



## **CILEX REGULATION PROPOSAL TO CILEX**

### **Specialist Regulation for the Future of an Independent Profession**

12 July 2023

Any queries about this proposal may be made to:

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## Welcome

I am delighted to introduce the proposals of CILEX Regulation (CRL) for the next phase of our independent regulation of CILEX professionals.

Working together with CILEX as the representative body and the profession, we have achieved much over the last 15 years:

- We have secured rights for CILEX professionals to practise in reserved and regulated areas of legal activity without supervision.
- We have supported CILEX professionals and others to set up their own law firms through individual tailored support.
- We have updated Codes and education standards to meet new demands on professionals.
- However, as the regulator, we recognise that there is more we can do to streamline regulation and support the success of the profession. The legal world continues to change; consumers are more diverse and demanding; there are new challenges and risks facing you; technology is fast opening up new opportunities, and the demands for agile and responsive regulation grow.

We were therefore delighted by the number and quality of the response to the consultation document we issued on 15 May 2023. For me, some of the key points to come through the 1018 written responses and in the three webinars attended by 138 practitioners were:

- A strong sense of pride in the CILEX qualification, and a desire that it should continue to be cherished.
- A deep concern to understand why the CILEX Board was proposing fundamental structural changes, and a desire that the risks and benefits of any changes should be fully explored.
- A hope that the CILEX and CRL Boards should work together collaboratively to secure the best outcome for the regulated community.
- A genuine worry that a move to regulation by the SRA would undermine the specific characteristics of the CILEX profession.
- An expectation that their regulator should understand and work towards addressing the challenges the CILEX profession faces.

Against this background and building on our published Strategic Objectives, we have therefore refined our proposals for the way forward as set out in the attached document. In doing so we have been guided by the following principles:

1. **Engagement with the Regulated Community:** regulation does not exist in a vacuum but operates best when it is informed and underpinned by partnership with those being regulated.  
  
We commit to continuing to involve CILEX professionals in shaping the regulatory regime, education and disciplinary requirements at all levels in our organisation from the Board downwards.
2. **Bespoke Regulation for a Bespoke Profession:** we recognise that CILEX professionals come in all shapes and sizes, and that one size does not fit all.  
  
We will therefore continue to design a regulatory regime which recognises and caters for these specialisms both in our programmes to promote ongoing competence, and in championing new rights as in our imminent application to secure Higher Rights of Audience for qualified CILEX professionals.

3. **Value for Money:** we have noted the concerns expressed that we should not be a drain on the resources CILEX needs to support its members. We agree. CRL has been operationally self-funded since 2018 and we intend to continue to be a well managed organisation.

Following the Legal Services Board (LSB) investigation which resolved issues related to CRL's share of the retained practising fee and our reserves, we are confident that in future we will continue to deliver value for money to Fellows.

4. **Competition and Consumer Choice:** we believe that independent regulation is the best route to promote competition and consumer choice. For instance, our proposals on Law Firm in a Box are designed to enhance both consumer choice and our objectives to promote equality, diversity, and inclusion.

5. **High standards:** we are confident that the standards we set both for entry into the profession, and continuing to practise, are set at the appropriate robust level, and this assessment is confirmed by the Legal Services Board in its regulatory performance reviews.

These principles underpin our proposals which we believe represent the right blend of continuity and change. We strongly believe that the right way forward for the CILEX community is to build on what has been achieved, and to have confidence in the CILEX brand.

**Jonathan Rees**  
**Chair, CRL Board**

## STRUCTURE OF THE CRL PROPOSAL

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## EXECUTIVE SUMMARY

### INTRODUCTION

In November 2021 the CRL Board published its new three year Strategy setting out our plans to deliver forward-looking regulation for the benefit of all. We recognised that whilst much had been achieved in our 15 years, there was a need for further innovation and renewal.

As we were beginning this transformation, in January 2022 CILEX separately advised CRL that it had started a process to decide whether it should withdraw the arrangements for delegation of its regulatory function from CRL and re-delegate them to another body, in this case the SRA. CILEX subsequently published its Case for Change which sets out its criteria for making that determination. We have agreed to seek to reach an agreed way forward in the interests of the whole regulated community.

We are therefore setting out our proposed way forward and sharing it with CILEX so they can consider it against the criteria in the Case for Change.

In this proposal we set out:

- our achievements, noting where CRL already meets or exceeds the criteria, and
- our commitment to review and refresh our relationship with CILEX and the CILEX community in compliance with the regulatory objectives, particularly the interests of consumers and the public interest.

The responses we have had to our consultation, Specialist Regulation for the Future of an Independent Profession, have been key for us in the development of this proposal. Our view has always been that regulation needs to be independent of the interests of any representative body but equally any regulator needs to understand, and enjoy the support of the regulated community.

### OUR CONSULTATION

CRL recognised the importance of engaging with the regulated community and giving them a voice in the future direction of CILEX and CRL.

We developed our consultation with the purpose of ensuring a shared understanding of the issues affecting CRL's regulated community and to provide an evidence base from which we have developed a positive proposal for change.

Our consultation was launched on 15 May 2023 and closed on 26 June 2023. We received 1,018 responses to the consultation and a total of 138 CILEX professionals attended the three webinars we held. We are delighted by the level of engagement from the whole of the CILEX community and the quality of comments. These tell us that whilst there is much more for us to do, the regulated community is strongly in favour of CRL continuing as regulator for the profession.

***68% believe it is not a priority to change the current regulatory system.***

***74% believe that the CILEX Profession is enhanced by having its own regulator focused on the profession's unique place in the delivery of legal services.***

The responses highlighted the need to ensure:

- the role of CILEX professionals is supported in the legal community,
- a greater appreciation of the knowledge and skills that CILEX professionals hold,
- their titles become more widely recognised and respected, and
- our own community better understands how they can prepare for future changes in the legal market.

We are publishing separately a summary of all the responses to the Consultation together with the responses and comments we have received.

## THE CASE FOR CHANGE

In its Case for Change CILEX say that if they are not to lose the value of a diverse legal profession who represent the community they serve, then they need to consider whether it is now timely to move to review their delegation. For regulation to work consistently with the Better Regulation Principles and in the consumer interest it must:

- a. Be able to operate at sufficient scale to deliver efficient and effective regulation at a cost that is affordable for the consumers and the profession;*
- b. Establish and maintain consumer confidence that lawyers enter the profession through robust processes and maintain the standards expected of them by the regulator and the public once in practice;*
- c. Create confidence of a consistency of approach that for each and every regulated activity every provider (entity and individual) in the market is required to operate to the same high standards;*
- d. Provide equal treatment and recognition of legal professionals regardless of route to qualification and provide equality of opportunity for individual practitioners and entities.*

Our summary response to CILEX's Case for Change is as follows:

***a. Be able to operate at sufficient scale to deliver efficient and effective regulation at a cost that is affordable for the consumers and the profession;***

CRL currently regulates 16,872 CILEX members, including 7,271 Chartered Legal Executives, 90 CILEX Practitioners, 154 Associate Prosecutors and 58 authorised firms. Uniquely amongst the legal regulators CRL also regulates non-authorised individuals.

Since 2018, CRL has been operationally self-funded whilst keeping its proportion of the practising fee level demonstrating sound financial management, and representing a considerable real terms saving to CILEX Fellows.

The consultation set out our ambition to go further exploring with CILEX:

- How we can take direct responsibility for all functions ancillary to our work to increase our operational independence and secure costs savings (Q12-14)
- Reform of regulation for non-authorised CILEX members (Q8-9).

***65% respondents agreed that increasing operational separation is a desirable goal***

***89% support independent regulation of all CILEX professionals serving the public.***

We also believe we can now move to a position where CRL will no longer need to ask CILEX to act as surety for the compensation arrangements.

We are confident that resolving these issues will enable us to increase resources, without an increase in the practising fee, so we can:

- Continue to provide support and guidance to all practising CILEX professionals;
- Increase our work breaking down barriers to recognition of their professional standing that CILEX professionals come across from institutions, the courts and colleagues.
- Increase choice for consumers and regulatory innovation.

The outcome will be to help CILEX professionals, as individuals and as a profession, to thrive.

***b. Establish and maintain consumer confidence that lawyers enter the profession through robust processes and maintain the standards expected of them by the regulator and the public once in practice;***

***c. Create confidence of a consistency of approach that for each and every regulated activity every provider (entity and individual) in the market is required to operate to the same high standards;***

Taken together we are confident that CRL meets these criteria.

- There are well established and robust processes for authorisation so we can be satisfied CILEX professionals are competent to practise.
- CILEX professionals submit annual returns to confirm compliance with a summary of CPD completed and outcomes from that CPD.

Our assessment has been confirmed by the Legal Services Board in its regulatory performance reviews.

We are regularly updating the information and guidance for consumers on the CRL website.

Disciplinary findings are published and linked to records in the Practitioner's Directory. Hits to that page increased from 24,000-60,000 in the year to December 2022 (proportionally higher rate of engagement than to solicitors directory).

With other legal regulators we fund and support the Legal Choices website, a resource developed for consumers (1.3 million hits in year to October 2022).

***d. Provide equal treatment and recognition of legal professionals regardless of route to qualification and provide equality of opportunity for individual practitioners and entities.***

This remains a key focus for our work.

As we said when we launched our EDI strategy in 2022 'we cherish the huge diversity of those we regulate and are firmly committed to fair access for all those who work within the legal services market'.

In addition to our work breaking down barriers to recognition we will be making an application later in 2023 for Higher Rights of Audience. Assuming it is successful, those who already appear in court will also be able (with appropriate authorisation) to act as advocates in the higher courts. In the longer term they will be able to sit as judges in all courts.

This will be a further endorsement for Chartered Legal Executives and CILEX Practitioners increasing their profile across the wider legal profession.

It is a notable benefit for the profession that two of the five members of the CRL Board are Fellows with direct experience of working in the legal sector. Fellows also have an important role on CRL's committees and panels.

## **OUR COMMITMENTS TO CILEX**

We want to go further to re-build trust and create a productive working relationship with CILEX.

We set out our commitments to achieving that trust and invite CILEX to accept them in the spirit in which they have been given.

### **1. Work with CILEX and the CILEX community to raise the profile of the regulated community in the legal sector and with consumers.**

#### ***96% want CRL to increase its emphasis on championing the work of CILEX professionals***

We will place new emphasis and resources on our long-standing ambition to increase the brand, reach and influence of CILEX professionals across the broader legal profession, with consumers, Government and Institutions.

We recognise that CILEX, as the representative body for the CILEX community, has its own established networks and has a primary role in promoting its members and advocating on their behalf.

Equally it is clear from our consultations that many CILEX professionals still face barriers to recognition and progression in their everyday work. We therefore want to agree an engagement plan with CILEX comprising a series of projects, to include joint projects, so we can leverage existing contacts and make new connections. We will only be able to do this working in collaboration with our key stakeholders.

As we develop the engagement plan, we will be asking CILEX professionals to help us decide our joint priorities and work with us both to meet our agreed objectives.

We will appoint a Head of Public Affairs to create momentum and coordinate delivery of the engagement plan.

We believe that CRL and CILEX working together must be in the best interests of consumers and CILEX professionals.

### **2. Enable CILEX authorised members to extend the scope of legal services they can deliver and support the development of diverse routes to qualification**

Since 2014 the quality, status and breadth of CILEX qualifications have been transformed. Recognising their diversity and diverse needs, students can determine the pace at which they complete their studies and evidence qualifying experience.

The CILEX Apprenticeship now provides a further route to qualification.

Authorised CILEX members have considerable flexibility in demonstrating their competence to secure practice rights.



We will make an application to the LSB before the end of 2023 to enable competent and appropriately skilled CILEX Practitioners to apply for Higher Rights of Audience (see further above).

CRL has received anecdotal evidence that the way in which individual Practice Rights are framed may unnecessarily limit the range of services CILEX Practitioners are able to deliver. Once an initial scoping exercise has been completed, CRL will publish a Call for Evidence to assess the extent of detriment to the regulatory objectives, in particular the interests of consumers and competition.

CRL will use its influence when it engages with training providers to accelerate the uptake and delivery of these qualifications.

### **3. Complete development and launch the CRL Law Firm in a Box concept.**

***78% said that there are benefits in making it easier to set up a regulated law firm.***

***90% agreed making it easier to set up a regulated law firm will bring benefits to the consumer***

We will build on the research we have already carried out to refine the resources we have developed for CILEX professionals, so they understand the regulatory and practical requirements for setting up a firm.

We will target CILEX professionals who are setting up firms delivering high street services to consumers. They have an important part to play in tackling legal advice deserts, those areas of the country where there is little or no local access to legal advice and support.

They will be offered practical support to develop a realistic and achievable business plan as well as a broad range of training, most importantly in marketing and AML requirements.

Our goal is for all CRL law firms to have access to compliant and competitively priced professional indemnity insurance, and that we create sufficient volume of CRL regulated firms that their regulation is self-financing.

### **4. Work with CILEX to transform our working relationship**

***77% agreed CRL should undertake a feasibility study into the costs and benefits of assuming all or more of the functions ancillary to its work, with a view to changing its operational arrangements with CILEX, potentially to increase its operational independence and secure cost savings***

We will carry out a review with CILEX to determine the feasibility of achieving mutual financial independence. This will include:

- identifying and agreeing the range of activities we each carry out, with particular emphasis on shared services, the cost of delivering those services and whether the funding arrangements enable full cost recovery
- Agreeing such changes as are appropriate and proportionate.

**5. Introduce a fee structure for the wider membership to spread the cost of regulation.**

***78% believe that we should seek to engage with CILEX on reform of regulation for non-authorised CILEX members.***

***When asked to state their preferred option:***

***39% were in favour of reforming regulation for non-authorised members  
45% wanted the fee between authorised and non-authorised members to be rebalanced, and  
15% wanted CRL to cease regulating non-authorised members***

Following on from the financial independence review, we will satisfy ourselves that the current fee structure is transparent and fair. We will review the fees we charge (other than the practising fee) to ensure that they are, or are close to, cost neutral.

Of the 16,872 CILEX membership, 9,601 (57%) non-authorised CILEX members pay no regulatory fee, although they are regulated by CRL. This issue becomes more significant if CRL is to have a role in regulating members of the Institute of Paralegals once they have become CILEX members.

From the responses, we received to the consultation there was little appetite for us to cease regulating these members, and we think it important in the consumer interest that there is no diminution of current levels of regulation. We therefore intend to continue to regulate non-authorised CILEX members. We have however an open mind on how best this is done, and in collaboration with CILEX, we will agree a fairer and transparent process for CRL to recoup the costs it incurs in regulating non-authorised CILEX members.

**CONCLUSION**

We are proud of what we have achieved in the last 15 years in helping establish CILEX professionals as a key part of the legal community, respected by consumers and others for their skills and professionalism. We think decisions taken over the next few months are of central importance to the profession's future. Our view is that the best way forward is continue as an independent profession with its own regulator understanding the needs of the regulatory community, and shaped by the input of CILEX professionals at every level.

## INTRODUCTION TO CRL

In 2008 in anticipation of the coming into force of the Legal Services Act 2007, CILEX established CRL to which it delegated its regulatory functions. CRL authorises and regulates individual legal professionals and law firms to protect consumer interests, promote high professional standards, and encourage a diverse and effective legal profession.

CRL's approach to regulation is proportionate and constructive. Members of the regulated community deliver legal services in the way they think best, provided this is in the interests of their clients and the wider public.

Key achievements since 2008 include:

- **Practice rights, entity regulation and ABS:** authorisation of individuals, law firms and Alternative Business Structures (ABS) to provide litigation, advocacy, conveyancing, probate and immigration.
- **Education reform:** a competency-based assessment for authorisation of Chartered Legal Executives and an outcomes-focused CPD scheme. Revised education standards provide a streamlined route to authorisation for independent practice rights for Fellows at or after qualification.
- **Consumer work:** CRL contributes to cross-sector initiatives to empower consumers of legal services: including Legal Choices and the BSB-led work on public legal education.
- **EDI:** CRL has worked both in collaboration with CILEX and independently to promote opportunities for our diverse regulated community, launching its first EDI strategy in 2022.
- **CRL's principles-based Code of Conduct.**
- **Addressing barriers:**
  - Introducing a non-portfolio route for practice rights,
  - Introducing the concept of qualifying experience to ensure a broader range of individuals can meet the required standards
  - Enabling its litigation firms to access the Motor Insurance Bureau Portal.

CRL consistently work to enable its regulated community to access development and career opportunities. Current examples include:

- Entity reform including consumer redress
- Practice rights reform
- Higher Rights of Audience
- Review of the Enforcement Rules and Guidance
- Multi-sector EDI research project to tackle inequalities.
- Gaining agreement to become a Designated Professional Body.

## **ADDRESSING THE CASE FOR CHANGE**

In January 2022, CILEX informed CRL of its intention to explore regulation with other legal regulators. CILEX subsequently published its Case for Change.

In response to complaints which had been referred to it the LSB announced in October 2022 that it would carry out an investigation. The LSB published its investigation report in April 2023. At the invitation of the LSB CILEX and CRL agreed undertakings to take CILEX's review forward. This proposal has been developed as one of the steps agreed to comply with those undertakings.

In the Case for Change CILEX say that if they are not to lose the value of a diverse legal profession who represent the community they serve, then they need to consider whether it is now timely to move to review their delegation.

The following sections set out CRL's response to the Case for Change:

### **1. Asking CILEX members for their views**

The responses we have received from CILEX members, which are being published separately together with the Summary of Responses, have helped us determine the priorities set out in this Proposal.

### **2. Current Activities and Achievements at CRL**

Our current and planned work undertaken against each of the strategic objectives for 2022-24 addresses many of the issues raised in the Case for Change.

### **3. Our commitments to CILEX**

We set out our commitments and invite CILEX to accept them in the spirit in which they have been given.

### **4. Mapping to the CILEX case for change**

We have mapped our evidence against CILEX's criteria, and explained how CRL meets the Regulatory Objectives and the Better Regulation Principles.

## 1. CRL'S CONSULTATION

CRL believed that it was important to engage with the regulated community and give them a voice in the future direction of CILEX and CRL. The consultation was developed with the purpose of ensuring a shared understanding of the issues affecting CRL's regulated community and to provide an evidence base from which to develop a positive proposal for change.

CRL had originally intended to publish a consultation paper 'Regulating responsibly and responsively' in late September 2022 with a 3 month consultation period. At the request of the LSB, CRL agreed to delay publication of the consultation while the LSB carried out its investigation.

In the undertakings approved by the LSB, CILEX agreed to pause consideration of alternative proposals for 8 weeks from April 2023 to enable CRL to consult on and develop options for changes to CRL's regulatory arrangements. CRL shared the draft consultation document with CILEX and the LSB to give both an opportunity to comment before it was approved for publication by the CRL Board.

The consultation 'Specialist Regulation for the Future of an Independent Profession' was published on 15 May 2023 with a 6 week consultation period ending on 26 June 2023. The purpose of the consultation was to seek views on how CRL's present system of regulation can be made to work better for consumers, the regulated community and the wider public.

Three webinars were held to support the consultation: on 9 June 2023 for CRL Firms (10 attendees) and on 13 and 15 June 2023 for CILEX members (59 and 69 respectively), a total of 138 attendees. The CRL Firms webinar was held as an informal dialogue. Attendees of the CILEX member webinars were asked to submit questions in the Q&A function, which the CRL Chair and Interim CEO answered during the webinar. After those webinars written responses were posted on the CRL website to each of the questions asked.

The anonymised responses received respectively to the long and short form surveys, responses received from the Legal Services Consumer Panel, the CRL Strategic Risk Committee and Bloomsbury Institute and a Summary of the Responses have been published on the CRL website. The Summary also included an analysis of the responses to the EDI section of the consultation.

CRL received a total of 1,018 responses (264 to the long survey and 754 to the short survey). The Table sets out the responses received to the questions. These are also set out in the relevant sections of this Proposal.

**Table of Consultation Responses**

		Yes	No	Total
1	Do you consider it to be a priority to change the current regulatory system?	331 (32%)	687 (68%)	1018 (100%)
2	Do you believe that the CILEX profession is enhanced by having its own regulator focused on the profession's unique place in the delivery of legal services?	756 (74%)	262 (26%)	1018 (100%)
3	Do you think that there are benefits in making it easier to set up a regulated law firm?	794 (78%)	224 (22%)	1018 (100%)
4	If so, do you think making it easier to set up a regulated law firm will bring benefits to the consumer?	543 (90%)	57 (10%)	600 (100%)
5	Would you support CRL increasing its emphasis on championing the work of CILEX professionals?	577 (96%)	23 (4%)	600 (100%)
6	If you had to choose just one, what would be your greatest priority that CRL should use as a focus for its work for the next three years?			
7	Do you support independent regulation of all CILEX professionals serving the public?	195 (89%)	24 (11%)	219 (100%)
8	Do you think that CRL should seek to engage with CILEX on reform of regulation for non-authorised CILEX members?	171 (78%)	48 (22%)	219 (100%)
9	If yes, which would be your preferred option:			112
	Rebalancing the fee between authorised and non-authorised individuals,	44	(39%)	
	Reforming regulation for non-authorised members, or	50	(45%)	
	Ceasing to regulate non-authorised members.	18	(16%)	
10	What do you see as the benefits and risks of having a regulator focused on regulation of the CILEX profession?			
11	Should CRL consult on changing its name, with a view to improving recognition of the distinct roles of CRL and CILEX, and the distinctive professionals it regulates?	66 (47%)	73 (53%)	139 (100%)
12	Should CRL undertake a feasibility study into the costs and benefits of assuming all or more of the functions ancillary to its work, with a view to changing its operational arrangements with CILEX, potentially to increase its operational independence and secure cost savings?	107 (77%)	32 (23%)	139 (100%)

13	Are there any reasons or objections in principle to CRL undertaking all/more of its own operational functions?			
14	Do you consider that increasing operational separation is a desirable goal?	90 (65%)	49 (35%)	139 (100%)
15	What benefits do you see in the present arrangements which you believe should be preserved?			
16	Do you believe that there are opportunities for improvement in operational processes as they are currently delivered?			
17	Do you support CRL's proposals to make it easier for individuals to set up a law firm?	115 (83%)	24 (17%)	139 (100%)
18	Do you agree that a tailored approach to the regulation of a unique profession by its own regulator is beneficial?	113 (81%)	26 (19%)	139 (100%)
19	Are there other initiatives or improvements that CRL could introduce to enhance its regulation of legal professionals and firms?			
20	Do you have any other comments or suggestions?			

## 2. CURRENT ACTIVITIES AND ACHIEVEMENTS AT CRL

CRL's current strategy, Strategic Objectives 2022-24, was agreed by the Board at the end of 2021 and took effect from 1 January 2022. The strategy will be reviewed again at the end of 2024.

The strategy consists of three strategic themes:

- High standards
- Consumer Empowerment
- EDI

Each of the strategic themes is set out below:

### HIGH STANDARDS

**Our commitment:** we will uphold standards whilst pursuing innovative models to improve access and minimise the regulatory burden.

#### Strategic objectives:

- 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 new approaches to service in legal services regulation and 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 to date:

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 (more detail can be found in the CRL Law Firm in a Box proposal at page 22). The partner organisations put further development on hold pending resolution of CILEX's Case for Change, at which time they will be willing to re-engage.
- **Innovation and technology:** CRL has been involved in the SRA's research published in June 2023 into the potential use of unbundling (enabling consumers to undertake parts of the legal process to reduce costs). It has worked with HM Land Registry on digitisation and lawyer assurance, and government departments on the use of digital identity.
- **Improvements to authorisation and renewal using the CRM:** development work to modernise CRL systems started in 2019 have been contingent on modifications to the CRM. The risk matrices went live in late 2022. The digital entity directory, online portfolio and online application forms remain on the list for implementation. Once implemented, the portfolio and applications will be transformative for CRL's systems and processes (as evidenced by the online authorisation and renewal processes introduced for ACCA-Probate practitioners in 2021).
- **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 qualifying experience requirements and the introduction of the ULaw route to create an alternative route for Fellows to obtain practice rights.

- **Ongoing competence:** CRL has developed risk matrices which provides CRL with rich data enabling risk to be assessed for individual supervision, enforcement activity and in responding to queries raised, such as by the LSB following the court decision in *Doble v Baxter* (2023).

### **Further planned work:**

In 2023 and 2024, CRL is planning the following activities:

- Take forward CRL's Law Firm in a Box to provide a new way to start and run a law firm.
- Commission research into the unregulated sector and the impacts it has on vulnerable consumers.
- Review the scope of the operation of regulation of individuals by reserved activity.
- Finalise the work in relation to unbundling, lawyer assurance with HMLR, and use of digital identities, and implement the LSB's guidance on legal technology once it has been finalised.
- Implement the outstanding items to the shared CRM.
- Complete implementation of the LSB's statement of policy for ongoing competence using the risk matrices.
- Utilise the rich data provided through the risk matrices for all areas of regulation.
- Introduce practice rules for individuals and firms to support the CILEX Code of Conduct.

### **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 to lawyers seeking to open a new law firm and 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 related to a particular role 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 and provides the public and

the consumer 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.

## CONSUMER EMPOWERMENT

**Our commitment:** We will enhance the information available to consumers to improve accessibility to legal services.

### Strategic objectives:

- 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 including [Legal Choices](#), single digital register (now called the Regulatory Information Service), and 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 to date:

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 group<sup>1</sup> we contributed to the development of the regulatory information service (formerly the 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 (published in June 2023).

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<sup>1</sup> 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](#).

Sub-groups were established to develop a regulatory information service and a cross-sector public legal education strategy.

- 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.

### **Further planned work:**

In 2023 and 2024, CRL is planning the following activities:

- Continue with the development of the Legal Choices website ([latest report](#), including [infographic](#)) to continually improve the information available to consumers on a wide range of matters.
- Continue to contribute to cross-regulator initiatives.
- Working with the LSB and other frontline regulators develop the regulatory information service (formerly the single digital register)
- Working with CRL regulated firms (including ACCA firms regulated for probate) to ensure they maintain the transparency requirements set out in the CRL rules and guidance.
- Evaluate the effectiveness of CRL's transparency rules and introduce enhancements to increase consumer empowerment.
- Continue to engage with legal technology initiatives including the Regulators' Response Unit.

### **What this means to consumers and the regulated community:**

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.

### **EQUALITY, DIVERSITY AND INCLUSION (EDI)**

**Our commitment:** we will champion fair access for all in the legal services market.

#### **Strategic objectives:**

- 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 to date:**

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 tracked leavers and those cross-qualifying to become solicitors.
- We changed the qualifying employment rules to become qualifying experience to ensure we eliminated barriers to qualification whilst continuing to implement 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.

### **Further planned work:**

In 2023 and 2024, CRL is planning the following activities:

- We will work with our regulated firms to ensure they understand the importance of pursuing inclusive approaches to staff.
- We will publish our biennial EDI survey on the characteristics of our regulated community.
- We will benchmark progression data to enable publication of data in future years.
- We will analyse our data to identify initiatives which will make a difference in the legal sector and use this intelligence to inform further research into this area, including research into the impact of the unregulated sector on vulnerable consumers.

### **What this means to consumers and the regulated community:**

Our work on EDI means that:

- We understand the characteristics of our regulated community and the barriers to progression that they face in the legal sector.
- This will assist CRL in identifying actions that are within regulatory control to mitigate these barriers and that we can campaign effectively for change.
- With Chartered Legal Executives coming from backgrounds which reflect society in terms of socio-economic background, the consumer can be confident that there are lawyers available who understand them and therefore offer legal advice and guidance that is both appropriate and accessible.

### 3. OUR COMMITMENTS TO CILEX

The responses we received to our consultation underlined the pride CILEX members have in their profession, their continuing loyalty to CILEX and CRL and a desire for us to collaborate.

We agree CILEX's ambitions for CILEX members who want to:

- a) make justice better for the communities they come from and serve
- b) succeed and achieve their career goals

We want to go further to re-build trust and create a productive working relationship with CILEX. We set out our commitments to achieving that trust and invite CILEX to accept them in the spirit in which they have been given.

#### 1. Work with CILEX and the CILEX community to raise the profile of the regulated community in the legal sector and with consumers.

***96% want CRL to increase its emphasis on championing the work of CILEX professionals.***

As the independent regulatory body for CILEX members and other specialist legal professionals, CRL has a deep and longstanding understanding of its regulated community. Its experience of regulating CILEX members means it has an excellent grasp of the potential that its regulated community has to offer and as the specialist regulator for the CILEX profession it is able to focus its activities solely on the regulatory community.

We will place new emphasis and resources on our long-standing ambition to increase the brand, reach and influence of CILEX professionals across the broader legal profession, with consumers, Government and Institutions.

We recognise that CILEX, as the representative body for the CILEX community, has its own established networks and has a primary role in promoting its members and advocating on their behalf.

Equally it is clear from our consultations that many CILEX professionals still face barriers to recognition and progression in their everyday work. We therefore want to agree an engagement plan with CILEX comprising a series of projects, some joint projects, so we can leverage existing contacts and make new connections. We will only be able to do this working in collaboration with our key stakeholders.

CRL has increased its focus on communications and PR, increasing its visibility. Hits to the CRL practitioner directory have more than doubled in 12 months (from around 24,000 in 2021 to 60,000 in 2022). As we develop the engagement plan, we will be asking CILEX professionals to help us decide our joint priorities and work with us both to meet our agreed objectives.

At its May 2023 meeting, the CRL Board agreed a revised organisational structure to improve influence. This will provide for a Head of Public Affairs to ensure that CRL is well placed to focus efforts on enhancing the profile of Chartered Legal Executives. This is endorsed by the respondents to the consultation:

- ***577 (96%) respondents support CRL increasing its emphasis on championing the work of CILEX professionals (Q5)***

The Head of Public Affairs will create momentum and coordinate delivery of the engagement plan.

We believe that CRL and CILEX working together must be in the best interests of consumers and CILEX professionals.

This view is supported by the responses CRL received to its consultation.

- **687 (68%) respondents do not consider it to be a priority to change the current regulatory system (Q1)**
- **756 (74%) respondents believe that the CILEX profession is enhanced by having its own regulator focused on the profession's unique place in the delivery of legal services (Q2)**
- **195 (89%) respondents support independent regulation of all CILEX professionals serving the public (Q7)**
- **113 (81%) agree that a tailored approach to the regulation of a unique profession by its own regulator is beneficial (Q18)**

As it develops the engagement plan, CRL will be asking CILEX professionals to help decide joint priorities and work with both CILEX and CRL to meet the agreed objectives.

CRL is able to make the changes it is proposing within the 2024 budget and without increasing its share of the PCF. This will enable CRL to identify and challenge discriminatory practices in legislation and elsewhere.

## **2. Enable CILEX authorised members to extend the scope of legal services they can deliver and support the development of diverse routes to qualification**

Since 2014 the quality, status and breadth of CILEX qualifications have been transformed. Recognising their diversity and diverse needs, students can determine the pace at which they complete their studies and evidence qualifying experience.

The CILEX Apprenticeship now provides a further route to qualification.

The Education Standards now allow for those qualifying as Chartered Legal Executives through the CPQ route simultaneously to be authorised for a practice right. The ULaw route enables Fellows to gain a practice right by assessment. There has been increased interest from authorised persons seeking to cross qualify as well as from overseas applicants. CRL will continue streamlining these processes.

Authorised CILEX members have considerable flexibility in demonstrating their competence to secure practice rights. CRL will use its influence when it engages with training providers to accelerate the uptake and delivery of these qualifications.

CRL recognises the limitations of authorisation by reserved activity. Once an initial scoping exercise has been completed, CRL will publish a Call for Evidence to assess the extent of detriment to the regulatory objectives, in particular the interests of consumers and competition.

CRL is currently developing proposals to extend its designation to award rights of audience (currently limited to lower courts) to all courts. CRL will be making an application later in 2023 for Higher Rights of Audience. Assuming it is successful, it will enable Chartered Legal Executives with these rights to be able to demonstrate equivalence with solicitors and could

open up additional role opportunities (e.g., at the Crown Prosecution Service) and in the longer term enable Chartered Legal Executives to become judges in all courts.

This will be a further endorsement for Chartered Legal Executives and CILEX Practitioners increasing their profile across the wider legal profession.

### **3. Complete development and launch the CRL Law Firm in a Box concept.**

We will build on the research we have already carried out to refine the resources we have developed for CILEX professionals, so they understand the regulatory and practical requirements for setting up a firm.

We will target CILEX professionals who are setting up firms delivering high street services to consumers. They have an important part to play in tackling legal advice deserts, those areas of the country where there is little or no local access to legal advice and support.

CRL Law Firm in a Box is designed to make it easy for small firms to set up and deliver high street services to individual consumers to tackle access to justice and general consumer issues.

CILEX professionals will be offered practical support to develop a realistic and achievable business plan as well as a broad range of training, most importantly in marketing and AML requirements. Our goal is for all CRL law firms to have access to compliant and competitively priced professional indemnity insurance, and that we create sufficient volume of CRL regulated firms that their regulation is self-financing. As the proposal reduces risk to the consumer, over time CRL aims to reduce the ring-fenced funds supporting the compensation arrangements. As firm numbers increase, the expectation would be proportionately to decrease contributions to the fund, subject to our assessment of risk.

This proposal is strongly supported by respondents to the consultation.

- **794 (78%) respondents think that there are benefits in making it easier to set up a regulated law firm (Q3)**
- **543 (90%) respondents agreed that making it easier to set up a regulated law firm will bring benefits to the consumer (Q4)**
- **115 (83%) respondents support CRL's proposals to make it easier for individuals to set up a law firm (Q17)**

As firm numbers increase, CRL would need additional resource to support the delivery of entity regulation. CRL has carried out some modelling which provides assurance that any additional costs would be funded entirely from CRL's enhanced income streams.

Once approved, Designated Professional Body status will enable firms to extend further the services they can offer.

### **4. Work with CILEX to transform our working relationship**

***77% agreed CRL should undertake a feasibility study into the costs and benefits of assuming all or more of the functions ancillary to its work, with a view to changing its operational arrangements with CILEX, potentially to increase its operational independence and secure cost savings***

CRL understands from CILEX that this section of the case for change focuses on the size of CRL's regulatory budget and as a result, its long-term financial stability.

CRL considers itself to be financially sound. Its reserves position at the end of April 2023 was as follows:

<b>Total reserves £ (operating months)</b>	<b>Committed reserves £</b>	<b>Uncommitted reserves £ (operating months)</b>
1,058,944 (7.6)	422,333	636,612 (4.6)

CRL's reserves are within both the LSB rules and guidance (at between 3-6 months' operating costs) and the CILEX Group Reserves policy (6 months contingency reserves of which 2 months are local working capital reserves).

CRL has agreed a reconciliation process for the PCF with CILEX. It anticipates that this will result in a one-off payment to CRL which further increase CRL's reserves.

CRL and CILEX have agreed interim arrangements whereby the first £250,000 of the CRL Compensation Fund is ringfenced from CRL reserves with CILEX acting as surety for the remaining £250,000. CRL is currently exploring whether alternative funding arrangements can be put in place so that CILEX can cease acting as surety for £250,000 in 2024.

CILEX has suggested that CRL is not making a full contribution to the cost of services shared with CILEX. CRL relies on CILEX to determine the actual cost of shared services so CRL can make full provision for it in its budget. CRL fully expects to resolve this issue with CILEX by agreement.

We will carry out a review with CILEX to determine the feasibility of achieving mutual financial independence. This will include:

- identifying and agreeing the range of activities we each carry out, with particular emphasis on shared services, the cost of delivering those services and whether the funding arrangements enable full cost recovery
- Agreeing such changes as are appropriate and proportionate.

## **5. Introduce a fee structure for the wider membership to spread the cost of regulation.**

***78% believe that we should seek to engage with CILEX on reform of regulation for non-authorized CILEX members.***

***When asked to state their preferred option:***

***39% were in favour of reforming regulation for non-authorized members  
45% wanted the fee between authorized and non-authorized members to be rebalanced, and  
15% wanted CRL to cease regulating non-authorized members***



Following on from the financial independence review, we will satisfy ourselves that the current fee structure is transparent and fair. We will review the fees we charge (other than the practising fee) to ensure that they are, or are close to, cost neutral.

Of the 16,872 CILEX membership, 9,601 (57%) non-authorized CILEX members pay no regulatory fee, although they are regulated by CRL. This issue becomes more significant if CRL is to have a role in regulating members of the Institute of Paralegals once they have become CILEX members.

From the responses, we received to the consultation there was little appetite for us to cease regulating these members, and we think it important in the consumer interest that there is no diminution of current levels of regulation. We therefore intend to continue to regulate non-authorized CILEX members. We have however an open mind on how best this is done, and in

In collaboration with CILEX, we will agree a fairer and transparent process for CRL to recoup the costs it incurs in regulating non-authorized CILEX members.

#### 4. MAPPING TO THE CILEX CASE FOR CHANGE

CRL has mapped its current activities against the criteria to be applied by CILEX in consideration of CRL’s proposal to continue as the specialist regulator for CILEX members and other members of its regulated community. Where these are covered in detail in the main text, the key points are set out in summary.

<b>CILEX CASE FOR CHANGE OBJECTIVES</b>		
<b>Objectives</b>	<b>CILEX Indicators</b>	<b>CRL Evidence and Comments</b>
Able to operate at sufficient scale to deliver efficient and effective regulation at a cost that is affordable for the consumers and the profession	<p>The regulatory regime can:</p> <ul style="list-style-type: none"> <li>• Support the delivery of effective regulation through PCF income without the need for financial subsidy from the Approved Regulator</li> </ul> <p>The regulatory body can:</p> <ul style="list-style-type: none"> <li>• Operate a consumer redress scheme independently without reliance on financial support or guarantee from the Approved Regulator</li> <li>• Invest the necessary time and activity in the significant amount of market engagement required to establish confidence and assurance in the minds of consumers of legal services – both individuals and corporate</li> </ul> <ul style="list-style-type: none"> <li>○</li> </ul>	<ul style="list-style-type: none"> <li>• CRL is satisfied that it delivers effective regulation funded by PCF income and that it requires no financial subsidy from CILEX, as the Approved Regulator (page 23). Since 2018, CRL has kept its proportion of the practising fee level demonstrating sound financial management, and representing a considerable real terms saving to CILEX Fellows.</li> <li>• CRL was (until July 2022) also working with brokers and insurers to create a competitive PII offer (see evidence).</li> <li>• CRL is confident that it can operate its compensation arrangements without reliance on financial support or guarantee from the Approved Regulator (page 23). Resolving these issues will enable us to increase resources, [without an increase in the practising fee,] so we can:             <ul style="list-style-type: none"> <li>○ Continue to provide support and guidance to all practising CILEX professionals;</li> <li>○ Increase our work breaking down barriers to recognition of their professional standing that CILEX professionals come across from institutions, the courts and colleagues.</li> <li>○ Increase choice for consumers and regulatory innovation.</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>• The outcome will be to help CILEX professionals, as individuals and as a profession, to thrive.</li> <li>• CRL will appoint a Head of Public Affairs to create momentum and coordinate delivery of the engagement plan (pages 20-21). Active support from and co-ordination with CILEX and the regulated community will assist considerably in establishing confidence and assurance.</li> </ul> <p>A subsidiary issue has been raised about the cost to the consumer of dual regulation (ie where the firm is regulated by one regulator and the lawyer by another). Cost referred to is not primarily the practising fee paid to the regulator (CRL’s practising fee is currently £367 pa compared to SRA’s of £316) but the cost to the firm of ensuring the individual lawyer complies with their regulatory requirements (reporting, CPD etc). This applies to varying degrees to all legal firms, as well as many other businesses. The professionals may as well as lawyers be accountants, tax advisers of financial advisers. These oncosts (in addition to the standard operating costs (staff, premises, IT etc) are overheads, the cost of which are a factor (the other being profit) in determining the firm’s charging structure. In this context, the cost of dual regulation to the extent it applies to a chartered legal executive employed in a SRA firm is marginal.</p>
<p>Able to establish and maintain consumer confidence that lawyers enter the profession through robust processes and maintain</p>	<p>The regulatory regime can:</p> <ul style="list-style-type: none"> <li>• Through its systems and processes provide assurance to consumers of the standards required to qualify and practise as a lawyer</li> <li>• Through the information published on its ‘register of authorised persons’ increase public awareness and understanding as to the comparable competence, conduct and scope of authorised practice of those holding a practising certificate regardless of route to qualification or title</li> </ul>	<p>CRL’s processes for entry are robust, ensuring that individuals are competent to practise upon qualification. Chartered legal executive must submit an annual CPD return not only confirming compliance but also providing a summary of CPD completed and outcomes from that CPD.</p> <p><u>Systems and processes</u></p> <ul style="list-style-type: none"> <li>• Findings from recent regulatory performance reviews by the LSB confirm that CRL is effective operationally across all functions. There are very few complaints to the Ombudsman (LeO) about the CRL regulated community in relation to service and CRL receives a small number of conduct complaints each year.</li> </ul> <p><u>Consistency</u></p>

<p>the standards expected of them by the regulator and the public once in practice</p>	<ul style="list-style-type: none"> <li>• Establish consistent standards of continuing professional development required to maintain a practising certificate based on authorised status and scope of practice</li> <li>• Apply a fair, transparent and consistent approach to the investigation of complaints and enforcement action across all those within regulatory scope</li> </ul>	<ul style="list-style-type: none"> <li>• As oversight regulator, the LSB ensures that minimum standards across the profession are equivalent and therefore ensures consistency of approach.</li> <li>• The LSB has recently published its statement of policy - ongoing competence which will ensure consistency of approach across all legal professionals including solicitors and CLEs.</li> <li>• Consistency is not the same as identical, the process should be appropriate and rigorous for the profession. See notes below on scope of authorisation and proposals for Law Firm in a Box.</li> </ul>
<p>Able to establish public confidence of a consistency of approach that each and every regulated activity every provider (entity and individual) in the market is required to operate to the same high standards</p>	<p>The regulatory regime meets the Better (Good) Regulation Principle of consistent by:</p> <ul style="list-style-type: none"> <li>• Applying the same standards of behaviour and practice to all practitioners granted a practising certificate of equal scope regardless of route to qualification or title</li> <li>• Making it clear to consumers the scope of authorisation and practice granted to each regulated person</li> <li>• Providing a consumer redress scheme that standardises the compensation and insurance cover available regardless of title</li> <li>• Operating an entity authorisation scheme that applies the same standards and client protection arrangements to businesses offering the same services regardless of business structure or type of lawyer delivering services</li> <li>• Utilising the same investigation and enforcement processes, criteria and sanctions to all authorised persons of equal standing regardless of title</li> </ul>	<p><u>Signals to the consumer to increase awareness and understanding</u></p> <ul style="list-style-type: none"> <li>• The Practitioner Directory on CRL’s website and in the last 12 months CRL has seen hits to the directory increase from 24,000 – 60,000.</li> <li>• The Practitioner Directory on Legal Choices</li> <li>• Legal Choices more generally provides effective consumer assistance in relation to regulation of the legal professions. This assists in raising the profile of all legal services providers and individuals.</li> <li>• CRL’s website has a section for members of the public which provides useful information and guidance on the work of Chartered Legal Executives.</li> </ul> <p><u>Title and scope of authorisation</u></p> <ul style="list-style-type: none"> <li>• In addition, the proposal in the case for change is to retain the distinction of title and qualification route. If there is a perception (which CRL does not accept) that other lawyers are less competent than solicitors, it is difficult to understand how being overseen by another regulator would change that perception. In fact, there is a significant risk that the reverse would happen, i.e., that the distinction of title and qualification route between solicitors and chartered legal executives will highlight the differences and therefore reinforce such a perception.</li> </ul> <p><u>Consumer redress:</u> CILEX appears to have limited the issue of consumer redress to compensation arrangements and access to PII. The consumer is far more likely to access LeO or make a complaint to the regulator than seek compensation (from a discretionary fund of last resort).</p>

		<p><u>Investigation and enforcement</u>                  CRL's enforcement processes were assessed as providing sufficient assurance in the last LSB regulatory performance assessment. Our scheme is tailored to the CILEX profession and works effectively.</p>
<p>Able to support the equal treatment and recognition of legal professionals regardless of route to qualification and provide equality of opportunity for individual practitioners and entities</p>	<p>The regulatory regime supports:</p> <ul style="list-style-type: none"> <li>• Publication of a register of authorised practitioners which:                         <ul style="list-style-type: none"> <li>○ Raises awareness as to the choice of legal professionals available</li> <li>○ Supports consumers and legal provider organisations to understand the scope of practice and reserved legal activities each holder of a practising certificate is authorised to deliver</li> <li>○ Provides transparency as to equivalence and differences between lawyers of different titles</li> <li>○ Does not differentiate or discriminate based on route to qualification or background</li> </ul> </li> <li>• The regulatory body is able to:                         <ul style="list-style-type: none"> <li>○ Challenge and influence those bodies employing, accrediting or contracting legal professionals and entities supplying legal services to them to ensure that they do not differentiate in the treatment of lawyers of equal authorised person status.</li> </ul> </li> </ul>	<p><u>Practitioner Directory:</u> CRL has provided evidence that usage of its directory has more than doubled in 12 months, indicating that CRL is raising awareness of Chartered Legal Executives.</p> <p><u>Legal Choices and the CRL website:</u> these services both provide the consumer and legal services providers with information which enables everyone to understand the scope of practice and reserved legal activities held by CRL's regulated community.</p> <p><u>Regulatory title and scope of authorisation:</u> CRL has been very clear about the use of <u>regulatory</u> titles to ensure that consumers are able to understand what a CILEX member is able to do.</p> <p>CRL does not discriminate by qualification or background – all applicants are asked to demonstrate knowledge, skills, experience and competence against the education standards to be admitted as a Chartered Legal Executive.</p> <p><u>Ability to challenge and influence consumers and third-party commercial organisations</u></p> <p>CRL has set out progress made to date and the further steps it intends to take (page 20-21)</p>

**Regulatory Objectives and the Better Regulation Principles:**

All CRL’s applications to the LSB, whether for new designation or to give effect to rules changes are supported with evidence that they are compatible with the regulatory objectives and have regard to the Better Regulation Principles. These are independently assessed by the LSB as part of the application process, so providing assurance that CRL meets each of these requirements. CRL has provided examples against each of the regulatory objectives below to demonstrate how it meets the requirements.

REGULATORY OBJECTIVE	LSB GUIDANCE	CRL EVIDENCE TO MEET THE OBJECTIVE
<p><b>Upholding the public interest</b></p>	<p>To ensure that this objective is being met the LSB states that the objective is to understand the overall impact on society of the matter in question. If the overall impact is positive to society, it will be in the public interest, even if it is not in the interests of some members of society.</p> <p>Regulators should through their actions contribute to:</p> <ul style="list-style-type: none"> <li>• Public confidence in the justice system</li> <li>• An effective legal system</li> <li>• Public confidence in the regulatory system, and</li> <li>• The rule of law (see next objective)</li> </ul>	<p>The public expects regulators to act independently of the profession to ensure that high standards of practice are maintained. CRL is independent of the Approved Regulator and is not ‘captured’ by it or the regulated community. CRL makes independent regulatory decisions (e.g., practice rights contract awarded to ULaw).</p> <p>Other examples: practice rights, entity regulation, seeking Higher Rights of Audience authorisation.</p> <p>High standards of entry, supervision and enforcement and applies these to its regulated community.</p>
<p><b>Supporting the constitutional principle of the rule of law</b></p>	<p>The regulatory regime ensures that no-one is above the law and establishes standards that align to the principles underpinning the rule of law:</p> <ul style="list-style-type: none"> <li>• The law must be accessible, intelligible, clear, and predictable</li> </ul>	<p>Education standards require authorised individuals to be aware of their obligations under the rule of law.</p> <p>Supervision requirements require CILEX professionals to have annual updates on professionalism in the delivery of legal services and may include updates on ethical behaviour. Focus on in-house CILEX professionals who are at risk of additional pressures from their employer.</p>

	<ul style="list-style-type: none"> <li>• Questions of legal right and liability should ordinarily be resolved by application of the law and not exercise of discretion</li> <li>• The laws of the land should apply equally to all, save for objective differences which justify differentiation</li> <li>• Ministers and public officers should exercise the powers conferred on them in good faith, fairly, for the purpose for which they were conferred, without exceeding the limits of such powers and not unreasonably</li> <li>• Afford adequate protection of human rights</li> <li>• Means must be provided for resolving bona fide civil disputes which the parties themselves are unable to resolve</li> <li>• Adjudicative processes should be fair</li> <li>• The state should comply with both national and international law</li> </ul>	<p>Each regulated individual is responsible for maintaining and enhancing their professional competence. This ensures that CRL professionals understand their obligations and maintain high ethical standards.</p>
<p><b>Improving access to justice</b></p>	<p>The requirement is <i>to improve</i> rather than solve access to justice and it should be noted that access to legal aid is a public policy issue. The solutions may be wider than lawyers and law firms. The <i>key issue is access and availability of assistance</i> which includes materials and resources. It may also be addressed through other professionals, advice bodies, third sector and the unregulated sector.</p> <p>Key issues are:</p> <ul style="list-style-type: none"> <li>• The links to the consumer interest, the rule of law (the framework should allow for just and fair outcomes to be achieved by individuals with a legal need) and public legal education</li> </ul>	<p>CRL contributed to the outcomes of the CMA report through participation in:</p> <ul style="list-style-type: none"> <li>• Cross-sector working groups (RPIG and MTCOG,</li> <li>• Legal Choices</li> </ul> <p>Other examples are:</p> <ul style="list-style-type: none"> <li>• CRL Law Firm in a Box</li> <li>• risk matrices tools to inform planned research to understand the impacts of the unregulated sector on consumer and EDI interests.</li> <li>• Practice rights,</li> <li>• Higher Rights of Audience application</li> <li>• Application for designation as supervisory body for ancillary insurance products (now at the parliamentary stage of approval).</li> <li>• High standards of delivery required of regulated community through its authorisation and supervision schemes</li> </ul>

	<ul style="list-style-type: none"> <li>• Public policy impacts on the ability to improve access to justice through administration, operation, and funding of the courts</li> <li>• Access to materials and resources</li> <li>• High levels of unmet legal need</li> <li>• Vulnerability of consumers</li> </ul>	<ul style="list-style-type: none"> <li>• Transparency Rules with high levels of compliance.</li> </ul> <p>As the LSB has acknowledged, legal regulators are not in a position directly to influence Government on public policy issues, such as funding decisions to enable consumers to access legal advice or representation which would not otherwise be available to them.</p>
<p><b>Protecting and promoting the consumer interest</b></p>	<p>Covers all consumers including government and large firms but the focus should be on SMEs and individual consumers. Issues included are:</p> <ul style="list-style-type: none"> <li>• Accessibility</li> <li>• Choice</li> <li>• Quality</li> <li>• Redress</li> <li>• How services are provided</li> <li>• Fairness, and</li> <li>• Available information</li> </ul> <p>The requirement is for strong, proactive action to ensure the market operates in the interests of consumers.</p>	<p>CRL places the consumer interest at the centre of all its activities and it is one of our three strategic themes.</p> <ul style="list-style-type: none"> <li>• Dedicated consumer pages on its website, explaining CRL’s role and remit, how to make a complaint, signposting to the LeO</li> <li>• Protection of consumers is a central concern of CRL’s operational functions</li> <li>• Increased traffic to the practitioner directory</li> <li>• Implementation of recommendations made in the CMA report, including transparency rules and guidance, quality indicators pilot and the unbundling project</li> <li>• Transparency rules later extended to ACCA-Probate firms</li> <li>• In 2020, CRL published its own research on consumer needs when seeking legal advice and services. Currently participating in BSB led research of Digital Exclusion.</li> <li>• The Legal Choices initiative (planning for next 3 year cycle starting in September 2023).</li> <li>• CRL Law Firm in a Box</li> <li>• Ongoing competence implementation</li> <li>• Compensation arrangements review.</li> </ul>
<p>Promoting competition</p>	<ul style="list-style-type: none"> <li>• Creating a regulatory regime that enables service providers to be free to respond to commercial pressures within the bounds of the regulatory objectives,</li> </ul>	<p>The CMA in its report highlighted competition as the third element of a functioning legal services market (alongside the public interest and consumers).</p>



	<ul style="list-style-type: none"> <li>• Encourage providers to respond to consumer demand through new and innovative service provision,</li> <li>• Create pressure to provide value for money, and</li> <li>• Applies to authorised persons working in both the regulated and unregulated sectors.</li> </ul>	<p>Other initiatives:</p> <ul style="list-style-type: none"> <li>• CRL’s law firm in a box</li> <li>• Working with legal tech suppliers and researchers</li> <li>• Waiver policy to enable new innovations and technology to be tested and implemented</li> <li>• Breaking down barriers for CRL’s regulated firms: including access to the MIB portal, provision of ancillary insurance products, lender panels</li> <li>• Legal Choices</li> <li>• practice rights</li> <li>• Higher Rights of Audience application</li> <li>• qualifying experience</li> <li>• ULaw route to practice rights</li> <li>• Advice and guidance to the IFATE on the development of the new CLE apprenticeships at Levels 6 and 7</li> <li>• Review of role-based regulation.</li> </ul>
<p>Encouraging an independent, strong, diverse and effective legal profession</p>	<p>This objective relates to the suppliers of legal services. There is a strong public and consumer interest in there being an independent and diverse profession. It will encourage public confidence in the legitimacy of the profession. The legal profession should reflect the diversity of society and this should be visible to the public. This will ensure that the profession is strong and effective. The public sector equality duty (to which the LSB is subject) requires a regard to the elimination of discrimination, advancing equality of opportunity and fostering good relations between different people.</p>	<p>CRL continues an ambitious programme:</p> <ul style="list-style-type: none"> <li>• Publication of CRL’s first EDI strategy</li> <li>• EDI roundtable</li> <li>• Definition of progression</li> <li>• Contributed to the cross-regulator EDI forum and the Judicial Diversity Forum to standardise data collection</li> </ul> <p>Other examples:</p> <ul style="list-style-type: none"> <li>• Accrediting alternative training providers: more options for more people to qualify through the CILEX route</li> <li>• Qualifying employment</li> <li>• Working with the CLE trailblazer group, to develop the revised apprenticeship standards</li> <li>• Initial work to understand differential impacts by characteristic through the operation of our investigation and enforcement function</li> </ul>

		<ul style="list-style-type: none"> <li>• Higher Rights of Audience</li> <li>• Activity-based v role-based regulation of specialist lawyers.</li> </ul>
Increasing public understanding of the citizen's rights and duties	Relates to the ability of the public to recognise that they have a legal need and to enable them to understand what options they have to address that need. This includes empowering consumers, which can also drive competition in the legal sector.	<p>This objective links closely with the consumer objective. To meet this objective CRL undertakes the following activities:</p> <ul style="list-style-type: none"> <li>• Maintains and keeps under regular review the content of CRL's consumer website pages.</li> <li>• Works closely with the other legal regulators on Legal Choices (and through MTCOG with the BSB) on public legal education initiatives, for example, working with the third sector (Law 4 Life, Asylum charity).</li> </ul>
Promoting and maintaining adherence (by authorised persons) to the professional principles	<p>The professional principles are set out in the Legal Services Act. They are as follows:</p> <p>Authorised persons should:</p> <ul style="list-style-type: none"> <li>• Act with independence and integrity</li> <li>• Maintain proper standards of work</li> <li>• Act in the best interests of their client</li> <li>• Comply with their duty to the court, and</li> <li>• Keep client affairs confidential</li> </ul>	<p>CRL ensures this through the work of its authorisation, supervision and enforcement teams</p> <p>Recent and ongoing work:</p> <ul style="list-style-type: none"> <li>• redevelopment of the CRL education standards</li> <li>• implementation of the LSB's statement of policy on ongoing competence</li> <li>• the introduction of risk matrices, and</li> <li>• a review of the operation of CRL's enforcement function.</li> </ul>

<b>BETTER REGULATION PRINCIPLES</b>		
Consistent	<p>Rules and standards must be joined up and implemented fairly.</p> <p>This does not mean that rules and standards should be identical. They should reflect the regulatory regime in operation as a whole.</p>	<p>CRL’s current regulatory arrangements are developed and drafted to ensure consistency with other existing regulatory arrangements. They are approved by the LSB.</p> <p>Recent examples:</p> <ul style="list-style-type: none"> <li>• qualifying experience</li> <li>• higher rights of audience</li> </ul>
Proportionate	<p>Regulators should only intervene when necessary, remedies should be appropriate to the risks posed and costs identified and minimised</p>	<p>CRL considers carefully actions to be taken at both strategic and operational levels. Increasing regulatory burden to the regulated community is considered carefully and action is only taken once the proposals have been fully tested through research and consultation to ensure regulatory impacts have been fully assessed.</p> <p>Recent example:</p> <ul style="list-style-type: none"> <li>• decision not to proceed with escrow as an alternative to a compensation fund for law firms following the assessment of the regulatory impact to firms.</li> <li>• Complaints made to CRL are triaged and prioritised taking account of risks to the public to ensure actions taken are proportionate to the harm caused or risk of harm.</li> </ul>
Targeted	<p>Regulation should be focused on the problem and minimise side-effects.</p>	<p>CRL ensures that its regulatory arrangements are targeted to the actions of the authorised person: minimum necessary to ensure competence and consumer protection without creating unnecessary additional regulatory burden on individuals who do not require those authorisations.</p> <p>Authorisation for advocacy rights is only given to those individuals requiring them for their job role, ensuring that education, training, authorisation, supervision and enforcement are targeted to the individual.</p>

Accountable	Regulator must be able to justify decisions and be subject to public scrutiny	CRL publishes its Board papers and minutes, including operational performance data, its annual reports for all areas of the business and its financial statements.
Transparent	Regulators should be open and keep regulations simple and user-friendly	CRL publishes all its rules and guidance on its website and provides information to users and consumers in an open, transparent and user-friendly way. This also extends to CRL's communications to the consumer and the public both through its website and Legal Choices.
Agile	Regulation must look forward and be able to adapt to anticipate change.	CRL, as a small regulator, is able to act in an agile way to make changes to its regulatory arrangements and its strategy, for example, the focus on Financial Sanctions compliance.

<b>CILEX Charter and Governance Requirements</b>	
CILEX retains the role of Approved Regulator with delegation of regulatory functions in accordance with the CILEX Charter, Bye Laws and Scheme of Delegation	Yes
The governance framework satisfies the requirement to provide assurance to CILEX as the Approved Regulator under section 28 LSA	Yes
The model of delegated regulation enables compliance with LSB requirements, specifically but not limited to: <ul style="list-style-type: none"> <li>• IGRs and associated guidance</li> <li>• PCF Rules and Guidance</li> <li>• Regulatory Performance Standards</li> <li>• Dispute determinations</li> <li>• Rules for Designations and Alterations to Regulatory Arrangements</li> </ul>	Yes