**CILEX & CRL Joint Action Plan in response to LSB Undertakings – Updated July 2023**

| LSB Undertakings | Objectives | Actions | Action Owner | Completion date | Progress Update |
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| Ensure a comprehensive evidence base exists from which to develop proposals to improve the current delegated regulatory arrangements by sharing and discussing the evidence held by both parties with a view to identifying any gaps or conflicts in evidence which require additional stakeholder insight or data (if applicable) | To ensure the evidence base includes all available evidence from both parties . | • CILEX to share its evidence base with CRL<br>• CRL to compile and share evidence with CILEX<br>• CRL to provide feedback to CILEX on case for change & evidence | CILEX CEO<br>CRL CEO<br>CRL CEO | 28 April 2023<br>28 April 2023<br>10 May 2023 | Complete – Combined evidence base established, subject to any additional data arising from CRL consultation. |
| CILEX agrees to pause consideration of alternative proposals for a period of 8 weeks to enable CRL to consult on and develop options for changes to CRL's regulatory arrangements;<br><br>CRL will ensure that it consistently undertakes effective scrutiny of its materials for publication. This includes:<br>a. consideration of the effectiveness of its quality assurance processes, and<br>b. how it considers the potential impact of its publications on the regulated community and third parties.<br><br>CILEX and CRL will share planned communications with each other and the LSB ahead of publication allowing sufficient time for the provision and consideration of feedback | To enable CRL to conduct a targeted consultation to inform its proposals to amend its model of regulation.<br><br>To ensure risk and impact assessments are completed prior to publication.<br><br>To share documents prior to publication to allow effective risk assessment and where possible aligned communications. | • CRL to produce draft consultation document on its model of regulation<br>• CILEX and LSB to review draft & provide feedback to CRL<br>• CRL Board to consider feedback and approve consultation for publication<br>• Consultation open for 6 weeks – Online publication supported by webinars & stakeholder meetings<br>• CRL to analyse consultation responses & share responses & analysis with CILEX<br>• CRL to finalise proposal document based on consultation outcomes<br>• CRL Board approve & submit proposal document to CILEX<br>• CILEX to consider proposal(s) against the Case for Change criteria and Regulatory Objectives | CRL CEO<br>CILEX CEO & LSB CEO<br>CRL Board<br>CRL CEO<br>CRL CEO<br>CRL CEO<br>CRL Board<br>CILEX Board | 3 May<br>9 May<br>15 May - 23 June 2023<br>26 June – 10 July<br>12 July<br>12 July<br>13 July 2023 | CILEX has informed CRL & SRA it won't consider proposals until July.<br>Draft of CRL consultation sent to CILEX & LSB for comment.<br>Feedback provided by CILEX.<br>Reviewed by CRL Board on 9 May & final version approved by CRL for publication on 12 May.<br>Published on 15 May 2023.<br><br>12 July - CRL response to Case for Change & outcomes of CRL consultation received by CILEX<br>13 July - CRL submission considered by CILEX Regulatory Compliance Board<br>17 July – CRL provided CILEX with copy of draft press release re consultation outcome. |

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| | | | CILEX Board<br><br>CILEX CEO | 19 July<br><br>20/21 July 2023 | CILEX provided feedback & requested amends.<br>18 July –Requested amends accepted by CRL.<br><br>19 July – CILEX Board meeting – resolution that CRL response & therefore current delegation does not meet case for change. Decision to consider response from SRA.<br><br>20 July – Outcome communicated to CRL CEO re CILEX consideration of CRL response. Confirmed case for change not met.<br><br>Copy of SRA response to Case for Change shared with CRL CEO on confidential basis. |
| Establish a consultation process, including impact assessments, that will allow stakeholders (including the regulated community) to respond to the proposals for change | To conduct a 12 week public consultation exercise with regulated community & stakeholders. | • CILEX Board decision to launch consultation<br>• CILEX to provide CRL & LSB with draft consultation (inc details of SRA proposal) ahead of publication.<br>• CILEX Public statement provided to CRL & LSB prior to publication<br>• Joint risk assessment re impact of successive consultations (CRL – PCF – CILEX)<br>• Public consultation, including questions enabling cost/benefit analysis and risk and other impact assessments of any proposed change<br>• Consultation events – webinars, events & stakeholder meetings | CILEX Board<br>CILEX CEO/ CRL Board<br><br>CILEX CEO<br><br>CEOs<br><br>CILEX Comms team | 26 July 2023<br><br>27 July 2023<br><br>27/28 July 2023<br><br>Launch 31 July – 23 Oct 2023 | |

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| Analyse consultation responses for the purpose of any future application to the LSB. | To evaluate quantitative & qualitative data & undertake impact assessment informed by consultation responses and available data. | • CILEX to share consultation responses with CRL<br>• Analyse the outcomes of the consultation and CEOs to determine agreement (or otherwise) on outcome<br>• Each Board to consider outcome & respective positions (CILEX for de-delegation decision & CRL in accordance with IGR Rule 4) | CEOs<br><br>CEOs<br><br>CILEX & CRL Boards | 30 Oct 2023<br><br>30 Oct – 5 Nov 2023<br><br>5 Nov 2023 – CILEX Reg Compliance Board<br><br>16 Nov 2023 – CRL Board | |
| CILEX and CRL to discuss Board decisions and consider next steps including application to LSB to revise regulatory arrangements.<br><br>The parties will work together to ensure that the exercise of CRL's regulatory functions is not undermined through the issue of communications or otherwise. | To ensure any application to amend delegation or regulatory arrangements is supported by a transitional plan to preserve continuity of and confidence in the regulatory regime. | • Decision to make application to LSB (if outcome is to change delegation)<br><br>• CILEX to inform CRL of its decision re change of delegation<br>• Communication announcing decision to be shared with CRL & LSB prior to publication.<br><br>• Transitional Plan to be developed to support continuity of regulation. | CILEX Board<br><br>CILEX CEO<br><br>CEOs | 29 Nov 2023 – CILEX Board Meeting<br><br>30 Nov 2023<br><br>Dec 2023 | |
| Risk – The parties will share respective risks registers relating to the review to enable a joined-up approach to the evaluation and mitigation of risk to the current regulatory regime. | To establish a shared understanding of risk to the current regulatory regime and a joined-up approach to mitigation. | • CILEX & CRL CEOs meet to exchange risk registers & undertake joint assessment of risk & consideration of mitigation options where applicable.<br>• Joint risk assessment relating to consultation exercise. | CEOs | Dec 2023 | Ongoing – Combined risk register created & discussion ongoing re necessary mitigations (subject to outcomes of consultation & future decisions)<br><br>Update given to CRL staff to provide assurance of continuity of employment & planned process (if applicable).<br><br>Joint monitoring of regulated community reaction & behaviour in place. |

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| Section 28 Assurance –<br>CILEX to clarify whether it considers that CRL's answers to its questions as regards current and future compliance with the CILEX Group reserves policy and with s. 28 of the Act are not satisfactory (or require further elaboration and explain in what respect)<br><br>CRL will respond fully, clearly and comprehensively to any further requests that are made by CILEX and in a spirit of sincere cooperation.<br><br>Reserves - The parties will work together to give effect to CRL's request to hold its own contingency reserve so far as is reasonably practicable | To facilitate transfer of control of regulatory contingency reserve to CRL.<br><br>To establish assurance under Section 28 and to determine CRL's compliance with (or plan to achieve compliance with) the CILEX Group Reserves Policy requirement to hold 6 months operating costs. | • CEO discussions to clarify current situation re CRL reserves.<br>• CILEX CEO to write to CRL CEO to clarify outstanding assurance under s28:<br>- Awareness of the ring-fencing applicable to the funds contained within the contingency reserve<br>- How the reserves will be held to protect the ring-fenced sums required for each purpose<br>- Current levels of reserves and if non-compliant with Group Reserves Policy requirements provision of a plan to achieve compliance.<br>• CRL CEO to write to CILEX CEO providing required assurance.<br>• £700k reserve to be transferred from CILEX to CRL Balance sheet<br>• CRL & CILEX published accounts explicitly showing reserves held by CRL to be presented at AGM.<br>• Reference to new arrangements reported in 2024 PCF application. | CILEX & CRL CEOs<br><br>CILEX CEO<br><br>CRL CEO<br><br>CFO<br><br>CILEX Board<br><br>CILEX & CRL CEOs | 5 May 2023<br><br>5 May 2023<br><br>6 June 2023<br><br>July 2023<br><br>4 Oct 2023<br><br>Nov 2023 | Agreement reached to move reserves from CILEX to CRL Balance Sheet as part of 2022 audit process.<br>Agreed that cash transfer will follow in due course when cash flow allows, ensuring no financial loss to either organisation as a result.<br><br>CILEX CEO wrote to CRL CEO confirming agreement to transfer & seeking assurance re compliance with Group Reserves Policy.<br><br>CILEX AGM |
| PCF Allocation - The parties will work together to:<br>a. Identify whether they disagree as regards the proper interpretation and application of rule 18 of the LSB Practising Fee Rules 2021 (PCF Rules), both historically and prospectively.<br>b. Establish a shared understanding concerning how CILEX has treated any historic practising fee surpluses, for accounting purposes.<br>c. Agree the proper approach to current and future reconciliation of any sums owing and agree an orderly process and reasonable | To establish agreed parameters for the data used for reconciliation of PCF funds received against budgeted amounts.<br><br>To complete reconciliation and adjustments to allocation between CILEX and CRL on an annual basis.<br><br>To review PCF reserve levels against S162 guidance following reconciliation to identify any need for a | Request finance to provide core data to enable reconciliation by CEOs<br><br>Agree calculation parameters for calculation in compliance with PCF Rules<br><br>Any outstanding funds transferred<br><br>New process applied to 2022 year end. Auditors to confirm reconciliation calculations for 2022<br><br>Reconciliation completed for 2023 year end & transfer of any funds owed to either party | CILEX & CRL CEOs<br><br>CILEX & CRL CEO<br><br>CFO<br><br>CFO/CRL MA<br><br>CFO/CRL MA | 14 April – 28 May 2023<br><br>6 June 2023<br><br>19 September 2023<br><br>January 2024. | CEOs completed review of each party's data & agreed master set<br><br>Reconciliation ongoing re owed amounts. Delayed due to change of auditors. Due to be completed by 1 Aug 2023. |

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| timeframe for the transfer of any sums owing by either party.<br>d. Have regard to the s.162 Guidance to the PCF Rules requirement when considering whether any accrued practising fee reserves in excess of the target level are returned to the regulated community by a corresponding reduction in the practising fee for the following year. | balancing adjustment in subsequent PCF calculation. | | | | |
| Shared Services - The parties will work conscientiously to ensure that they communicate more clearly, in a timely manner and work together more effectively together in future | To provide timely information to support finalisation of shared services charges and to ensure effective resolution of any issues identified by either party | VP to write to LF re outstanding CRL CRM functionality requested:<br>- entity directory<br>- online portfolios<br>- online application forms<br><br>CILEX to provide 2024 service charges<br><br>CRL to notify CILEX of any requested changes and acceptance of 2024 service & charges<br><br>Consultation on 2024 PCF | CFO & CRL MA<br><br>CILEX & CRL CEOs<br><br>CFO<br><br>CRL | 28 April 2023<br><br>19 May 2023<br><br>6 June 2023<br><br>17 July 2023 | Discussions underway re 2024 shared service requirements & charges ready for 2024 PCF application.<br><br>PCF consultation live. |