



CILEx Regulation Ltd Annual Report 2022

Chair's foreword | Jonathan Rees

I am delighted to introduce CILEx Regulation's Annual Report for 2022. It was a challenging year in many ways, but we can look back on a year of real achievement strategically and operationally, as well as an excellent financial performance.

The year began in a disappointing way as CILEX informed us of its intention to consider changing regulator. I am therefore pleased that following the LSB investigation between October 2022 and April 2023 we are now engaging in an open debate on the way forward.

Progress during the year on a number of important activities requiring engagement with third parties was delayed or suspended once the CILEX proposal to de-delegate CRL as the regulator of CILEX members was made public. For example, discussions with potential external partners about a new approach to the authorisation and supervision of CRL regulated law firms were suspended immediately. We were assured these discussions would be resumed once CRL's future for the longer term had been assured. Progress on developments of our compensation arrangements have also been delayed.

Fortunately, other initiatives were not similarly affected. We completed the development of the risk matrices, a useful tool for identifying and assessing risk for individual supervision and enforcement activity. The introduction of the ULaw training and assessment route creates an alternative pathway for Fellows to obtain practice rights. We continued engagement with other legal regulators on development of the Legal Choices website, a public legal education project for asylum seekers and refugees, and the regulatory information service (previously single digital register). We have been advised by HM Treasury that our application to become a Designated Professional Body is close to confirmation by statutory instrument. The Board was pleased to note that the introduction of the triage process (reported in the Enforcement Annual Report) has made a significant contribution to the efficient management and determination of disciplinary cases. The other notable operational success was the reduction in CPD non-compliance which CRL attributed to improved engagement with the regulated community, improved quality of submissions by Fellows and improved service delivery.

Personally, I am delighted we achieved some significant milestones on Equality, Diversity, Inclusion (EDI). Following publication of our first EDI strategy, we held a roundtable attended by a wide range of stakeholders with an introduction from Seema Kennedy OBE. We developed a definition of progression for our regulated community so we can benchmark and track progress over time. We recast the qualifying employment rules as qualifying experience to ensure we eliminated barriers to qualification whilst continuing to deliver high standards for authorisation.

The staff at CILEx Regulation formally moved to hybrid working in 2022. We retain a small permanent office at Wrest Park in Bedfordshire and take advantage of its facilities for all staff meetings and training days.

Finally can I pay huge tribute to the hard work and dedication of CRL staff during a challenging year. The CRL Board is pleased with the very positive staff culture across the organisation. The dedication and high standards of operational performance from the staff team ensure that CILEx Regulation is well-respected within the sector.



Jonathan Rees, Chair of the Board
CILEx Regulation

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.

The 2022-24 strategic objectives

In summary the Strategic Objectives which took effect from the beginning of 2022 are:

High standards

We will uphold standards whilst pursuing innovative models to improve access and minimise the regulatory burden.

Consumer empowerment

We will enhance the information available to consumers to improve accessibility to legal services.

Equality, diversity & inclusion

We will champion fair access for all in the legal services market.

Progress against the 2022-24 strategic objectives

1. High standards

Our commitment: We will uphold standards whilst pursuing innovative models to improve access and minimise the regulatory burden. In so doing, we will:

- Undertake a review of the regulatory model, starting with entity regulation, to explore alternative options in the public interest to increase access, and develop value, for a diverse regulated community and consumers.
- Embed a culture of innovation at CRL to develop and enhance a new approaches to service in legal services regulation. Enable the use of technology to improve legal services delivery and to improve the way we deal with internal processes.
- Develop an enhanced approach to individual supervision to assure ongoing competence of our regulated community, in partnership with other regulators.

Achievements in 2022

In the first year of our strategy, CRL achieved the following:

- **Review of the entity model:** We undertook both desk-based and externally commissioned research to test the appetite for a new approach to the authorisation and supervision of CRL regulated law firms. From this we developed proposals for change and engaged with potential external partners to deliver the new scheme. Unfortunately, once the CILEX proposal to de-delegate CRL as the regulator of CILEX members was made public, external providers were unwilling to discuss the third-party products required to make the approach a reality. These organisations advised that, should CRL's future be secure for the longer-term, we would be able to re-engage with them for further discussions.
- **Innovation and technology:** CRL has been involved in the SRA's research into the possible future use of unbundling (enabling consumers to undertake parts of the legal process to reduce costs). The report was published in June 2023.
- **Improvements to authorisation and renewal using the CRM:** To enable the CRM to 'go live' in August 2019, CRL agreed to put on hold its development work required to modernise the systems in place at CRL. Since that time, however, it has proved challenging to have key elements of our work progressed through the services we share with CILEX. It has taken four years to develop the risk matrices (see individual supervision section below) and the digital entity directory, online portfolio and online application forms are still on the list for implementation. Once implemented, the portfolio and applications will be transformative for CRL's systems and processes. This is evidenced by the online authorisation and renewal processes implemented for ACCA-Probate practitioners, who joined CRL in 2021 and were able from the outset to register and renew with us through the portal.
- **Improvements to the rules relating to authorisation of Chartered Legal Executives:** Extending choice for those seeking to qualify as a CLE, including accreditation of new training providers, reform of the definition and application of experience requirements and the introduction of the ULaw route to create an alternative route for Fellows to obtain practice rights.
- **Ongoing competence:** Prior to the LSB's published statement of policy on ongoing competence for individual lawyers across the legal profession, CRL had been working on an innovative approach to the identification and assessment of risk to enable improved targeting of lawyers who pose a higher risk to consumers owing to the nature of the work they deliver. Now live, the risk matrices provide CRL with rich data that enables CRL to assess risk not only for individual supervision, but in relation to enforcement activity and in addressing ad hoc queries such as the questions posed by the LSB following the court decision in *Doble v Baxter* (2023).

What this means to consumers and the regulated community:

Our work on maintaining and enhancing our high standards of regulation for CILEX members and other legal professionals regulated by CRL means that:

- We will be able to offer innovative and supportive entity regulation which offers something different to lawyers seeking to open a new law firm. This in turn should increase choice of cost-effective legal services to the consumer.
- By understanding the unregulated sector's impact on vulnerable consumers we will be able to scope changes to improve existing levels of service to vulnerable consumers in this area (this work links with our consumer and EDI strategic themes).

- CRL will seek to address the limitation to CILEX Practitioners caused by regulation based on a reserved activity which can be too narrow to enable effective delivery of legal services in some areas. This will ensure that all aspects of legal services delivery can be undertaken by a CILEX authorised person.
- By working with other regulators in areas such as consumer empowerment and legal technology we will ensure that consumers and the public are best served by legal professionals at the point of need.
- Creating online processes through the CRM will enable CRL to streamline and improve the experience of dealing with the administration involved in becoming authorised through CRL.
- Implementation of the LSB's statement of policy on ongoing competence will ensure that individual supervision across the sector is harmonised. It provides the public and consumers with the assurance needed that authorised persons (whoever regulates them) are regulated to the same broad standards, contextualised by profession.
- The introduction of practice rules will ensure that the regulated community has the guidance it needs to provide the best possible quality of service to consumers and the public and to have a reference resource to assist them in cases of doubt.

2. Consumer empowerment

We will enhance the information available to consumers to improve accessibility to legal services. In so doing, we will:

- Improve the information available to consumers, empowering them to choose good legal representation, facilitating fair and equal access to legal services. We will do this through working collaboratively with stakeholders across the sector, including the regulated community and consumers, whilst making best use of resources: Legal Choices, Single Digital register, Quality Indicators.
- Increase understanding of consumer protections available in the legal services landscape, identifying gaps and tackling consumer detriment.
- Contribute to the development of new technologies and other innovations which can transform delivery of legal services to the consumer and enhance our understanding of the impact technology may have on the consumer.

Achievements in 2022

In the first year of our strategy, CRL achieved the following:

- We continued to contribute to all aspects of the work in developing the Legal Choices website (a comprehensive online resource for consumers).
- We worked alongside the BSB, other regulators and third sector stakeholders to develop public legal education for asylum seekers and refugees as well as contributing to the development of a leaflet relating to immigration services, this was tested by consumers.

- Through the MTCOG working group¹ we contributed to the development of a single digital register to provide consumers with a single resource to access information on qualified lawyers irrespective of their overarching regulator.
- We worked with the SRA and the CLC to create 'quality indicators' for consumer use when instructing a conveyancer. The research was published in June 2023.
- Following the transfer of the ACCA regulated community to CRL, we increased transparency to the consumer of probate activities by this group, ensuring that the market in this area can work more effectively to empower consumers.

Our work on consumer empowerment means that:

- Consumers and the public will have access to resources which improve their knowledge and understanding of the delivery of legal services and, therefore, contribute to consumer choice in the legal services market.
- The availability of all practitioner directories for each legal profession on a single page of the Legal Choices website provides full visibility of all practising legal professionals whomever regulates them.
- Extending our transparency requirements to ACCA firms means that consumers are able to access price and service data for this group of legal services professionals.
- Reviewing the rules and guidance in relation to the information that should be provided by law firms to the public enables consumers to make an informed choice to ensure they select what suits their needs best.
- Engaging on technology and innovation in legal services ensures CRL understands the risks and benefits of proposed enhancements to the delivery of legal services and can amend regulatory arrangements appropriately.

¹ The Market Transparency Co-ordination and Oversight Group (MTCOG) was established by the LSB in the first half of 2021 to progress the CMA work following the publication of the CMA's review [report](#) of December 2020. To coordinate the activities of the legal services regulators, facilitate collaboration and monitor and assess progress in the market. The Group is made up of the eight frontline legal regulators, the Legal Services Consumer Panel and is chaired by the LSB.

The purposes of the Group are set out in the [terms of reference](#) and include supporting the coordination of regulators' consumer engagement and market transparency activities; and facilitating collaboration between the regulatory bodies. Published minutes are located on the [LSB website](#).

3. Equality, diversity & inclusion

We will champion fair access for all in the legal services market. In so doing, we will:

- Improve the ability of aspiring lawyers to enter and progress in the profession based on merit and regardless of their background or diverse characteristics in partnership with CILEX and with other regulators and stakeholders, focusing on areas where we can make a difference.
- Use data effectively to set goals to measure impact, chart progress and evaluate the effectiveness of equality actions to enable us to understand the outcomes for consumers and the regulated community.
- Identify and work to resolve barriers faced by consumers from diverse backgrounds to improve access to legal services, leading the collaboration across stakeholders where appropriate.

Achievements in 2022:

In the first year of our strategy, CRL achieved the following:

- We published our first EDI strategy covering both the regulated community and staff/Board/Committee and Panel members.
- We held a roundtable on EDI attended by a wide range of stakeholders and including an introduction by Seema Kennedy OBE (Chair of the Levelling Up Law campaign).
- We developed a definition of progression to apply to our regulated community to enable progress to be benchmarked and tracked over time.
- We attempted to engage with CILEX on developing a joint approach to ensure a consistent approach to this important issue.
- We tracked leavers and those cross-qualifying to become solicitors.
- We recast the qualifying employment rules as qualifying experience to ensure we eliminated barriers to qualification whilst continuing to deliver high standards for authorisation.
- We worked with the LSB and other frontline regulators to tackle counter-inclusive practices in the sector.
- We undertook campaigns to improve substantive response rates to annual EDI data collection and reduce instances of the regulated community choosing 'prefer not to say'.
- We published firm EDI data on our website.

Corporate Complaints

2022 report on complaints made about CRL

CRL'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 eleven stage 1 complaints in 2022 (7 in 2021, 3 in 2020, 1 in 2019) all of which 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.

To help identify any themes, complaints are recorded against the following categories. Complaints that mentioned more than one issue were recorded against the category that best reflected the main source of dissatisfaction. While delay was not recorded as a main theme of complaint it did feature across a number of the complaints.

Type of Complaint	No. of Complaints
Policy/procedure/Rules	1
Staff behaviour/attitude	0
Service failure	4
Delay	0
Lack of response	6
Invoicing/payment	0
Other	0

In reviewing the seriousness of the complaints, none of the complaints related to exceptional risk or loss, nor had reputation management consequences.

Where service issues have been highlighted, CRL has reflected on how these can be addressed, and processes improved. CRL will look to provide clearer guidance on timescales within the Enforcement process, particularly around how CRL communicates with complainants and how often, and the complainants involvement in a complaint.

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 2022 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.

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