



**LEGAL SERVICES  
BOARD**

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The Right Honourable Chris Grayling MP  
Lord Chancellor and Secretary of State for Justice  
Ministry of Justice  
102 Petty France  
London  
SW1H 9AJ

19 September 2014

Dear Lord Chancellor

**Proposed recommendation for modification of the functions of the Chartered Institute of Legal Executives (CILEx)**

On 18 September 2014, the Legal Services Board (**the Board**) decided to make a recommendation to the Lord Chancellor that he makes an order under section 69 of the Legal Services Act 2007 (**the Act**) to modify the functions of the Chartered Institute of Legal Executives (**CILEx**). A draft of the order is attached to this recommendation.

In accordance with the requirements of section 70(2) of the Act, the Board published a draft of the proposed recommendation and draft order on 24 June 2014 and invited representations about the proposals to be made to the Board by 21 July 2014. No representations were received.

In accordance with section 70(1) of the Act, the recommendation is made with the consent of the ILEX Professional Standards Limited (IPS) the body to which CILEx has delegated its regulatory functions.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Kenny', is written over a large, faint, stylized signature graphic that spans across the text area.

**Chris Kenny**  
Chief Executive

E [chris.kenny@legalservicesboard.org.uk](mailto:chris.kenny@legalservicesboard.org.uk)

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DRAFT STATUTORY INSTRUMENTS

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2014 No.

LEGAL SERVICES, ENGLAND AND WALES

# The Legal Services Act 2007 (Chartered Institute of Legal Executives) (Modification of Functions) Order 2014

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*Made*

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*Coming into force in accordance with article 1(a)*

The Lord Chancellor makes the following Order in exercise of the powers conferred by section 64(2), (3) and (4), section 69(1), (4) and (5), and section 204(3) of the Legal Services Act 2007<sup>(1)</sup>.

In accordance with section 69(2) and (3) of that Act, this Order is made following a recommendation made by the Legal Services Board to which was annexed a draft Order in a form not materially different from this Order.

The Legal Services Board has made the recommendation with the consent required by section 70(1) of that Act and after complying with the requirements in section 70(2) to (5) of that Act.

In accordance with section 206(5) of that Act, a draft of this instrument was laid before Parliament and approved by a resolution of each House of Parliament.

## **Citation, commencement and interpretation**

1.—a) This Order may be cited as the Legal Services Act 2007 (Chartered Institute of Legal Executives) (Modification of Functions) Order 2014 and comes into force on the day after the day on which it is made.

(1) In this Order—

“the Act” means the Legal Services Act 2007;

“CILEx” means the Chartered Institute of Legal Executives<sup>(2)</sup>;

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<sup>(1)</sup> 2007 c. 29.

<sup>(2)</sup> The body known as the Institute of Legal Executives, which is designated as an approved regulator by paragraph 1 of Schedule 4 to the Legal Services Act 2007 (c. 29) (“the Act”) and by The Legal Services

“CILEx authorised entity” means a partnership (including a limited liability partnership), company or sole principal authorised by CILEx under the Act to —

- (a) carry on an activity which is a reserved legal activity; or
- (b) provide immigration advice or immigration services;

“sole principal” includes a person consisting of one individual who is authorised or is required to be authorised by CILEx and one or more other individuals who are not so authorised and are not required to be so authorised.

### **Compensation arrangements**

2.—b) CILEx may make compensation arrangements<sup>(3)</sup>.

(1) Any such arrangements may include provision as to—

- (a) the circumstances in which grants or other payments may and may not be made;
- (b) the form and manner in which a compensation claim is to be made;
- (c) the procedure for determining compensation claims; and
- (d) the minimum and maximum amounts payable in respect of a compensation claim.

(2) Arrangements made by virtue of paragraph (2) may include in particular provision as to—

- (a) the nature of the loss or hardship in relation to which a compensation claim may and may not be made; and
- (b) the nature of any act or omission by a CILEx authorised entity or an employee of such an entity in relation to which a compensation claim may and may not be made.

(3) If CILEx decides—

- (a) not to make a grant or other payment in respect of a compensation claim or any part of a compensation claim; or
- (b) to make a grant or other payment of less than the amount claimed, it must give reasons for its decision.

(4) CILEx may prepare and publish guidance as to the criteria it will apply in deciding whether to make a grant or other payment in respect of a compensation claim, or any part of a compensation claim.

(5) In this article “compensation claim” means a claim for a grant or other payment under compensation arrangements made by CILEx.

### **Compensation fund**

3.—c) For the purpose of giving effect to compensation arrangements made under article 2, CILEx may make rules authorising it to establish and maintain a compensation fund (“the Fund”).

(1) Any such rules may in particular make provision—

- (a) requiring a CILEx authorised entity to contribute to the Fund by making periodical payments to CILEx; and
- (b) providing for different payments to be made by different descriptions of CILEx authorised entity.

(2) Any amount payable by virtue of such rules may be recovered as a debt due to CILEx.

(3) For the purposes of establishing and maintaining the Fund, CILEx may make rules authorising it to—

- (a) invest any money which forms part of the Fund in any investments in which trustees may invest under the general power of investment in section 3 of the Trustee Act 2000<sup>(4)</sup> (as restricted by sections 4 and 5 of that Act);
- (b) borrow money; and
- (c) charge investments which form part of the Fund as security for borrowing by CILEx.

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Act 2007 (Approved Regulators) Order 2011 (S.I. 2011/1118), became the Chartered Institute of Legal Executives on 30th January 2012 by virtue of a Royal Charter granted on 12th October 2011.

<sup>(3)</sup> Section 21(2) of the Act defines compensation arrangements.

<sup>(4)</sup> 2000 c. 29.

(4) In addition to the making of grants or other payments in accordance with any arrangements under article 2, CILEx may use the Fund to—

- (a) repay money borrowed by CILEx for the purposes of the Fund and pay interest on any money borrowed for that purpose;
- (b) pay any other costs, charges or expenses incurred by CILEx in connection with the Fund;
- (c) pay any costs or damages incurred by CILEx, its employees or agents as a result of proceedings against it or them for any act or omission of its or theirs in good faith and in the exercise or purported exercise of any power under this article or article 2.

#### **Insurance**

4. For the purpose of giving effect to any compensation arrangements made under article 2, CILEx may make rules authorising it to take out and maintain insurance with authorised insurers (within the meaning of section 64 of the Act).

#### **Intervention arrangements**

5.—d) Schedule 14 to the Act (licensing authority's powers of intervention) applies in relation to CILEx in its capacity as an approved regulator under the Act and as a designated qualifying regulator under Part 5 of the Immigration and Asylum Act 1999<sup>(5)</sup> and to CILEx authorised entities as it applies in relation to a licensing authority and licensed bodies, subject to the modifications in paragraph (2).

(1) Schedule 14 is to be read as if each reference to—

- (a) a “licensed body” was a reference to a “CILEx authorised entity”;
- (b) the “licensing authority” or the “relevant licensing authority” was a reference to “CILEx”; and
- (c) a “licence” was a reference to an “authorisation”.

Signed by authority of the Lord Chancellor

Date

*Name*  
Parliamentary Under Secretary of State  
Ministry of Justice

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<sup>(5)</sup> 1999 c. 33. Section 86A, which relates to designated qualifying regulators, was inserted by the Legal Services Act 2007, Schedule 18, paragraph 14. There are other amendments to Part 5 which are not relevant to this Order.

## **EXPLANATORY NOTE**

*(This note is not part of the Order)*

This Order makes provision about the functions of the Chartered Institute of Legal Executives (CILEx). It modifies CILEx's functions both in its capacity as an approved regulator under the Legal Services Act 2007 and in its capacity as a designated qualifying regulator of immigration advice and immigration services under Part 5 of the Immigration and Asylum Act 1999 (c.33).

Article 2 enables CILEx to establish compensation arrangements, which are defined in section 21(2) of the Legal Services Act 2007 ("the Act"). Article 3 enables CILEx, by rules, to establish and maintain a compensation fund. Article 4 allows CILEx to make rules authorising it to take out and maintain a contract of insurance.

Article 5 applies Schedule 14 to the Act (licensing authority's powers of intervention), with modifications, to CILEx as an approved regulator and designated qualifying immigration regulator and to CILEx authorised entities. Schedule 14 contains provisions about the circumstances in which a licensing authority may intervene in a licensed body, and the powers that are exercisable upon intervention.

An impact assessment has been prepared for this instrument and can be found at [www.legislation.gov.uk](http://www.legislation.gov.uk) or obtained from the Head of Legal Services Policy, Law and Access to Justice Group, Ministry of Justice, 102 Petty France, London SW1H 9AJ.