



CILEx Regulation Annual Report 2021

Chair's Foreword | Jonathan Rees, Chair of the Board, CILEx Regulation

I am delighted to introduce the 2021 Annual Report of CILEx Regulation Ltd. As for many, it has been a challenging year but we have made real progress in our mission to deliver forward-looking legal regulation for the benefit of all.

Our successes during 2021 include:

- adding a new dimension to our regulated community, when we took over the regulation of members of ACCA and firms previously overseen by ACCA in the provision of probate activities.
- creating more opportunities for CILEX members to develop and progress within the legal profession. This includes revising our existing education standards to integrate practice rights into first authorisation as a chartered legal executive and adding new competency requirements (legal technology and emotional competence) to ensure that chartered legal executives are well equipped to be contribute to the legal workforce of the future.
- piloting in partnership with the University of Law a new, streamlined assessment route for existing chartered legal executives to gain practice rights, which we expect to be available to all eligible Fellows in 2022.

Towards the end of 2021, the Legal Services Board, our oversight regulator under the Legal Services Act 2007, published its annual regulatory performance report. I am pleased to say that CILEx Regulation met all 27 regulatory performance outcomes - one of only three regulatory bodies to achieve this: a reflection of the hard work of the CILEX Regulation team during the year.

We have also been laying exciting plans for the future. In November 2021 we published our new Three Year strategy with 3 overarching priorities:

1. to uphold standards whilst pursuing innovative models to improve access and minimise the regulatory burden;
2. to enhance the information available to consumers to improve accessibility to legal services;
3. to champion fair access for all in the legal services market.

In 2021, for the first time, CILEx Regulation has been able to collect equality, diversity, and inclusion data on the whole of our regulated community. Building on previous data collections, carried out by survey, this data provides us with the evidence that CILEX members

come from a diverse range of backgrounds and from this we will be able to support our regulated community in the coming years, so that they are able to progress as far as their ambition and talent will allow.

To support our regulated firms, we have continued to lobby the high street banks and UK Finance, in collaboration with other legal regulators, to seek equality of access to the provision of financial services essential to running a law firm. We continue to work with the Financial Conduct Authority and HM Treasury to complete our application to become a Designated Professional Body, which will, once finalised, enable our regulated firms to provide ancillary insurance services. In May 2021, the insurers of the CILEx Compensation Arrangements gave notice that they would not renew the policy in July 2021. Whilst we agreed interim arrangements with CILEX and the Legal Services Board, CILEx Regulation continues to seek an affordable and sustainable solution. The hardening of the insurance market was also evidenced by the continuing difficulty CRL entities have experienced in sourcing affordable Professional Indemnity Insurance cover. We continue to discuss these issues with brokers.

In relation to our other work in the public and consumer interest, we continue to collaborate with other legal regulators on initiatives such as Legal Choices, as well as verifying that our transparency rules work effectively to ensure that the consumer can access the information needed to select the right legal provider for them.

There have also been important changes to the Board in this period. Having joined the Board in January 2021, I was appointed as the Chair of CILEx Regulation in September, succeeding Sam Younger, who had completed six years in the position. I would like to put on record the significant contribution Sam has made to CILEx Regulation during his tenure, from the authorisation of the first CILEX authorised firms, delivering ABS licensing to the market and overseeing the implementation of practice rights for CILEX members. The opportunities available to our regulated



community, through the independent regulation provided by CILEx Regulation since 2015, have been transformative.

We also welcomed two new Board members, Douglas Blackstock as a new lay member, and Helen Astle as a new professional Director. In turn with great sadness we said goodbye to Nick Hanning who stepped down through ill-health. I was delighted to welcome back Andy Donovan as a Special Adviser to the Board to cover Nick's absence and Professor Janine Griffiths-Baker as interim Chief Executive with effect from 23 August 2021 whilst Carilyn Burman, our permanent Chief Executive, is on maternity leave.

Finally may I pay tribute to our excellent staff who performed exceptionally during 2021. I am pleased our latest Staff Survey reported a highly positive staff culture across the organisation, with good and productive working relationships between the Executive and Non-Executive directors. The dedication and high standards of operational performance from the staff team continue to ensure that CILEx Regulation remains well-respected within the sector.

We know that 2022 will bring new challenges, but we are confident that we will continue to deliver first-class supportive regulation for our firms and those we regulate.

Who we are

We are the independent regulator of the Chartered Institute of Legal Executives – the professional association that represents chartered legal executives, paralegals, and other legal practitioners. CILEx Regulation offers a forward-thinking, constructive approach to regulation. We regulate members of CILEx, law firms, including probate firms run by ACCA members, and the legal professionals we have authorised with practice rights in specialist areas of law.

We are responsible for regulatory matters affecting all those in our regulated community. In addition, we oversee the education, qualification, and practice standards of CILEx members. We are the External Quality Assurer (EQA) for the Chartered Legal Executive Apprenticeship authorised by the Institute for Apprenticeships and Technical Education to provide external quality assurance for the Chartered Legal Executive Apprenticeship. Reports on these functions are published with this report. CILEx delegates to us the regulatory aspects of its role as a Money Laundering Supervisory Authority. A separate report will be published later in the year on our activities on anti-money laundering.

Progress against the 2019-21 strategic objectives

Our strategic priorities for 2021 were as follows:

Protecting consumers and improving consumer experience by:

- a. Ensuring that the legal service providers we regulate are clear and honest in the way that they work with clients
- b. Understanding consumer needs and focusing our decision-making on the consumer
- c. Creating a corporate website which helps consumers to access justice
- d. Working with other regulators to build the Legal Choices website

Strengthening diversity within the legal profession and accessibility to legal services by:

- a. Identifying ways to enhance a diverse workforce
- b. Identifying opportunities to support and increase diversity within the legal profession
- c. Delivering ABS licensing to the market
- d. Providing supportive, safe and proportionate regulation

Promoting high standards by:

- a. Reviewing legal education standards
- b. Supporting new technologies for legal services
- c. Using a risk-based approach to investigation to ensure regulator resources are used most effectively to uphold standards
- d. Dealing with conduct complaints and enforcement fairly and promptly

By the end of the current strategy in 2021, we had successfully completed the following:

1. Protecting consumers and improving consumer experience by:	
Ensuring that the legal service providers we regulate are clear and honest in the way that they work with clients	CRL works closely with its regulated firms to build strong and effective relationships that build trust. This ensures that our firms understand their legal and regulatory commitments and are quick to communicate with the entity team should things go wrong.
Understanding consumer needs and focusing our decision-making on the consumer	CRL undertook its own consumer research in 2020 and has used the outcomes of that research during 2021 to feed into sector-wide initiatives to improve consumer experience when buying legal services.
Creating a corporate website which helps consumers to access justice	CRL replaced its existing website in 2019. The replacement is designed to be easier for consumers to navigate and locate the information they need through the 'I am a member of the public' pages. We continue to keep the website under review.
Working with other regulators to build the Legal Choices website	CRL has worked with the other legal regulators to build a useful consumer resource through the Legal Choices website. The latest Legal Choices Annual Report demonstrates its potential for positive impacts for the consumer.
2. Strengthening diversity within the legal profession and accessibility to legal services by:	
Identifying ways to enhance a diverse workforce	To be able to realise this objective, CRL first needed to secure EDI data from the whole of the regulated community. In 2021, CRL implemented a new approach to data collection using the renewal process. This has enabled CRL to collect EDI data against the entire regulated community, which has provided a solid base on which to build next steps.
Identifying opportunities to support and increase diversity within the legal profession	CRL has created a number of opportunities to ensure that CILEX members are able to develop and progress within the legal profession. Notably, CRL amended its education standards to integrate practice rights into first authorisation as a chartered legal executive. We also included additional competency requirements into the education standards (legal technology and emotional competence), to ensure that chartered legal executives are well equipped for the workforce of the future.
Delivering ABS licensing to the market	ABS has been successfully developed and implemented. CRL licensed its first ABS in 2021.
Providing supportive, safe, and proportionate regulation	In 2021, CRL demonstrated that it continues to provide effective legal regulation, evidenced by the LSB's assessment of CRL's performance that we had met all the outcomes of the LSB's regulatory performance framework in December 2021.

3. Promoting high standards by:	
Reviewing legal education standards	CRL's revised education standards were approved by the LSB in June 2021. Since then, CRL has approved the CILEX Professional Qualification as meeting the CRL education standards. CRL also appointed the University of Law to deliver a new route to enable chartered legal executives to gain practice rights without the need to build a time-consuming portfolio. The pilot for the new route was completed successfully in December 2021.
Supporting new technologies for legal services	CRL worked on a range of initiatives during the year, including regular meetings to take forward work in relation to digital identity and contributing to the work of Law Tech UK through its Regulatory Representation Unit.
Using a risk-based approach to investigation to ensure regulator resources are used most effectively to uphold standards	This objective was not completed during this period as we were waiting for developments through the CRM to create risk profiles for the regulated community. This objective will be carried forward into the next strategic objectives.
Dealing with conduct complaints and enforcement fairly and promptly	We met this objective in 2021 through a range of activities with the enforcement team, including data collection for panels, committees, the Board, and staff, delivering objective decision-making training to the Enforcement panels and we also undertook an initial analysis of differential outcomes for CILEX members undergoing an enforcement process. We have further work planned in this area for 2022 and beyond.

Towards the end of 2021, CRL reviewed the success of its current strategy and developed a new strategic plan for 2022-24. This came into force in January 2022 and can be viewed [here](#).

Work completed against the strategic objectives for 2021

01 Protecting consumers and improving consumer experience by:

a. Ensuring that the legal service providers we regulate are clear and honest in the way that they work with clients

Supervision of CILEX firms

Because of the lockdown restrictions, we were unable to resume site visits to newly authorised firms, though we expect to restart them in 2022. We have maintained close contact with all firms, with a mix of informal engagement and desk-based supervision and we are pleased to record they satisfied our regulatory requirements for the year.

Anti-Money Laundering

We continued engagement with the Office for Professional Body Anti-Money Laundering Supervision (OPBAS) making the improvements agreed following their supervisory assessment in 2020. Our sectoral assessment of the risks related to money laundering was updated. We collaborated with the other anti-money laundering supervisors in raising standards and sharing best practice in combating criminal activity.

Financial Conduct Authority (FCA) & Designated Professional Body status

The FCA approved our application to become a Designated Professional Body (to enable us to supervise CRL Entities acting as insurance intermediaries), subject to ministerial approval which is expected in 2022.

In collaboration with other regulators, we continued our work with the FCA on areas such as the setting of future fee caps and claims management activity, seeking to ensure regulators are consistent in their expectations.

Roll out of CRM

The additional data collection to enhance our understanding of our regulated community was completed in 2021 and we will be launching risk-based supervision during 2022.

We were approved by the LSB to authorise ACCA members who wanted to set up CILEX-ACCA Probate Entities. The first firms were authorised in 2021 and numbers have continued to grow in early 2022.

We also accepted our first online applications for registration as CILEX Practitioners (ACCA-Probate).

b. Understanding consumer needs and focusing our decision-making on the consumer

Consumer and transparency

We have collaborated with other legal regulators on quality indicators, following the 2020 CMA review. We have contributed actively in the pilot on the impact of review and comparison sites. We have also supported work looking at the unbundling of legal services and improving the complaints process for users of immigration services, so they have the confidence to complain when they are dissatisfied with the service they have received.

In December 2021 the LSB approved our application to extend the scope of our Transparency Rules to include immigration law.

Improving how our advocates work with their clients

We introduced enhancements to the criminal advocacy qualification to ensure that advocates working in the youth court were equipped to deal with the different needs of this client base.

As part of a joint working group with the SRA and the BSB, CRL has contributed to the development of a toolkit for advocates working in the coroners' courts.

c. Improving website accessibility

The Browseloud platform (now the ReachDeck Legacy Toolbar), continues to attract good numbers despite showing a slight drop from 2020. In 2021, the total number of visitors accessing the toolbar was 4244 compared to 5000 in 2020, however this is still favourable when compared with 2019 where the average usage was 2000. The result may be due in part, to a reduction in the numbers accessing online information following a return to office working in 2021. The speech and translate modules were accessed most frequently. The ReachDeck functionality will be added to the Regulation Matters website in January 2022.

d. Working with other regulators to build the Legal Choices website

We have continued our work with other legal regulators to fund and support the further development of Legal Choices. 2021 saw the introduction of a new plan to take this work forward following the successful completion of the planned activity for the previous three years. As part of the regulator group supporting Legal Choices, CRL contributed to the scaling up of marketing and the development of new products, including a tool to assist individuals facing discrimination and additional video content to support consumers in understanding legal problems. The visitor numbers continue to be strong, with one million visits.

02 Strengthening diversity within the legal profession and accessibility to legal services by:

a. Identifying ways to enhance a diverse workforce whilst achieving high standards

CILEx Regulation is proud to facilitate an accessible route to the legal profession for those who would not otherwise have had a career in the law, and we continue to assess applications for authorisation as Chartered Legal Executives, CILEx Practitioners and CILEx Authorised Entities. Each of these processes sets standards which ensure that only those competent to practise are authorised.

We keep these processes under constant review and where there is evidence of potential barriers to authorisation, these are investigated and addressed.

Progress in breaking down barriers faced by the CRL regulated community

In 2021 we saw greater progress with addressing barriers. The application to become a Designated Professional Body progressed well during the year and we developed much stronger relationships with HM Land Registry. We also lobbied UK Finance alongside other regulators to seek equal recognition of all regulated lawyer titles with the financial sector.

However, we were not alone as a regulator in facing challenges for members and firms. Alongside two other regulators we were required to restructure our compensation arrangements due to the withdrawal of the provider of the sector's insurance backed compensation schemes. The hardening of the insurance was also evidenced by the continuing difficulty CRL entities have experienced in sourcing affordable Professional Indemnity Insurance cover.

Assessment of initiative to anonymise applications

As in 2020, we have continued to anonymise applications from individuals seeking approval of their work experience as qualifying employment. As reported in the Admissions and Licensing Committee Annual Report 2021, published with this report, the outcome of authorisation applications was very similar to that of previous years and the percentage of refusals remains too small to draw any reliable conclusion. We will keep this under review.

b. Identifying opportunities to support and increase diversity within the legal profession

Update on education changes

Our application to the Legal Services Board to revise and update our education standards was approved in June 2021. Owing to the flexibility and accessibility that the CILEX route already offers, it is anticipated that this will enhance further the diversity of the legal profession, which is in the public interest and of benefit to the consumer. We also successfully piloted, in partnership with the University of Law, a new route to enable existing chartered legal executives to gain practice rights. The new route will be available to all eligible chartered legal executives in 2022.

Progress on diversity of profession

We analysed the data from the third all-member diversity data collection carried out in 2021 through the new CRM database and published a report on our website. All members were required to respond to the survey as part of their renewal process. With 15,260 responses, we now have more detailed insights into the diversity makeup of our regulated members, even though the number of 'prefer not to say' responses increased. We will work with CILEX to refine both the collection method and the questions (where there have been issues) ahead of the collection of diversity data in 2023.

Update on collaboration

We continue to collaborate with other legal regulators through the equality, diversity, and inclusion sub-group of the Legal Regulators' Forum. The sharing of information between members and the insights of external speakers have enabled us to increase our understanding of this fast-moving area and develop our thinking. We also continue to discuss EDI with CILEX, who, as the representative body, has a key role to play in securing opportunities for the diverse membership that it represents.

c. Delivering Alternative Business Structure (ABS) licensing to the market

In 2021 we licensed our first ABS firm and we continued to receive interest in utilising this type of business model. However, we have remained clear on the types of ABS that we want to authorise, ensuring that legal practitioners are a core part of the ownership and management in the firm.

d. Providing supportive, safe, and proportionate regulation

In addition to the high standards applied to those seeking authorisation with CILEx Regulation, we supervise the regulated community through a combination of continuing professional development (CPD), firm supervision, and enforcement.

Under the LSB's temporary rules adjustment scheme to accommodate COVID, we were able to make some temporary changes to our regulatory arrangements to aid both members and firms through this difficult period. These covered areas such as the timescale for compliance with continuing professional development regulations, payment of fees and the submission of accountant's reports. In 2021, we extended the application of the temporary changes to the enforcement rules (which enable us to hold remote hearings), to provide us with the necessary time to consult with all stakeholders on the potential to increase the use of remote hearings in the longer term.

Data capture of practitioners

We introduced enhanced data capture from our regulated community through the 2021 practising certificate renewals process. This was the first step that would enable CRL adopt a targeted, risk-based approach to the supervision of individuals and provide enhanced risk assessment of the CILEx membership in relation to the Money Laundering Regulations. However, whilst a large proportion of the data has now been captured, work to introduce the changes required to the CRM system was delayed, which meant that the underlying risk processes were not completed during 2021. This is now scheduled to complete during 2022.

Assessment of CRL's regulation through the LSB's regulatory performance framework

In 2021, CRL addressed concerns expressed by the LSB in 2020, in relation to rules changes applications, by introducing a new approach to quality assurance of all LSB applications prior to submission. At the end of 2021, CRL was assessed as meeting all the outcomes within the framework.

03 Promoting high standards by:

a. Reviewing legal education standards

Following consultations in 2019, we worked on revised education standards and an alternative route for Fellows with at least 5 years' qualifying employment, to apply for independent practice rights. Our application to amend the education standards was approved by the LSB in June 2021. This enabled CRL to accredit the CILEX Professional Qualification as meeting our new standards. The new rules also enable CRL to accredit training providers other than CILEX to deliver the knowledge component of the education standards for the first time, to encourage competition and enhance the diversity of the profession. In 2021, CRL appointed the University of Law to deliver the assessment for the alternative route for practice rights. The route was successfully piloted in late 2021 and is scheduled for live training and assessment opportunities by the end of 2022.

b. Supporting new technologies for legal services

We continued our involvement with the Law Tech UK Sandbox, and we are a contributor to the Regulatory Response Unit for tech companies seeking direct engagement with a regulator. Together with other regulators we were involved in discussions with the government on the frameworks for adoption of digital identities, particularly focusing on the home buying/selling market. With the Home Buyers and Sellers Group and HM Land Registry Forum, we focused on the regulatory approach CRL should take to digitalisation.

We participated in initial work with BEIS on the creation of a new regulated professional register, part of the process to enable lawyers from other jurisdictions to become authorised to practise in England and Wales.

c. Using a risk-based approach to investigation to ensure regulator resources are used most effectively to uphold standards

Because of delays with the implementation of some elements of the CRM, the work related to a risk-based approach to investigation has been delayed. Once we are able to assess the data outputs for supervision, we will move towards risk-based enforcement in late 2022 or early 2023.

d. Dealing with conduct complaints and enforcement fairly and promptly

We are committed to continuous improvement and to ensuring that our processes are fair. We have continued to provide reasonable adjustments to all parties involved in conduct complaints. We engaged an external training provider to deliver interactive training on objective decision making to our panels. Other training for panels has included topics such as conduct in private life, dishonesty and 'exceptional circumstances', bad character evidence, and adverse inferences.

No appeals were upheld by the independent appeals panel during 2021

Corporate complaints

2021 report on complaints made about CRL

CILEx Regulation's Service Complaints Policy sets out a fair, consistent, and structured process for us to handle complaints about our service. Complaints' data is reported to the Board quarterly and to the Legal Services Board as part of the LSB Regulatory Assessment.

There were seven stage 1 complaints in 2021 (3 in 2020, 1 in 2019). One complaint, which was outside the remit of the Complaints Policy was not upheld. Five complaints of poor service were upheld or partially upheld (one of which was escalated to Stage 2 and subsequently dismissed). One complaint was not upheld because the complainant was incorrectly seeking to challenge the decision of a panel through the complaints process.

Learning

We review every complaint we receive, to ensure that we can learn from issues raised through the interactions we have with our stakeholders. Key learning points from 2021 were:

- To ensure that the customer-facing teams deal promptly with customer applications and requests for information.
- To ensure the service complaints policy is clearly differentiated from complaints of misconduct to limit the risk of confusion to complainants about the correct procedures to follow

Our Values

CILEx Regulation Values

Our Values guide everything we do



Efficient

We keep things simple, timely and cost effective.



Firm

We uphold high standards to protect consumers. We take responsibility for our decisions and have the courage of our convictions.



Fair

We deal with people fairly, considering how what we say and do could be perceived.



Flexible

We're positive, proactive and we look for solutions. We aim to innovate and offer a personal service, not a one-size-fits-all.



Focused

The needs of our regulated community, colleagues and stakeholders guide everything we do.