

Annual Report 2010

**THE INDEPENDENT REGULATOR OF
LEGAL EXECUTIVE LAWYERS**

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A photograph of a long, receding row of classical stone columns. The columns are light-colored, possibly limestone or marble, and feature a fluted shaft and a base with several horizontal moldings. The perspective is from a low angle, looking down the length of the colonnade, creating a strong sense of depth and architectural grandeur. The lighting is soft, highlighting the texture of the stone.

Introduction

Objects

IPS is responsible for all regulatory matters affecting the Institute of Legal Executives and its members.

Its objects are:

- To carry out on behalf of ILEX the functions and responsibilities of ILEX as an Approved Regulator designated as such by the Legal Services Act 2007; and
- To carry out on behalf of ILEX such functions and responsibilities of ILEX as regulator of its membership generally as ILEX may from time to time delegate to the company.

Statement of Intent

IPS will define, promote and secure, in the public interest, proper standards of professional conduct and behaviour among ILEX members.

Overriding principles

In all its work, IPS will:

- underpin the rule of law and the administration of justice
- maintain clear independence of sectoral interests
- develop its understanding of the needs of those for whom legal executive lawyers provide services
- work in close partnership with ILEX to support effective professional development and the provision of consistently good professional practice
- act proportionately, targeting risk
- demonstrate proper governance and good value for money
- act in accordance with the regulatory objectives set down in legislation



Chair's foreword

March 2010 saw the formal launch of ILEX Professional Standards Ltd (IPS) at a happy event, attended by many well-wishers, following the ILEX National Conference. Lord Hunt of Wirral spoke warmly about legal executive lawyers and their huge contribution to the administration of justice in England and Wales. He also strongly commended our new Code of Conduct for ILEX members, which we formally unveiled at the same event.

The Code, already approved and endorsed by the Legal Services Board (LSB), has been very well received. Headed by a statement of nine fundamental principles amounting in all to just 60 words, it sets out clearly and succinctly all we believe an ILEX member needs to know to be able to operate, safely and competently, as a professional lawyer. It is one of the year's achievements in which we take real pride and has, it appears, prompted imitation in other parts of the legal regulatory landscape.

2010 was, throughout, a busy and successful year for IPS, built on the solid foundations of partnership, governance and visibility established in 2009. IPS and ILEX have continued to work, independently but harmoniously, to develop a soundly based structure of professional leadership and regulation, reinforcing the high reputation of legal executive lawyers in the provision of legal services.

We were delighted to welcome Patrick Bligh-Cheesman to the Board in his place. Patrick's appointment enabled us to refocus his portfolio from 'visibility and image' to 'communication and partnership'. This area of work will become increasingly important following the establishment of the Legal Services Consumer Panel and the new Legal Ombudsman during 2010.

IPS issued guidance to ILEX members about the launch of the Legal Ombudsman scheme and their obligations in relation to 'first tier' complaints handling. We also signed off two memoranda of understanding with the Legal Ombudsman, setting out the basis on which our organisations will cooperate and liaise on complaints handling.

During the year ILEX and IPS successfully signed off their required joint certificate regarding independent governance. The principles established in the ILEX/IPS Protocols provided us with an effective platform to meet the LSB's expectations. A handful of straightforward issues raised by the LSB were addressed by the end of the year; and we secured not only their approval but their commendation. We agreed a new annexe to the Protocols with ILEX dealing with educational matters and also agreed service level agreements in accordance with the terms of the Protocols. We also worked with ILEX on the setting of the annual practice fee for Fellows. ILEX has to show that practice fees raised from Fellows are allocated only to regulatory matters, or to purposes permitted by the Legal Services Act 2007 (the Act). Together, we were able to satisfy the LSB regarding this.

The applications for litigation and probate rights and for Associate Prosecutors' litigation and advocacy rights, carried over from the old procedures managed by the Ministry of Justice, were all drafted for submission to the LSB and taken through the statutory consultation process. We also made good progress with the conveyancing and criminal litigation rights applications.

Consultations on those were concluded by the end of the year. The ABS working group made a strong start in developing an application for ILEX to become a licensing authority under the Legal Services Act 2007. Work continues on that into 2011.

We progressed work on the development of new, more robust criteria for assessing the experience of members applying to become Fellows. We had hoped to complete this project during 2010 but consultation showed us that there was more work to do. We will advance this in 2011, through the new Admissions and Licensing Committee which we established at the end of the year. This Committee replaces the former Qualifying Employment and Advocacy Rights Committees. We are grateful for the time and expertise of ILEX Council and other members of those Committees who stepped down at the end of 2010 to make way for the new Committee.

One of our Board members, Dr Nicholas Smedley, resigned during the year, recognising a conflict of interest in respect of new consultancy work he took on. We thank him for his contribution to the establishment of IPS, particularly for his work on the website.

Fitness to practise and complaints handling are a highly visible part of IPS' work. During the year the new complaints and disciplinary rules came into effect. They are working well. Relevant training was provided to panel members and we appointed two new members to the Disciplinary Tribunal panel.

We established a publication policy to determine how long decisions of the disciplinary bodies remain on the public record. We also introduced indicative sanctions guidance, aiming to make sure decisions on penalties for misconduct are consistent. And we developed proposals for appraising conduct and disciplinary panel members. There was an increase in cases of examination misconduct referred to IPS, which has resulted in overall casework being substantially up from 2009 – 41 cases compared with 18. IPS will be working with the ILEX awards team to reduce the number of these cases.

The Board continued to monitor risks to IPS arising from the environment it works in, and to assess the organisation's performance against key performance indicators. Board evaluation and appraisals of Board members provided clear evidence of the good working relationships they have established with each other, the staff and colleagues in ILEX.

During the year IPS continued its involvement with the Bar Standards Board (BSB) and the Solicitors Regulation Authority (SRA) on the development of a scheme for assuring advocacy standards in criminal cases. Towards the end of the year, the LSB prompted the regulatory bodies to undertake substantive research on the types of education, training and qualifications which the legal services sector will need in the next 10 years.

As the year ended, we were working with the other regulatory bodies to commission that research and establish suitable governance arrangements for the review. This will be a substantial piece of work, which will we hope endorse and enhance ILEX's distinctive approach to legal education and training.

The LSB began some research towards the end of the year with those bodies it defined as 'smaller regulators'. In practice, that meant any legal regulatory body that is not the SRA or the BSB. They want to assess how well their regulatory regime works for them. ILEX is, by some distance, the largest of these 'smaller regulators': IPS in fact oversees the fitness to practise of more individuals than the BSB. We have in the past already had informal discussions with the other bodies about sharing the resources and facilities required for regulation under the Act. These have not produced anything concrete as yet; but this piece of work by the LSB, and the radical thinking it has provoked within IPS, could see some interesting developments around this theme in 2011.

We look forward to continuing our work on these issues during 2011. Securing practice rights and becoming an ABS regulator are arguably the most significant developments for ILEX and its members since ILEX was formed almost 50 years ago – and possibly for consumers as well. We need to conclude the applications successfully, together with our own work on defining qualifying employment. We will make a start on a fundamental review of continuing professional development – something we were not able to do during 2010 - and expect it will continue beyond the end of 2011.

Some facts and figures. Another eight new ILEX Advocates qualified during the year, the majority being criminal practitioners. The remainder specialise in family work. We have submitted responses to 13 consultations by the LSB and other regulators and have continued to be heavily involved in a wide range of meetings with the LSB and other stakeholders.

The office continued to manage prior conduct declarations and complaints submitted by or made about ILEX members. The number of complaints remains low. 41 cases were considered by the Professional Conduct Panel involving allegations of misconduct. The Panel referred 20 cases to the Disciplinary Tribunal. In eight cases the Panel used its disciplinary powers to sanction a member.

All in all, I am more than comfortable with the progress IPS continues to make to deliver reasonable, proportionate, well-respected regulation that both protects the public and underpins the high quality practice for which ILEX members are rightly valued.



Alan Kershaw
Chair



Chief Executive's report

As the Chairman's report shows, a lot of ground was covered by IPS in 2010. As a small team of seven (including one part-time member of staff) there was a lot for everyone to do. Most of the key areas of work – fitness to practise rules, rights applications, ABS, work based learning, first tier complaints handling and establishing relationships with the LSB, LEO and other regulators were all new developments requiring fresh thinking. Even the most experienced of us were, to some degree, covering new ground and it began to become clear that moving on and growing as a regulator was going to require more resources both - staff and financial. ILEX accepted this with good grace as the price to pay for an expanding role as an Approved Regulator.

We had anticipated some increase in activity during the year. As a result income and expenditure in 2010 were close to budget. We are very aware that the costs of regulation are met almost entirely from Fellows practice fees and members subscriptions. We must tread a fine line between meeting the obligations imposed on us as a regulator, on ILEX's behalf, of legal services, and providing value for money through proportionate regulation. Increased activity by both Board and the office during 2010 pushed expenditure up compared with 2009, but I believe we just about got the balance right.

There are some costs which we could not do anything about: application fees in connection with the Rights Applications for example and the costs of complaints and disciplinary proceedings, which are determined by the number of cases we receive, how many go to the Disciplinary Tribunal and how complex they are. Case numbers were higher in 2010 than 2009.

It would be comforting to be able to report that the workload in 2010 represented a bit of a blip, and that business would settle in 2011. That is unlikely to be the case, however. There is still much to do on many of the issues which IPS must take forward to achieve its strategy and to meet the aim of ILEX to become recognised for proportionate, good value regulation of individual lawyers and legal service businesses. 2010 saw many of the necessary building blocks put in place, but the pace of change in the legal services sector is quickening and IPS with ILEX will have to push on in 2011 with renewed vigour.

Further details of IPS work during 2010 are provided in the remainder of this report.

A handwritten signature in black ink that reads "Ian Watson". The signature is written in a cursive, slightly slanted style.

Ian Watson
Chief Executive

About us





ILEX Professional Standards Limited (IPS) is the independent regulatory body of the Institute of Legal Executives (ILEX).

IPS regulates and oversees education, qualification and practice standards of approximately 22,000 qualified and trainee Legal Executives.

IPS works closely with ILEX to regulate ILEX members in accordance with the regulatory objectives set out in the Legal Services Act 2007, having regard to principles of good regulation through regulatory activities that are transparent, accountable, proportionate, consistent and targeted.

What IPS does

IPS is part of the ILEX Group but has its own Board of Directors to ensure it can operate independently. IPS is responsible for all regulatory matters affecting ILEX and ILEX members. IPS carries out its responsibilities in accordance with its objects which are:

- To carry out on behalf of ILEX the functions and responsibilities of ILEX as an Approved Regulator designated as such by the Legal Services Act 2007; and
- To carry out on behalf of ILEX such functions and responsibilities of ILEX as regulator of its membership generally as ILEX may from time to time delegate to the company.

IPS promotes proper standards of conduct and behaviour among those it regulates. It aims to ensure ILEX members are competent and trusted legal practitioners and are fully aware of their obligations to clients, colleagues, the courts and the public. IPS deals with complaints against ILEX members, however, its role is not limited to complaints handling and disciplinary work. Equally important is ensuring the public and members of ILEX know what education standards are expected of them. IPS works with ILEX to ensure ILEX qualifications are at the right level and are appropriate to the work ILEX members carry out. Overall, IPS aims to help good practitioners stay good and improve throughout their career and to ensure the public know the quality of work Legal Executives can provide.

The work of IPS can be defined by six areas of responsibility:

1. Education and standards
2. Registration and accreditation
3. Fitness to practise
4. Governance and process
5. Performance and risk
6. Visibility and image (changed to Communication and partnership during 2010)

The IPS Board

IPS is governed by the IPS Board. Three of the seven Board members are Legal Executives and four are lay members. Together they have a wide range of senior level private and public sector experience. The majority of Board members were appointed for a term of three years which ends in October 2011.

The Board is responsible for setting the strategy and ensuring that IPS provides proportionate and transparent regulation of ILEX members. Each Board member is a portfolio holder, responsible for one of IPS' areas of responsibility. The Board members are:



Alan Kershaw
(Chair, Lay member)



Sandra Barton
(Legal Executive member)
Portfolio: Fitness to practise



Patrick Bligh-Cheesman*
(Lay member)
Portfolio: Communication and partnership



Thelma Brown
(Legal Executive member)
Portfolio: Registration and accreditation



Hilary Daniels
(Lay member)
Portfolio: Governance and process



Faizal Essat
(Legal Executive member)
Portfolio: Performance and risk



Andrew Middleton
(Lay member)
Portfolio: Education and standards

*Patrick Bligh-Cheesman was appointed to the Board with effect from 3 December 2010

†Nicholas Smedley resigned from the Board with effect from 15 July 2010. He was a lay member and responsible for 'Visibility and image'

Achievements against strategy



Strategy and Business Plan

In 2008 the IPS Board set its three year strategy. At the same time it developed a business plan. The IPS Business Plan outlines a series of key deliverables for the year. The Board evaluates the performance of the company and the Board against the strategy and business plan each year. The Strategy and Business Plan is available on the IPS website, www.ilexstandards.org.uk.

The IPS Strategy incorporates the ILEX Vision Statement and sets out the overriding principles of IPS. The strategy also sets out six key aims which reflect IPS' key areas of responsibility: Education and standards; Registration and accreditation; Fitness to practise; Governance and process; Performance and risk; Visibility and image. The following pages give more detail about achievements and progress in each of the key areas.

Key aim 1:

Education and standards

IPS regulates and oversees education, qualification and practice standards which are needed to ensure that ILEX members are equipped to provide high quality legal services to consumers. One of IPS' key aims was to achieve an explicit approach to ensuring that members of ILEX are able to reach and maintain the standard of professional conduct and competence required for success in the legal profession.

IPS believes that it is in the public interest to ensure that ILEX members are fit to practice on entry into the legal profession. IPS aims to ensure arrangements for progression to ILEX fellowship are robust and consistent.

IPS quality assures the ILEX education scheme through ongoing monitoring processes by which it receives regular reports from ILEX. In particular IPS has engaged in monitoring ILEX's education qualification assessments. It reviews the work of ILEX's Awards Performance Strategy Committee enabling it to assure the quality of education issues.

In 2010 IPS began work to review the arrangements by which ILEX members achieve their qualifying employment. IPS plans to undertake further work on the project during 2011 by developing a work-based learning approach. This will involve development of work-based learning outcomes and assessment methodology. IPS also aims to commence a review of the Continuing Professional Development scheme applicable to ILEX members.

Key aim 2:

Registration and accreditation

IPS has undertaken considerable activity in respect of matters falling within this key area. They are summarised below.

RIGHTS OF AUDIENCE

IPS is responsible for the rights of audience qualification scheme. IPS has seen that the advocacy qualification significantly improves the quality of work litigators undertake on behalf of their clients, both in court and in the preparation of cases. The most popular area of enrolment on the scheme has been family proceedings. 2010 saw a sharp decline in enrolment on criminal proceedings courses and as in 2009 civil proceedings courses have attracted less interest. A family proceedings course was provided in-house at a firm of solicitors which led to employees of the firm qualifying as Legal Executive Advocates.

A report of the Advocacy Rights Committee, which had oversight of the scheme appears at Annex 1. The Committee was dissolved at the end of 2010 and replaced with the new Admissions and Licensing Committee. A revision to the Rights of Audience Rules which led to the creation of the new Admissions and Licensing Committee was approved by the Legal Services Board (LSB) in August 2010.

ALTERNATIVE BUSINESS STRUCTURES

The Legal Services Act 2007 introduced sweeping changes to the regulatory landscape, including shifting the emphasis away from the regulation of individual practitioners to the entity that provides reserved legal activities. This is a reform essential to creating a regulatory structure that enables the regulation of Alternative Business Structures (ABS).

IPS set up an ABS Working Group at the beginning of 2010 and in May 2010 ILEX Council agreed that IPS should make an application to become a licensing authority. The working group is working to position ILEX to make an application to become a licensing authority in 2011/12. During 2010 the working group undertook a substantial amount of scoping work, analysing the legislation and regulatory arrangements applicable to licensed bodies in order to introduce the right approach to regulating them.

The working group received external assistance on the project and made significant progress developing principles that will apply to licensed bodies. Work is due to begin on the development of rules necessary to regulate licensed bodies and the preparation of ILEX's application to the LSB to become a licensing authority.

Key aim 2:

Registration and accreditation

APPLICATIONS

IPS made a number of applications to the LSB during 2010.

Below is an outline of the applications made.

Amendments to ILEX's Code of Conduct

IPS developed a new Code of Conduct which was approved by the LSB on 6 May 2010. The Code sets out nine principles by which ILEX members must abide. Each principle is complemented by guidance notes. The new principles based Code provides core guidance to ILEX members and is an important tool for ILEX members to use in maintaining their own professional standards. The Code also informs clients and the public of the standards expected of ILEX members. The Code was drafted to ensure that the client and public interest are at the forefront of the work of ILEX members, thereby meeting the regulatory objectives, as applicable, and the professional principles set out in the Legal Services Act 2007.

IPS undertook substantial work publicising the Code to all members, through reproduction in the Legal Executive Journal, promotion at the IPS Launch event, publication on the IPS website and sending copies to all new members and new Fellows of ILEX. IPS liaised with the LSB throughout the process and its application was put to the LSB Board as an example of a good application.

Rule changes regarding Advocacy Rights and Qualifying Employment Committees

Under the Legal Services Act 2007 Approved Regulators had to separate their regulatory and representative functions by October 2010. The IPS and ILEX Internal Governance Rules report to the LSB in April 2010 had identified that the composition of the Advocacy Rights Committee and Qualifying Employment Committee had to be revised to meet legislative requirements because the committees performed regulatory functions whilst their membership included ILEX Council members. In August 2010 the LSB approved applications seeking approval of the rule change transferring the functions of the Advocacy Rights Committee and Qualifying Employment Committee to a new Admissions and Licensing Committee. Committee members of the new Admissions and Licensing Committee were recruited at the end of the year and will begin work in 2011.

Key aim 2:

Registration and accreditation

Revision of the Rights of Audience Certification Rules

On 23 December 2010 the LSB approved IPS' application to amend its Rights of Audience Certification Rules. IPS made the application under the Legal Services Act 2007 to change its regulatory arrangements to allow members who are managers in legal practices to qualify as Legal Executive Advocates. The change also allowed those already qualified as Legal Executives Advocates to continue to exercise the rights of audience if they became a manager in a legal practice. IPS will produce guidance for members in early 2011.

Associate Prosecutors

In July 2010 IPS made an application to the LSB on behalf of ILEX, to be designated by the Lord Chancellor to grant rights of audience and rights to conduct litigation to Associate Prosecutor members of ILEX under Part 2 of Schedule 4 of the Legal Services Act 2007. Associate Prosecutors are prosecution advocates who, since 1998, have derived their rights of audience and rights to conduct litigation from the Director of Public Prosecutions (DPP) through formal designation, under section 7A(1) of the Prosecution of Offences Act 1985. However, as of 1 May 2011 the DPP will no longer be able to confer on designated persons any rights of audience or rights to conduct litigation. If the application is successful, as of 1 May 2011, ILEX will assume the function of awarding Associate Prosecutor members of ILEX the rights.

Key aim 2:

Registration and accreditation

Rights – Civil and Family Litigation and Probate

In July 2010 IPS made an application to the LSB for rights to conduct litigation. If the application is granted, ILEX will be allowed to award certificates to Fellows to conduct litigation and exercise rights of audience in civil and family proceedings. Fellows who have been awarded the certificates will be able to provide these services for an employer or independently. The difference between the rights sought in this application and ILEX's existing advocacy rights is that the Fellows that qualify under the Litigation and Rights of Audience qualification will be able to practise independently. The LSB's decision on the application is expected by 26 July 2011.

In July 2010 IPS also made an application to the LSB for Probate Rights. The application, if granted, will allow ILEX to authorise its members to provide independent probate services. The LSB's decision on the application is expected by 26 July 2011.

Rights – Conveyancing and Criminal Litigation

IPS has made significant progress with the preparation of its applications for conveyancing rights and rights to conduct litigation in criminal proceedings. IPS published consultations on both schemes which concluded in autumn 2010. During 2011 work will continue in developing relevant rules and policies applicable to the scheme.

Key aim 3:

Fitness to practise

COMPLAINTS AND DISCIPLINE

IPS protects the public not only by encouraging ILEX members to achieve high standards, but also by investigating misconduct allegations in a timely manner and taking proportionate, consistent and targeted action when misconduct occurs.

ILEX members must comply with a Code of Conduct against which their professional and personal conduct will be judged. May 2010 saw the launch of the new Code of Conduct which sets out nine principles that members must observe and breach of which, may lead to disciplinary action.

Complaints, allegations of misconduct and prior conduct declarations are investigated by the Professional Standards team and decided on by the Professional Conduct Panel, Disciplinary Tribunal and Appeals Panel in accordance with the rules set out in the Investigation, Disciplinary and Appeals Rules (IDAR). The IDAR was revised and the new rules took effect on 4 January 2010.

As well as developing new rules, IPS introduced sanctions guidance and a publication policy. The sanctions guidance is intended to promote consistency in decision making and the publication policy sets out what decisions may be published and the period for which they may be published.

IPS' caseload increased across most areas in 2010, with a marked increase in the number of examination misconduct cases considered. Despite an increased caseload, the Disciplinary Tribunal heard eight out of nine cases within 6 months of referral.

Casework has continued to be dealt with efficiently despite numerous developments and low staff levels during 2010. Transitional arrangements have allowed changes to go smoothly. The full report of the complaints and disciplinary work appears at Annex 2.

Key aim 4:

Governance and process

INTERNAL GOVERNANCE RULES

In early 2010 the LSB published the Internal Governance Rules (IGR) which it was required to make under the Legal Services Act 2007. The IGR sets out requirements which must be met by Approved Regulators in relation to separation of regulation and representation functions. The IGRs support the central requirement of the Legal Services Act 2007 that regulation should be carried out independently from the representative functions of the Approved Regulator. IPS and ILEX submitted a dual-self certification which was approved by the LSB in September 2010, and was largely compliant with the IGRs. The few areas of non-compliance were resolved within the 6 month period allowed by the LSB.

GOVERNANCE DOCUMENTS

IPS fulfils the overriding principles set out in its strategy, demonstrating good governance in all its work. IPS has set out the standards it aims to achieve through its Board of Directors in the Code of Conduct for Board Members, Standings Orders and Matters Reserved to the Board. These governance documents are reviewed on an annual basis, however, the documents were not reviewed during 2010 as they were still fit for purpose. They are scheduled to be reviewed at the end of 2011. The documents are available on the IPS website, www.ilexstandards.org.uk.

Board evaluation questionnaires

The Board's performance is mainly assessed through evaluation questionnaires completed by Board members and senior staff on an annual basis. The evaluation questionnaires also assess how individual Board members have met their objectives for the year. The questionnaires showed overall improvement by the Board in 2010, particularly in relation to information on costs and performance, and risk management. It was identified that there is a clear need for IPS to become more informed about the views of consumers of legal services and ILEX members. The IPS Board developed an action plan from the evaluation exercise. Consumer/stakeholder engagement is an action which will be included in IPS' business plan for 2011.

Key aim 4:

Governance and process

Service Level Agreements

IPS, jointly with ILEX, produced Service Level Agreements during 2010. The agreements drew together the full range of support and services IPS receives from ILEX. The agreements aimed to evidence that IPS is able to receive the services it needs to address regulatory risks and that the shared service arrangements do not fetter independence. The agreements were submitted as part of the IPS and ILEX submission to the LSB in relation to the IGRs.

ILEX/IPS Protocols

In early 2010 IPS agreed an Education protocol setting out the responsibilities of IPS /ILEX staff and the IPS Board and identifying reporting mechanisms to secure accountability of education functions to IPS. The ILEX/IPS Protocols are a wide ranging document, governing the working relationship between the IPS and ILEX. The protocols are an expression of IPS and ILEX's belief that it is in the interest of the public and ILEX members if the obligations and priorities of each organisation are achieved through collaboration rather than confrontation. The ILEX/IPS Protocols are available on the IPS website, www.ilexstandards.org.uk.

Key aim 5:

Performance and risk

Key performance indicators

IPS continually monitors its performance against Key Performance Indicators (KPIs), which enable IPS to assess how it is achieving its business plan. There are KPIs that relate to the IPS Board, IPS as a whole and the IPS' complaints handling process. In 2010, IPS experienced difficulty in reaching KPIs relating to complaints handling. Timely referrals were made to the Disciplinary Tribunal, however, referrals to the Professional Conduct Panel were not made as promptly. This had been caused by a number of factors, including delay in gathering evidence, respondents prolonging responses, and the volume of work required in a number of difficult and demanding cases before they could be concluded.

The KPIs are also part of assessing the performance of the IPS office. The IPS office met all KPIs relating to general IPS matters in 2010 by regularly reporting on its work to ILEX Council, acting in accordance with better regulation principles and meeting requirements set by the Legal Services Act 2007 and the Legal Services Board.

Risk Register

IPS has developed and regularly reviews its risk register, which identifies and rates risks in all of the key areas of IPS' work: finance; resources – both material and staffing; governance and management; maintaining independence; and a range of matters relating to complaints and disciplinary work; including the risk of judicial review or legal or legal claims. The risks that were rated high during 2010 related to finance, resources and IPS' applications for additional rights. IPS has used the risk register to assess control procedures that are presently in place and action to be taken to mitigate risks. Moreover, the governance infrastructure which IPS has established provides a solid base to ensure risks are managed.

Key aim 6:

Visibility and image

2010 was a year which celebrated the IPS brand. IPS raised its profile through two key events, the launch of its website and the IPS launch event.

IPS' website was launched on 4 January 2010. It is an arena for IPS to keep ILEX members and other interested parties informed about the work it undertakes and provides an easy and accessible method of engaging with stakeholders. Disciplinary decisions are published on the IPS website in accordance with IPS' publication policy.

The IPS launch event took place on 11 March 2010 to coincide with ILEX's National Conference. The event was a huge success and an enjoyable occasion, marking the establishment of IPS.

'Visibility and image' was the portfolio responsibility of Dr Nicholas Smedley until July when he stood down from the IPS Board.

IPS achieved its objectives for 'Visibility and image' and therefore decided to update this key area to reflect work that needed to be undertaken in respect of engagement with stakeholders. During 2010 it was decided that 'Visibility and image' would be replaced with a key area titled 'Communication and partnership' a title that better reflected IPS' aim to increase consumer and stakeholder engagement, an action identified in the Board's evaluation in 2009 and 2010. This new key area was assigned, as a portfolio to Patrick Bligh-Cheesman, the newly appointed IPS Board member.

Working with others



During 2010, IPS has worked with ILEX, the LSB, the Ministry of Justice, the Crown Prosecution Service, the Legal Services Ombudsman and the Immigration Services Commissioner. It has also worked with the newly established Legal Ombudsman as well as the Office of Legal Complaints.

IPS has also undertaken a lot of joint work with other legal regulators. In particular IPS has worked jointly with the Bar Standards Board (BSB) and Solicitors Regulation Authority (SRA) on a quality assurance scheme for advocates. In late 2010 IPS also commenced participation in the regulator led review of legal education and training. The review will be undertaken jointly with the SRA and BSB. IPS envisages the review will be major project for 2011.

IPS works in consultation with all its stakeholders. During 2010 IPS published ten consultations on a variety of subjects – ranging from the revision of Rights of Audience Certification Rules to enable Legal Executive Advocates to become managers in legal practices to proposals for a scheme to quality assure advocates in the criminal courts. Some consultations were published jointly with other organisations.

In particular, in 2010, IPS consulted on its proposals to make applications under the Legal Services Act 2007 to become an Approved Regulator for the purposes of granting rights to exercise reserved legal activities to its members. At the beginning of 2010 IPS consulted on its applications to become an approved regulator to grant rights to conduct litigation in civil and family proceedings, probate practice rights and in respect of its Associate Prosecutor application. Later it consulted on an application to grant rights to conduct litigation in criminal proceedings to qualified members and an application to grant rights to undertake conveyancing to those of its members who are suitably qualified. IPS is looking forward to continuing its work on the applications in 2011.

As well as publishing a number of consultations, IPS responded to a significant number of consultations and requests for information. IPS has been able to respond to more consultations in 2010 in comparison to 2009, but at the same time has prioritised responding to consultations on matters affecting IPS and ILEX in relation to its regulatory work and obligations under the Legal Services Act 2007. A schedule of consultations can be found at Annex 3.



Financial review

Detailed Profit & Loss Account

Year Ended 31 December 2010

2009 Actual		2010 Actual	2010 Budget	Variance to Budget	Variance to Last Year
£s	Revenue	£s	£s	£s	£s
419,509	Contributions from ILEX	497,774	496,637	1,137	78,265
7,963	Rights of audience	6,316	14,000	(7,684)	(1,647)
100	Disciplinary fees	15,327	4,000	11,327	15,227
427,572	Total Revenue	519,417	514,637	4,780	91,845
	Operating Expenses				
91,216	IPS Board	103,793	90,000	(13,793)	(12,577)
47,729	Investigating & complaints expenses	60,392	58,000	(2,392)	(12,663)
6,449	Rights of audience expenses	24,378	12,800	(11,578)	(17,929)
4,098	Other direct expenses	10,831	18,980	8,149	(6,733)
2,500	Audit fees	2,600	0	(2,600)	(100)
18,643	Professional fees	19,365	32,000	12,635	(722)
256,937	Management charges	298,058	302,857	4,799	(41,121)
427,572	Total Operating Expenses	519,417	514,637	(4,780)	(91,845)
0	Profit Before Tax	0	0	0	0

Detailed Profit & Loss Account

Year Ended 31 December 2010

Net expenditure in 2010 of £498k was £78k more than in 2009, this was anticipated in the budget, against which the overspend was only £5k or 1%.

The increased activity undertaken by IPS in 2010, both in terms of the Chairman and staff, required additional resources compared with 2009. This resulted in greater expenditure on the Board and staff costs, and on the rights application, travel & subsistence, printing, professional and tribunal fees, and training.

Revenue

Rights of audience income of £6k was £8k below budget, but cost orders from disciplinary proceedings totalled £15k, some £11k higher than budget. In comparison to last year, rights of audience income was £2k down, but costs orders in disciplinary cases were £15k more.

Operating Expenses

Total operating expenses of £519k were £5k more than budget and £92k higher than last year.

The cost of the IPS board at £104k was £14k higher than budget and £13k higher than last year, due to the additional activities undertaken by the Chair and Board members.

Investigating and complaints expenses totalled £60k for the year, which was £2k higher than budget and £13k higher than last year, reflecting the anticipated higher level of activity in 2010.

The fee for the rights application of £16k was not budgeted-for in 2010 and accounts for the variances to budget and last year in respect of rights of audience expenses of £24k.

Expenditure on other direct expenses of £11k was £8k less than budget but £7k more than last year. The additional spend compared to last year was on travel and subsistence and printing costs which were incurred on the launch of IPS and the Code of Conduct.

The spend of £3k on audit fees was not budgeted for in 2010.

Professional fees of £19k in 2010 was £13k less than budget but virtually the same as 2009.

Management Charges, being staff and overhead expenditure, of £298k was £5k less than budget but £41k greater than 2009, primarily due to greater staffing levels.

