

APPENDIX 1

PRACTICE MANAGEMENT AND ACCOUNTS MANAGEMENT COMPETENCE FRAMEWORKS

APPENDIX 1 – COMPETENCE FRAMEWORKS

ANNEX 1 - PRACTICE MANAGEMENT COMPETENCE FRAMEWORK

Introduction

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

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

Certification of practice management will ensure that the applicant has:

- met the application requirements
- an appropriate level of suitability to manage a practice
- an appropriate level of knowledge and appreciation of the key features both financial and non-financial of practice management to include the ability to deal with risk, have a strategy, make informed business decisions, manage and motivate others, the benefits of IT and the external and internal forces which will ultimately will affect an organisation's ability to succeed
- the ability and skill to advance the organisation through the creation of a strategy appropriate to the market sector the organisation wishes to target, to include the use of a business plan, marketing plan, corporate social responsibility policy and other appropriate associated documents which may be needed to support the organisation's strategy
- the ability and skill to manage a client's expectations appropriately, not just at the outset of a case, but throughout the life of the retainer relationship

- the ability and skill to read and interpret the firm's accounts, in addition to any supporting budgets, cash flows, management accounts and ad hoc reports pertaining to the firm's profitability and financial position
- the ability and skill to perform the tasks required to evaluate the benefits of IT and the need for good project management
- to demonstrate a level of experience, knowledge and understanding of professional conduct and regulation contained in the relevant conduct rules and other law and regulations, including government legislation, and where these may impact and to be able to apply them in context.

QUALIFICATION CRITERIA	Learning Outcome An applicant must meet the following outcomes:	Supporting Experience The applicant will need to provide evidence of:
<ul style="list-style-type: none"> • KNOWLEDGE • UNDERSTANDING • EXPERIENCE • SKILLS 	Sufficient practical knowledge, understanding, experience and skills – note these are different depending of the role of the applicant	<p>Demonstrate they meet the outcomes set out below by:</p> <ul style="list-style-type: none"> • attendance on a course, or • practical experience <p>The outcomes are split into the following levels:</p> <ul style="list-style-type: none"> • Level 1 - mandatory for all applicants • Level 2a - mandatory for compliance managers • Level 2b - mandatory for compliance manager undertaking practice management • Level 2c - mandatory for compliance manager undertaking accounts management
Element 1 BEING PART OF A PROFESSION	EXTERNAL INFLUENCES Demonstrate knowledge, understanding and application of the current legal market and legal entities which may be created to provide a legal service	<p>LEVEL 1:</p> <ul style="list-style-type: none"> • Knowledge and understanding of the types of structure through which a legal entity may be formed • Knowledge and understanding of those able to regulate reserved legal activities • Understanding that the structure and regulation of legal entities and activities may change and be able to identify these changes • Knowledge and understanding of a business plan, taking into account recent and current changes to the legal services market • Knowledge, understanding and ability to comply with a complaints procedure in line with LeO guidelines. <p>LEVEL 2a:</p> <ul style="list-style-type: none"> • Ability to prepare a business plan, taking into account recent and current changes to the legal services market • Ability to create a complaints procedure in line with LeO guidelines.
	REGULATION Demonstrate knowledge, understanding and application of the relevant conduct rules and other laws and regulation affecting the professional and legal practice	<p>LEVEL 1:</p> <ul style="list-style-type: none"> • Knowledge, understanding and application of obligations to the court, the client, other lawyers and barristers, stakeholders, third parties and the general public • Knowledge, understanding and application of the regulations for which an individual is personally responsible • Knowledge, understanding and application of obligations to the client • Knowledge and understanding of how and when a retainer relationship should be terminated • Knowledge and understanding of professional indemnity insurance.

QUALIFICATION CRITERIA	Learning Outcome An applicant must meet the following outcomes:	Supporting Experience The applicant will need to provide evidence of:
	Demonstrate knowledge, understanding and appropriate application of effective procedures for compliance	LEVEL 2a: <ul style="list-style-type: none"> • Ability to complete a professional indemnity proposal form, gathering and identifying relevant information for proposal. LEVEL 1: <ul style="list-style-type: none"> • Knowledge and understanding of the nomination procedure and suitability for the Money Laundering Reporting Officer (MLRO) • Knowledge and understanding of the Money Laundering regulations. LEVEL 2b: <ul style="list-style-type: none"> • Ability to identify and appoint a MLRO • Knowledge, understanding and application of procedures which a legal entity must follow in order to produce an office policy on money laundering • Knowledge, understanding and application of appropriate file testing which ensures files are only opened after necessary money laundering checks • Knowledge, understanding and application of the requirements of the Information Commissioner's Office (ICO) and why legal entities must register with them • Knowledge, understanding and application of equality and diversity monitoring both in the workplace and through contracting of third parties.
Element 2 CILEx REGULATIONS	CILEx PRACTICE RULES (GENERAL) Demonstrate knowledge, understanding and appropriate application of the scope of the CILEx practice rules	LEVEL 1: <ul style="list-style-type: none"> • Knowledge and understanding of situations which would give rise to a breach of the practice rules • Knowledge, understanding and application of the duty of confidentiality, including identification of when this starts and ends LEVEL 2b: <ul style="list-style-type: none"> • Knowledge, understanding and application of the requirements to fulfil the role of practice manager. LEVEL 2c: <ul style="list-style-type: none"> • Knowledge, understanding and application of the requirements to fulfil the role of the financial manager.

QUALIFICATION CRITERIA	Learning Outcome An applicant must meet the following outcomes:	Supporting Experience The applicant will need to provide evidence of:
	<p>CILEx PRACTICE RULES (ADMINISTRATION)</p> <p>Demonstrate knowledge, understanding and appropriate application of the administration requirements of a CILEx regulated entity in addition to any requirements to remain individually compliant</p>	<p>LEVEL 1:</p> <ul style="list-style-type: none"> • Knowledge, understanding and ability to provide appropriate advice regarding fees to be charged and the merits of the case following a cost benefit analysis • Knowledge, understanding and ability to provide realistic cost estimates in the form of a 'costing' of all costs and disbursements at the start of the case and to provide regular updates throughout the life of the file • Knowledge and understanding of identification, documentation and dealing appropriately with potential conflicts of interests both at the outset and throughout a retainer relationship • Knowledge and understanding of situations which may give rise to an undertaking and the implications of giving an undertaking • Knowledge and understanding of situations which would result in a breach of the equality and diversity code. <p>LEVEL 2a:</p> <ul style="list-style-type: none"> • Knowledge, understanding and demonstration of good internal governance • Knowledge, understanding and application of systems, procedures and reporting to monitor compliance • Application of monitoring equality and diversity, both in the workplace and in the selection of external resources. <p>LEVEL 2b:</p> <ul style="list-style-type: none"> • Knowledge, understanding and implementation of procedures to review and test systems put in place to meet the outcomes of the CILEx practice rules (including management of undertakings, cost information, file reviews, client care, referral arrangements and conflicts of interest • Ability to identify when a fee earner has undertaken work in the absence of sufficient resources and outside their competence • Ability to draft policies which promote equality and diversity • Ability to draft appropriate safeguards for the issuing of undertakings and the consequences of not fulfilling the created obligation • Knowledge and understanding of the difference between an introduction and a referral • Knowledge, understanding and ability to draft an outsourcing policy.

QUALIFICATION CRITERIA	Learning Outcome An applicant must meet the following outcomes:	Supporting Experience The applicant will need to provide evidence of:
	<p>CILEx PRACTICE RULES (COMMUNICATION) Demonstrate the ability to communicate the requirements of the CILEx practice rules appropriately</p>	<p>LEVEL 1:</p> <ul style="list-style-type: none"> • Ability to establish good relationships with client and third parties, including the ability to adapt the style, medium or method of communication for a diverse range of clients to identify the client's objective(s) • Ability to communicate to the client how legal services will be provided including expected time frame, what the client must do and duties and obligations applicant will carry out • Ability to draft a letter which identifies the client's objectives and advises them of the right to complain • Ability to communicate to ensure the client is kept up to date with progress of a matter and advise who is dealing with the matter, including the status of that person. <p>LEVEL 2b:</p> <ul style="list-style-type: none"> • Ability to communicate values to all staff which promote client outcomes, transparency of costs • Ability to manage client expectations and evaluate overall client satisfaction.
	<p>FILE MANAGEMENT Demonstrate knowledge, understanding and appropriate application of good file management</p>	<p>LEVEL 1:</p> <ul style="list-style-type: none"> • Knowledge and understanding of examples of key dates and the methods which could be used in recording such dates in a diarised system and on the client's file • Ability to identify and record key dates. <p>LEVEL 2a:</p> <ul style="list-style-type: none"> • Knowledge and understanding of the elements of a good case management system, including the potential benefits • Ability to implement and operate a case management system, including for use as a supervision and compliance monitoring tool • Ability to design and implement a file closure procedure. <p>LEVEL 2b:</p> <ul style="list-style-type: none"> • Ability to create and perform a file review process covering both legal and administrative obligations • Ability to participate significantly in the successful application of an accreditation standard.

QUALIFICATION CRITERIA	Learning Outcome An applicant must meet the following outcomes:	Supporting Experience The applicant will need to provide evidence of:
	EXTERNAL INFLUENCES Demonstrate knowledge, understanding and impact of external influences on a business	<p>LEVEL 1:</p> <ul style="list-style-type: none"> • Knowledge and understanding of recent and/ or current external issues facing business/legal entities • Knowledge and understanding of the impact of inflation, how this impacts on business and actions which can be taken to counterbalance this. <p>LEVEL 2a:</p> <ul style="list-style-type: none"> • Ability to assess the impact of the current economic environment. <p>LEVEL 2b:</p> <ul style="list-style-type: none"> • Knowledge, understanding and ability to identify pending legislation or professional changes which could affect the business.
Element 3 MANAGEMENT OF A LEGAL ENTITY	INTERNAL INFLUENCES Demonstrate knowledge, understanding and appropriate application of internal influences which can affect a business	<p>LEVEL 1:</p> <ul style="list-style-type: none"> • Knowledge and understanding of the internal influences which a business is likely to face and effective ways of controlling them. <p>LEVEL 2a:</p> <ul style="list-style-type: none"> • Ability to develop a culture of accountability, compliance and openness for the business • Ability to manage a team. • Knowledge and understanding of the different types of risk affecting a business • Ability to identify examples of risks and to identify how these risks can be managed.
	RISK MANAGEMENT Demonstrate knowledge, understanding and appropriate application of risk management	<p>LEVEL 2a:</p> <ul style="list-style-type: none"> • Ability to respond to risks • Knowledge and understanding of collection, review, evaluation and management of risk • Ability to produce a risk management policy • Knowledge, understanding and implementation of appropriate supervision • Knowledge and understanding of the principles supporting delegation. <p>LEVEL 2b:</p> <ul style="list-style-type: none"> • Knowledge and understanding of the key contents of an effective contingency plan, and the need for regular review • Ability to draft a contingency plan • Ability to test a contingency plan.
	CONTINGENCY PLANNING Demonstrate knowledge, understanding and application of basic contingency planning	

QUALIFICATION CRITERIA	Learning Outcome An applicant must meet the following outcomes:	Supporting Experience The applicant will need to provide evidence of:
	PEOPLE MANAGEMENT Demonstrate knowledge, understanding and application of good supervision; including appropriate management, motivation and delegation	LEVEL 1: <ul style="list-style-type: none"> • Knowledge and understanding of the negative effects of poor management • Ability to manage and motivate others. LEVEL 2a: <ul style="list-style-type: none"> • Ability to identify the link between low motivation and low production • Knowledge, understanding and application of procedures to manage and motivate • Ability to use specific, measurable, achievable, relative, time bound objectives to delegate • Ability to encourage a culture of continuous improvement
	PROJECT MANAGEMENT Demonstrate knowledge, understanding and application of planning, control, managing and evaluating a project successfully	LEVEL 2a: <ul style="list-style-type: none"> • Knowledge and understanding of the need for a project plan and the elements which should be included in the plan • Ability to apply these elements to allow for successful project management • Ability to evaluate the success of the project.
	INFORMATION TECHNOLOGY (IT) Demonstrate knowledge, understanding and application of IT in a legal environment	LEVEL 1: <ul style="list-style-type: none"> • Knowledge, understanding and application of bespoke third party software to complete prescribed electronic applications/submissions. LEVEL 2a: <ul style="list-style-type: none"> • Knowledge and understanding of the use of IT in monitoring compliance and understand its advantages, including as a time saving device.
Element 4 BUSINESS ACUMEN	STRATEGY Demonstrate knowledge, understanding and appropriate application of strategy and the use of a business plan to underpin that strategy	LEVEL 1: <ul style="list-style-type: none"> • Knowledge and understanding of a strategy • Ability to perform an analysis which identifies the strengths, weaknesses, opportunities and threats (SWOT analysis) of/to the business • Knowledge and understanding of how a competitive advantage arises and how a firm can differentiate themselves from competitors. LEVEL 2b: <ul style="list-style-type: none"> • Implementation and creation of strategy • Knowledge, understanding and application of likely trends evident following changes to internal and external influences and use these to identify a firm's current market position • Knowledge, understanding and application of the critical success factors (CSF) of a business and use these to identify the factors which are likely to be critical to the success of the business.

QUALIFICATION CRITERIA	Learning Outcome An applicant must meet the following outcomes:	Supporting Experience The applicant will need to provide evidence of:
	<p>MARKETING</p> <p>Demonstrate knowledge, understanding and application of a marketing strategy which supports the business plan</p>	<p>LEVEL 1:</p> <ul style="list-style-type: none"> • Knowledge and understanding of what is meant by a marketing mix • Ability to implement and evaluate a marketing plan which supports the business plan • Knowledge and understanding of the importance of a website (or where appropriate provide a rationale as to why a website would not meet client needs). <p>LEVEL 2b:</p> <ul style="list-style-type: none"> • Ability to create an effective marketing plan • Knowledge and understanding of various methods of social media • Ability to identify potential benefits of effective use of social media • Ability to identify the potential risks presented by social media both internally and externally.
	<p>PROFITABILITY</p> <p>Demonstrate knowledge, understanding and application of appropriate tools to determine profitability</p>	<p>LEVEL 1:</p> <ul style="list-style-type: none"> • Knowledge and understanding of working within budgets • Knowledge and understanding of a cash flow forecast . <p>LEVEL 2a:</p> <ul style="list-style-type: none"> • Ability to budget and analyse the variances which arise through a given period • Ability to create a cash flow forecast and update it for a given period • Knowledge, understanding and identification of key performance indicators (KPIs), including how these can be met and used to measure a firm's success in comparison with the business strategy. <p>LEVEL 2c:</p> <ul style="list-style-type: none"> • Knowledge and understanding of /and ability to differentiate between fixed and variable costs and direct and indirect costs • Knowledge and understanding of the use of appropriate ratios and formulae to ascertain an organisation's overall profitability and department profitability • Ability to calculate 2 ratios to assist in ascertaining overall profitability • Ability to use appropriate formulae to ascertain a department's profitability • Knowledge and understanding of what is meant by direct, indirect, fixed and variable costs • Knowledge and understanding of what is meant by inefficiencies and how processes can be measured for value • Ability to identify inefficiencies which would lead to a loss of profit: