

**REPORT TO:** CILEx REGULATION BOARD  
**FOR:** DISCUSSION  
**DATE:** 18 JULY 2017  
**REPORT TITLE:** CEO Report  
**SUBMITTED BY:** Helen Whiteman, Chief Executive Officer

**STAKEHOLDERS:**

Ministry of Justice:

- 1 Steven Jarman has taken over from Jenny Pickrell as the MoJ's new Head of Legal Service Policy and Stakeholder Relations. We are arranging an introductory meeting to take place on 12 July 2017.

Legal Services Board (LSB):

- 2 Strategic planning: In June we responded to a request by the LSB for informal views on the development of their strategic objectives and priorities. We understand there will be a stakeholder roundtable later in the year.
- 3 Review of Internal Governance Rules: In June we also responded to a request by the LSB for input at working level to their review of the Internal Governance Rules. There will be a consultation on principles for this in the Autumn.
- 4 Vulnerable consumers and legal services: Consumer lead Sue Chandler will attend an LSB roundtable on vulnerable consumers and legal services on 14 July for regulators, representative bodies, organisations that work with dementia/mental health issues including the Elderly and Alzheimer's Society and media. The LSB has commissioned research on the issue of vulnerable consumers and legal services (specifically those consumers with dementia and mental health problems). The roundtable is planned as part of the launch of the research and to debate next steps.

Competition and Markets Authority (CMA):

- 5 Progress in delivering the recommendations of the CMA Legal Services Market Study recommendations is reported elsewhere. Since the last report to the Board we have attended the Remedies Programme Implementation Group meeting on 21 June, the Minutes for which are accessible [here](#).

Office for Legal Complaints (OLC):

- 6 Sam and Helen met the new OLC Chair, Wanda Goldwag on 10 May. Wanda was a guest at the President's luncheon. We have recently finalised new operational protocols with the Legal Ombudsman and met with Chief Ombudsman, Kathryn Stone on 2 May when she visited our offices.

Following a productive meeting, Kathryn also kindly agreed to be videoed for Regulation Matters.

- 7 Staff met with senior executives and comms leads from LeO about data exchange and liaison on complaints on 13 June.

#### Legal Services Regulatory Authority of Ireland:

- 8 The new independent Legal Services Regulatory Authority of Ireland is rolling out its functions under the Irish Legal Services Regulation Act 2015 which reformed the structure of legal services and legal costs regimes.
- 9 The Irish government has funded the setting up of the new Authority which will eventually become self-funding by statutory levy on the legal professions. The start-up team of four met Jill Durham and Vicky Purtill on 22 June, as part of a series of fact finding meetings with regulators in the UK.
- 10 The new Authority will regulate all the legal professions and aims to improve access and competition, make legal costs more transparent and deliver procedures for handling consumer complaints.

#### Other regulators:

- 11 Senior officers attended the SRA *'Trust and the market place'* second annual conference on 22 June following the useful learning and networking from the SRA's similar event last year.
- 12 Through the work we have done with the SRA liaising about the CMA requirements and how they relate to regulated members in SRA firms we have developed our level of engagement with the SRA. Their CEO Paul Philip and Director of Strategy Crispin Passmore visited Kempston on 1 June to discuss matters of mutual interest.
- 13 The Chair and Chief Executive met with their counterparts from the CLC on 22 June to explore the potential for closer working.

#### Pride March: 8 July in London:

- 14 Several staff are attending the Pride March in London on 8 July to march along with other legal services regulators and will use the opportunity to maximise our social media profile.

#### CILEx:

- 15 CRM project - we have allocated resource to the CRM procurement project and have contributed to the discovery phase for potential suppliers.
- 16 Risk management, business continuity and data protection compliance - we are engaged with CILEx projects to develop Group risk management, business continuity and data protection compliance, particularly ahead of the implementation of the General Data Protection Regulations (GDPR) in May 2018 which will affect almost every aspect of our work.

- 17 The Chief Executive attended the launch of the CILEx Judicial Development Programme on 22 June in Bristol which was well attended.
- 18 Planning is under way for CILEx's Graduation event at Jurys Inn, Milton Keynes on Saturday 7 October 2018. We will be advertising in the pre-graduation brochure.

#### **AUTHORISATION AND SUPERVISION:**

- 19 Director of Authorisation and Supervision, Vicky Purtill was invited to speak at the Westminster Legal Policy Forum on 13 June and delivered a presentation on next steps for the reform of the education and training requirements for individuals regulated by CILEx Regulation. Vicky's presentation and the full transcript of the event is accessible in Sharepoint (June Bulletin).
- 20 We filled our Apprentice post in the Practitioner Authorisation and Supervision team when Bethany Randfield joined on 3 July. The selection process for Assessment Manager was concluded at the end of June and new appointment Helen Whiting will join on 7 August. An updated organisational chart is in Board member Sharepoint showing the current structure (all posts are filled).

#### **CONSULTATIONS:**

- 21 We have published the following:
  - consultation on changes to the Compensation arrangements ran from 10 March to 5 May, proposing changes to the Compensation Fund Rules with a view to moving towards a largely insurance backed compensation scheme as opposed to the maintenance of a substantial fund. This attracted a range of member and stakeholder reported elsewhere in more detail;
  - consultation on changes to the Professional Indemnity Rules ran from 9 May to 2 June - changes required to bring the Rules and Minimum Wording up to date ahead of the proposed application become a Licensing Authority. The Insurance Act 2015 came into effect on the 12 August 2016 and changes are required to the Minimum Wording to bring them in line with the expectations of the Act. We are also seeking to formalise changes previously agreed with our Qualifying Insurers to our Minimum Wording. Consultation outcomes are reported elsewhere;
  - consultation on changes to the Investigation, Disciplinary and Appeals Rules to extend them to ABS and improve transparency to the public about our role as a regulator when considering allegations of misconduct, and managing the expectations of outcomes that can be achieved throughout proceedings. The consultation is open until 20 July – 100+ responses so far, mainly from members.
  - consultation on altering alter the Associate Prosecutor Rights of Audience and Litigation Certification Rules to reflect the changes in the criminal justice system, notably the prosecution of road traffic offences now being

almost exclusively conducted by the police. The consultation was published on 27 June and closes on 17 July.

- A consultation on amending the CPD regulations will be published shortly and will close in mid-August, to enable the regulations to be amended in time for the new CPD year on 1 October.

## **EQUALITY AND DIVERSITY:**

- 22 This year's all member diversity survey closed on 20 June with 4,917 responses. This covered social mobility in some detail. We will be analysing and publishing the results ahead of the LSB's preliminary assessment of compliance with its revised Diversity Guidelines in August. The preliminary assessment will hopefully give us some insight into the LSB's view on our delivery of the regulatory objective on encouraging an independent, strong, diverse and effective legal profession. We will be looking to develop our action plan to deliver the regulatory objective. Alongside this we are engaging with CILEx on rationalising the collection of diversity data to avoid duplication of requests to CILEx members for diversity data from both the representative body and the regulator.

## **COMMUNICATIONS:**

- 23 In May we recruited a new Digital Engagement and Communications Co-ordinator to supplement the Group Services comms support which had been limited to half a day per week for some time now and has unfortunately not enabled us to maintain our profile as we would have wished. Our new Co-ordinator, Sarah Bailey is working three days per week and has initially focused on the launch of our new web based communication with regulated members, entitled *Regulation Matters*.



- 24 This is designed to move away from our current text based e-shot communication to something more engaging and reader friendly including video and interactive opinion polls. We have been delighted with the level of engagement of our regulated firms, several of whom gave up their time to take part in promotional videos for entity regulation and practice rights, to support the marketing CILEx has committed to deliver.
- 25 Our new site was launched on 22 June, with a preview sent to members on 21 June and thus far has received positive feedback, as well as media coverage. It can be accessed at the following link: [Regulation Matters](#). New content will be on a monthly rolling basis.
- 26 Most of the feature content we previously included in the CILEx Journal will transfer to Regulation Matters, with the exception of notices of disciplinary findings, which CILEx prefers to still carry in the Journal for members' learning. We are grateful to the Journal team for their help and support with coverage of regulatory issues across the years.

## **ENFORCEMENT:**

- 27 We ran the first of our 2017 series of training days for disciplinary panels, with the first event on 6 June for members of the Professional Conduct Panel covering developments in the law relating to regulatory enforcement, including case studies. The series continues with similar training events for the Disciplinary Tribunal and Appeals Panel and an all panel members case update day including unconscious bias training later in the year. We hope to include as many of our 22 independent lay and professional panellists in this year's training as possible.
- 28 Our other new starter Kate Brown, joined us in April from the Independent Police Complaints Commission, as an Investigation Officer.

## **ANTI-MONEY LAUNDERING:**

- 29 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 came into force on Monday 26 June 2017 as required under the Fourth EU Money Laundering Directive.
- 30 The Law Society has been working on the revised legal sector AML Guidance. As there were some last minute changes to the regulations, some final changes are required before it can be submitted to HM Treasury for approval. Our online resources for practitioners will be updated and work commenced on communicating the new requirements to all members.
- 31 The annual supervision return for 2016 was submitted to HM Treasury on 26 June 2017.

## **ICAEW DESIGNATION:**

- 32 The LSB has approved an application by the Institute of Chartered Accountants in England and Wales (ICAEW) to handle litigation, advocacy and legal instruments in taxation work. Its recommendation will now go to the Lord Chancellor for approval. Accountants who want to offer tax litigation services, advocacy services and/or notarial work will have to employ a lawyer.

## **FIRST TIER COMPLAINTS HANDLING:**

- 33 The 2017 First Tier Complaints Handling report will be published shortly. This is available in [CRL Board](#) Sharepoint. 186 regulated members with one or more complaint during the 12 months up to October 2016 completed the survey. From this year's results we have identified seven key learning points across a range of client care issues. The importance of clarity of expectation about costs, likelihood of success and timescales echoes our work to deliver the CMA recommendations on transparency of price and service. Other learning points feature complaints handling and the interface with the Legal Ombudsman.

- 34 We will run a series of features in Regulation Matters addressing the learning points from this year's survey with a view to promoting good practice in the interests of consumers. We will also look at how we can embed the learning in our regulatory arrangements and particularly supervision.