

Date	23 February 2023
Item	12.0
Title	Response to LSB Regulatory Performance Assessment 2022
Author	Simon Blandy, Director of Governance
Purpose	To set out the actions CRL is taking in response to the LSB Regulatory Performance Assessment
Recommendation	To DISCUSS and APPROVE the proposal
Timing	Steps have already been taken to implement some of the proposals. Appendix 11.1 sets out the specific actions and proposed timings
Impact assessment	The actions to be agreed by the Board will provide assurance to the LSB, consumers, regulated members and other stakeholders that CRL are taking steps to respond to the issues identified by the LSB in its Regulatory Performance Assessment 2022
Impact on Regulatory Objectives	The assurance provided by this report has a positive impact on the following regulatory objectives: <ul style="list-style-type: none"> - Public interest - Consumer interest - Independent, strong, diverse profession - Competition
Implications for resources	No additional resource implications
Impact on consumer empowerment	The actions set out in this paper contribute generally to consumer empowerment.
Impact on ongoing competence	N/A
Publication status	For publication
Appendices	12.1 Action Plan in response to LSB Regulatory Performance Assessment (at end of paper) 12.2 CRL Regulatory Performance Tracker (in supporting papers pack)

Introduction

- At its meeting on 25 January 2023 the Board reviewed the [LSB's Regulatory Performance Assessment 2022](#) noting that CRL had provided sufficient assurance on authorisation, supervision and enforcement and partial assurance in relation to the transparency of its decision-making (Well-led) and justification of its regulatory approach. The Board noted that a cautious approach to publication had been taken to publication because CRL had been subject to a NDA for most of 2022 and had also had a number of discussions on confidential matters.

Approach

- The LSB recorded 'we do not consider that CRL is currently providing adequate transparency around its decision making'. As the [Governance Transparency Policy](#) records, CRL's aim is 'to publish the fullest possible accounts of our Board meetings, keeping confidential agendas, papers and minutes to a minimum', subject to specific exclusions. It is proposed that with immediate effect CRL should act in accordance with

that policy. The Board will have an opportunity at its meeting in May 2023, as part of its annual review of the governance framework, to review, and if considered appropriate, amend the policy.

3. In relation to Regulatory Approach the LSB commented

We have concerns about CRL's ability to articulate its current approach to regulation, how its chosen arrangements are effective, and how these help consumers and promote the regulatory objectives. We also have concerns about its ability to consistently deploy evidence to support its proposals.

4. As part of the response to these comments, a policy will be drafted setting out processes which ensure that rule change applications set out clearly the evidence base relied on, how they comply with the LSB's expectation and align with CRL's strategy and implementation plan. The templates for the Agenda and Board papers have already been updated.

Implementation of Proposed Actions

5. **Appendix 12.1** sets out specific actions identified in response to the issues identified in the Regulatory Performance Assessment, responsibility and progress. Some of the actions have already been completed to enable the Board to review and comment on the proposed initiatives.

Transparency

6. Board papers have been drafted on the assumption they will be published, unless, as identified in the paper and the meeting Agenda, the Board agrees they should be excluded from publication. Papers which are intended for publication include the CRL Business Plans, Risk Heat map and revised performance data. A new standard item has been included in the Agenda (item 17) for the Board to confirm which papers should be published.

Regulatory Approach

7. Board Paper templates have been updated to include in addition to an impact assessment specific impact on the regulatory objectives, CRL resources, consumer empowerment and ongoing competence.
8. The templates for rule change applications to the LSB are being amended to set out in more detail the evidence base, an explanation of the regulatory approaches and provision for evaluation and monitoring of rule changes. These changes will be supported by a rule change policy (by Q2 2023) and a revised quality assurance approach (by Q3 2023) to include more challenge in relation to changes to CRL's regulatory approach, informed by learnings identified from rule change submissions made by other regulators.
9. A schedule of recent rule changes will be completed by Q2 2023 so data can be collected for evaluation and monitoring (and subsequent publication). It is proposed that from 2023 data collected about remote hearings should be included in the Enforcement Annual Report and about Qualifying Experience in the Admissions & Licensing Annual Report.
10. The Enforcement Team made significant progress in 2022 to reduce the backlog of old and serious complaints. This initiative will be supported by a policy formalising the

approach, so it continues to be prioritised. Information will also be published for consumers and the regulated community explaining the way in which enforcement cases are managed.

11. The [LSB RPA Framework Sourcebook](#) has been re-purposed (**Appendix 12.2**) to provide links to relevant CRL publications evidencing compliance with the different characteristics. Some examples of evidence have already been included. This will be published online shortly after the Board meeting in May 2023.
12. Regular reports to the Board on progress will be included in the Director of Governance Reports.
13. The Board is asked to approve the actions proposed, specifically Appendices 12.1 and 12.2.

Recommendation

14. The Board is asked to **DISCUSS** and **APPROVE** the proposal.