

### Response and Actions for CRL arising from the RPA 2023

| Standard | Issues   | Actions  | Responsibility | Progress  |
|----------|--|--|----------------|---|
| Well-led | Continued assurance that the recommendations and findings of the LSB investigation report are implemented. | <ul style="list-style-type: none"> <li>• Regular contact between CILEX and CRL CEOs.</li> <li>• Reconciliation of historic PCF payments.</li> <li>• Transfer of contingent reserves.</li> <li>• Sharing and scrutiny of communications.</li> </ul> | CEO            | <ul style="list-style-type: none"> <li>• A minimum of fortnightly meetings taking place between CILEX and CRL CEOs.</li> <li>• Positive dialogue and awareness of CILEX's timetable.</li> <li>• Meeting between CEOs to consider transition risks relating to re-delegation.</li> <li>• PCF reconciliation agreed.</li> <li>• 2025 PCF application reflects that the reconciliation of historic PCF and has been approved.</li> <li>• Formal request for the transfer of reserves made to CILEX but this is dependent on KM sale. Investment report requested from CILEX.</li> <li>• Regular update of Undertakings action plan and attendance</li> </ul> |

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|          |  |   |                | at joint LSB progress review meetings. Last meeting January 2025. Transfer of reserves question raised  |
|          | Assurances given in 2020 by CILEX and CRL regarding compliance with the IGRs and IGR guidance indicated there may be weaknesses in technical governance. | <ul style="list-style-type: none"> <li>Review technical governance arrangements.</li> </ul>   | DoG            | <ul style="list-style-type: none"> <li>Annual review of governance considered at <a href="#">May</a> 2024.</li> <li>Planned review and updating, where appropriate, of CRL policies</li> </ul>  |
|          | Transparency of decision-making  | <ul style="list-style-type: none"> <li>Update the agenda format for Board meetings to make clear matters that are Public and those that are private.</li> <li>Adhere to CRL's publication policy by publishing Board papers in advance of meetings</li> <li>Invite questions from the public in advance of Board meetings.</li> <li>Extend the scope of papers that are published to include but not limited to: CEO performance report, Directors' report, strategic implementation plan/ corporate plan progress updates, strategic risk register and policy papers.</li> </ul> | DoG            | <ul style="list-style-type: none"> <li>Revised Board Agenda format agreed to be used from May 2024 Board meeting.</li> <li>Presumption now is that all papers should be published in advance. Reasons for papers to be considered in private and the exemption being applied will be clearly outlined. Papers to be published include: full CEO and Directors reports, the Finance</li> </ul> |

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|          |                                 |   |                | report and strategic plan updates. <ul style="list-style-type: none"> <li>Amended Annual Cycle of Business to include increased Committee Chair involvement.</li> </ul>  |
|          | Improved reporting to the Board | <ul style="list-style-type: none"> <li>Further development of the assessment and reporting of strategic and operational risks.</li> </ul> | CEO, DoG.      | <ul style="list-style-type: none"> <li>Risk appetite statement published February 2024.</li> <li>Proposals for risk reporting considered at Feb 2024 Board.</li> <li>New Strategic Risk reporting format implemented– May 2024.</li> <li>Remit of Strategic Risk Committee (SRC) extended to consider CRL corporate strategic risks and risk appetite statement. 2025 Risk Appetite statement to be consider by SRC in March 2025</li> </ul> |
|          |                                 | <ul style="list-style-type: none"> <li>Confirm effectiveness of current performance metrics for core regulatory processes.</li> </ul>     | DoR            | <ul style="list-style-type: none"> <li>Performance metrics review. Proposals inc a dashboard to be presented to Sept Board.</li> </ul>   |

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|          | Capacity and Capability | <ul style="list-style-type: none"> <li>• Monitor and report on delivery against Corporate Plan, adjusting priorities where necessary.</li> <li>• Ensure effective knowledge capture and transfer between outgoing and incoming employees.</li> <li>• Ensure adequate resourcing to deliver strategic priorities and BAU activities.</li> <li>• Identify and remedy potential 'single point of failure' risks.</li> </ul> | Executive Team & Board | <ul style="list-style-type: none"> <li>• Corporate Plan published in January 2025. Progress updates to be reviewed by the Board and published using new RAG template.</li> <li>• CRL has continued to recruit high calibre staff. Significant reduction in staff turnover.</li> <li>• Additional CPD and PAS resource recruited.</li> <li>• Lead Investigation Officer recruited.</li> <li>• Development of EA role to include Business Support to widen the knowledge of HR and Finance processes.</li> <li>• Finance Assistant to be recruited to bolster business support resilience.</li> <li>• Update assurance mapping against LSB regulatory performance framework completed</li> </ul> |

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|                                  | Quality of the joint CRL and CILEX's PCF application for 2024.  | <ul style="list-style-type: none"> <li>CRL will continue to collaborate fully with CILEX, although noting the concern raised by LSB regarding charging the non-authorised/paralegals for regulation is dependent on CILEX charter change.</li> <li>Ensure significantly more clarity and transparency in the presentation of financial information in the next PCF application.</li> </ul> | CEO            | <p>as part of RPA submission.</p> <ul style="list-style-type: none"> <li>2025 PCF application approved.</li> </ul>  |
|                                  | Financial resilience  | <ul style="list-style-type: none"> <li>Reconcile any PCF surplus or deficit using the method agreed with CILEX.</li> <li>Ensure timely transfer of the contingent reserves.</li> <li>Ongoing monitoring of CRL's financial performance.</li> <li>Compliance with LSB and CILEX Group reserves policy.</li> </ul>   | CEO & Board    | <ul style="list-style-type: none"> <li>2024 PCF reconciliation agreed.</li> <li>CRL now meeting both LSB and CILEX reserve policies.</li> <li>Publication of Board Finance Report to inform LSB's understanding of CRL's financial position.</li> </ul> |
| Effective approach to regulation | Robustness, quality and accuracy of applications for approval of alterations to regulatory arrangements (and PCF) | <ul style="list-style-type: none"> <li>Review other rules changes submissions from other regulators and learn from successful submissions.</li> <li>Address the need to provide a better evidence base in support of applications.</li> </ul>  | DoG            | <ul style="list-style-type: none"> <li>Review PCF application process in light of LSB feedback, including pre-submission dialogue with LSB.</li> <li>Transparency rule change, Comp Fund</li> </ul>   |

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|          |   | <ul style="list-style-type: none"> <li>• Work with CILEX on ensuring accurate information is provided to the LSB in PCF applications and review internal approval arrangements.</li> <li>• Review the <i>Commencing &amp; Implementing Change</i> procedure, including for Board approval of LSB submissions.</li> </ul>                                  |                | and amendments to Education and Immigration practice standards applications all approved.  |
|          | Assurance of how CRL ensures its activities translate to effective consumer outcomes.   | <ul style="list-style-type: none"> <li>• To provide better analysis and advanced research on how consumers will be impacted by changes in regulation or associated activities.</li> <li>• Include consumer impact as part of the Board paper template.</li> <li>• Consumer perspective to be included as part of 2025-27 strategy development.</li> </ul> | DoR            | <ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Completed</li> <li>• Included in 2025 Strategy published in November 2024</li> </ul> |
|          | <p>Consumer Empowerment</p> <p>CRL has committed to meeting the expectations in our statement of policy in this area by September 2024.</p> | <ul style="list-style-type: none"> <li>• CRL is on track to be compliant with the LSB's statement of policy by September 2024, and on remote hearings in future.</li> </ul>   | DoG            | <ul style="list-style-type: none"> <li>• Assurance statement submitted to LSB.</li> </ul>  |

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|          |  | <ul style="list-style-type: none"> <li>CRL will work with others within the sector with a view to ensuring consistency of standards and approach, whilst differentiating our requirements to the particular nature of the firms that we regulate.</li> </ul>  |                |   |
|          | Concerns that CRL had not been able to establish long-term compensation fund arrangements. | <ul style="list-style-type: none"> <li>Given continuing uncertainty on regulatory arrangements, it has been confirmed that the current arrangement will now continue into 2024 with CRL and CILEX jointly underwriting the fund at the same level.</li> </ul> | CEO            | <ul style="list-style-type: none"> <li>Letter sent to LSB confirming existing arrangements to continue until there is clarity regarding future regulatory arrangements.</li> <li>Actuary engaged to review and advise on the operation of the compensation fund.</li> <li>Exemption application approved in December 2024.</li> </ul> |