience, knowledge and understanding of professional conduct and regulation contained in the relevant conduct rules and other law and regulations, including government legislation, and where these may impact and to be able to apply them in context.

	Learning Outcome	Supporting Evidence
	An applicant seeking practice rights must demonstrate:	The applicant will need to provide evidence to:
QUALIFICATION CRITERIA <ul style="list-style-type: none"> • KNOWLEDGE • UNDERSTANDING • EXPERIENCE • SKILLS 	<ul style="list-style-type: none"> • Sufficient practical knowledge, understanding, experience and skills – note these are different depending of the role of the applicant 	<p>Demonstrate they meet the outcomes set out below by:</p> <ul style="list-style-type: none"> • attendance on a course, or • practical experience <p>The outcomes are split into the following levels:</p> <ul style="list-style-type: none"> • Level 1 - mandatory for all applicants • Level 2a - mandatory for compliance managers • Level 2b - mandatory for compliance manager undertaking practice management • Level 2c - mandatory for compliance manager undertaking accounts management
Element 1 BEING PART OF A PROFESSION	EXTERNAL INFLUENCES Demonstrate knowledge, understanding and application of the current legal market and legal entities which may be created to provide a legal service	<p>LEVEL 1:</p> <ul style="list-style-type: none"> • Knowledge and understanding of the types of structure through which a legal entity may be formed • Knowledge and understanding of those able to regulate reserved legal activities • Understanding that the structure and regulation of legal entities and activities may change and be able to identify these changes • Knowledge and understanding of a business plan, taking into account recent and current changes to the legal services market • Knowledge, understanding and ability to comply with a complaints procedure in line with LeO guidelines. <p>LEVEL 2a:</p> <ul style="list-style-type: none"> • Ability to prepare a business plan, taking into account recent and current changes to the legal services market

	Learning Outcome	Supporting Evidence
	An applicant seeking practice rights must demonstrate:	The applicant will need to provide evidence to:
		<ul style="list-style-type: none"> Ability to create a complaints procedure in line with LeO guidelines.
	<p>REGULATION</p> <p>Demonstrate knowledge, understanding and application of the relevant conduct rules and other laws and regulation affecting the professional and legal practice</p> <p>Demonstrate knowledge, understanding and appropriate application of effective procedures for compliance</p>	<p>LEVEL 1:</p> <ul style="list-style-type: none"> Knowledge, understanding and application of obligations to the court, the client, other lawyers and barristers, stakeholders, third parties and the general public Knowledge, understanding and application of the regulations for which an individual is personally responsible Knowledge, understanding and application of obligations to the client Knowledge and understanding of how and when a retainer relationship should be terminated Knowledge and understanding of professional indemnity insurance. <p>LEVEL 2a:</p> <ul style="list-style-type: none"> Ability to complete a professional indemnity proposal form, gathering and identifying relevant information for proposal. <p>LEVEL 1:</p> <ul style="list-style-type: none"> Knowledge and understanding of the nomination procedure and suitability for the Money Laundering Reporting Officer (MLRO) Knowledge and understanding of the Money Laundering regulations. <p>LEVEL 2b:</p> <ul style="list-style-type: none"> Ability to identify and appoint a MLRO Knowledge, understanding and application of procedures which a

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	An applicant seeking practice rights must demonstrate:	The applicant will need to provide evidence to:
	Demonstrate knowledge, understanding and appropriate application of the administration requirements of a CILEx Regulation regulated entity in addition to any requirements to remain individually compliant	<p>following a cost benefit analysis</p> <ul style="list-style-type: none"> • Knowledge, understanding and ability to provide realistic cost estimates in the form of a 'costing' of all costs and disbursements at the start of the case and to provide regular updates throughout the life of the file • Knowledge and understanding of identification, documentation and dealing appropriately with potential conflicts of interests both at the outset and throughout a retainer relationship • Knowledge and understanding of situations which may give rise to an undertaking and the implications of giving an undertaking • Knowledge and understanding of situations which would result in a breach of the equality and diversity code. <p>LEVEL 2a:</p> <ul style="list-style-type: none"> • Knowledge, understanding and demonstration of good internal governance • Knowledge, understanding and application of systems, procedures and reporting to monitor compliance • Application of monitoring equality and diversity, both in the workplace and in the selection of external resources. <p>LEVEL 2b:</p> <ul style="list-style-type: none"> • Knowledge, understanding and implementation of procedures to review and test systems put in place to meet the outcomes of the CILEx Regulation practice rules (including management of undertakings, cost information, file reviews, client care, referral arrangements and conflicts of interest • Ability to identify when a fee earner has undertaken work in the absence of sufficient resources and outside their competence • Ability to draft policies which promote equality and diversity • Ability to draft appropriate safeguards for the issuing of

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	An applicant seeking practice rights must demonstrate:	The applicant will need to provide evidence to:
	appropriate application of good file management	<p>methods which could be used in recording such dates in a diarised system and on the client's file</p> <ul style="list-style-type: none"> • Ability to identify and record key dates. <p>LEVEL 2a:</p> <ul style="list-style-type: none"> • Knowledge and understanding of the elements of a good case management system, including the potential benefits • Ability to implement and operate a case management system, including for use as a supervision and compliance monitoring tool • Ability to design and implement a file closure procedure. <p>LEVEL 2b:</p> <ul style="list-style-type: none"> • Ability to create and perform a file review process covering both legal and administrative obligations • Ability to participate significantly in the successful application of an accreditation standard.
Element 3 MANAGEMENT OF A LEGAL ENTITY	EXTERNAL INFLUENCES Demonstrate knowledge, understanding and impact of external influences on a business	<p>LEVEL 1:</p> <ul style="list-style-type: none"> • Knowledge and understanding of recent and/or current external issues facing business/legal entities • Knowledge and understanding of the impact of inflation, how this impacts on business and actions which can be taken to counterbalance this. <p>LEVEL 2a:</p> <ul style="list-style-type: none"> • Ability to assess the impact of the current economic environment. <p>LEVEL 2b:</p> <ul style="list-style-type: none"> • Knowledge, understanding and ability to identify pending

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	An applicant seeking practice rights must demonstrate:	The applicant will need to provide evidence to:
	<p>application of basic contingency planning</p> <p>PEOPLE MANAGEMENT</p> <p>Demonstrate knowledge, understanding and application of good supervision; including appropriate management, motivation and delegation</p> <p>PROJECT MANAGEMENT</p> <p>Demonstrate knowledge, understanding and application of planning, control, managing and evaluating a project successfully</p> <p>INFORMATION TECHNOLOGY (IT)</p> <p>Demonstrate knowledge, understanding and application of IT in a legal environment</p>	<p>contingency plan, and the need for regular review</p> <ul style="list-style-type: none"> • Ability to draft a contingency plan • Ability to test a contingency plan. <p>LEVEL 1:</p> <ul style="list-style-type: none"> • Knowledge and understanding of the negative effects of poor management • Ability to manage and motivate others. <p>LEVEL 2a:</p> <ul style="list-style-type: none"> • Ability to identify the link between low motivation and low production • Knowledge, understanding and application of procedures to manage and motivate • Ability to use specific, measurable, achievable, relative, time bound objectives to delegate • Ability to encourage a culture of continuous improvement. <p>LEVEL 2a:</p> <ul style="list-style-type: none"> • Knowledge and understanding of the need for a project plan and the elements which should be included in the plan • Ability to apply these elements to allow for successful project management • Ability to evaluate the success of the project. <p>LEVEL 1:</p>

	Learning Outcome	Supporting Evidence
	An applicant seeking practice rights must demonstrate:	The applicant will need to provide evidence to:
		<ul style="list-style-type: none"> • Knowledge and understanding of /and ability to differentiate between fixed and variable costs and direct and indirect costs • Knowledge and understanding of the use of appropriate ratios and formulae to ascertain an organisation's overall profitability and department profitability • Ability to calculate 2 ratios to assist in ascertaining overall profitability • Ability to use appropriate formulae to ascertain a department's profitability • Knowledge and understanding of what is meant by direct, indirect, fixed and variable costs • Knowledge and understanding of what is meant by inefficiencies and how processes can be measured for value • Ability to identify inefficiencies which would lead to a loss of profit: