



CLC Council Meeting
Thursday 24 January 2019
9.30 a.m. – 12.30 p.m. *
Council for Licensed Conveyancers
Room LGA
131 Finsbury Pavement
London EC2A 1NT
A G E N D A

No	Item	Publication Status	Type of Paper	Lead
1.	Welcome, Introductions, Apologies for Absence and Declarations of Interest		For recording	Chair
2.	Minutes and Matters Arising a) Minutes of the meeting of the Council held on 1 November 2018 b) Action arising from previous meetings	a) For publication b) Actions arising from previous meetings have not been published on the basis that these have been published within written minutes of past meetings.	Approval Noting	Chair
3.	Chief Executive's Report	Not for publication – contains information which is: intended for future publication; policy in development	Noting	CEO/DRS
4.	Management Report a) Q4 Performance Outturn b) Watchlist and Interventions c) Principal Risk Register d) Business Plan 2018 – Progress e) Property and Law News Round Up	a) For publication – subject to redaction of commercially confidential information; b) Not for publication – contains information relating to ongoing investigations, proceedings and enforcement action c) Not for publication – contains information which is: intended for future publication; confidential; commercial d) Not for publication – contains information intended for future publication e) For publication	Noting Noting Approval Noting Noting	DFO/SMT DFO DFO DSER DSER
5.	CLC Budget and Business Plan 2019 a) Business Plan 2019 b) Budget 2019	a) Not for publication – contains information intended for future publication; b) Not for publication – contains information intended for future publication	Approval Approval	DSER DFO
6.	Compensation Fund Application	Report not for publication – contains information which is legally privileged and confidential	Approval	DRS
7.	Committee Reports a) Appointments Committee b) Audit and Risk Committee	a) Not for publication – contains information which is: intended for future publication; personal b) not for publication – contains information which is: policy in development;	Noting/ Approval Noting/ Approval	Appointments Committee Chair Audit and Risk

No	Item	Publication Status	Type of Paper	Lead
	c) Remuneration Committee	intended for future publication c) Not for publication – contains information which is policy in development; intended for future publication	Noting/ Approval	Committee Chair Remuneration Committee Chair
8.	Council Workplan	For publication	Noting	CEO
9.	Annual Review of Marketing and Communications	Not for publication – contains information which is: policy in development; confidential	Noting	DSER
10.	Dates of Forthcoming Council Meetings <ul style="list-style-type: none"> Thursday 7 March, 2019, 2.30 p.m. (<i>Council Workshop</i>) Thursday 28 March 2019, 11.00 a.m. (<i>Council</i>) 		Noting	ALL

* *Please note start time*

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

**Council for Licensed Conveyancers
Minutes of the Council meeting held on
Thursday 1 November 2018
Room LGA WeWork
131 Finsbury Pavement, London EC2A 1NT
11.00 a.m. – 1.15 p.m.**

Council Present

Ms. H. Foster (*in the Chair*)
Mr. A. Cogbill
Mr. T. Perchard
Ms. S. Szarka

Mr. A. Clark
Ms. S. Debney
Mr. Q. Quayle
Mr. C. Wilby

CLC in attendance

Ms. S. Kumar
Mr. S. Ward
Mr. S. Blandy
Mr. J. Hinrichsen
Ms. A. Cosens
Mr. J. Sacker

Chief Executive
Director of Strategy and External Relations
Director of Regulatory Standards
Director of Finance and Operations
Head of Executive Office (*Minutes*)
Deputy Director of Communications (*for item 7*)

1. Welcome, Introductions, Apologies and Declarations of Interest

Members welcomed Sally Szarka to her first Council meeting.

Apologies for absence were submitted from Janet Paraskeva, in whose absence Heather Foster would be chairing.

The Council was advised that it was anticipated that Sarah Chambers, Chair of the Legal Services Consumer Panel, would attend its next meeting on 24 January 2019.

2. Minutes and Matters Arising

Minutes of the meeting held on 24 July 2018

The Council **AGREED** that minutes of the meeting of the Council held on 24 July 2018 be approved as a correct record.

Actions arising from previous meetings

The Council reviewed actions arising from its previous meetings.

The Council was advised that a review of terms of reference would be brought back for consideration following completion of the effectiveness review work. An

additional ½ day Council workshop would be scheduled in December or January to take the work forward.

A review of service standards in the context of current staff responsibilities had been included within the business planning for 2019, which will be reported back to the Council.

The Council **NOTED** progress with actions arising from previous meetings.

Action Nov/18/01: Additional Council Workshop to be scheduled for December or January to progress the effectiveness review.

Action: Nov/18/02: To include a review of the Council's Terms of Reference following the effectiveness review within in the forward programme of work.

3. Chief Executive's Report

The Chief Executive presented her report on current issues.

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

- The 2018/19 license renewal process had been successfully concluded, with all 227 practices and 1317 individuals having renewed their license by the end of October. Individuals who had not responded would be contacted to confirm their intentions.
- Responses to the following consultations were being prepared:
 - Law Commission – electronic execution of documents
 - Financial Conduct Authority – OPBAS fee rates
 - The Ministry for Housing, Communities and Local Government Reform of the leasehold system in England
 - The Law Commission Leasehold Enfranchisement Consultation
- A budget briefing was circulated
- The Security Minister Ben Wallace, MP had outlined the government's serious and organised crime strategy, which would be focussing on anti-money laundering and the legal sector; the CLC had been involved with the Flag It Up campaign, which has an emphasis on identifying money from serious crime flowing into the economy.
- The Land Registry had extended its rejection criteria for first registration applications, a more detailed summary of which would be included within the Chief Executive's weekly bulletin, along with an update on the second year of Digital Street.

Officers were commended on the smooth license renewal process.

The Council **NOTED** the Chief Executive's report and current progress with current activities and forthcoming meetings.

4. Management Report

a) Q3 Performance Out-turn

The Director of Finance and Operations introduced the Q3 performance outturn, which had been reviewed by the Audit and Risk Committee at its meeting on 23 October 2018.

Officers were asked to include longitudinal information on probate licenses within future reports.

The Council **NOTED** key issues contained in the reporting suite of papers.

Action Nov/18/03: To include information on probate licenses in future reports.

b) *Interventions and Watchlist*

The Council reviewed current watchlist and intervention activity.

The Council **NOTED** the Watchlist and interventions reports.

c) *Principal Risk Register*

The Council was advised that the principal risk register had been reviewed by the Audit and Risk Committee at its meeting on 23 October 2018, who had concurred with the proposed amendments.

The Council

(1)NOTED the SMT's assessment of the status of the Principal Risks; and
(2)APPROVED the Principal Risk Register as recommended by the Audit and Risk Committee.

d) *Property and Law News Round Up*

The Director of Strategy and External Relations introduced the current property and law digest. The budget briefing would be appended to the news round up prior to its publication.

The Council **NOTED** the CLC's Property and Law Round Up.

Action November/18/04: to append the budget briefing to the note prior to publication.

5. Business Plan 2018 – Progress Report

The Director of Strategy and External Relations introduced a report which advised of progress on delivery of the CLC's 2018 business plan.

The Council was advised that those actions in amber were connected with decisions which had been taken to amend the timescale for delivery based on priority issues.

Officers were commended on achievement.

The Council **NOTED** progress against the 2018 Business Plan.

6. Annual Regulatory Return

The Director of Strategy and External Relations introduced a report which summarised the findings of the Annual Regulatory Return.

Officers were asked to consider the timing of future ARR exercises.

Council members were asked to review the draft commentary and to advise the Director of Strategy and External relations of any comments by 5 November 2018.

The Council was advised that an assessment of the CLC's equality and diversity policy would be undertaken and reported to the June 2019 Council Workshop and July 2019 Council meeting, to ensure that the CLC is leading by example. Independent research agency IFF would also be conducting a survey on firms' equality and diversity. It was suggested that questions on full time or part time working be included within the diversity survey.

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

Action November/18/05: to include questions on full time/part time working within the equality and diversity survey.

Action November/18/06: To include a review of the CLC's equality and diversity policy within the Council's work programme for report to its meetings in June and July 2019.

7. Marketing and Communications Evaluation

The Deputy Director of Communications introduced a report setting out progress on marketing and communications to support delivery of the CLC's strategy over the previous twelve months. Council was advised that BlackLetter Law would be invited to present its annual overview to Council at the January meeting.

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

Action November/18/07: BlackLetter Law to present an annual overview to Council.

8. Professional Reference Group

The Director of Regulatory Standards introduced a report which detailed how CLC practices are being used to participate in the development of a range of policy issues on an informal basis, and in particular to boost the quality of feedback and responses to consultations.

The Council **NOTED** progress in establishment of the Professional Reference Group.

9. Adjudication Panel

The Council considered the succession planning arrangements for membership of the Adjudication Panel.

The Council **AGREED** to request the Appointments Committee to appoint five new members to the Adjudication Panel, to include a Chair.

Action November/18/08: to arrange an Appointments Committee to consider the appointment to the forthcoming vacancies on the Adjudication Panel.

10. Committees

Audit and Risk Committee Chair's Report

The Committee considered a summary of the Audit and Risk Committee's business at its meeting on 23 October 2018.

The Committee:

- (1) **NOTED** the report of the Chair of the Audit and Risk Committee;
- (2) **AGREED** the amendment to the Terms of Reference Proposed by the Committee.

Action November/18/09: to amend the Audit and Risk Committee's Terms of Reference

11. Council Workplan

The Council was advised that the Workplan represented a current snapshot of reports and activities planned for 2018.

The Council **NOTED** the forthcoming Workplan, which would be amended to include a further Council Workshop meeting when the date had been confirmed.

12. Any Other Business

Members were advised that Annual Appraisal discussions would be scheduled.

14. Dates of Next Meetings

- Council Workshop – a further date would be confirmed shortly
- Wednesday 23 January 2019 – Annual Managers' Conference, 9.00 a.m.
- Thursday 24 January 2019 – Council meeting, 9.30 a.m.

CEO Report

Purpose: For information

Author: Simon Blandy

Approver: Chair

Summary

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

Recommendations

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

Risk management

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

Financial impact

No negative financial impact on 2018 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.

Performance Pack Report – Q4 Out-turn

Purpose: Noting

Author: Jason Hinrichsen

Approver: Chair

Summary

This report comprises of the following elements:

Section 1: Out-turn figures for the 12 months to December 2018.

Section 2: Operational performance indicators.

Section 3: Human Resources indicators

Section 4: Complaints made against the CLC

Section 5: Procurement

Section 6: Projects

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

ARC considered a version of this report at its meeting on 15 January 2019.

Publication

A summary will be posted on the website.

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

PRACTICE FUND

1 Financial Performance

The provisional financial results for the financial year ended 31 December 2018 are summarised below:

Council for Licensed Conveyancers Income Statement to 31 December 2018	January - December 18		Variance	Var
	Actual	Budget	YTD	%
REVENUE	2,720,048	2,708,222	11,826	0%
TOTAL STAFF COSTS	1,416,357	1,498,001	81,644	5%
Salaries and Benefits	1,310,138	1,391,421	81,283	6%
Council Fees and Expenses	106,219	106,580	361	0%
TOTAL OPERATING EXPENDITURE	1,246,161	1,196,171	(49,990)	-4%
External Relations	264,032	248,550	(15,482)	-6%
Practice	72,671	61,539	(11,132)	-18%
Regulatory	433,708	417,575	(16,133)	-4%
Office Costs	475,749	468,507	(7,242)	-2%
SURPLUS	57,531	14,050	43,481	309%

A surplus of £57,531 is expected for the full year, this is £43,481 better than the budget expectation. The positive budget variance is attributed to underspend on the staff budget and growth in revenue, partially offset by negative expenditure variances (most notably the increase in the OLC levy which has increased by £42k from the prior year's charge).

Full year revenues are marginally higher than budgeted. Interest and application fees are the primary contributors to this variance. The 10% fee rate cut was not factored into the budget, however revenue from newly regulated switchers has offset the loss in revenue from the rate cut. Full year practice revenues are £1,941 better than the original budget.

Staff costs are under budget for the year. The positive variance is attributed to underspend on the training budget, recruitment agency fees and staff salaries. The

salary variance is due to the budget being based on estimated salaries for all the vacancies we were carrying at the beginning of the year. These have now been filled with some variances to rates and roles filled. In 2019 we will split the staff cost reporting into existing staff and new recruitment to assist in isolating variances.

Operating expenditure is 4% over budget. The contributing components of this variance are summarised below:

- **External Relations** costs are 6% over budget (£15,482 negative variance). The negative variance is due to additional research and conference sponsorship and travel associated with the transparency rules rollout.
- **Practice** costs are 18% over budget (£11,132 negative variance) due to rate variances in inspections caused by some inspections requiring multiple visits and large practices requiring multiple days which was not factored into the budget costing.
- **Regulatory** costs are 4% over budget (£16,133 negative variance) due to higher than budgeted LSB/OLC fees. The 2018/19 LSB/OLC estimate was received in May and is £43k higher than our budget expectation. This additional expense has been partially offset by underspend on the general legal expenses provision.
- **Office costs** are 2% over budget (£7,242 negative variance) with offsetting variances in underlying components:
 - Office rent is overbudget, but within projections for the project following the recent move to WeWork.
 - Professional service fees are underbudget. We had provided for potential consultancy on HR and GDPR which were not fully utilised.
 - Stationary, IT expenses and utilities are all underbudget due to various cost saving initiatives from the renegotiation and cancellation of contracts following the office move.

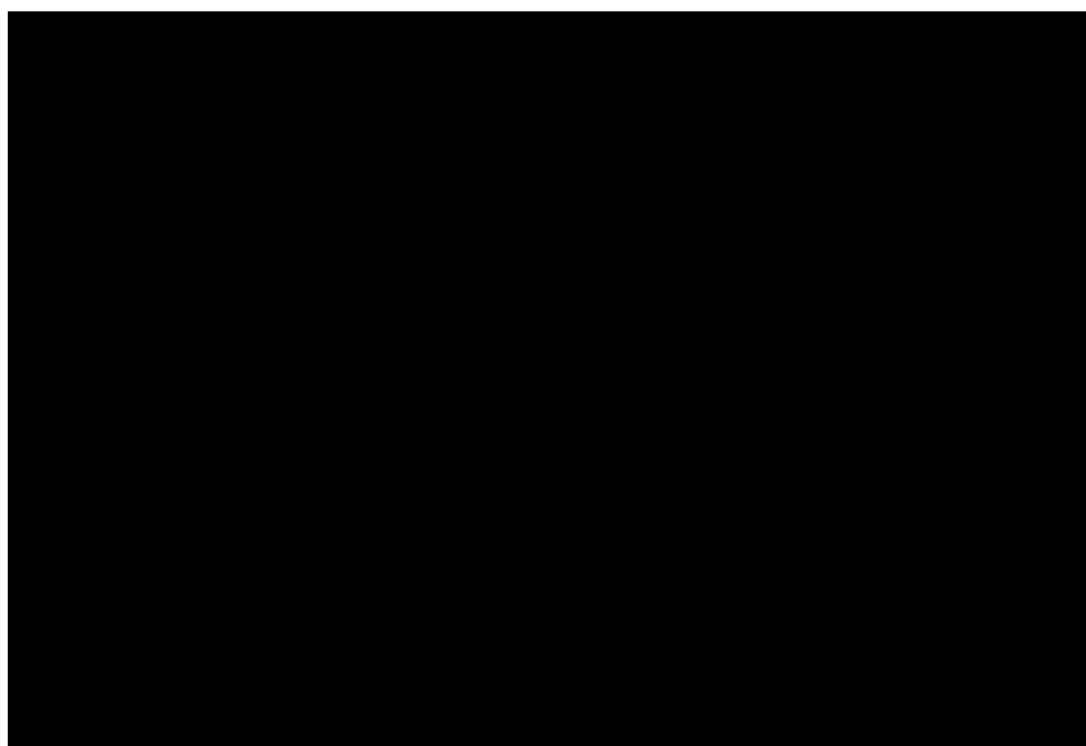
2 Cash reserves

At 31 December 2018 the cash position of the Practice Fund is summarised as follows:

Practice Fund			Increase / (Decrease)
Cash reserves as at Dec 2018	Dec-17	Dec-18	
Minimum Reserves	1,000,000	1,000,000	-
Free Cash Reserves	2,309,521	3,020,341	710,820
Total Cash in Hand	3,309,521	4,020,341	710,820

Free cash is all cash not allocated to any reserve or specific purpose or source and is thus surplus to minimum requirements.

COMPENSATION FUND





For publication: information which is: commercially confidential; personal; intended for future publication has been redacted

Council
24 January 2019
Item 4 (a)

2 Cash Reserves

[REDACTED]

[Redacted]

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3 Compensation Fund provisions

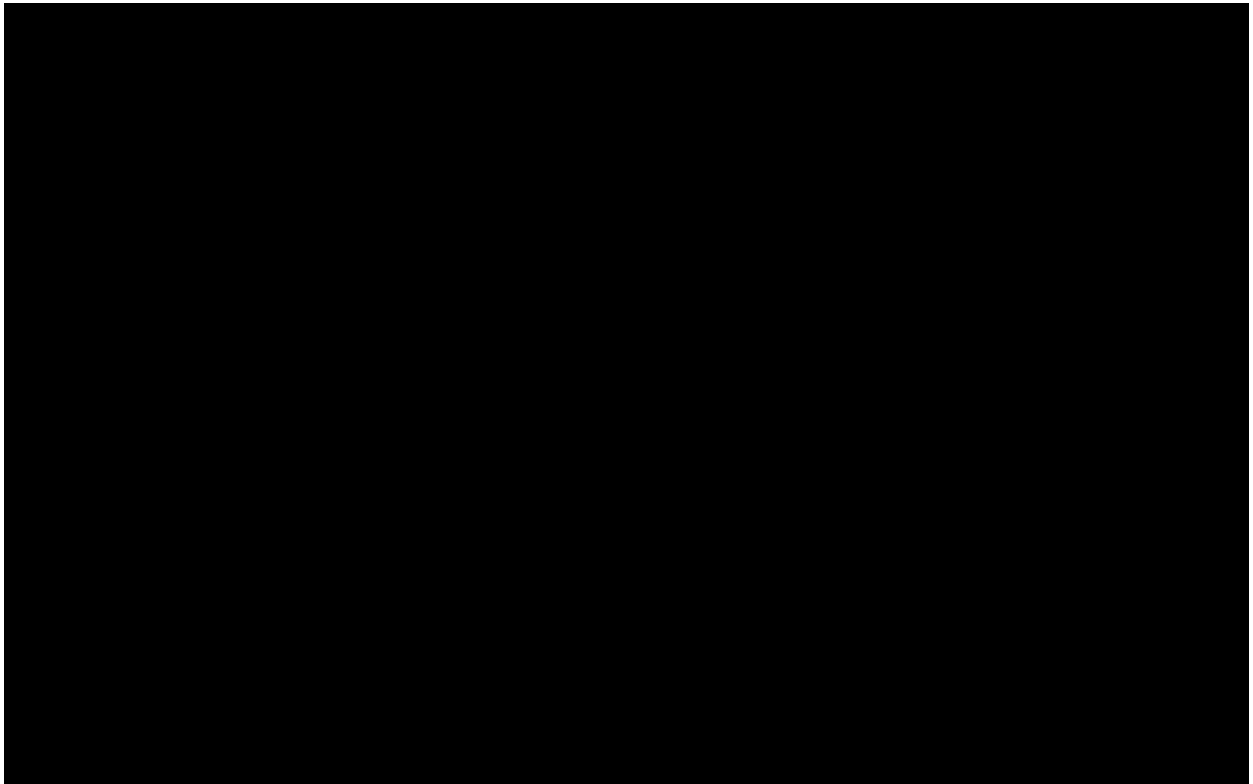
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Section 2: Operational performance indicators

Section 2.1 – Practices & Licensing

- The number of practices under CLC regulation has increased by 6 (7 new less one closure) over the quarter.
- New practices coming into CLC regulation in Q4 added £6,3m turnover under regulation

The practices regulated by the CLC at the end of December 2018 is summarised by entity type below:

Practices by Entity Type		ABS
Limited Company	155	70
Limited Liability Partnership	15	5
Partnership	16	
Sole Practitioner	41	
Total	227	75

There are currently 75 (61 at the end of 2017) regulated practices that are registered as Alternative Business Structures.

The table below summarises movement in the number of practices and declared turnover from the beginning of the last renewal period starting 1 November 2018.

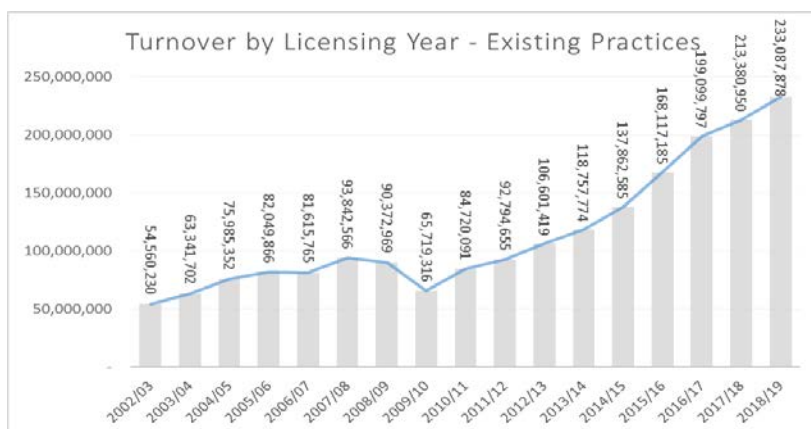
Growth in turnover under CLC regulation	Nov 18 - Dec 18	
	No. of entities	Declared turnover (£)
Declared turnover at 31 October 2018	226	233,087,878
New practices added	1	292,500
Less: Closed practices		-
Total at 31 Dec 2018	227	233,380,378

The annual fee income lost from the 18 practices that closed in 2017 is approximately £28k.

The annual fee income gained from the 5 practices that came into CLC regulation is approximately £90k.

Practice closure has generally been due to retirement and ill health and tends to be very small practices taking advantage of the run-off policy that came into operation in 2017.

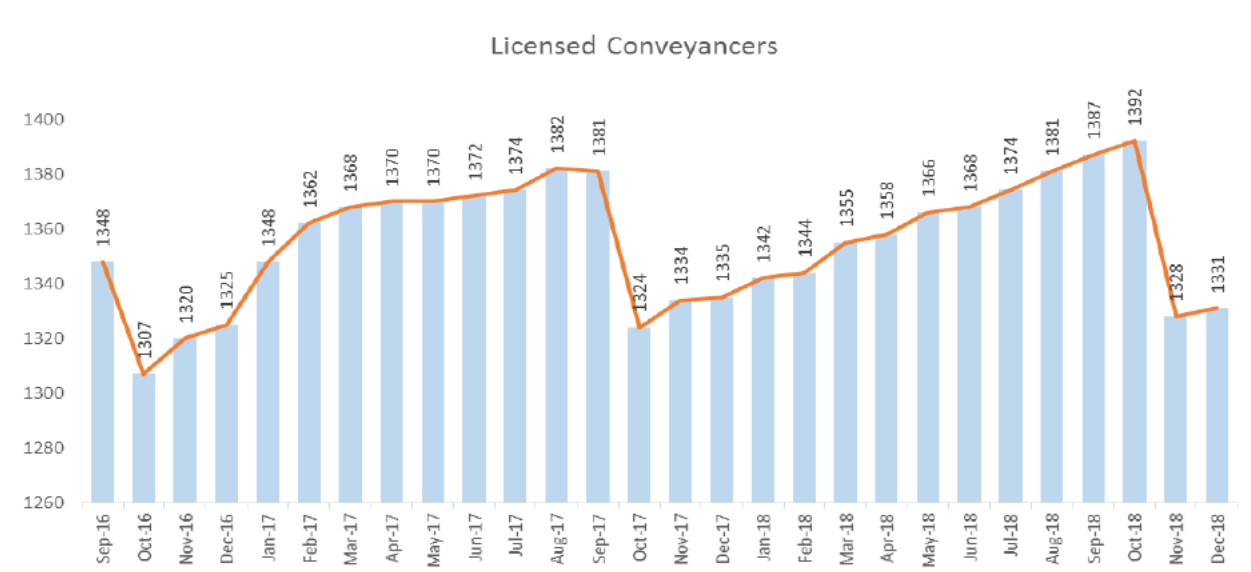
The table below summarises the declared turnover at license renewal point since 2002.



- The number of issued Individual licenses decreased by 52 and Manager licenses decreased by 4 in the fourth quarter of 2018. The decrease is attributed to non-renewal of licenses due to retirement/practice closure and maternity leave. The table below summarises the number of individual licenses issued at the end of Q4:

Individual License Holders	Employed	Manager	Total
Probate	2	3	5
Conveyancing	953	311	1,264
Probate & Conveyancing	18	44	62
Total	973	358	1,331

The chart below summarises the number of individual license holders:



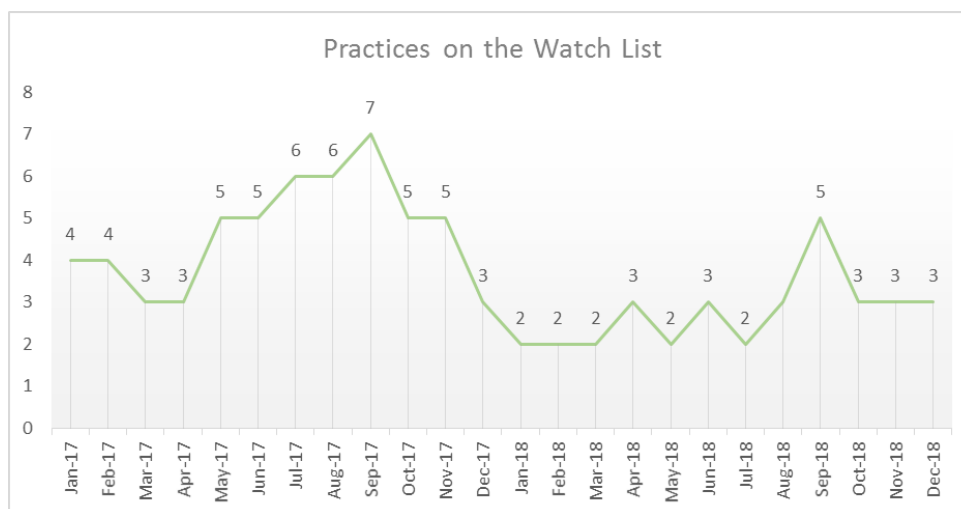
There are 4 fewer license holders than there were 12 months ago.

The table below summarises movements in probate licenses:

Individual License Holders	Jun-17	Dec-17	Jun-18	Dec-18
Probate Only	4	4	4	5
Probate & Conveyancing	71	68	68	62
Total	75	72	72	67

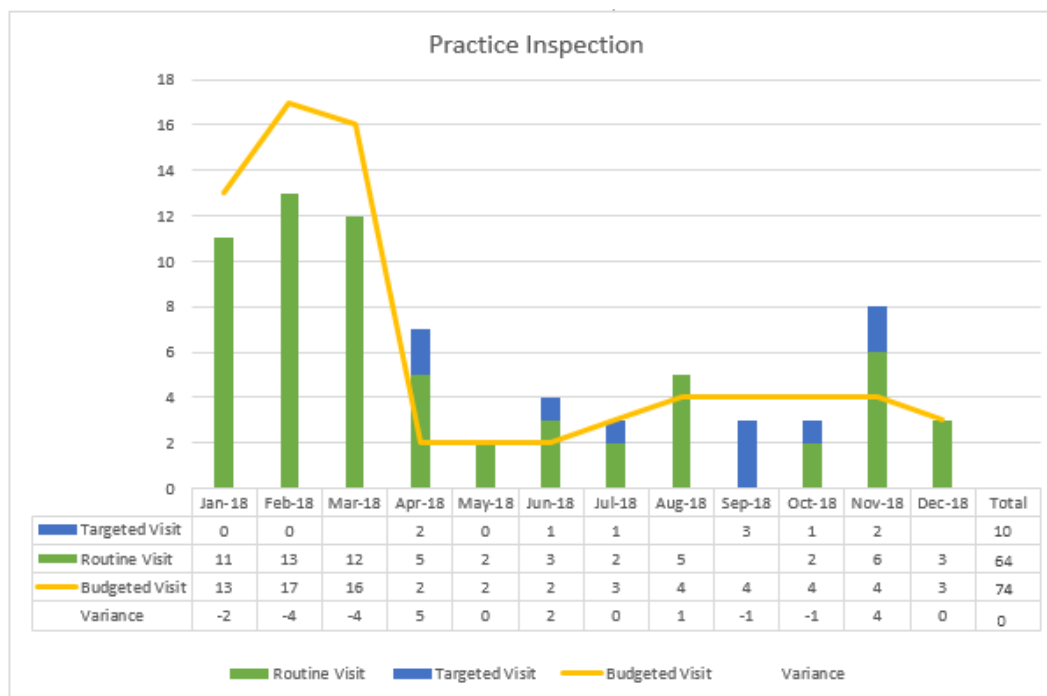
Section 2.2 – Inspections & Monitoring

Watchlist activity for the year is summarised below:



Inspections conducted year to date have been summarised below:

11 routine and 3 targeted inspection have been conducted in the fourth quarter of 2018. A total of 64 routine inspections have been carried out at the end of the quarter.



The status of accountant's reports received for the 2016, 2017 and 2018 financial years are summarised below:

Accountants Report	FYE 2016	FYE 2017	FYE 2018
Received - late	51	64	36
Received - on time	175	161	100
Not received - overdue	0	0	4
Not Received/Closed	3	10	7
Not Yet Due	-	12	90
Total Reports Expected	229	247	237
Qualified reports	64	61	35
Qualified rate (received)	28%	27%	26%

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.

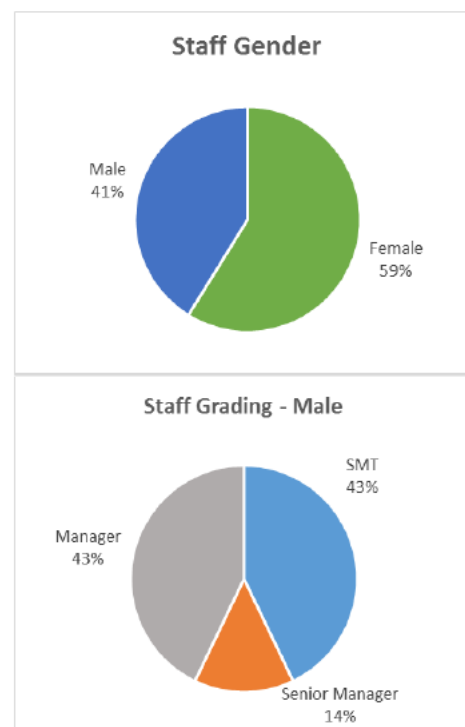
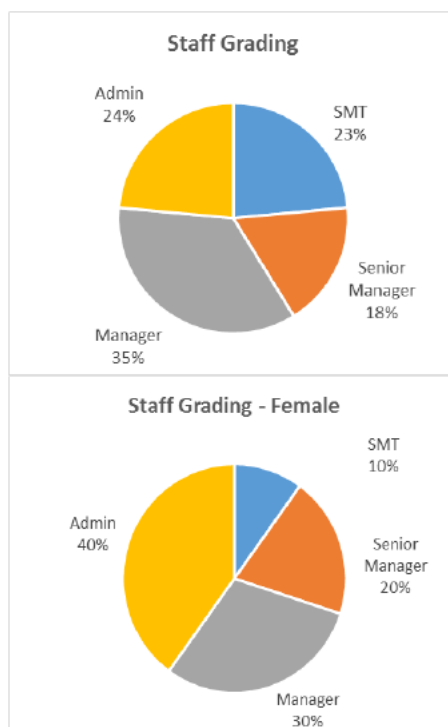
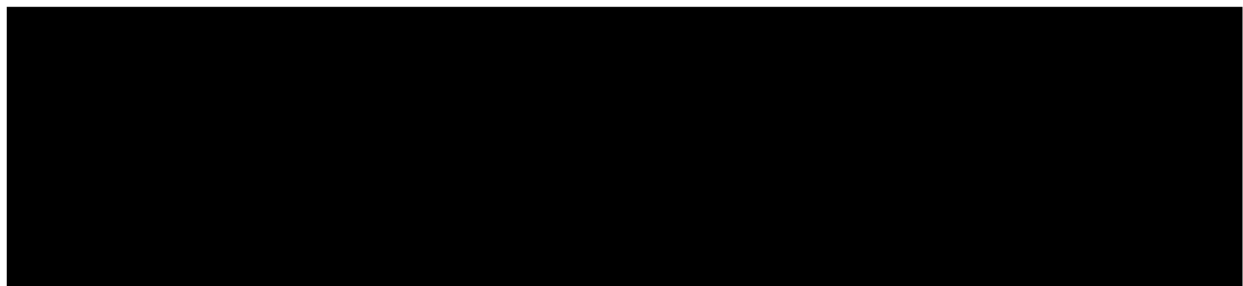
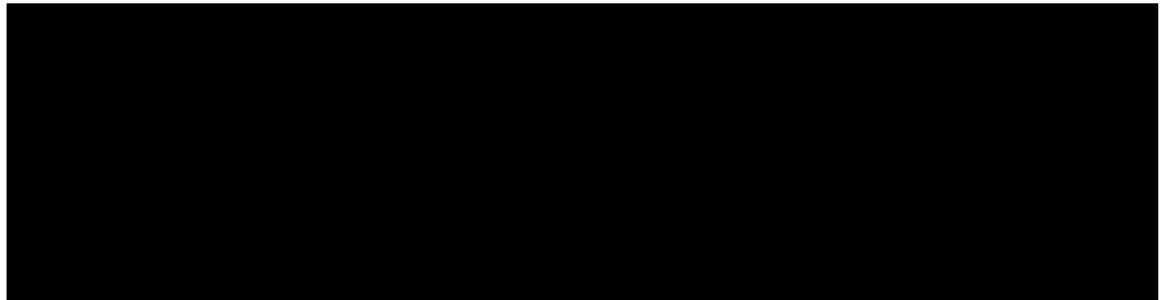
The most common reasons for qualifications include

- Bank reconciliations prepared late or incorrectly.
- 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.

Interventions

There were no interventions in Q4.

Section 3 - Human Resources



Section 4 - Complaints against the CLC

3 complaints have been raised against the CLC in Q3 2018 (2017: 0). 1 was reported as resolved at the Council meeting on 1 November 2018. 2 final responses have been issued in Q4.

No complaints against the CLC were raised 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.

CLC Watchlist & Interventions

Purpose: Noting

Author: Jason Hinrichsen

Approver: Chair

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 took place since the beginning of 2017 is 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.

Principal Risk Register

Purpose: Approval

Author: Jason Hinrichsen

Approver: Chair

Summary

The Principal Risk Register as discussed at the Audit and Risk Committee on 15 January 2019 is attached for consideration and approval.

The SMT discussed and reviewed the Principal Risk Register in December 2018 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.

[Redacted content]

[Redacted content]

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

This paper is for Council only.

Background

This is a regular report to Council updating on management's assessment of the principal risks.

Annexes

Annex A –Principal Risk Register

Business Plan 2018 Year-End Progress report

Purpose: For noting

Author: Stephen Ward

Approver: Chair

Summary

The final quarterly report to Council of progress against the 2018 business plan.

Recommendations

The Council is asked to note this report.

Risk management

This business plan contributes to the mitigation of risks facing the CLC, consumers and the regulated community.

Financial impact

Outturn against the 2018 budget is reported in other papers before the Council.

Diversity and inclusion impact

Individual elements of the business plan are assessed for D&I impact.

Communications requirements

A look back at the CLC's achievements in 2018 will be published in the annual report that has been circulated to Council. That report will be distributed at the Conference on 23rd January and sent to key stakeholders as well as promoted online.

Publication status

This paper is for publication.

Progress against the 2018 Business Plan

This was the first year of the CLC's five-year strategy and progress against the business plan to begin the delivery of that strategy has been very positive.

The full report is attached. The only items in the business plan that have not been completed as initially envisaged are as follows:

Item	Description and commentary
12	Complete reviews of the Accounts Code and CPD Framework The CLC will seek Council approval to revised Accounts Code in July 2019. The CLC will take account of the outcome of LSB's planned review of CPD (to be completed Q3 2019) for Council discussion in Q1 2020.
13	Complete reviews of Regulatory Arrangements Initial review and engagement with the regulated community and other stakeholders will take place in 2019. There will be further engagement in 2020 prior to Council approval of the revised version in Q3 2020. As part of that process the CLC will review the Codes currently supporting the Code of Conduct.
25	Promote CLC qualifications The majority of this item has been completed. Other calls on resources mean that the speaker packs will be published in January 2019.
40	SMT visits to firms Only three visits have been completed as it has been challenging to find the time in SMT diaries given other priorities. However the programme will continue into 2019.
48	Service standards This work has been rolled into the 2019 business plan.

As the above shows, each of these items has been the subject of a review and a decision to retimeable to the work either to make better use of resources or to adapt to changed circumstances. Significant additional items of work (Items 45-51 in the attached report) were added to the business plan during the year, including two series of roadshows to support compliance with AML legislation, GDPR, and the Informed Choice rules.

Business Plan 2018: Key Milestones

Ref	Activity	Lead	Deadline and measure	Comments on progress
Empower consumers to make informed choices				
1	Review of current rules on estimates to ensure consistent and comparable fee information is available	SB	New rule in force December 2018	This has been incorporated into the CLC's work in response to the CMA transparency agenda and delivered on schedule. The rule is came into force on 6 December.
2	Socialise CMA recommendations across the profession Promote use of independent feedback platforms to the profession	SW	75% of CLC-regulated firms have attended Managers conference with session on new transparency requirements in January Practice contacts at all firms have opened email communications on the new requirements Two articles have appeared in the legal press promoting the CLC's requirements Web content reviewed and updated 1 year after publication Promoted in six newsletters By December	On track Participation in the January conference was good and feedback was extremely positive. 7 articles appeared in the legal press promoting the new rules. 130 registered for our spring roadshow events in Leicester, Bristol, Manchester and London. 76 attended, which is not an especially high drop out rate for a free event. Feedback was very positive. Autumn roadshows took place in October and November to help practices prepare for the new transparency requirements. 181 registered and 118 attended. Webinars run by the CLC and others with our participation (Trustpilot, PerfectPortal) also provided support and guidance on transparency
3	Review Legal Choices information on customer journeys in conveyancing	SW	Half-yearly content reviews have taken place and changes have been deployed and documented	Content reviews have been rolled into redevelopment of the Legal Choices website.
4	Review CLC information on customer journeys in conveyancing	SW	Revised material on CLC website by June	Completed on time
5	Engage insurers on information sharing	SB	All brokers that are part of the Participating Insurers Agreement have been met to review progress on information sharing by December	Primary engagement is with insurance brokers. All are committed to sharing information with the CLC.
7	Contribute 5% of costs of Legal Choices	SW	Subject to all regulators contributing Value for money assessment completed	Done
8	Enhance CLC data sets for regulatory purposes, identifying new sources of data that could be available from partners such as lenders, securing regular updates and making use	SB	Richer data from lenders, panel managers, Land Registry is informing CLC regulatory operations by July	
9	Audit of lender policies and practices (external resource) Raise intermediary awareness through their representative bodies	SW	Audit completed and reviewed by SMT by June 2018 Programme of meetings with lenders set and taking place at rate of 1 each month with effect from October 2018	It was agreed that the audit of lender policies was not a good use of time given the reduction in the problem. Regular engagement with lenders and panel managers continues on a range of issues.
10	Create and place content that will reach consumers at point of decision to raise awareness of choice	SW	At least one article in consumer press each month	Completed
11	Make consistent and comparable fee information available to potential clients	SK	Practice note published and webinar held by October Support promoted in newsletter monthly in H2 Compliance tested at each inspection	Completed We carried out and promoted the findings of research on the impact on online quote generators in addition to running consultations. Guidance was issued well in advance of the new rules coming into force on 6th December.
Adapt CLC regulation to changing markets				
12	Complete reviews of the Accounts Code and CPD framework	SB	New rules will come into force in January 2019	The CLC will seek Council approval to revised Accounts Code in July 2019. The CLC will take account of the outcome of LSB's planned review of CPD (to be completed Q3 2019) for Council discussion in Q1 2020.
13	Complete reviews of regulatory arrangements: Licensed and Recognised Bodies Complaints	SB	Revised arrangements to be signed off by Council in July 2018	Initial review and engagement with the regulated community and other stakeholders in 2019. Further engagement in 2020 prior to Council approval of the revised version in Q3 2020. As part of that process the CLC will review the Codes currently supporting the Code

24	Engagement with SQA, education providers, students and employers to assess performance of new education arrangements	SB	Recommendations for next phase by April	Completed: Report submitted to Council in April 2018.
25	Promote CLC qualifications Attendance at careers fairs to reach careers advisors Promotion in FE-related publications Develop and distribute school careers speech pack for LCs to use	SW	Speaker packs available in CLC website and promoted to profession by end Q3	The majority of this item has been completed. Other calls on resources mean that the speaker packs will be published in January 2019.
26	Deploy revised messaging through CLC's existing channels to improve non-CLC firms' understanding of the CLC's model of regulation and how to transfer into CLC regulation	SW	Direct communications and PR as agreed in detailed plan with PR agency throughout the year	Completed and stakeholder management plan being completed in light of 2019 business plan.
27	Assessment of need for and potential impact of changes to the CLC's brand and title of LC	SW	Work on review to begin in November	Work has begun to assess the need for a rebrand of the CLC and the title of Licensed Conveyancer. This work will continue in 2019 with recommendations to Council at its July meeting.
Core regulation and infrastructure				
28	Annual Report and Annual Financial Statements	SW	Published in April Full account of CLC's achievements in 2017 Physical distribution to key stakeholders Deployment as web content Accompanied with easily digestible information on finance and resourcing Associated communications activity	Completed
29	Collection and analysis of Annual Regulatory Returns by independent research agency	SW	100% participation by firms Publication in November	The ARR was completed in mid-October, as planned.
30	All day conference for CLC managers and other specialist conveyancers and probate practitioners	SW	At least 200 participants Average 8/10 satisfaction rating	Completed 174 delegates (target of 200 missed) 18 Speakers 5 exhibitor Organisations 70 Responses to satisfaction survey Sessions (including breakouts) rated 'useful' or 'very useful' by 84% of respondents on average (Only two sessions below 80%) 81% said they would definitely attend a similar event in 2019
31	First Licence ceremony	SW	At least 10 new licensees, June 2018	Completed 13 new licensees attended
32	Stakeholder perceptions report: repeat of 2014 and 2016 reports to enable assessment of progress and help set targets for coming years	SW	Published December 2018	Collection of regulated community perception was rolled into the ARR exercise Full perceptions study will be undertaken in 2020.
33	Monthly emails to the Newsletter subscription list	SW	Opens > 40%, clicks > 10%	On track. Newsletters frequently exceed the targets for opens and clicks.

34	Increasing media coverage of CLC to improve consumer and lawyer engagement Working with retained PR agency to earn increased media coverage to engage specialist conveyancers and probate lawyers and potential users of conveyancing and probate services	SW	Increasing media coverage of the CLC – 18 proactive releases issued over a 12 month period, 2 [REDACTED]	Progress over the year has been good. We are increasing coverage of the CLC generally and we also now have regular articles in What Mortgage (consumer-facing) and Mortgage Finance Gazette (industry-facing) . There is a full report on the CLC's PR work included in the papers for the January Council meeting. An evaluation of our other marketing and communications work was considered by the November meeting of the Council.
35	Reviewing eligibility, collecting payment and issuing new licences	JH	All licences renewed and issued accurately	Completed - there was a full update in the Chief Executive's Report to the November Council.
36	Reviewing all accountants reports and taking appropriate action with entities	JH	All reports submitted in timely manner after entity's financial year end and reviewed within 2 weeks of submission	Completed
37	Oversee the PII renewal process	SB	All firms seeking insurance receive quotes in time to renew	Completed
38	Responding to consultations from government, LSB, other regulators and others	SB	As necessary	On track <ul style="list-style-type: none"> Response to LSB consultation on Internal Governance Rules Response to MHCLG consultation on redress in housing market Response to Bank of England Consultation on ISO 20022 Supplementary Response to LSB Consultation on IGR Response to proposed changes to the Law Society National Conveyancing Protocols
39	Desk-based monitoring and 70-80 inspection visits to firms carried out by staff and outsourced inspectors	JH	At least 70 visits completed and up to 80 if required	On track
40	SMT visits to firms to gain better understanding of their businesses and their views of the evolution of the market and delivery models	SB	12 visits in year	Only three visits have been completed as it has been challenging to find the time in SMT diaries given other priorities. However the programme will continue into 2019.
41	Participation in 3rd party conferences as speakers/participants	SW	CLC speakers at 6 third party events	Exceeded. We have presented/at <ul style="list-style-type: none"> Conveyancing Association (February meeting) LegalEx (On each day of two-day conference in March) Society of Licensed Conveyancers Spring Roadshows (4 locations in May) Law Firms Services Conference (September) Westminster Policy Forum conference on the home buying process (September) Legal Tech North Conference (November) Society of Licensed Conveyancers Annual Conference (November)
42	Complete preparation for GDPR	SB	Q1 2018	Guidance issued ahead of deadline Sessions delivered at CLC Roadshows and in webinar, June 2018
43	Complete recruitment of up to three new professional members of the Council	SK	Q1 2018	One appointment made, one term extended by one year
44	New CLC website launch	SW	Jan-18	Completed. Significantly increased traffic being maintained.

In-year additions				
45	Roadshows to promote new transparency approach, AML, GDPR	SW	w/c 11 th June	Well-attended

46	Money Laundering Regulations Checks	SB	All relevant persons to have submitted application for their checks by deadline.	Completed on schedule
47	Preparation for implementation of the Insurance Distribution Directive	SB	Revising CLC regulations and guidance to deliver compliance with the directive	Completed
48	Service standards (carried over from 2017)	SW	Internal piloting of revised service standards begins Q1 Service standards published – where appropriate – Q3	This work has been rolled into the 2019 business plan.
49	LSB Regulatory Performance Review	SB	CLC actions to be completed Q3	Completed. We have received the report from the LSB and submitted out action plan in response to their findings.
50	OPBAS AML Audit	SB	OPBAS audit scheduled October 2018	Completed. We have received the OPBAS report.
51	Autumn Roadshows to support compliance with transparency requirements.	SW	Sufficient events around the country for easy access by representatives of all firms.	Completed 118 attended events at eight locations around the country.

Property and Law Round Up

Purpose: For noting

Author: Stephen Ward

Approver: Chair

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

There is little to report in this edition, which straddles the Christmas and New Year holiday period.

The Bank of England is reporting good progress in its review of the payments systems, which holds the promise of faster and more transparent payment mechanisms for property transactions.

ECONOMIC AND MARKET INDICATORS

Bank of England

The Monetary Policy Committee kept interest rates at 0.75% in December and will review the rate again on 7th February 2019 as its forecasts showed a return to the 2% inflation target 'at a conventional horizon' assuming a smooth exit from the EU.

In its commentary on the decision, the Bank noted that annual growth in pay was at 3.25% - higher than had been anticipated – and that CPI inflation 'is likely to fall below 2% in coming months' during part to the decline in oil prices – which was also helping to support demand more generally.

CBI Commentary - January

The CBI reported that its growth indicator showed that 'private sector activity remained flat in the three months to December' 2018 and noted that this was reflected in the most recent HIS Markit/CIPS Purchasing Managers Index.

HM Land Registry UK House Price Index

Figures for October 2018, the latest available at time of writing, show a 0.2% fall compared to September but were 2.7% on the previous year.

Nationwide House Price Index

This index found house prices falling 0.7% in December 2018 after taking account of seasonal factors but up 0.5% on the year. As has been the case for some time, there are mixed reports from across the nations and regions. Nationwide note that Northern Ireland saw prices rise 5.8% over the year, and Wales 4%. Lower price growth in the South of England continued to contribute to the narrowing house price gap with the Midlands and the North.

Halifax House Price Index

In January, Halifax predicted a house price rise in 2019 of between 2% and 4%. This is on the back of their finding that in December, 2018 prices rose by 2.2%, reversing October's 2.1% fall.

RICS UK Residential Market Survey – November and December 2018

Reporting on November 2018, RICS found indicators on demand and sales to be weakening again. With new instructions down, it seemed that lack of supply might be hampering buyer interest as well as Brexit uncertainty. Respondents did expect prices to rise across much of the UK in 2019 and expected positive sales volume trends in Northern Ireland, the South West and East Anglia in particular. Overall, though, RICS expected the number of house sales to fall by around 5% in 2019 compared to 2018, to around 1.15m, far below the 1.7m of the last peak in 2006.

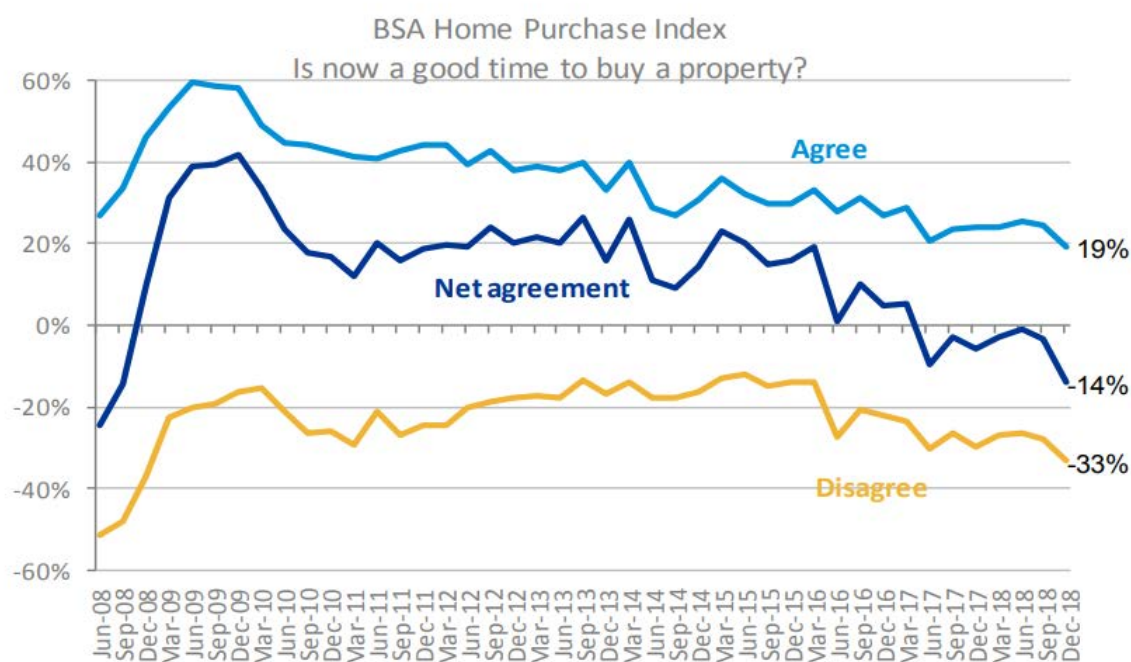
In RICS's December 2018 report, released on 16th January 2019, respondents' sales expectations for the next three months were the lowest since the survey began in 1999, with a balance of -28% – the difference between the number of respondents anticipating increases and the number expecting decreases.

EY ITEM Club

The EY ITEM Club winter forecast will not be released until 23rd January, but they have forecast that house prices could fall by up to 5% this year in a 'no deal' scenario. With a deal, prices could rise 2% over 2019, they believe.

Building Societies Association Property Tracker – December 2018

This tracker found a 'significant drop in housing market confidence'. The index has been negative since June 2017, that is, more people disagree than agree with the statement that 'now is a good time to buy'. In December, the net score was -14.



Source: BSA Property Tracker, December 2018

Brexit is currently the number one concern as a risk to the stability of the housing market for respondents to the survey, ahead of a rise on the cost of living or a rise in interest rates.

As was the case in the last quarter, and indeed since June 2010, respondents say the biggest barrier to buying a property is raising a deposit.

Consolidation in the conveyancing sector

Mortgage Finance Gazette reported that Search Acumen's analysis of HM Land Registry Data found that the number of conveyancing firms continues to fall. The overall number has fallen by 15% since 2011 so that there are now 4,100 firms undertaking conveyancing work.

The volume of work continues to shift away from the smallest firms. 'Over the last five years, the number of firms handling up to 25 transactions a month has fallen by 10% from 3,662 to 3,278.' The number of firms handling 50 or more transactions a month has increased by 31% over the same period.

Business Plan

Purpose: For approval

Author: Stephen Ward

Summary

This paper sets out the process that the SMT has followed to develop the business plan for 2019 as well as the draft business plan itself. It should be read alongside the budget proposal for 2019 that has already been considered by the Audit and Risk Committee and recommended to Council for approval.

The Council set the CLC's five-year strategy for the years 2018-22 in 2017. The business plan developed by the SMT continues to deliver on that strategy, building on the progress achieved in 2018 set out in the Management Report that is also before Council.

Recommendations

The Council is asked to comment on and approve this business plan.

Risk management

This business plan will contribute to the mitigation of risks facing the CLC. Risks in relation to the delivery of individual activities will be managed and reported appropriately through the CLC's management and governance processes.

Financial impact

This business plan will be delivered within the budget envelope recommended to the Council for 2019 by the Audit and Risk Committee. It envisages some additional key staff appointments and the cost of that workforce growth is included in the draft 2019 budget.

Diversity and inclusion impact

Elements of this plan should support our own and the regulated community's efforts to deliver a diverse and inclusive workforce and fair treatment of clients and stakeholders. Diversity and inclusion impacts will be considered in relation to the implementation of each element of the business plan.

Communications requirements

This business plan will be published on the CLC's website and communicated to the regulated community and stakeholders.

Publication status

This paper is not for publication as the final version of the business plan will be published.

2019 Budget

Purpose: Approval

Author: Jason Hinrichsen

Approver: Chair

Summary

This paper sets out the proposed budget for the 2019 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.

The Audit and Risk Committee reviewed the draft budget on 15 January 2019 and are recommending its approval.

Recommendations

It is recommended that Council review, consider and approve the proposed budget for adoption at the January Council meeting.

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 Council this budget is running a managed deficit resulting from the 10% fee rate cut and additional spend being incurred to implement the strategy.

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

There are no immediate communication requirements.



Not for publication – information intended for
future publication

Council
24 January 2019
Item 5 (b)

Annexes

None.



CLC Council Meeting

Appointments Committee 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 Adjudication Panel members
- the appointment of the Chief Executive Officer and, where requested, other senior staff
- where applicable, to determine extensions to the term of office of non-executive members.

This report summarises the business conducted by the Appointments Committee at its meetings during 2018 (Appendix A).

Draft minutes of the Appointments Committee meeting held on 14 December 2018 are attached at Appendix B.

A recommendation for amendment to the Committee's Terms of Reference is set out at Appendix C.

Recommendations

Council is invited to:

- (1) note the Appointments Annual report and to raise any queries with the Chairs;
- (2) note the draft minutes of the Appointments Committee held on 14 December 2018
- (3) approve the Amendment to the Appointments Committee's Terms of Reference set out at Appendix C.

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

Communication and publication requirements

For Council only.



CLC Council Meeting

Audit and Risk Committee

Purpose: For consideration and approval

Chair: Heather Foster

Summary

This report advises of the business considered at the Audit and Risk Committee at its meeting on 15 January 2019, draft minutes of which are at Appendix A. A summary report of the meeting is included at Appendix B.

In line with the Audit and Risk Committee's Terms of Reference, the Chair of the Committee presents an annual report on the work of the Committee during the year. An annual report which summarises the conclusions of the work undertaken by the Committee during 2018, with particular reference to the CLC's risk, governance and internal control framework is included at Appendix C.

Recommendations

The Council is invited to:

- (1) Note the draft minutes of the Audit and Risk Committee meeting held on 15 January 2019 and summary report and to put any questions to the Chair (Appendices A and B);
- (2) Approve the Committee's recommendation to reappoint Richard Cryer as independent member of the Audit and Risk Committee for a further three year term expiring 18 January 2022
- (3) Note the Annual Report of the Chair of the Audit and Risk Committee and put any questions to the Chair (Appendix C)

Risk management

The Terms of Reference of the Audit and Risk Committee include strategic oversight of the CLC's processes for risk, control and governance, which are reviewed and scrutinised at each meeting to provide an opinion on the discharge of functions.

Financial Impact

The Terms of Reference of the Audit and Risk Committee include review of accounting policies and practice, compliance with laws and accounting standards and the process for review of the annual accounts prior to their submission for external audit.

Diversity and Inclusion

There are no specific diversity and inclusion considerations, however as a regulator the CLC has an objective to support an independent, strong, diverse and effective legal profession as well as to act in the best interest of clients and to promote ease of access to services. These factors are incorporated within the accountability for risk and governance.

Communication and publication requirements

This report is for Council only.



CLC Council Meeting

Remuneration Committee Report

Purpose: For Approval

Chair: Alex Clark

Summary

The Council has established a Remuneration Committee to support the Council's employment and remuneration responsibilities.

A summary of business conducted by the Remuneration Committee during 2018 is within the Chair's Annual report, which is in draft form and subject to finalisation by the Remuneration Committee. (Appendix A).

Draft minutes of the Remuneration Committee held on 1 November 2018 are attached at Appendix B. At its meeting on 1 November 2018, the Committee agreed to recommend amendments to its terms of reference. The proposed amendments are set out at Appendix C for Council's consideration.

Recommendations

The Council is invited to:

- (1) Note the draft Annual report questions to the Chair (Appendix A)
- (2) Note the draft minutes of the Remuneration Committee held on 1 November 2018 (Appendix B)
- (3) Approve amendment to the Remuneration Committee's Terms of Reference set out at Appendix C.

Risk management

The Committee has a remit to ensure that the Council implements and maintains remuneration policies, procedures and practices that promote sound effective management and take full account of the risks.

Financial Impact

The Terms of Reference of the Remuneration Committee include determinations on non-executive membership and staffing obligations which carry a budgetary impact:

- Remuneration framework which reflects the employment market benchmarks and the CLC's ability to attract, recruit, retain and motivate staff
- Annual pay and bonus reviews for staff
- Arrangements for termination of employment and contractual terms of Executive Directors
- Remuneration and Expenses policy for Council and Committee members
- NED and Adjudication Panel member fees subject to external benchmarks

Diversity and Inclusion

As a regulator, the CLC has an objective to support an independent, strong, diverse and effective legal profession. All considerations and decisions of the Committee adhere to Equalities legislation and legal and diversity issues.

Communication and publication requirements

This report is for Council only.

Council Work Plan

Purpose	Noting
Author:	Audrey Cosens
Approver:	Chair

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.

Annual Cycle	8 January 2019 Workshop	24 January 2019 Council meeting	7 March 2019 Workshop	28 March 2019	2 May 2019 Council meeting Q1 Results	6 June 2019 Workshop	25 July 2019 Council meeting Q2 Results	19 September 2019 Workshop	31 October 2019 Council meeting Q3 Results
Strategy and Planning		2019 Business Plan and Budget	Customer Charter						2020 Business Plan and Budget planning
Performance and Risk		Management Report <ul style="list-style-type: none"> Q4 Performance Outturn Interventions and Watchlist Property News Round Up CEO report		External Auditor's Report and Management Letter CLC Financial Statements 2018	Management Report <ul style="list-style-type: none"> Q1 Budget Outturn Interventions and Watchlist Business Plan 2019 Progress Property News Round up Principal Risks and Risk Management Policy CEO report		Management Report <ul style="list-style-type: none"> Q2 Budget Outturn Interventions and Watchlist Business Plan 2019 progress Property News Round up Principal Risks CEO report		Management Report <ul style="list-style-type: none"> Q3 Budget Outturn Interventions and Watchlist Business Plan 2019 update Property News Round up Principal Risks CEO report
Governance	Governance Review	Annual Committee Chairs' reports Appointments Committee report and Minutes Audit and Risk Committee Report and Minutes Remuneration Committee Report and Minutes		Annual Report Minutes of Audit and Risk Committee	Appointments to Council Committees Appointments Committee report and minutes Audit and Risk Committee report and minutes Remuneration Committee report and minutes Adjudication Panel Annual update from Chair	Review of Equality and Diversity Policy	Audit and Risk Committee report Remuneration Committee report Review of Equalities and Diversity Policy		Audit and Risk Committee report
Regulatory Activity		Compensation Fund Application	Interactive discussion with Regulatory Supervision Managers about their role				Regulatory Fee setting LSB Report on CLC Self-assessment	Compensation Fund	ARR Results
Ad hoc Business Plan items		Annual PR overview -	Practice Fund Reserves		Potential application of Practice Fund reserves		Regulatory Standards Action Plan – half yearly update	Risk Appetite	Evaluation of Communications and Marketing

Annual Review of Marketing and Communications

Date of Meeting: 24 January 2019
Purpose: For noting
Author: Jon Sacker
SMT Approver: Stephen Ward

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 2019 for discussion at the meeting.

Summary

The attached report updates the marketing and communications evaluation presented to Council in October 2018, reporting on PR for the whole of 2018.

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 2019 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.