



**CLC Council Meeting**  
**Monday 27 January 2020**  
**2.30 p.m. – 5.00 p.m. \***  
**Council for Licensed Conveyancers**  
**Room LGA**  
**131 Finsbury Pavement**  
**London EC2A 1NT**  
**A G E N D A**

No	Item	Type of Paper	Lead
1.	<b>Welcome, Introductions, Apologies for Absence and Declarations of Interest</b>	For recording	<b>Chair</b>
2.	<b>Annual Review of PR</b> Kerry Jack of Blackletter Law will attend the meeting to review 2019 and set out plans for 2020.	Presentation	<b>DSER</b>
3.	<b>Minutes and Matters Arising</b>  a) Minutes of the meeting of the Council held on 31 October 2019 b) Actions arising from previous meetings		<b>Chair</b>
4.	<b>Chief Executive's Report</b>	Noting	<b>CEO</b>
5.	<b>CLC Key Performance Indicators - Development</b>	Noting	<b>DFO</b>
6.	<b>Principal Risk Register</b>	Approval	<b>DFO</b>
7.	<b>CLC Budget and Business Plan 2020</b>  a) Business Plan 2020 b) Budget 2020	Approval	<b>DSER</b> <b>DFO</b>
8.	<b>Watchlist and Interventions</b>	Noting	<b>DFO</b>
9.	<b>Review of the CLC Accounts Code and Guidance Changes to CLC Regulatory Arrangements</b>	Approval	<b>DRS</b>
10.	<b>Breadth of Services Regulated by the CLC</b>	Approval	<b>DRS</b>
11.	<b>Arrangements for Appraisal of Council Chair</b>	Approval	<b>CEO</b>
12.	<b>Committee Reports</b>  a) Audit and Risk Committee b) Appointments Committee c) Remuneration Committee	Noting Noting Noting	<b>Audit and Risk Committee Chair</b> <b>Appointments Committee Chair</b> <b>Remuneration Committee Chair</b>
13.	<b>Dates of Forthcoming Council Meetings</b>  • Thursday 26 March 2020, 11.00 a.m. • Thursday 30 April 2020, 11.00 a.m. • Thursday 23 July 2020, 11.00 a.m. • Thursday 12 November 2020, 11.00 a.m.	Noting	<b>ALL</b>
14.	<b>Any Other Business</b>		

No	Item	Type of Paper	Lead
<b>* Please note start time</b>			

No	Information Items – for discussion on request. Please notify the Head of Executive Office in advance	Type of Paper	Lead
15.	<b>Management Report</b>  a) Q4 Performance Outturn b) Business Plan 2019 – End of Year report	Information	<b>DFO</b>
16.	<b>Property and Law News Round Up</b>	Information	<b>DSER</b>
17.	<b>Council Workplan</b>	Information	<b>CEO</b>

Key: CEO: Chief Executive  
DFO: Director of Finance and Operations  
DRS: Director of Regulatory Standards  
DSER: Director of Strategy and External Relations  
SMT: Senior Management Team

## PR Evaluation

**Date of Meeting:** 27 January 2020  
**Purpose:** For noting  
**Author:** Deputy Director of Communications  
**SMT Approver:** Director of Strategy and External Relations

### Recommendation

Council is asked to note the evaluation of the CLC's PR work over the last twelve months. Council will receive a presentation on the high-level plans for 2020 for discussion at the meeting.

### Summary

The attached report updates the marketing and communications evaluation presented to Council in October 2019, reporting on PR for the whole of 2019.

### Risk management

Communicating our work to protect the consumer, to ensure compliance in the regulated community and to support innovation is vital to managing a range of reputational risks to the CLC.

### Financial impact

None arising from the paper. The CLC's communications plan for 2020 will be driven by the business plan to deliver the next phase of the strategy.

### Diversity and inclusion impact

None arising from the paper but the inclusivity of our communications work will need to be considered in the business planning process.

### Communications requirements

None arising from this paper.

### Publication status of this paper

This paper is not for publication.



**Council for Licensed Conveyancers  
Minutes of the Council meeting held on  
Thursday 31 October 2019  
Room LGA WeWork  
131 Finsbury Pavement, London EC2A 1NT  
9.00 a.m. – 10.45 a.m.**

**Council Present**

Dame Janet Paraskeva (Chair)

Mr. A. Cogbill

Ms. S. Debney

Ms. H. Foster

Ms. S. Kumar

Ms. T. Perchard

Mr. Q. Quayle

Ms. S. Szarka

Mr. C. Wilby

**CLC in attendance**

Mr. S. Ward

Mr. S. Blandy

Mr. J. Hinrichsen

Ms. A. Cosens

Ms N. Smith

Director of Strategy and External Relations

Director of Regulatory Standards

Director of Finance and Operations

Head of Executive Office (*Minutes*)

Executive Assistant (*Minutes*)

**1. Welcome, Introductions, Apologies and Declarations of Interest**

The Chair welcomed members to the meeting.

There were no apologies for absence.

There were no declarations of interest.

No requests to discuss information items had been received.

**2. Minutes and Matters Arising**

***a) Minutes of the meeting held on 25 July 2019***

The Council **AGREED** that minutes of the meeting of the Council held on 25 July 2019 be approved as a correct record.

***b) Actions arising from previous meetings***

The Council reviewed actions arising from its previous meetings.

Members were advised of the following:

- Proposed changes to the Accounts Code would be reported to the January 2020 Council meeting to enable views of the Professional Reference Group to be incorporated.
- On-line diversity and inclusion training provided by ACAS is being trialled by SMT prior to its being rolled out to staff and Council members.
- Lay members who visited The Partnership in Guildford during October had indicated that they had found the visits interesting and informative.

The Council:

(1) **NOTED** progress with actions arising from previous meetings.

### **3. Chief Executive's Report**

The Chief Executive introduced the report.

In addition to the updates contained within the report, the Council was advised that:

- Money Laundering Reporting Officers of CLC practices have been asked to attend AML compliance seminars taking place in October and November. The CLC will follow up with anyone who has not attended a seminar and is not able to evidence that they have undertaken Anti-Money Laundering (AML) training
- The OPBAS action plan had recommended that there is specific provision for oversight of AML within regulatory roles and which would be discussed further with the Remuneration Committee
- The Senior Management Team was in the process of reviewing all key business processes to develop a comprehensive set of metrics and service levels. Data would be collected and reported on with effect from January 2020.
- The Land Registry has reported on the success of its 'Sign your mortgage deed' service, which enables remortgage deeds to be signed and registered digitally. Coventry Building Society is leading the way with digital mortgages, with more than half of digital conveyancing transactions being delivered by Enact, which is CLC regulated.
- Delays in probate applications continue to be raised with the Probate Registry and the issue has also been raised with the Legal Services Consumer Panel and Ministry of Justice.

The Council **NOTED** the Chief Executive's report.

### **4. Risk Register and Risk Appetite**

#### **4(a) Risk Register**

The Director of Finance and Operations advised Council that the Principal Risk Register had been discussed and reviewed by the Senior Management Team and the Audit and Risk Committee at its meeting on 14 October 2019, who had agreed that no amendments were required.

The Council considered the Principal Risk Register and discussed the current factors that might impact on it.

The Council **AGREED**:

- (1) to adopt the Principal Risk Register as proposed
- (2) To consider the Compensation Fund rules at an early Council Workshop in 2020.

**Action: October/19/01: to consider the Compensation Fund Rules at an early Council Workshop in 2020.**

#### **4(b) Risk Appetite**

The Director of Finance and Operations introduced the Risk Appetite which had been reviewed at the Council Workshop on 19 September 2019. Small amendments were highlighted within the report.

It was **AGREED** to amend references to 'high risk' to '*higher risk*' and to clarify that the risk categories are aligned with the business model.

### **5. Annual Regulatory Return Findings**

The Director of Strategy and External Relations introduced the findings of the Annual Regulatory Return 2019, which had been published on the CLC's website. The findings will inform the development of the 2020 Business Plan.

The Council was advised that the timetable for the research in line with the professional indemnity insurance renewal had worked well this year. The Legal Services Board had also been complimentary about the in-depth research.

It was suggested that it would be helpful to include the following in future Annual Regulatory Returns:

- whether firms who offer will writing belong to a self regulatory body or have extended their practice licence to cover will writing
- Questions which could be linked to the Compensation Fund review.

The Council **NOTED** the findings of the Annual Regulatory Return

### **6. Developing the 2020 Business Plan**

The Director of Strategy and External Relations introduced a report setting out progress with the 2019 Business Plan and planned activities for 2020.

The report had been reviewed by the Audit and Risk Committee, who had suggested that in future business activities are reported in order of completion date and include a 'RAG' rating which indicates degrees of progress. The Council was advised that this information would be incorporated with the presentation of

future reports. It had also recommended that proposed activities include provision for seeking the views of the Professional Reference Group where relevant.

It was suggested strategic objectives, delivery of which may be displaced by competing priorities be scheduled to avoid known pinch points.

Council was informed that Corporate Social Responsibility (CSR) would be included in the business plan and that a staff group has been identifying a range of CSR activities with enthusiasm and interest.

The Council **NOTED** progress against the 2019 business plan and proposed activities for 2020.

**Action October/19/02: to consider reporting on business activities in order of completion date and with a RAG rating which indicates degrees of progress.**

## 7. Watchlist and Interventions

The Director of Finance and Operations introduced the report.

Since the last report to Council, the CLC had intervened into a large practice.

The Council recognised the complexity and pressure associated with the task and asked that its appreciation be conveyed to all staff involved.

The Council was informed that the CLC will be looking at its disciplinary process and conducting case reviews and will report back to Council on the findings. The LSB is also planning to undertake some disciplinary case reviews in 2020.

The Council **NOTED** the Watchlist and Interventions report.

**Action October/19/13: to thank staff involved with a recent intervention**

**Action October/19/04: to report further on the findings of disciplinary case reviews and the CLC disciplinary process.**

## 8. CLC Publication Scheme

At its meeting on 25 July 2019, the Council had agreed to review its approach to the publication of agenda papers. The Director of Regulatory Standards introduced a report which set proposed amendments to the CLC publication scheme and advised of progress against the Legal Services Board's Regulatory Performance Assessment of the CLC.

An example of the publication format of Council reports had been included within the agenda and a summary of the performance outturn report for publication was tabled.



It was agreed to consider whether to hold CLC Council meetings in public at a future meeting.

The Council:

- (1) **NOTED** progress against the LSB's Regulatory Performance Assessment;
- (2) **AGREED** the proposed revisions to the CLC Publication Scheme detailed within the report;
- (3) **AGREED** the approach to publication of Council papers simultaneous with their dispatch to Council members as exemplified by the 25 July 2019 Council meeting pack included within the report;
- (4) **AGREED** to consider whether CLC Council meetings would be open to the public at a future meeting.

**Action: October/19/05: to submit an update on progress against the LSB Regulatory Performance Assessment by 1 November 2019**

**Action October/19/06: to revise and publish the updated CLC Publication Scheme**

**Action October/19/07: to publish the Council agenda and papers in accordance with the revised publication scheme.**

**Action October/19/08: to consider whether to hold CLC Council meetings in public at a future meeting.**

## 9. Corporate Governance Framework Review

The Director of Strategy and External Relations introduced the report which proposed recommendations for the amendment of the Corporate Governance Framework.

Subject to adoption of the Regulations for the Appointment and Service of Council Members 2019, references to the Regulations within the Corporate Governance Framework would be made consistent.

It was agreed to seek the Adjudication Panel's comments on the Corporate Governance Framework.

The Council was advised that arrangements for the appraisal of the Lay Chair of Council would be reported to a future meeting.

The Council:

- (1) **AGREED** to adopt the revised Regulations for the Appointment and Service of Council Members 2019 following their approval by the LSB;
- (2) **AGREED** the following changes to the Corporate Governance Framework to reflect the LSB Internal Governance Rules requirements:

- (i) Amendment of Council Standing Orders to specify that any decision on a regulatory function that is reached in the absence of a lay Chair or lay majority be ratified at a later meeting with the requisite lay Chair and majority
- (ii) Amendment of paragraph 33 of the Corporate Governance Framework as follows: *"To ensure that the CLC has sufficient resources as are reasonably required for its regulatory functions to be efficiently and effectively discharged and that it uses such resources efficiently and achieves value for money"*
- (iii) Additional paragraph 54 of the Corporate Governance Framework as follows: *"The Chief Executive will ensure that appropriate arrangements are in place to respond promptly and candidly to all requests for information by the Legal Services Board which it requires for the purposes of assessing and assuring compliance with the Information Governance Rules currently in place"*
- (3) **AGREED** to request the Appointments Committee to consider IGR Rule 6 in relation to training and induction for Council members
- (4) **AGREED** to request the Remuneration Committee to consider the inclusion of provision for individuals to notify the LSB directly if they consider that the independence or effectiveness of the regulatory function is being or will be prejudiced, to reflect IGR Rule 12
- (5) **AGREED** that the Senior Management Team should explain to all staff the substance and effect of the Internal Governance Rules as they relate to the CLC;
- (6) **AGREED** to amend Standing Orders to reflect the IGR requirement that any decision on a regulatory function that is reached in the absence of a lay Chair or lay majority be ratified at a later meeting with the required lay Chair and majority;
- (7) **AGREED** amendment of the Corporate Governance Framework to enact revisions to codify the established practice of appointing a Lay Chair, as approved by the LSB;
- (8) **AGREED** revision of Section 8 of the Code of Conduct in alignment with the revised Publication Policy as follows:  
*"Maintain confidentiality of proceedings of the Council and agenda and other papers relating to them in line with the CLC's publication policy. Confidential papers and proceedings may not be disclosed to non-Members (other than staff) without the authority of the Lay Chair of the Council or the Chief Executive. Such authority may be implied where, but only to the extent that the particular disclosure is necessary for the execution of a resolution of the Council. Members must have particular regard to these duties in relation to communications with those outside the CLC or the Staff."*
- (9) **AGREED** to amend the Council Terms of Reference as follows:
  - (i) Paragraph 3 (*Membership*) to read: *"The Council will consist of a non-executive Lay Chair, 8 non-executive members and the Chief Executive;"*
  - (ii) Paragraph 4 (*Membership*) to read: *"The lay members of the Council shall exceed the number of Licensed Conveyancer (or other Authorised Person) Members as defined within the Regulations for the Appointment and Service of Council Members 2019;"*
  - (iii) Paragraph 9 (*Review of Effectiveness*) to read: *"The Council will review its own effectiveness and terms of reference annually and implement any recommendations for change"*
  - (iv) Paragraph 10 (*Review of Effectiveness*) to read: *"The Lay Chair of the Council will review annually the performance of Members...."*

- (v) Paragraph 11 (*Review of Effectiveness*) to read: *“The Lay Chair of the Council will also review annually.... A sub-committee of the Council...will review annually the performance of the Lay Chair of the Council...”*
  - (vi) Paragraph 14 (*Authority*) to read: *“The Council may at its discretion appoint additional Council members within the limits set by the Administration of Justice Act 1985 Schedule 3 on the understanding that all other provisions of the Regulations for the Appointment and Service of Council members 2019 are met”*.
  - (vii) Paragraph 16 (*Meetings*) to read: *“...The Lay Chair of the Council.....”*
  - (viii) Paragraph 17 (*Meetings*) to read: *“A minimum of four members of the Council including the Lay Chair must be present for the meeting to be quorate provided at least one Licensed Conveyancer is present and there is a lay majority.*
- (10) **AGREED** to invite the Adjudication Panel to comment on the Corporate Governance Framework;
- (11) **NOTED** that arrangements for the appraisal of the lay Chair of Council would be reported to a future meeting of the Council.

**Action October/19/09: to revise and publish the Corporate Governance Framework in line with the decisions above**

**Action October/19/10: to invite the Adjudication Panel to comment on the Corporate Governance Framework**

**Action October/19/11: to request the Appointments Committee to consider what additional training and induction might be appropriate for Council members in relation to IGR compliance**

**Action October/19/12: to request the Remuneration Committee to consider IGR rule 12 as it reviews the CLC’s Whistleblowing Policy within the Handbook**

**Action October/19/13: SMT to explain to staff the substance and effect of IGRs as they relate to the CLC**

**Action October/19/14: to report the arrangements for appraisal of the lay Chair of Council to a future meeting.**

## 10. Committee Reports

### a) Audit and Risk Committee

The Chair of the Audit and Risk Committee presented a summary business considered by the Committee at its meeting on 14 October 2019.

The Council

- (1) **NOTED** the report of the Chair of the Audit and Risk Committee.

## **b) Appointments Committee Chair's Report**

The Chair of the Appointments Committee presented a summary of business considered by the Committee at its meeting on 20 September 2019.

Following annual review of its Terms of Reference, the Committee was recommending changes to clarify that the position of Appointments Committee Chair is a lay appointment and that the Chief Executive attends the Committee in a non-voting capacity. The Committee was also recommending that oversight of the balance of skills represented across CLC governance structures is included within its responsibilities. References to the Regulation for the Appointment and Service of Council Members 2019 would also be included.

The Council was informed that a draft skills and experience questionnaire, which members would be invited to complete when finalised, was appended to the report.

The Council was advised that the Committee had considered the succession planning arrangements for lay members, whose terms of office would be expiring in 2020 and its recommendations were included within the report. It was confirmed that serving Council members could apply for the role of Audit and Risk Committee Chair, when advertised.

The Council:

- (1) **NOTED** the report of the Chair of the Appointments Committee;
- (2) **AGREED** the amendments to the Appointments Committee's Terms of Reference detailed within the report;
- (3) **NOTED** the draft skills and experience questionnaire for Council members which would be circulated for completion when finalised;
- (4) **AGREED** the succession planning arrangements detailed within the report.

**Action October/19/15: to revise the Appointments Committee's Terms of Reference within the Corporate Governance Framework**

**Action October/19/16: to progress the succession planning arrangements for Council members**

## **11. Dates of Forthcoming Council Meetings**

- Monday 27 January 2020, 2.00 p.m.
- Thursday 26 March 2020, 11.00 a.m.
- Thursday 30 April 2020, 11.00 a.m.
- Thursday 23 July 2020, 11.00 a.m.
- Thursday 12 November 2020, 11.00 a.m.

Members were advised that a briefing for the Annual CLC Conference on Tuesday 28 January 2020 would be circulated.

## 12. Any Other Business

There were no other items of business.

## INFORMATION ITEMS

### 13. Q3 Performance Outturn and Overview of Regulatory Inspections

The Council **NOTED** the Performance Outturn report for Q3, which had been reviewed and discussed in detail by the Audit and Risk Committee at its meeting on 14 October 2019.

### 14. Strapline Research

The Council **NOTED** the outcome of research on a new CLC strapline.

### 15. Marketing and Communications Evaluation

The Council **NOTED** the evaluation of the CLC's marketing and communications work over the last twelve months.

### 16. Property and Law News Round Up

The Council **NOTED** the round up review of major developments and the economic outlook that will affect the conveyancing market.

### 17. Council Workplan

The Council **NOTED** the forthcoming Workplan.



## **Chief Executive's Report**

**Purpose:** For noting  
**Author:** Director of Strategy and External Relations

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### **Summary**

The Chief Executive's regular report to Council on current issues.

### **Recommendations**

The Council is asked to note the contents of this paper.

Council also is asked to agree an approach to responding to the LeO consultation on its 2020-23 Corporate Strategy as set out in the report at page 4.

### **Risk management**

Where appropriate, risk is covered in each item contained in this report.

### **Financial impact**

No negative financial impact on 2019 budget expenditure.

### **Diversity and inclusion impact**

No diversity or inclusion impact resulting from the contents of this paper.

### **Communications requirements**

This report is an update for Council members only.

### **Publication status**

Not for publication.





## **Publication of KPI information**

**Purpose:** For noting

**Author:** Director of Finance and Operations

**Approver:** Director of Strategy and External Relations

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### **Summary**

In December 2017 the LSB introduced a new approach to assessing the regulatory performance of regulatory bodies. A transitional assessment review was published in January 2019.

One of the actions arising from this report was that the CLC needs to improve transparency by publishing more performance information and to do this promptly after Council consideration.

This paper sets out our plan and approach to the publication of performance data for information.

### **Recommendations**

Council is asked to note the plan for performance/KPI publication.

### **Risk management**

This is a required action as assessed by the LSB in the January 2018 Regulatory performance assessment. Non-compliance is likely to result in further regulatory action and reputational damage to the CLC.

### **Financial impact**

There is no financial impact in relation to this paper.

### **Diversity and inclusion impact**

There is no impact on diversity or inclusion from this paper.

### **Communications requirements**

This report is not for publication. However, approval of the proposal will result in publication of performance information.



## Principal Risk Register

**Purpose:** Approval

**Author:** Director of Finance and Operations

**Approver:** Chief Executive

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### Summary

The Principal Risk Register as discussed at the Audit and Risk Committee on 14 January 2020 is attached for consideration and approval.

The SMT discussed and reviewed the Principal Risk Register in January 2020 and agreed that:

- 1) The existing risks are valid, accurate and complete and still adequately summarise the Principal Risks of the organisation.
- 2) Controls in place remain effective and adequately mitigate the risks.

The SMT are not proposing any amendments to the Principal Risk Register this quarter.

### Recommendations

The SMT recommends that Council approves the Principal Risk Register as recommended by the Audit and Risk Committee.

### Risk management

The report is a key reporting document in CLC's risk management.

### Financial impact

There is no financial impact in relation to this paper.

### Diversity and inclusion impact

There is no impact on diversity or inclusion from this paper.

### Communications requirements

The Principal Risk Register is not for publication.



## **2020 Business Plan**

**Purpose: Approval**

**Author: Director of Strategy and External Relations**

**Approver: Chief Executive**

### **Summary**

This paper sets out the proposed business plan for the 2020 financial year as developed by the SMT. These proposals take into account activities and expenditure necessary to deliver on the 5-year strategy which commenced in 2018. There is an accompanying budget paper.

### **Recommendations**

Council is requested to review and consider and approve the proposed business plan.

### **Risk management**

The business plan contributes to the management of principal and operational risks.

### **Financial impact**

The accompanying budget paper sets out how the business plan will be funded.

### **Diversity and inclusion impact**

The business plan includes measures to promote diversity and inclusion across the regulated community.

### **Communications requirements**

Not for publication. The final Business Plan will be published on the CLC's website.



## 2020 Budget

**Purpose: Approval**

**Author: Director of Finance and Operations**

**Approver: Director of Strategy and External Relations**

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### Summary

This paper sets out the proposed budget for the 2020 financial year as developed by the SMT. The budget proposal takes into account expenditure necessary to deliver on the 5-year strategy which commenced in 2018.

### Recommendations

The council is requested to approve the proposed 2020 budget.

### Risk management

The budget needs to be carefully considered and crafted to ensure that the CLC makes effective use of limited financial resources. As agreed at the July 2019 the CLC will operate a deficit budget funded by accumulated reserves. Loss of existing revenues or lack of growth in new revenues could result in budget shortfalls once excess reserves are depleted. This will need to be carefully monitored and remedial actions taken if the CLC does not move back into a balanced budget position before reserves are depleted.

### Financial impact

The financial impact is detailed in the attached document

### Diversity and inclusion impact

There is no impact on diversity or inclusion.

### Communications requirements

Not for publication. Budgetary information will be published within the Annual Financial Statements in due course.

### Annexes

None





## CLC Watchlist & Interventions

**Purpose:** Noting

**Author:** Director of Finance and Operations

**Approver:** Director of Strategy and External Relations

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### Summary

This is a regular Council paper which provides an update on the practices that have been assigned to the watchlist.

The CLC's aim is to ensure that it raises regulatory issues with a practice as early as possible to avoid the risk of a practice failing to meet its regulatory responsibilities. Where it concludes that issues with a practice are or may become significant, that practice is placed on the watchlist and is monitored intensively to mitigate risk to the consumer; risk of claims on that practice's professional indemnity insurance; and ultimately on the CLC's Compensation Fund. SMT review the watchlist on a weekly basis and by exception when necessary.

A progress update on the interventions that have taken place since the beginning of 2017 has also included.

### Recommendations

Council is asked to review and note the paper.

### Risk management

Active management and monitoring of practices placed on the watchlist enable the CLC to mitigate the risk of losses to consumers, claims against PII insurance policies and ultimately the Compensation Fund.

### Financial impact

Failure of any practice may have a significant adverse impact on the consumer, the CLC and the profession.

### Diversity and inclusion impact

There is no impact on diversity or inclusion.

### Communications requirements

There are no communication requirements.

### Publication

Not for publication.



## Review of the CLC Accounts Code and Guidance Changes to CLC Regulatory Arrangements

**Purpose:** For approval  
**Author:** Regulatory Standards Officer  
**SMT Approver:** Director of Regulatory Standards

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### Introduction

At its meeting on 25 July 2019 when an earlier version of this paper was presented, Council agreed to defer consideration of the report to enable further enquiries to be made

### Recommendations

Council is asked to approve:

- draft amended CLC Accounts Code.
- draft amended Aged Balances Guidance
- draft TPMA Guidance
- draft definition 'Third Party Managed Account
- draft consultation paper on amendments proposed.

### Risk management

The purpose of the changes to the Accounts Code is to future proof the Code, provide greater clarity, and ensure that the requirements for handling Client money provide appropriate and proportionate safeguards for Clients .

### Financial impact

No financial impact is anticipated for the CLC outside the current budget.

### Diversity and inclusion impact

No diversity and inclusion impact has been identified.

### Communications requirements

The first [CLC consultation paper](#) containing the revised Accounts Code was published on the CLC website in April 2019.

The [summary of responses](#) to the consultation and a [list of respondents](#) together with the [submissions received](#) have been published on the CLC website.

If agreed by Council, the second consultation paper (Appendix E) will be published in January 2020 and notified to relevant stakeholders in the CLC newsletter and through social media channels. Since this is a second and supplementary consultation it is proposed that it should be open for one month, rather three months which is the usual period for CLC consultations on changes to regulatory arrangements.

Assuming that no significant issues are raised in response to the consultation, an application will be made to the Legal Services Board to approve the amended Accounts Code.

**Publication status of this paper**

This paper will not be published because it relates to policy development and amendments to regulatory arrangements and guidance which will be published when finalised.



## **Breadth of Services regulated by the CLC**

**Purpose:** For approval  
**Author:** Director of Regulatory Standards  
**SMT Approver:** Chief Executive

### **Introduction**

Following the policy set out in the CLC's Strategy 2018-2022, the CLC has maintained focus on conveyancing and probate services and has not permitted CLC practices to provide non-reserved legal activities outside the range of services it currently regulates.

### **Recommendation to Council**

The Council is asked to review this policy.

### **Risk management**

The CLC must be satisfied that any activity falls within the range of activities it is willing to regulate and needs to ensure that CLC practices understand and have taken proportionate steps to mitigate the risks related to the breadth of services they deliver.

### **Financial impact**

No immediate financial impact to the CLC budget has been identified.

### **Diversity and inclusion impact**

No direct diversity and inclusion impact has been identified.

### **Communications requirements**

A statement is published setting out the principles applied in determining the breadth of non-reserved legal activities the CLC permits CLC practices to provide.

### **Publication status of this paper**

This paper will not be published because it relates to the development of policy. Any agreed revisions to the policy will be published in due course.



## Arrangements for Appraisal of Chair of Council

**Purpose:** For approval

**Author:** Head of Executive Office

**Approver:** Director of Strategy and External Relations

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### Summary

At its meeting on 31 October, 2019, the Council agreed to consider the appraisal arrangements for the Chair of Council.

This report advises of the proposed arrangements for the appraisal of the Council Chair and recommends changes to the Council and Appointments Committee Terms of Reference to clarify responsibilities.

### Recommendations

The Council is invited to:

- (1) Confirm that the Appointments Committee's responsibilities include oversight of the appraisal process of the Chair.
- (2) Subject to (1) above, agree amendments to the Terms of Reference of the Council (**Appendix A**)
- (3) Subject to (1) above, agree amendments to the Terms of Reference of the Appointments Committee (**Appendix B**)
- (4) Agree to appoint Colin Wilby as temporary Chair of the Appointments Committee for the purposes of agreeing and overseeing the annual appraisal of the Chair
- (5) To co-opt a further lay Council member for the purposes of overseeing the annual appraisal of the Chair of Council

### Risk management

The Financial Reporting Council's Code of Corporate Governance (2018) recommend formal and rigorous evaluation of the board, its committees, the chair and directors.

### Financial impact

Provision for an independent advisor can be contained within existing budgetary provision.

### Communications requirements

This report is not for publication. Council and Committee Terms of Reference are published within the Corporate Governance Framework.







## CLC Council Meeting

### Audit and Risk Committee Chair's Report

**Purpose:** For Noting  
**Chair:** Heather Foster

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#### Summary

This report summarises the business considered at the Audit and Risk Committee at its meeting on 14 January 2020. (Appendix A).

Draft minutes of the Committee's meeting held on 14 January 2020 are included. (Appendix B)

The 2019 Annual Report of the Chair of the Audit and Risk Committee will be circulated when finalised.

#### Recommendations

Council is invited:

- (1) to note the report and to put any questions to the Chair.

**Risk management/Financial Impact/and Diversity and Inclusion** are considered in all Audit and Risk Committee discussions and decisions.

#### Communication and publication requirements

The report of the Chair of the Audit and Risk Committee and minutes of the meeting of the Audit and Risk Committee will not be published on the basis that they contain information which is policy under development and intended for future publication and commercially confidential.





## Appointments Committee Chair's Report

**Purpose:** For Noting  
**Chair:** Dame Janet Paraskeva

---

### Summary

The Council has established an Appointments Committee, the remit of which includes:

- The appointment of Council and Adjudication Panel members
- The appointment of the Chief Executive and where requested other senior staff
- Where applicable to determine extensions to the term of office of non executive members and succession planning.

A summary of business conducted by the Appointments Committee during 2019 is included within the Chair's Annual report at **Appendix A**.

### Recommendations

The Council is invited to note the report and to put any questions to the Chair.

**Risk management/Financial Impact/and Diversity and Inclusion** are considered in all Appointments Committee discussions and decisions.

### Communication and publication requirements

For publication.

## Appendix A

### Appointments Committee Chair's Annual Report

#### 1. Introduction

The Council has established an Appointments Committee to support its responsibilities for the recruitment of non-executive directors under the Regulations for the Appointment and Service of Council Members.

Its remit includes:

- The appointment of non-executive members, the Adjudication Panel, the Chief Executive and, where requested, other senior staff
- Where applicable, to determine extensions to members' terms of office, in compliance with the Regulations for the Appointment and Service of Council Members 2019
- Oversight of the balance of skills represented across the constituency of the CLC's governance structures.

#### 2. Committee Membership and Meetings

The Committee held three meetings during 2019. Each meeting was quorate, with members attending either in person or via teleconference.

I was in the chair for all meetings

During 2019, membership of the Appointments Committee has been as follows:

##### Up to 30 April 2019

Dame Janet Paraskeva – Chair  
Alex Clark  
Colin Wilby

##### From 2 May 2019

Dame Janet Paraskeva – Chair  
Andrea Pierce  
Colin Wilby

In addition to Committee meetings, the Committee participated in shortlisting and recruitment to Adjudication Panel vacancies for the role of Chair, Lay and Professional Panel Members.

*Table of member attendance*

Member	Committees Attended	Shortlisting/Interview Panels
Dame Janet Paraskeva	3 out of 3 meetings	3 out of 3 Panels
Alex Clark	2 out of 2 meetings	5 out of 5 Panels
Andrea Pierce	1 out of 1 meeting	N/A
Colin Wilby	3 out of 3 meetings	5 out of 5 Panels

### 3. Summary of items discussed

#### *Adjudication Panel Member Appointments*

Members of the Appointments Committee participated in interview panels to recruit the following:

- Recruitment advisor
- Adjudication Panel Chair
- Adjudication Panel member

Following longlisting and shortlisting exercises which took into account the equality, diversity and inclusion considerations and the balance of skills and expertise required of Adjudication Panel members, recommendations for the following appointments with effect from 1 September 2019 were made to and accepted by the Council:

- Victoria Goodfellow – Adjudication Panel Chair
- Paul Brooks – Lay Member
- Helen Riley – Lay Member
- John Jones – Professional Member
- Robert McKellar – Professional Member
- Catherine Fewings - Professional Member.

Following invitation and receipt of proposals from a number of executive search agencies, the Committee decided to recruit a temporary recruitment advisor. We were particularly pleased with the search results, which generated in excess of 300 applicants, comparing favourably to the level of interest generated through executive searches in previous appointment exercises.

All applicants were invited to complete an equalities monitoring questionnaire on an anonymous basis. For all applicants for the Adjudication Panel roles, a response rate of 52.3% was attained. Of 153 applicants who completed the survey, 116 identified as White British. 37 were from other ethnic backgrounds, indicating a good level of interest.

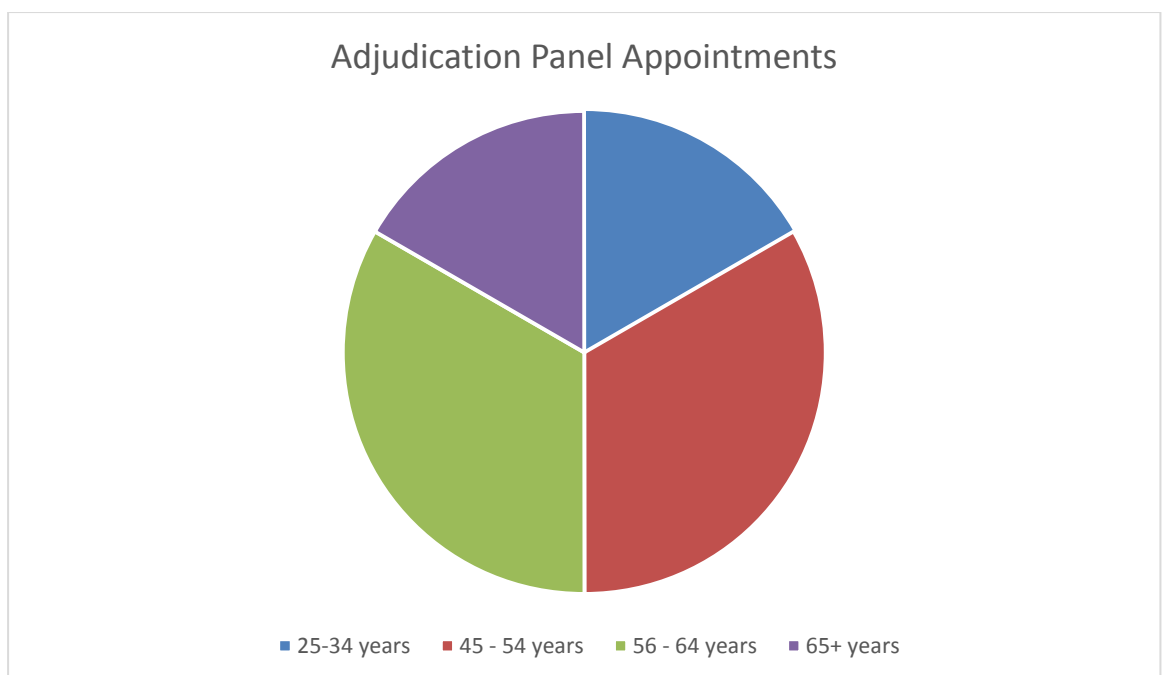
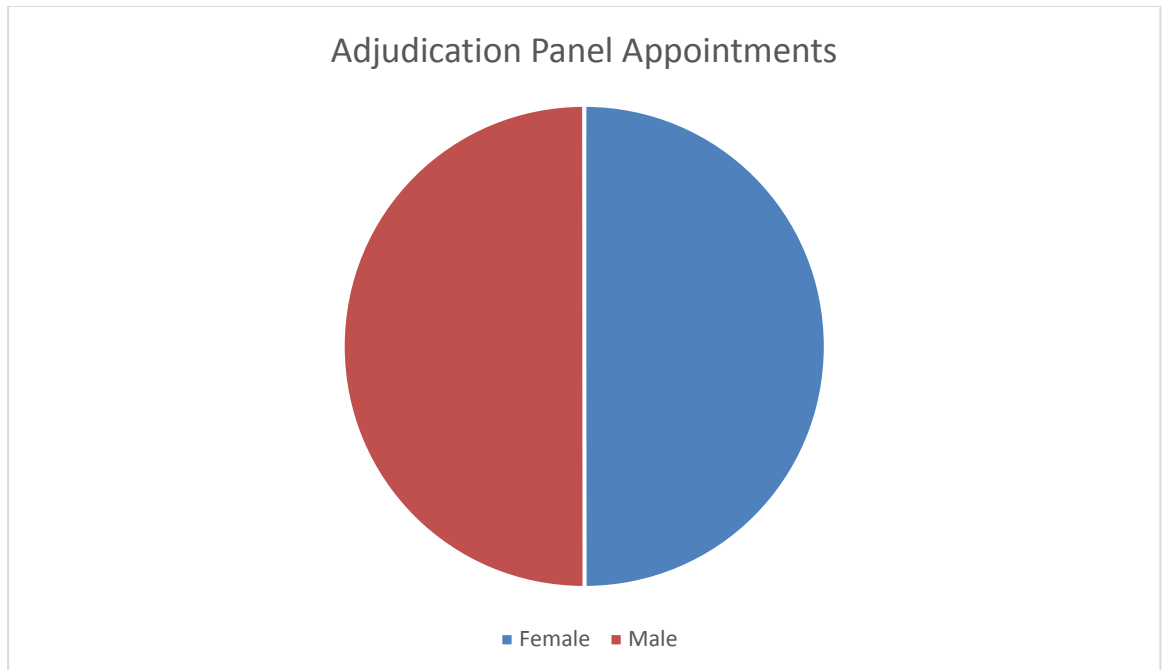
All appointees were White British. We will review failed applications to consider why they did not progress so that we can make any necessary adjustments to our processes in the event that there was any obstacle to qualified ethnic minority candidates. Analysis is set out at **Annex A**.

Following assessment of the applications, 20 candidates were shortlisted. A response rate of 95% to the questionnaire was attained at this stage. All shortlisted and interviewed applicants were White/White British. It should be noted that the requirements of the role of Adjudication Panel member required

a particular skillset from what is a potentially limited pool, particularly for that of professional member. We shall continue to monitor the diversity profile of applicants, shortlisted candidates and appointees. Analysis is set out at **Annex B**

Following shortlisting, 6 candidates were appointed, the profile for which is at table 1 below.

### Tables 1 and 2 - Adjudication Panel Appointments



*Appointments Committee Terms of Reference*

Following review of our terms of reference, oversight of the balance of skills represented across governance structures is appropriately reflected within this Committee's responsibilities.

*Skills Audit and Succession Planning*

We will shortly be reviewing responses to the skills audit of Council members to ensure that the Council has the appropriate skills it requires for effective governance and in line with best practice, as well as to inform the arrangements for succession planning and a forthcoming recruitment exercise.

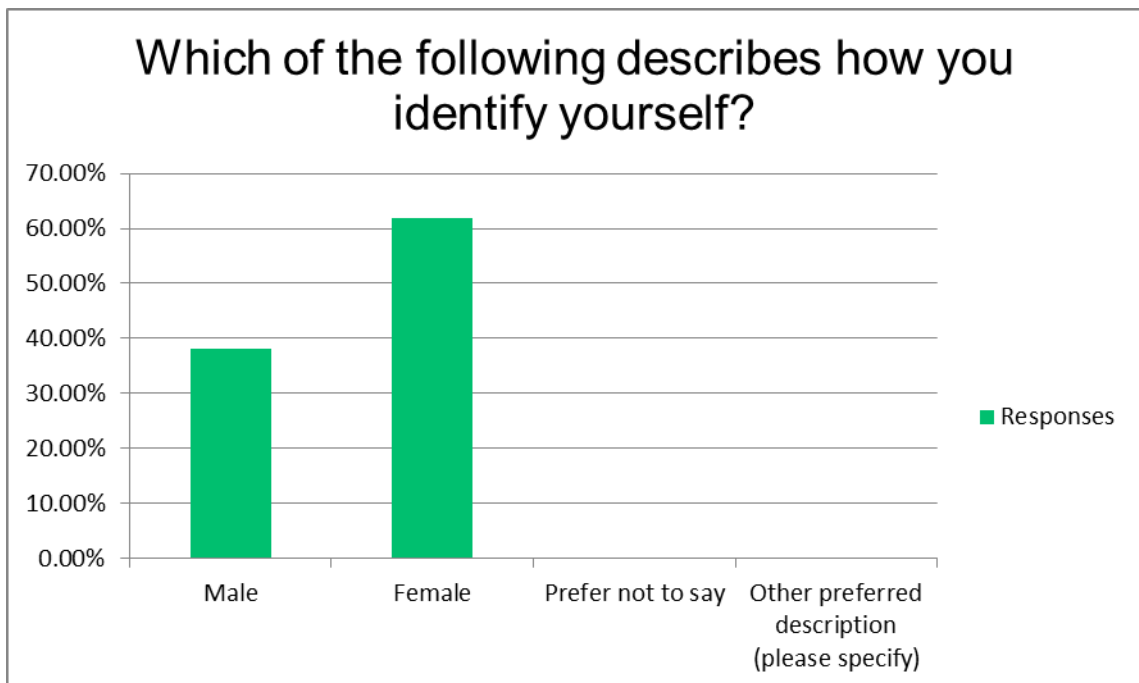
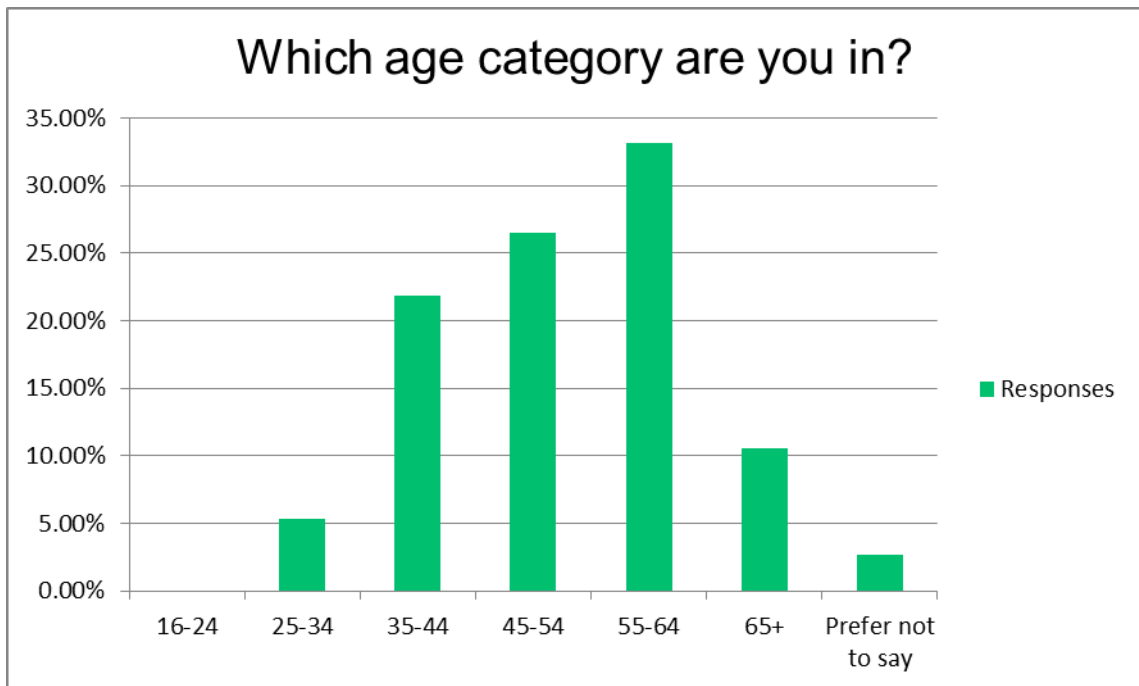
**4. Conclusion**

It has been a busy year for the Committee and following on from the groundwork we have undertaken with our skills audit, we are hoping to adopt the same successful recruitment process as for this year's Adjudication Panel appointments as Heather Foster's term of office comes to an end and we look to appoint a financially qualified Chair of our Audit and Risk Committee and any possible new members when we have considered the balance of experience we have across our Council.

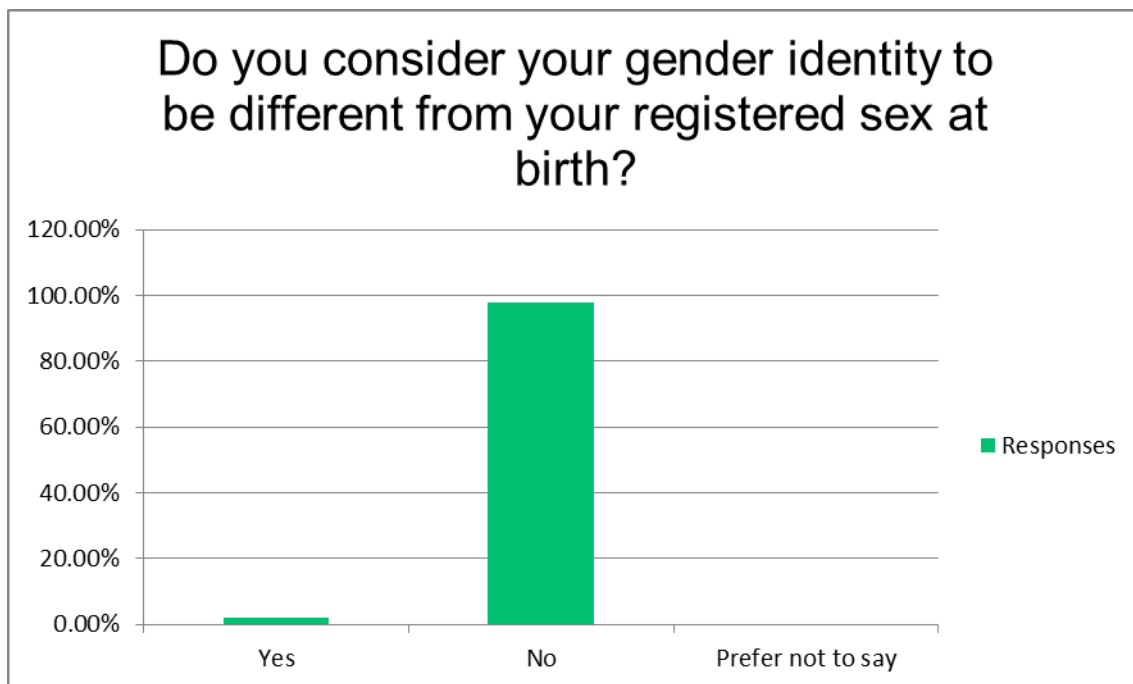
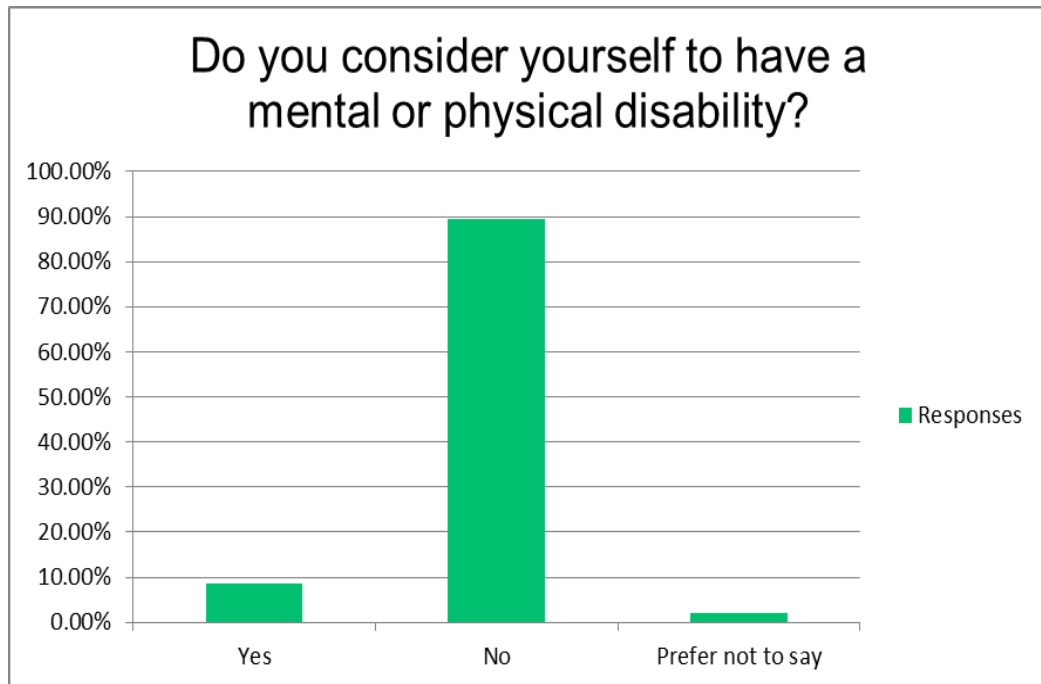
**Dame Janet Paraskeva**

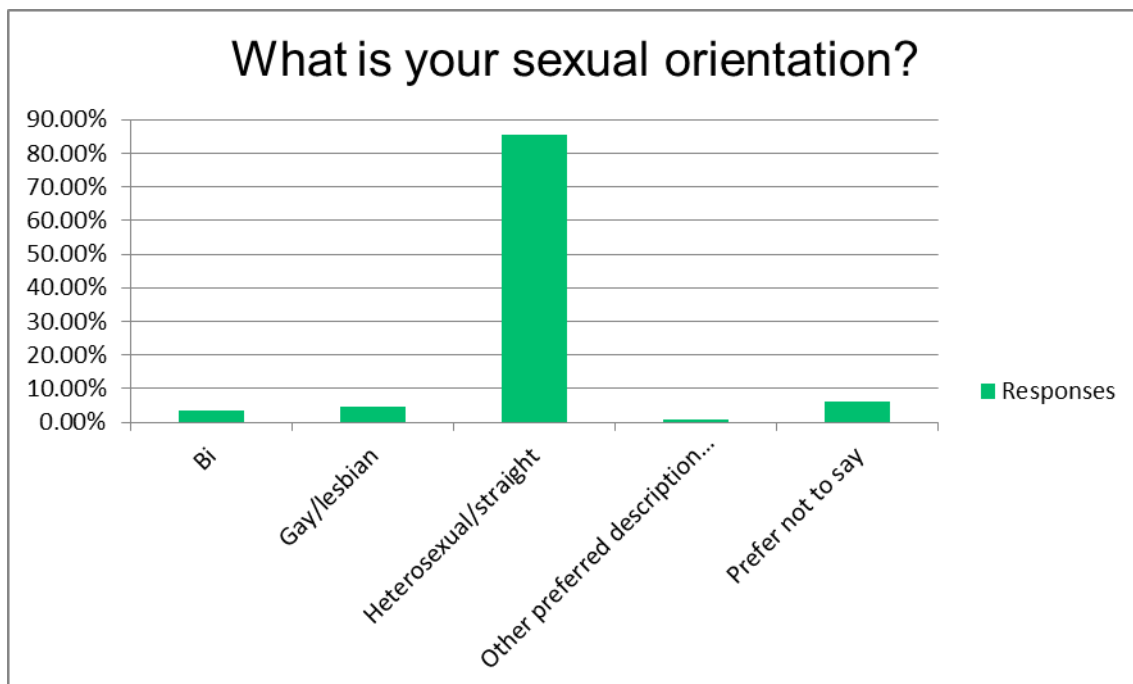
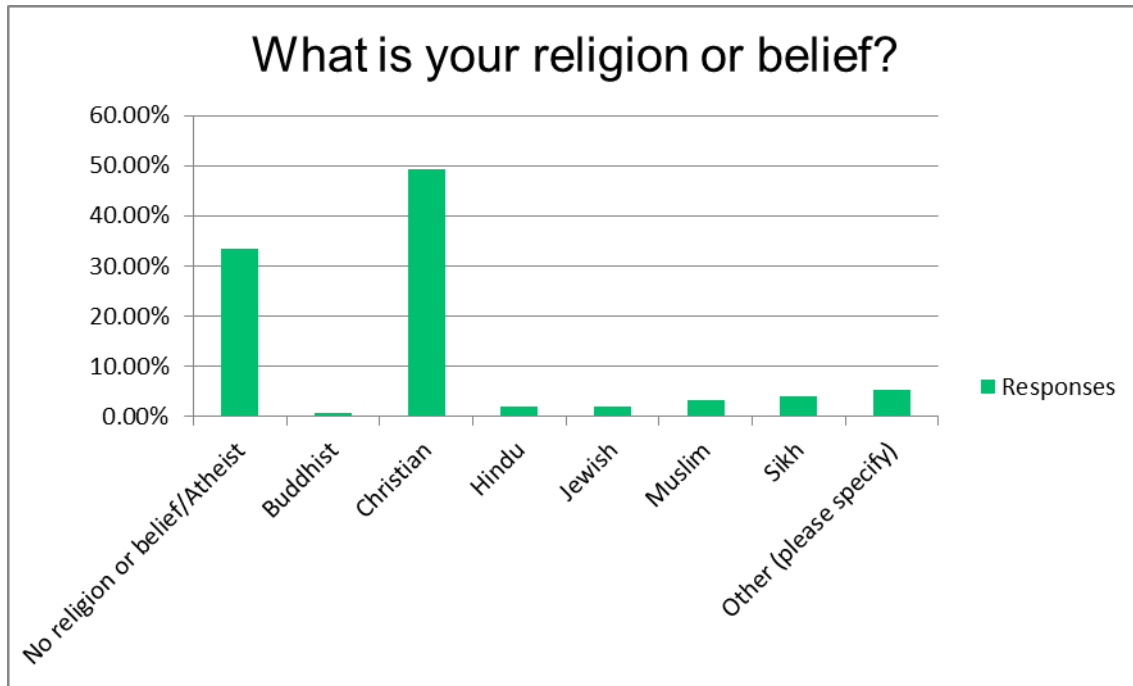
**Chair of Appointments Committee**

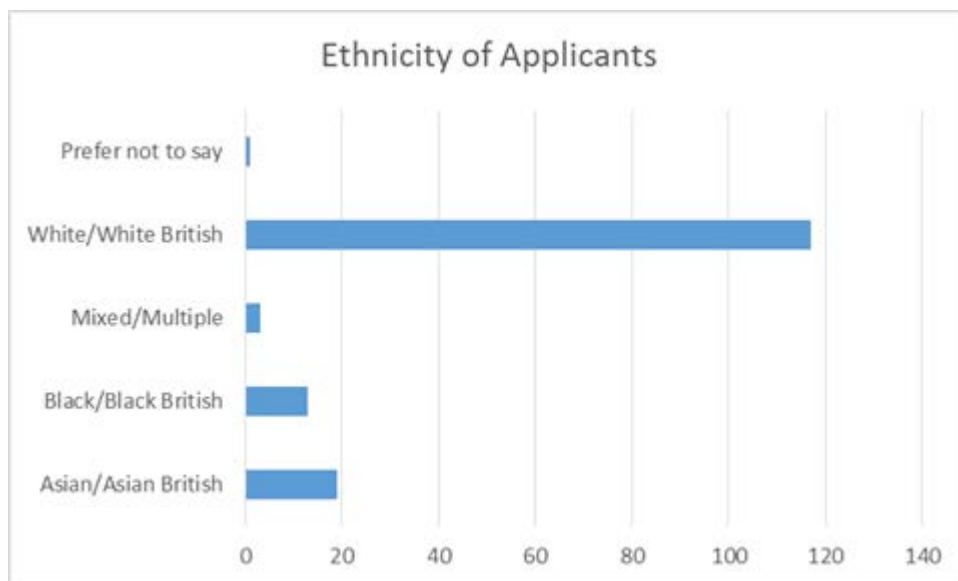
**Annex A - Adjudication Panel Recruitment – All Candidates**



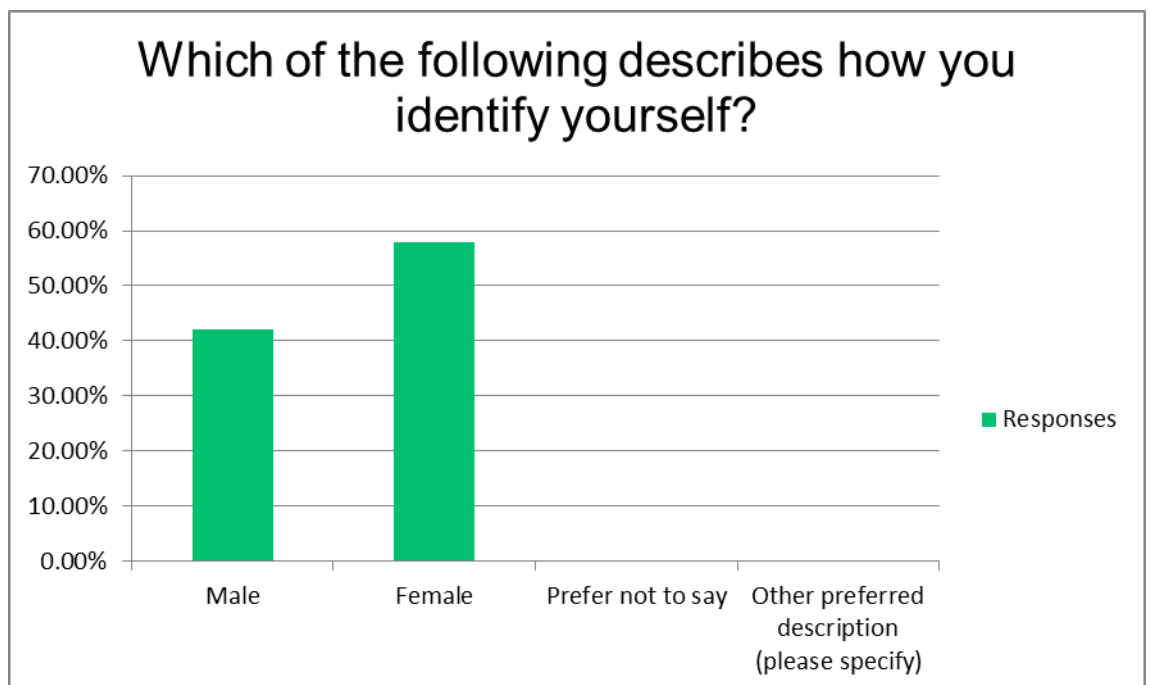
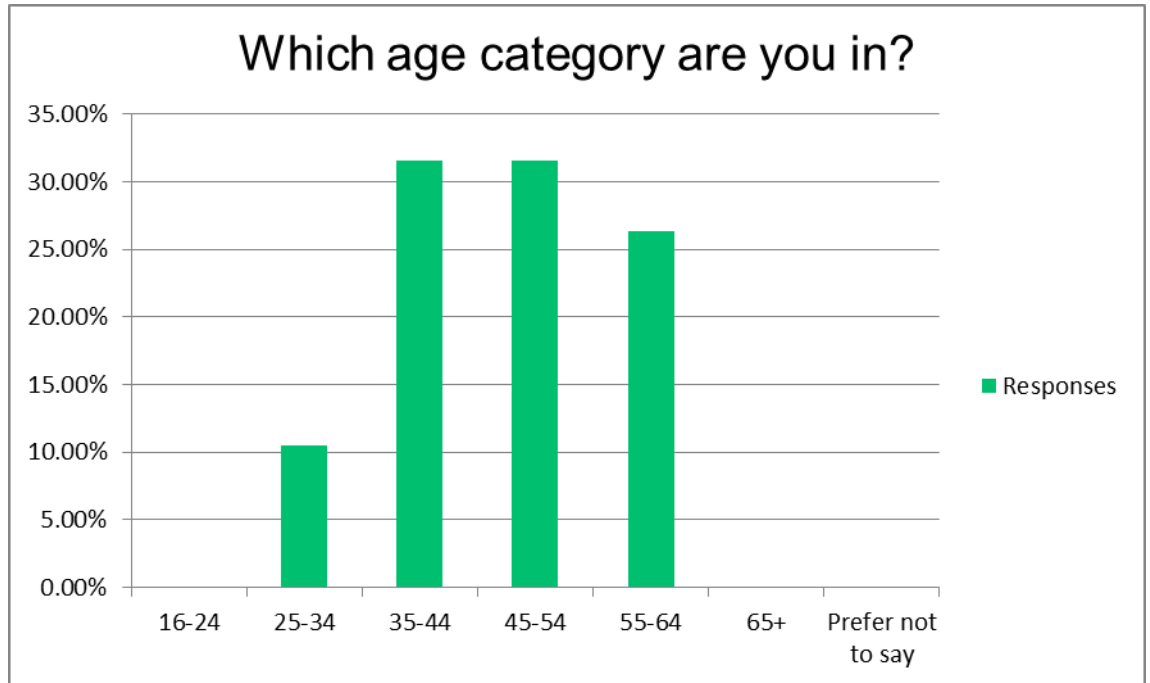


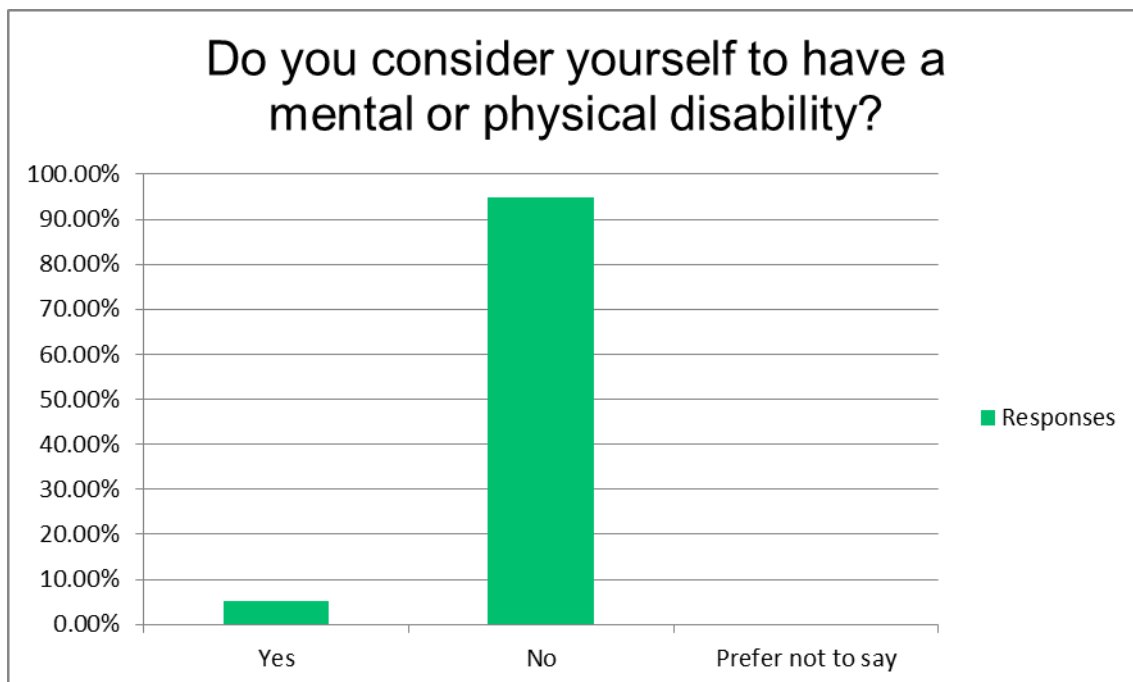
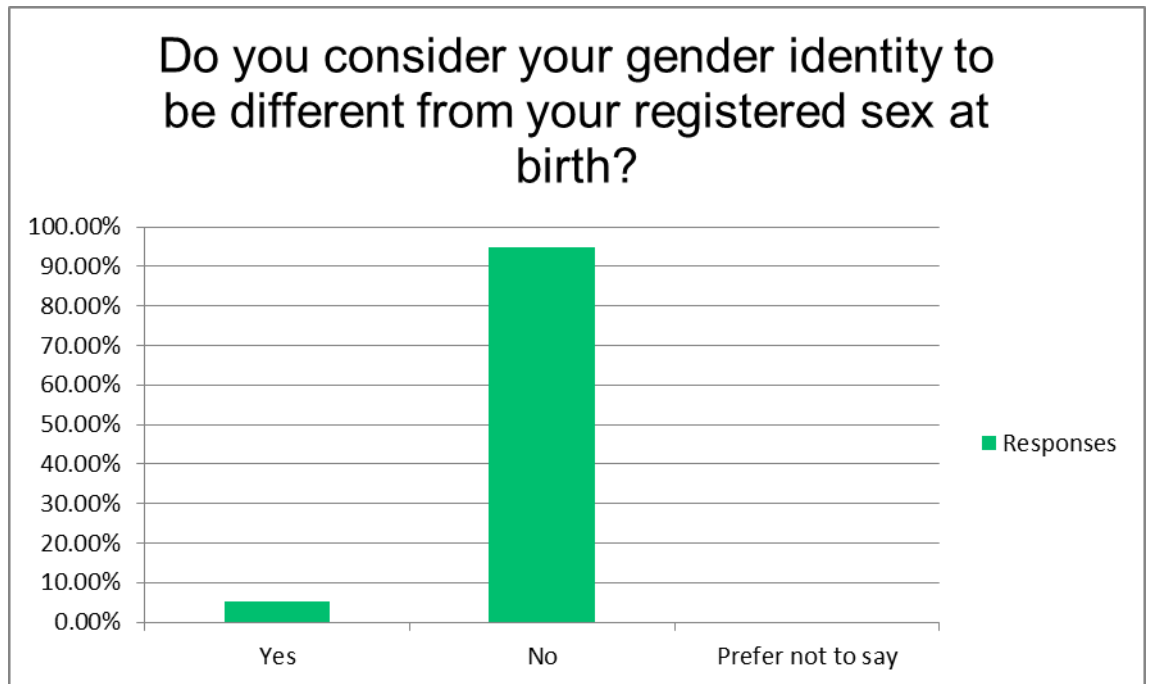


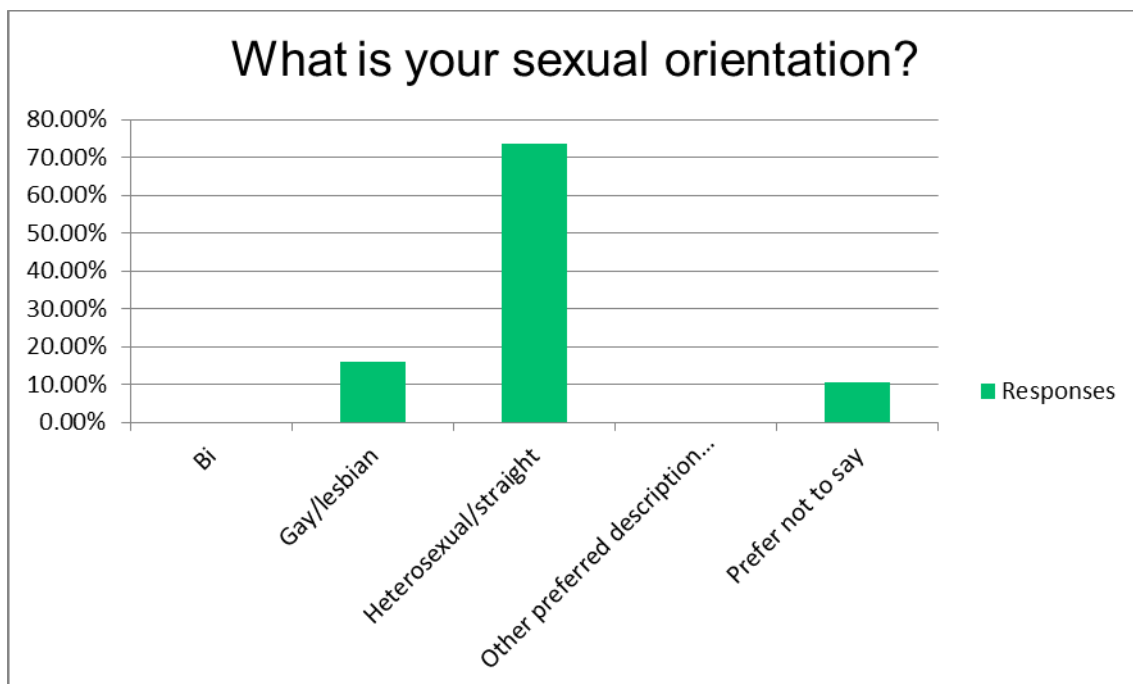
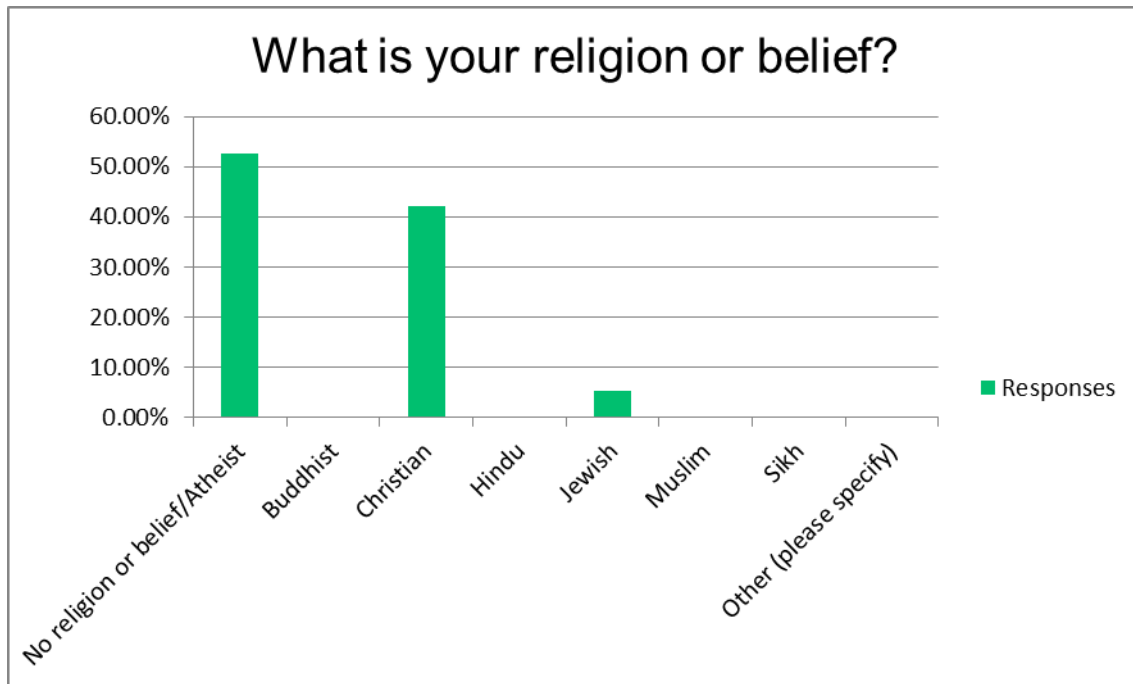


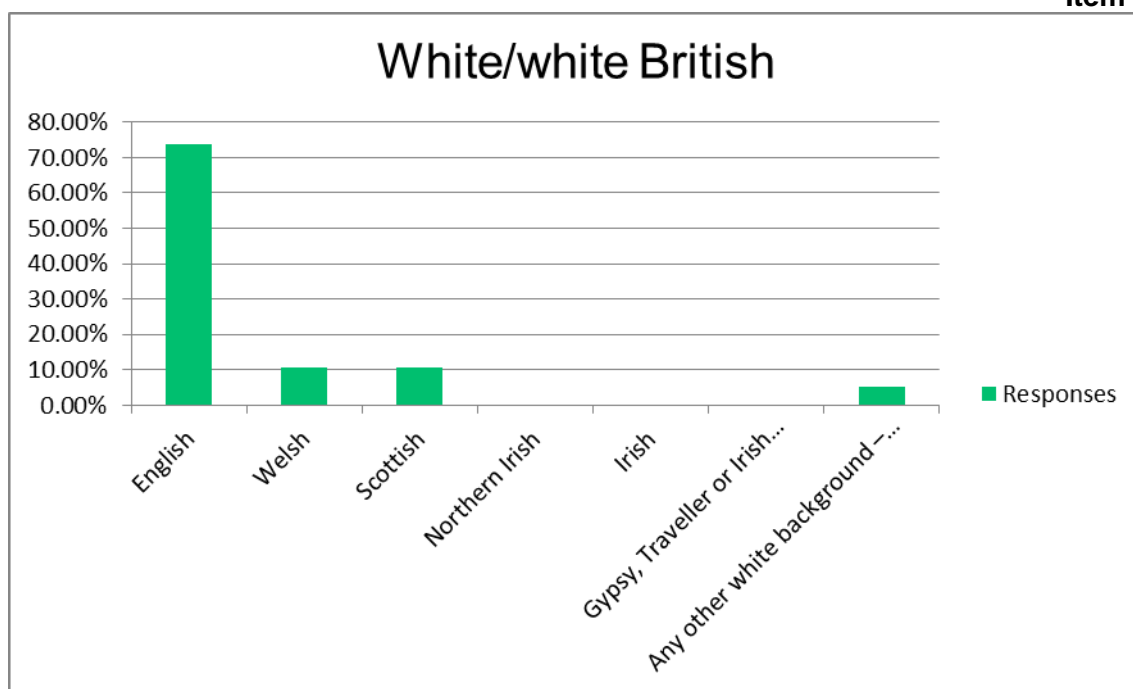


**Annex B**  
**Adjudication Panel Recruitment – Shortlisted Candidates**















## Remuneration Committee Chair's Report

**Purpose:** For Noting  
**Chair:** Colin Wilby

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### Summary

The Remuneration Committee supports the Council's responsibilities in the area of remuneration, recruitment and retention of staff and Council and Committee members.

A summary of business conducted by the Remuneration Committee 2019 is included within the Chair's Draft Annual report at **Appendix A**.

The Committee conducted an annual review of its terms of reference at its meeting on 31 October 2019 and agreed to recommend amendments to provide that its membership include at least one professional member and lay member. The recommended amendments are shown in tracked changes at **Appendix B**.

### Recommendations

The Council is invited to:

- (1) note the report and to put any questions to the Chair;
- (2) Approve the amendments to the Remuneration Committee's Terms of Reference shown in tracked changes at **Appendix B**.

**Risk management/Financial Impact/and Diversity and Inclusion** are considered in all Appointments Committee discussions and decisions.

### Communication and publication requirements

Not for publication. Committee Terms of Reference are published within the Corporate Governance Framework.



## Performance Pack Report – Q4 Out-turn

**Purpose:** Noting

**Author:** Director of Finance and Operations

**Approver:** Director of Strategy and External Relations

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### Summary

This report comprises of the following elements:

No	Description	Page
1	Out-turn – Overview of financial performance to 31 December 2019	3
2	Operational performance indicators	11
3	Human Resources	18
4	Complaints against the CLC	19
5	Procurement	19
6	Projects	19

### Recommendations

Council is asked to review and note the paper.

### Risk management

There are no financial or operational issues identified in this report which need to be mitigated.

### Financial impact

There is no direct financial impact.

### Diversity and inclusion impact

There is no impact on diversity or inclusion.

### **Communications requirements**

The Audit and Risk Committee considered a version of this report at its meeting on 14 January 2020.

### **Publication**

Not for publication in this form. A summary will be posted on the website.

## Section 1: Out-turn – Overview of financial performance to 31 December 2019

### Section 1.1: Practice Fund

#### 1 Financial Performance

The financial results for the 12 months ended 31 December 2019 are summarised below:

Council for Licensed Conveyancers Income Statement to 31 December 2019	January - December 2019		Variance YTD	Var %
	Actual	Budget		
<b>REVENUE</b>	<b>2,615,031</b>	<b>2,726,133</b>	<b>(111,102)</b>	<b>-4%</b>
<b>TOTAL STAFF COSTS</b>	<b>1,619,827</b>	<b>1,690,830</b>	<b>71,003</b>	<b>4%</b>
Salaries and Benefits (Existing Staff)	1,382,693	1,376,361	(6,332)	-0%
Salaries and Benefits New Staff)	121,415	204,355	82,940	41%
Council Fees & Expenses	115,719	110,114	(5,605)	-5%
<b>TOTAL OPERATING EXPENDITURE</b>	<b>1,308,089</b>	<b>1,227,255</b>	<b>(80,834)</b>	<b>-7%</b>
External Relations	200,364	183,608	(16,756)	-9%
Practice	57,948	52,005	(5,943)	-11%
Regulatory	512,773	466,378	(46,395)	-10%
Office Costs	537,004	525,264	(11,740)	-2%
<b>SURPLUS / (DEFICIT)</b>	<b>(312,885)</b>	<b>(191,952)</b>	<b>(120,933)</b>	<b>-63%</b>

In July 2019 the Council approved a fee rate cut of 30% for the practice fees. This rate cut was effective from 1 November 2019. This rate cut was not factored into the 2019 budget and has resulted in a significant planned revenue deficit.

A planned budget deficit of (£191,952) was approved by Council in January 2019. The impact of the fee rate cut is in line with the modelling done in June 2019.

#### 1.2 Staff Costs

Staff costs for the year to date are better than the budgeted expectation.

- **External Relations** costs are 9% (11% in Q3) over budget (£16,756 negative variance). The negative variance is primarily due to the design and printing of the annual report and brochures as well as printing of new banners, all incurred in Q1 which were not budgeted.

- **Practice** costs are 11% (14% in Q3) over budget (£5,943 negative variance). The negative variance is due an increase of 3<sup>rd</sup> party inspections conducted by outsourced inspectors (43 inspections budgeted vs 52 inspections conducted). Travel & subsistence costs for the year to date are higher than budgeted as a result of additional monitoring visits in relation to the three intervened practices.
- **Regulatory** costs are 10% (4% in Q3) over budget (£46,395 negative variance) due to higher than budgeted LSB/OLC costs. The revised estimate was received late in Q2 and our accrual for the remainder of the year was adjusted accordingly.
- **Office** costs are 2% (2% in Q3) over budget (£11,740 negative variance). The negative variance arose due to unbudgeted consultancy costs relating to the strategy implementation (£15,778 negative variance) and increased Adjudication Panel costs (£5,620). The negative variance is partially offset by an underspend on IT expenses (£2,809), and less than budgeted Research costs (£2,855), CEO Travel & Subsistence (£1,715), and Cashflow Commission costs (£2,135).

## Section 1.2: Compensation Fund

### 1 Financial Performance

The financial results for Compensation Fund, for the 12 months ended 31 December 2019 are summarised in the table below:

Council for Licensed Conveyancers Income Statement to 31 December 2019	January - December 2019		Variance YTD	Var %
	Actual	Budget		
Practice contribution revenues	678,547	744,034	(65,487)	-9%
Aged Balances received	55,885	-	55,885	-
<b>TOTAL REVENUE</b>	<b>734,432</b>	<b>744,034</b>	<b>(9,602)</b>	<b>-1%</b>
<b>TOTAL EXPENDITURE</b>	<b>778,956</b>	<b>223,586</b>	<b>(555,370)</b>	<b>-248%</b>
Compensation Grants	314,142	120,000	(194,142)	-162%
Legal Fees Re. Comp Fund Claims	125,550	60,000	(65,550)	-109%
Direct Intervention costs	92,575	43,586	(48,989)	-112%
Intervention Consultancy	246,689	-	(246,689)	-
<b>SURPLUS / (DEFICIT)</b>	<b>(44,524)</b>	<b>520,448</b>	<b>(564,972)</b>	<b>-109%</b>

The Practice contribution revenues has a negative variance of £65,487, as a result of Compensation Fund Contribution rates being cut by 60%, as well as the closure of practices as highlighted under the Practice Fund commentary.

This variance is partially offset by a positive variance from Aged Balances received of £55,885. Due to the uncertainty on timing and amounts of Aged Balances, these receipts are not budgeted.

## Section 2: Operational performance indicators

### Section 2.1: Practices & Licensing

At the end of Q4, the number of practices under CLC regulation is 228 (Q3 – 230).

There was some practice movement during the licensing renewal period, as well as the closure of The Foster Partnership (October 2019) due to the CLC intervening into this practice.

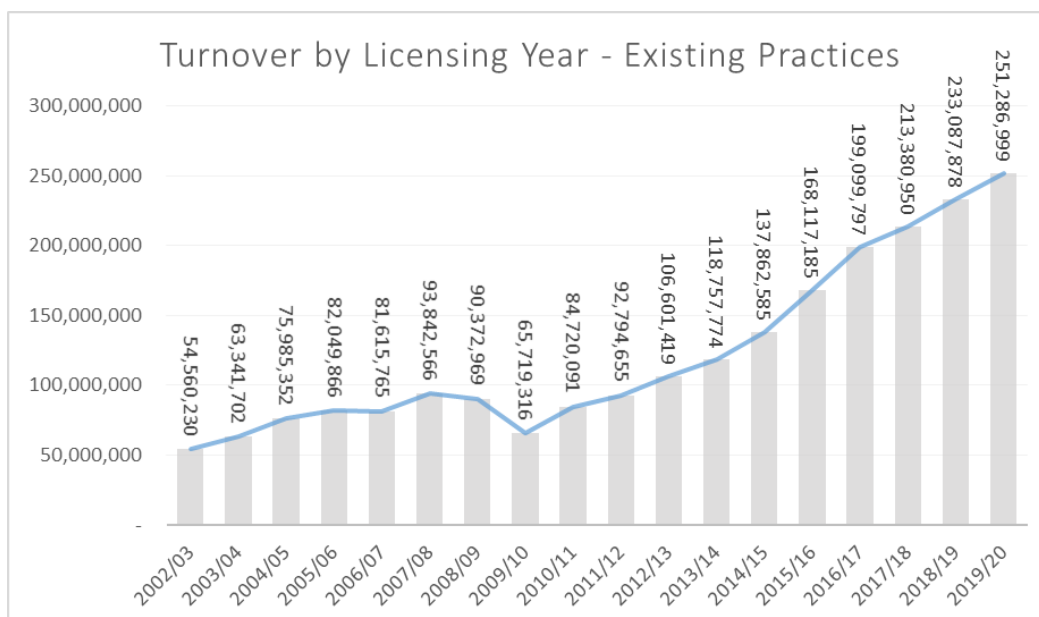
Declared turnover has grown significantly over this quarter due to the revised turnovers provided by practices, pursuant to licence renewal. As at Q4, the combined turnover of all practice's regulated by the CLC is £251,268,311 (£233,087,878 following licence renewal in 2018).

A breakdown of the entity type of these practices at the end of December 2019 is summarised in the table below:

Practices by Entity Type	Total	ABS
Limited Company	162	72
Limited Liability Partnership	17	6
Partnership	14	0
Sole Practitioner	35	0
<b>Total</b>	<b>228</b>	<b>78</b>

There are currently 78 regulated practices that are registered as Alternative Business Structures (Q3 - 79).

The table below summarises the declared turnover at licence renewal point since 2002:



The table below summarises the individual licenses issued at the end of Q4:

Individual License Holders	Employed	Manager	Total
Probate	1	2	3
Conveyancing	959	340	1,299
Probate & Conveyancing	22	45	67
<b>Total</b>	<b>982</b>	<b>387</b>	<b>1,369</b>

Since Q3, the number of issued individual Employed licenses has decreased by 71 and Manager licenses have increased by 3.

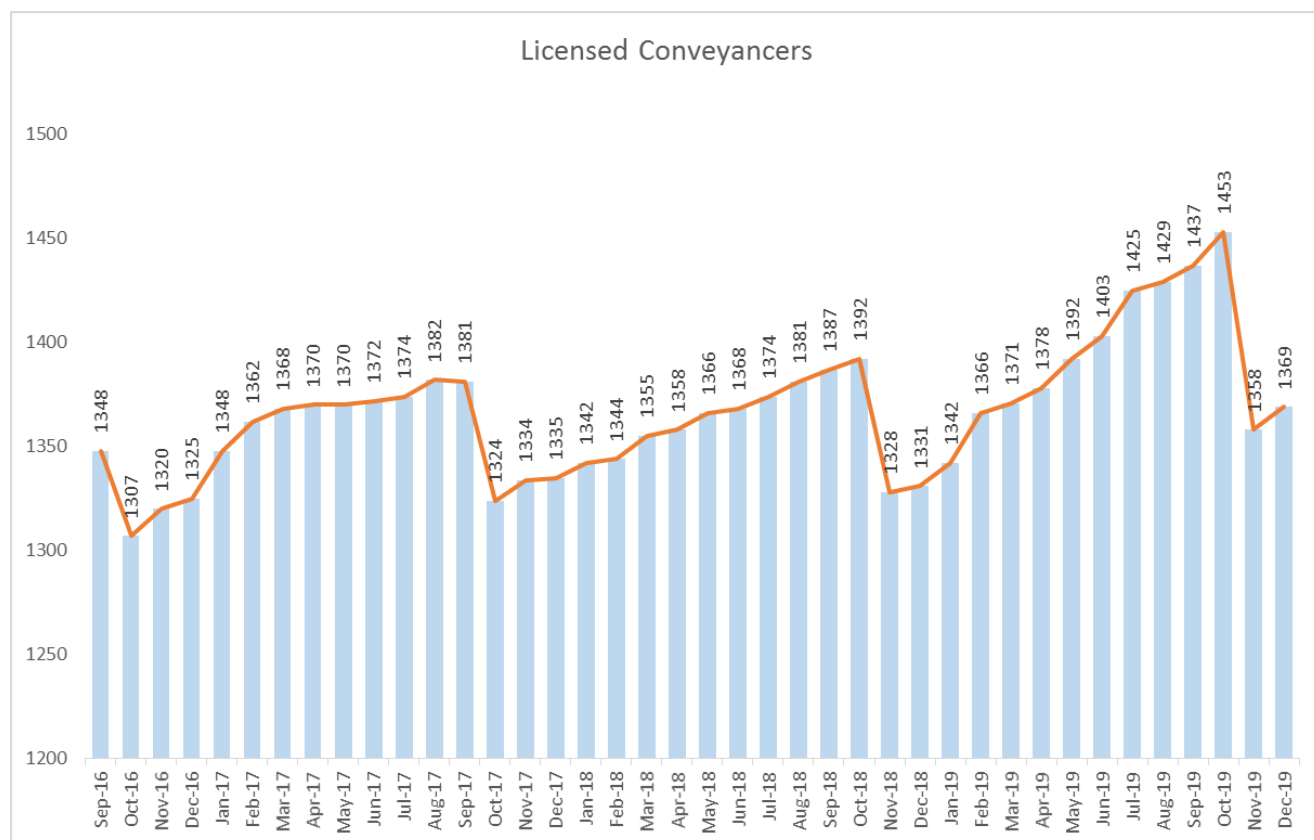
The decrease in the number of licence holders follows the licence renewal period and is a trend seen historically (see graph below).

The table below summarises movements in probate licenses:

Individual License Holders	Jun-17	Dec-17	Jun-18	Dec-18	Jun-19	Sep-19	Dec-19
Probate Only	4	4	4	5	5	5	3
Probate & Conveyancing	71	68	68	62	65	65	67
<b>Total</b>	<b>75</b>	<b>72</b>	<b>72</b>	<b>67</b>	<b>70</b>	<b>70</b>	<b>70</b>



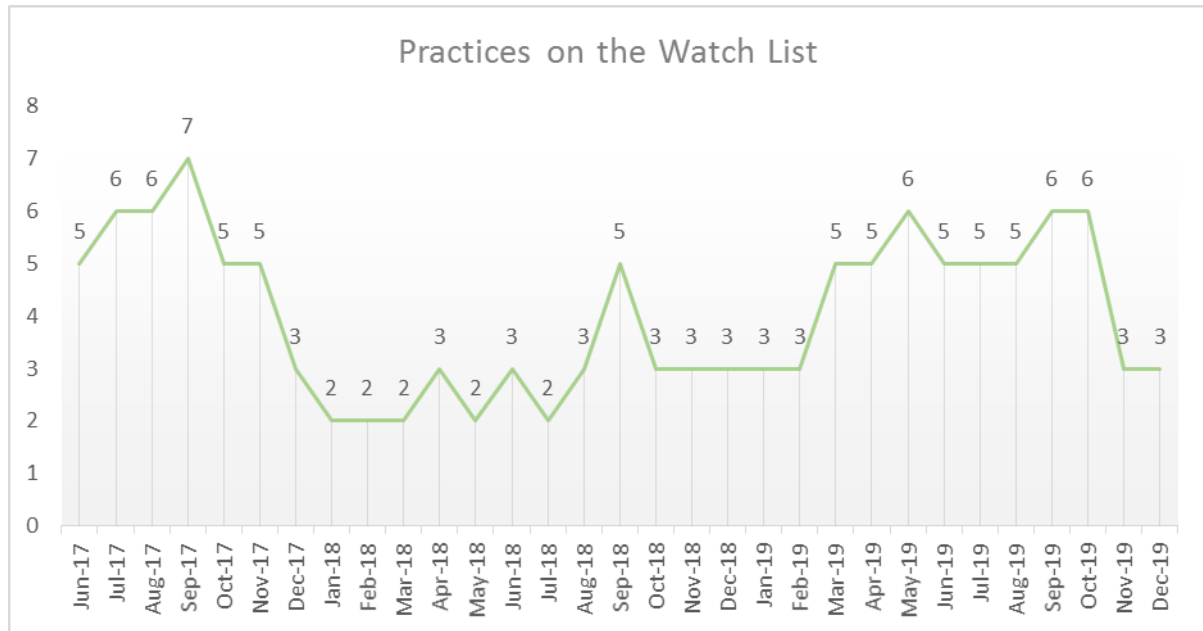
The chart below summarises the trend in the number of individual license holders since September 2016:



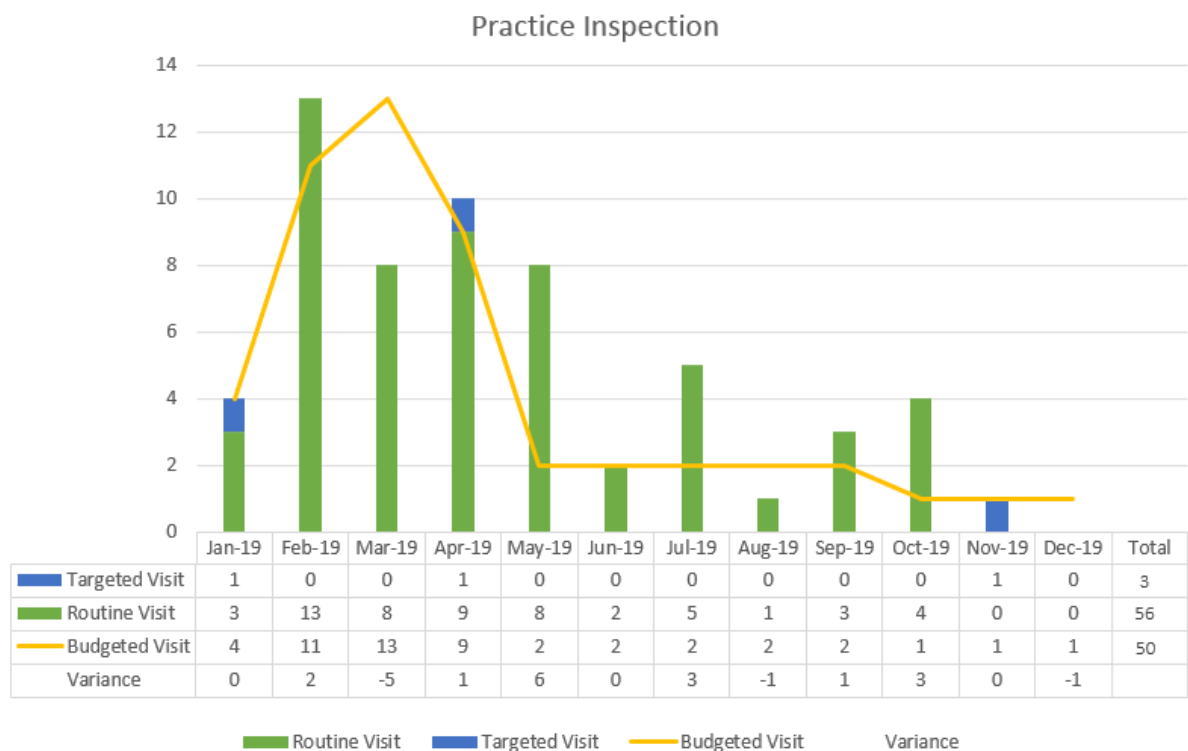
There are 38 more license holders than there were 12 months ago.

## Section 2.2: Inspections & Monitoring

The chart below summarises the trends in the Watch list activity since January 2017:



The inspections conducted in the year to date have been summarised below:



56 routine and 3 targeted inspections have been conducted in the year to date.

Of the 59 inspections undertaken to date, 46 inspections reports have been completed (the remainder are in progress).

The table below summarises the outcome of the completed inspections undertaken to date:

<b>Outcome of completed inspections (2019)</b>	
Compliant	0
Generally Compliant	12
Non-Compliant	34
<b>Total</b>	<b>46</b>

The table below shows a breakdown of the compliance categories of which practices are marked as non-compliant:

<b>Compliance level: Non-compliant</b>	
<b>Inspection Report Category</b>	<b>Incidence of non-compliance</b>
AML & CTF Code	31
Accounts Code	15
Standard Documents	10
Disclosure of Profits & Advantages Code	9
Conflicts of Interest Code	8
Management & Supervision Code	6
File Review Purchase	6
File Review Sale	6
File Review Will	4
Complaints Code	2
Financial analysis	2
File Review Probate	-
File Review Remortgage	-

The three categories which had the highest number of incidences are AML & CTF Code, Accounts Code and Standard Documents. A further breakdown of the common findings in relation to these three categories are detailed in the table below:

Inspection Report Category	Common Findings
AML & CTF Code	<ul style="list-style-type: none"> <li>• AML policy and procedures not updated</li> <li>• AML and CTF training required for MLRO and staff</li> <li>• No record of AML and CTF training undertaken by MLRO and staff</li> <li>• No practice wide risk assessment</li> <li>• Inconsistent approach to AML checks</li> <li>• Limited / ad hoc documentation on risk assessment</li> </ul>
Accounts Code	<ul style="list-style-type: none"> <li>• Bank reconciliations not prepared regularly</li> <li>• Unpresented items on bank reconciliations</li> <li>• Updating matter listing</li> </ul>
Standard Documents	<ul style="list-style-type: none"> <li>• Terms of Engagement not updated</li> <li>• No reference to GDPR requirements</li> <li>• Website non-compliant</li> </ul>

The status of Accountants Reports received for the 2016, 2017, 2018 and 2019 financial years are summarised below:

Accountants Report	FYE 2016	FYE 2017	FYE 2018	FYE 2019
Received - late	51	72	60	23
Received - on time	175	158	157	89
Not received - overdue	0	0	3	20
Not Received/Closed	3	16	7	6
Not Yet Due	-	-	-	83
Total Reports Expected	<b>229</b>	<b>247</b>	<b>227</b>	<b>221</b>
Qualified reports	64	61	55	24
Qualified rate (received)	28%	27%	25%	21%

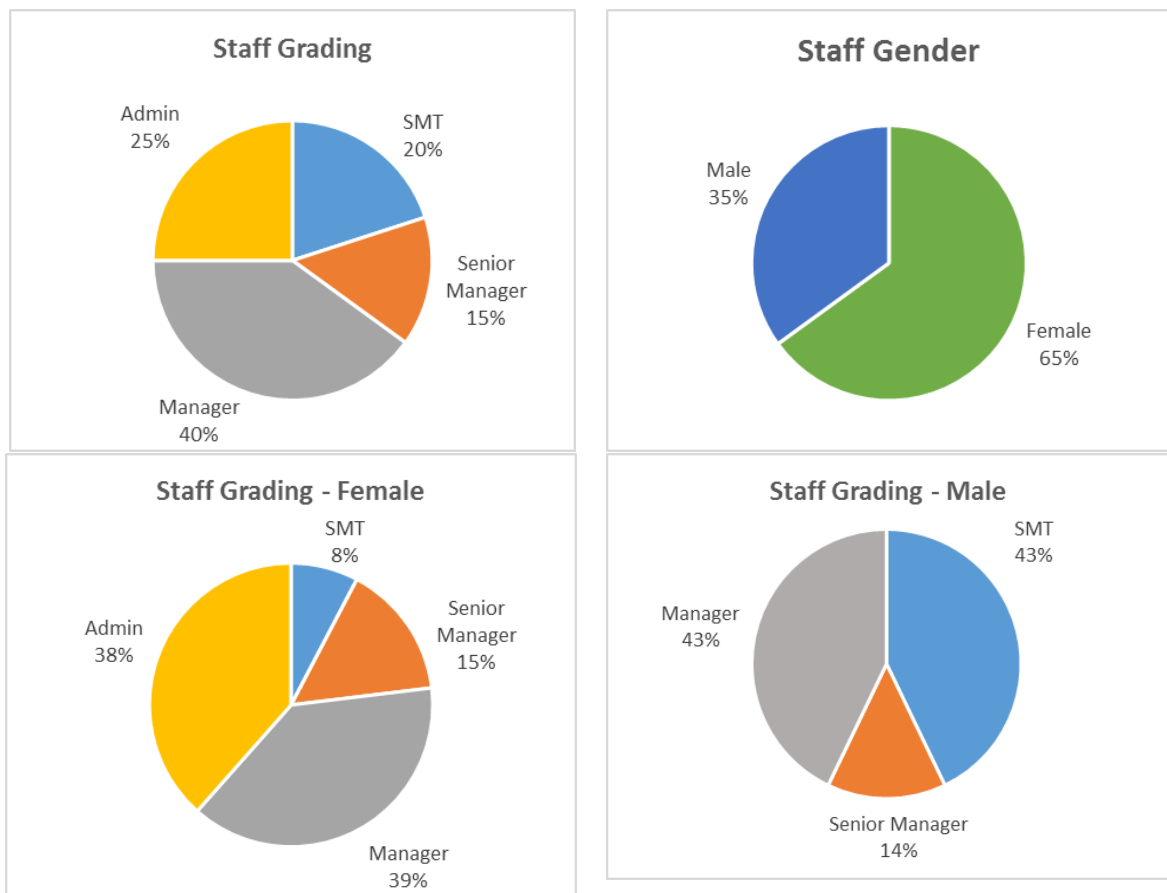
All qualified reports are reviewed and logged immediately to determine what action needs to be taken. Action is dependent on the type of breach (significant or trivial), whether it was accidental or negligent and whether it has been resolved. Action would include asking for further details or scheduling a targeted inspection.

The most common reasons for qualifications include:

- Bank reconciliations prepared late or incorrectly, and bookkeeping errors

- Receipt and payment made from client account in contravention of the accounts code
- Issues with the office side of the client account
- Issues with the sample of reconciliation statements selected.

### Section 3: Human Resources



### Section 4: Complaints against the CLC

No complaints were raised against the CLC during Q4.

No instances of whistleblowing have been reported.

### Section 5: Procurement

No significant items were procured in Q4.

### Section 6: Projects

There are currently no projects.



## **BUSINESS PLAN 2019 END OF YEAR REPORT**

**Purpose:** For noting  
**Author:** Director of Strategy and External Relations  
**Approver:** Chief Executive

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### **Summary**

This report provides an update on progress against the 2019 business plan. The Q3 report to Council's October meeting informed the preparation of the 2020 business plan.

### **Recommendations**

The Council is asked to note the progress against the 2019 Business Plan.

### **Risk Management**

The CLC business plan is designed to mitigate risks to clients, the legal sector and the CLC itself.

### **Financial impact**

Business Plan activities were delivered within planned resources or from reserves in line with the Council's policy on the use of reserves.

### **Diversity and Inclusion Impact**

All activities need to be delivered with the aim of improving access to the profession and to legal services.

### **Communication Requirements**

None arising from this report.

### **Publication status of this paper**

This paper is not for publication as its contents will be published when finalised.





## **Property and Law Round Up**

**Purpose:** For noting

**Author:** Director of Strategy and External Relations

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### **Summary**

This is the regulator review of major developments and the economic outlook that will affect the conveyancing market

### **Recommendation**

Council is asked to note the contents of this round up.

### **Risk management**

The information and forecasts in this round up inform our planning and risk management.

### **Financial impact**

None arising from the paper.

### **Diversity and inclusion impact**

None arising from the paper.

### **Communications requirements**

This paper will be published on the CLC website.

### **Publication status of this paper**

This paper is for publication.

## **IMPROVING THE HOME BUYING AND SELLING PROCESS**

The work of the Home Buying and Selling Group is reaching an important stage. Forms to collect upfront information about properties for sale will begin to be trialled in Q1 2020. Some software providers have already built the pilot questionnaire into tools that conveyancers can use. The CLC will be supporting these trials as it would seem that reliable data, available when properties are first put on the market, could do a great deal to streamline the conveyancing process. Reservation agreements will also be trialled.

### **Transparency**

As is mentioned in the Chief Executive's report to Council, discussion amongst the front line regulators and with the Legal Services Board is now underway on the question of quality measures for legal services, how they can be identified and how best they can be made available to guide consumer choice of lawyer. Currently, we and the SRA and possibly some other regulators, encourage firms to consider using third party feedback platforms such as Trust Pilot and Google reviews. One question will be whether use of such platforms should be a requirement.

## **SRA CONSULTATION ON ITS COMPENSATION FUND**

On Tuesday 21<sup>st</sup> January, the SRA launched a long-planned consultation on the operation of its Compensation Fund. The proposals include:

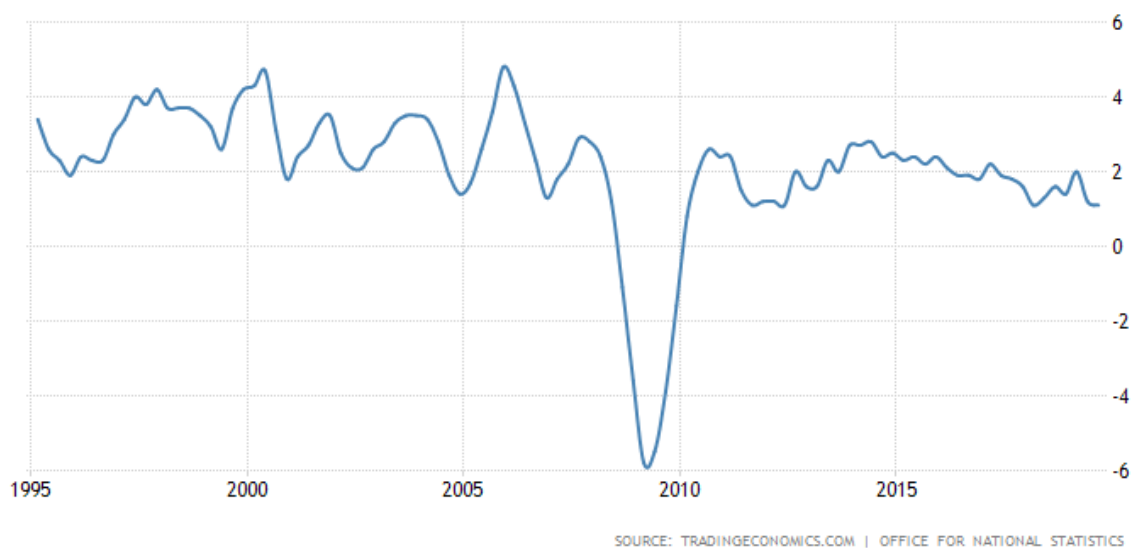
- Focusing eligibility criteria on people that need most protection and removing the current hardship tests
- Only allowing applications from people that have been provided or are a recipient of a legal service from the solicitor involved
- Reducing the single claim limit to £500,000, and being clearer about how we apply this limit
- Capping the total amount payable for a group of related claims
- No longer allowing claims where an insurance policy has been voided or has already paid out money

## ECONOMIC AND MARKET INDICATORS

### The Economic Outlook

The outlook for the economy remains unclear. Different organisations come to different conclusions but broadly the picture remains subdued by historic standards.

The graph below seems to indicate that the long-term trend for growth is gently lower with less volatility after the credit crunch than before it.



According to the [CBI's latest economic forecast](#), from early December 2019, GDP growth for over the next two years is set to remain modest at 1.3% in 2019 and 1.2% in 2020.

However, assuming there is an orderly Brexit at the end of the month, and a gradual transition to a new relationship with the bloc, the International Monetary Fund (IMF) expects UK growth to 1.4 per cent in 2020 and 1.5 per cent in 2021. The IMF forecast that only the US and Canada will see faster growth rates.

For 2021, the CBI forecasts a brighter outlook than the IMF, with growth picking up to 1.8%. This is based on the assumption that the UK exits the EU by 31 January 2020 and has clear line of sight to an ambitious trade deal, involving alignment with EU rules where essential for frictionless trade along with protection for UK's world-beating services sector within the existing transition period.

The main risk to the outlook remains continued Brexit uncertainty, particularly the threat of a No Deal Brexit. On the global front, a further escalation in US-China trade tensions would deliver further hits to world growth and trade, with knock-on impact on the UK economy.

Rain Newton-Smith, CBI Chief Economist, said: "Business continues to show remarkable resilience after more than three years of crippling uncertainty. In that time, firms have continued to go about

their day jobs, playing a vital part in driving economic growth. But they've been beset by headwinds. Alongside perennial Brexit uncertainty, they are also contending with softer global demand.

#### **Business and Consumer confidence on the rise**

A survey from the CBI and PwC has found that optimism among the UK's financial services companies has risen for the first time in three years, with 14 per cent of businesses expecting to see volumes grow in the first three months of 2020 ([The Times](#), £, p40).

In addition, a survey from YouGov and the Centre for Economic and Business Research (CEBR) found that consumer confidence – in personal finances and spending – lifted significantly following the conclusive election result in December ([The Times](#), £, p40).

Figures from [Rightmove](#) published on 20 January found that following the election, house prices rose quickly, by 2.3% as buyers found the confidence to go ahead with delayed plans to move home in the 'window of certainty' immediately after the decisive election result. In the immediate aftermath of the election, between 13 December and 15 January, the number of sales agreed increased by 7.5% compared with the same period a year earlier, Rightmove said.

#### **Inflation falls – fuelling interest rate cut speculation**

A fall in inflation to a three-year low has increased the chances of an interest rate cut according to the [Times](#) (£). CPI inflation rose at an annual rate of 1.3 per cent in December compared with 1.5 per cent the previous month, the Office for National Statistics said. Economists had predicted that it would remain unchanged at 1.5 per cent. Mike Hardie, head of inflation at the ONS, said that hotel stays were cheaper and women's clothing also fell in price, with more items being discounted.

Market expectations of a rate cut have now risen to 60 per cent, up from 50 per cent on Monday after the publication of weak GDP growth in November. A week ago it was 5 per cent.

Three Bank policymakers — the outgoing governor, Mark Carney, Gertjan Vlieghe and Silvana Teneyro — have hinted they may vote for a rate cut unless economic data improves. Today Michael Saunders, the dovish monetary policy committee member, said that growth in the economy was expected to be sluggish over the coming year and that rates should be cut immediately. He fears that Britain could get stuck in a low-inflation trap if the Bank does not act fast enough to aid growth. He and Jonathan Haskel have previously voted for rates to be cut.

#### **Bank Stress Test**

The Bank of England [stress test results](#) issued in December have found that British banks could withstand a deep recession or severe economic crisis, such as a global trade war. All seven participating banks passed the test, making it the third year in a row for them to do so. This could be useful if the UK leaves the EU after the transition period without a deal. The test incorporated new global accounting rules "IFRS 9 which expects banks to cover credit losses earlier than under the previous accounting standards".

## **BDO Business Trends report**

Falling output across the UK's services and manufacturing sectors has resulted in the [BDO tracking index](#) dropping to its lowest level in 17 months). Each of the four indices that make up the BDO business trends report showed a lower average than in November 2018. The monthly report also found that positivity was in short supply despite the promise of increasing business certainty after the election, with measures of optimism, output and employment all down.

## **Mortgages**

### **UK Finance's Buy-To-Let Mortgage Lending 2018 Table**

UK Finance [published data](#) for the first time showing ranking tables of buy-to-let mortgage lending in 2018 by UK Finance mortgage members. In 2018, gross buy-to-let mortgage lending totalled £40.5 billion, up 5.5 per cent on 2017. Competition in the sector is strong, despite tax changes for landlords and regulatory interventions over the past few years.

### **UK Finance Mortgage Trends**

UK Finance's latest [Mortgage Trends Update](#) for November 2019 show:

- There were 30,620 new first-time buyer mortgages completed in November 2019, 10.5 per cent fewer than in the same month in 2018. There were 30,750 homemover mortgages completed in November 2019, 10.6 per cent fewer than in the same month a year earlier. This movement reflects particularly strong home-purchase activity in November 2018.
- There were 18,610 new remortgages with additional borrowing in November 2019, 5.7 per cent more than in the same month in 2018. For these remortgages, the average additional amount borrowed in November was £51,470. There were 18,470 new pound-for-pound remortgages (with no additional borrowing) in November 2019, 12.4 per cent fewer than in November 2018.
- There were 6,300 new buy-to-let home purchase mortgages completed in November 2019, 4.5 per cent fewer than this time last year. There were 15,000 remortgages in the buy-to-let sector, 5.1 per cent fewer than the same month in 2018.

### **Bank of England Mortgage Lending Data**

Lending in the mortgage market continued to be steady in November, according to the [Money and Credit statistics](#) from the Bank of England.

Net mortgage borrowing fell marginally to £4.1 billion, but the annual growth rate remained within the broad range it has been for the last three years at 3.3%.

Mortgage approvals for house purchase were unchanged in November, at 65,000, remaining within the narrow range seen over the past two years.

Approvals for remortgage fell slightly on the month to 48,400.

## UK Finance Household Finance Update

Latest Data - November 2019 (Published On 30/12/2019)

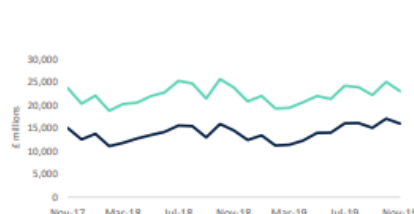
Key data highlights:

- Gross mortgage lending across the residential market in November 2019 was £23.1 billion, 3.3 per cent lower than in the same month in 2018 (see chart 2).
- Mortgage approvals for home purchases by the main high street banks in November 2019 were 6.8 per cent higher, remortgage approvals were 12.7 per cent higher while approvals for other secured borrowing were 4.2 per cent lower than in the same month in 2018 (see chart 3).

### Mortgages

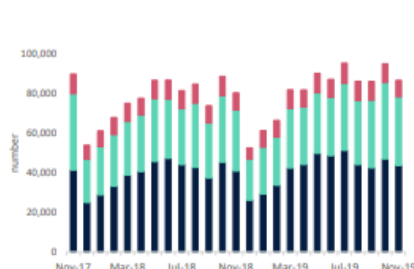
**Chart 2**  
Gross mortgage lending

Value of new residential mortgage loans for home purchase, remortgaging or other purposes, secured by a first charge on the property



**Chart 3**  
Mortgage approvals

Number of new residential mortgage loans approved by high street banks for home purchase, remortgaging with a different lender or for other purposes, less cancellations. Approvals are a forward indicator of lending in future months



### Bank of England credit conditions survey

Lenders reported that the availability of secured credit to households increased in the three months to end-November 2019 (Q4). This was explained as being driven by market share objectives. The availability of secured credit was expected to decrease over the next three months to end-February 2020 (Q1).

Lenders reported that demand for secured lending for house purchase decreased in Q4, and was expected to decrease again in Q1. Demand for secured lending for remortgaging increased in Q4, but was expected to decrease in Q1.

## Council Work Plan

<b>Purpose</b>	<b>Noting</b>
<b>Author:</b>	<b>Head of Executive Office</b>
<b>Approver:</b>	<b>Director of Strategy and External Relations</b>

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### Summary

To provide Council members with an “in advance” outline of upcoming meetings.

### Recommendations

The Council is invited to note the outline of business for consideration at its forthcoming meetings.

### Risk management

None for the purposes of this report.

### Financial impact

None for the purposes of this report.

### Diversity and inclusion impact

None for the purposes of this report.

### Communications requirements

None for the purposes of this report.

### Publication status

For publication.

Annual Cycle	27 January 2020 Council meeting	12 March 2020 Workshop	26 March 2019	30 April 2020 Council meeting Q1 Results	11 June 2020 Workshop	23 July 2020 Council meeting Q2 Results	17 September 2020 Workshop	12 November 2020 Council meeting Q3 Results	Issues for future discussion
<b>Strategy and Planning</b>	2020 Business Plan and Budget							2020 Business Plan and Budget planning	
<b>Performance and Risk</b>	<b>Management Report</b> <ul style="list-style-type: none"> <li>Q4 Performance Outturn</li> <li>Interventions and Watchlist</li> <li>Compensation Plan</li> <li>Property News Round Up</li> </ul> <p>KPI Development</p> <p>CEO report</p>		External Auditor's Report and Management Letter  CLC Financial Statements 2019	<b>Management Report</b> <ul style="list-style-type: none"> <li>Q1 Budget Outturn</li> <li>Interventions and Watchlist</li> <li>Compensation fund</li> <li>Business Plan 2020 Progress</li> <li>Property News Round up</li> <li>Principal Risks and Risk Management Policy</li> </ul> <p>CEO report</p>		<b>Management Report</b> <ul style="list-style-type: none"> <li>Q2 Budget Outturn</li> <li>Interventions and Watchlist</li> <li>Compensation fund</li> <li>Business Plan 2019 progress</li> <li>Property News Round up</li> <li>Principal Risks</li> </ul> <p>CEO report</p>		<b>Management Report</b> <ul style="list-style-type: none"> <li>Q3 Budget Outturn</li> <li>Interventions and Watchlist</li> <li>Compensation fund</li> <li>Business Plan 2019 update</li> <li>Property News Round up</li> <li>Principal Risks</li> <li>Risk Appetite</li> </ul> <p>CEO report</p>	
<b>Governance</b>	Annual Committee Chairs' reports  Appointments Committee report  Audit and Risk Committee Report and Minutes  Remuneration Committee Report and Minutes  Chair Appraisal Arrangements	IGR requirements	Annual Report  Audit and Risk Committee report	Appointments to Council Committees  Audit and Risk Committee report		Audit and Risk Committee report  Remuneration Committee Report		Audit and Risk Committee report  Appointments Committee report	<i>Council meetings</i>
<b>Regulatory Activity</b>	Accounts Code Revisions  Services Regulated by the CLC	Compensation Fund Rules		Practice Fee and Compensation Fund – Fee Setting Timetable		Regulatory Fee setting	Review of Disciplinary Processes	ARR Results	<i>Compensation Fund</i>  <i>Disciplinary Case Reviews and CLC Disciplinary Process</i>
<b>Ad hoc Business Plan items</b>	Annual PR overview - from Blackletter Communications			Annual Evaluation of Education			Risk Appetite + Review of Market Risk	Evaluation of Communications and Marketing  Strapline Research Feedback	