



CLC Council Meeting
Thursday 23 July 2020
11.00 a.m. – 1.00 p.m.
Council for Licensed Conveyancers
A G E N D A

No	Item	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 30 April 2020 b) Ratification of decisions taken outside of Council meeting Actions arising from previous meetings c) Actions arising from previous meetings		Chair
3.	Chief Executive's Report	Noting	CEO
4.	Principal Risk Register	Approval	DFO
5.	Watchlist and Interventions	Noting	DFO
6.	Revised Business Plan 2020 with Future Look to 2021-22	Approval	DSER
7.	Compensation Fund Working Group – Progress Update	Information	Alan Cogbill
8.	Practice Fee and Compensation Fund Contributions for the period November 2020 – October 2021	Approval	DRS/DFO
9.	Internal Governance Rules - Certification	Approval	DRS
10.	Published Indicators and Metrics	Approval	DFO
11.	Quality Indicators – Verbal Update	Noting	DSER
12.	Annual Review of Council Terms of Reference	Approval	CEO
13.	Appointments to Committees	Approval	Chair
14.	Committee Reports a) Audit and Risk Committee b) Appointments Committee	Approval Approval	Audit and Risk Committee Chair Appointments Committee Chair
15.	Any Other Business		
16.	Dates of Forthcoming Council Meetings <ul style="list-style-type: none"> Council Workshop 2020, 17 September 2020 11.00 a.m. Council Thursday 12 November 2020, 11.00 a.m. 	Noting	ALL

No	Information Items – for discussion on request. Please notify the Head of Executive Office in advance	Type of Paper	Lead
17.	Q2 Performance Outturn	Information	DFO
18.	Business Plan 2020 Progress Report	Information	DSER
19.	Property and Law News Round Up	Information	DSER
20.	Council Workplan	Information	CEO

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 30 April 2020
By video conference
2.30 p.m. –5.00 p.m.

Council Present

Dame Janet Paraskeva	Alan Cogbill
Sarah Debney (<i>up to item 13</i>)	Heather Foster
Heather Foster	Andrea Pierce
Sheila Kumar	Teresa Perchard
Sally Szarka	Colin Wilby

In attendance

Mr. S. Blandy	Director of Regulatory Standards (<i>up to item 13</i>)
Ms. A. Cosens	Director of Finance and Operations (<i>up to item 13</i>)
Mr. J. Hinrichsen	Head of Executive Office (<i>Minutes</i>) (<i>up to item 13</i>)
Mrs. C. Richardson	Deputy Director of Authorisations and New Business (<i>for item 11</i>)
Mr. S. Ward	Director of Strategy and External Relations (<i>up to item 13</i>)

1. Welcome, Introductions and Declarations of Interest

The Chair welcomed members to the meeting.

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 27 January 2020

The Council **AGREED** that minutes of the meeting of the Council held on 27 January 2020 be approved as a correct record.

b) Minutes of the meeting held on 26 March 2020

The Council **AGREED** that minutes of the meeting of the Council held on 26 March 2020 be approved as a correct record.

c) Ratification of decision taken outside of Council meeting

The Council **AGREED** the following decisions that were taken outside of Council meetings:

- (1) To give each practice regulated by the CLC the option to apply for a deferral of payment of the Practice and Compensation Fund contributions for a period of three months i.e. April – June 2020, to be repaid over a four or twelve month period commencing July 2020;
- (2) That practices wishing to take advantage of the scheme be required to provide the CLC with financial information in support of their application and details of actions they have taken and will be taking to support their practice;
- (3) That applications for deferral of Practice and Compensation Fund contributions will be determined on the basis of information supplied and instruction levels.

d) Actions arising from previous meetings

Most actions arising from previous meetings were either completed or featured elsewhere on the agenda. The Council received the following updates on progress:

- At its last meeting, the Council had delegated authority to Alan Cogbill to review two compensation fund claims prior to their consideration by the Council. The review had identified further details on which advice would now be sought prior to Council consideration
- Options for the extension of regulation has been included on the Council Workplan for further consideration by the Council on 23 July 2020
- An additional Council Workshop may be scheduled to consider the Compensation Fund Framework
- At its last meeting, the Council had referred the arrangements for the Council Chair's appraisal to the Appointments Committee, and for which Colin Wilby took the Chair. The appraisal process had been completed, and feedback to Council members would be provided under Any Other Business without officers or the Council Chair present
- Following consideration it is not proposed to produce CLC communications in the Welsh language on the basis of cost
- The CLC is continuing to discuss the practicality of publishing links to Legal Ombudsman investigations within its regulated entity registers with the Office for Legal Complaints

The Council **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:

- The CLC has been speaking to Government Departments, including the Ministry of Justice, the Department for Business, Energy and Industrial Strategy, the Ministry for Housing, Communities and Local Government, The Treasury and the Land Registry, as well as other stakeholders about the response to Covid-19.
- The CLC's Annual Conference in 2020 had received positive feedback. In view of the current uncertainty caused by Covid-19, the Senior Management Team has decided not to commit to holding a Conference in 2021 at this stage.
- Interviews for two Non-Executive Directors will be taking place over the next two weeks
- The Adjudication Panel will be meeting virtually on 19 May, 2020, 5 and 5 June 2020 to consider cases
- Virtual regulatory inspections have been taking place
- Forthcoming Council Workshops will explore the financial models on which practice fee setting will be based and which will take account of current circumstances
- The CLC continues to experience a high volume of activity, particularly in the context of support to regulated practices.

The Council was advised that officers had explored Board paper software solutions, which would incur an annual cost of between £10k and £14k. Council members that they are content to continue to receive agenda packs electronically at the present time, and it was agreed to revisit board software solutions at a future date.

The Director of Strategy and External Relations presented an outline of the support, information and resources which have been developed and maintained to respond to Covid-19 measures, along with a detailed assessment of responses to practice surveys undertaken by the CLC and which pointed towards a need for digital tools to assist with electronic verification of

The Council thanked officers for the CLC's comprehensive support to Covid-19, including the provision of timely support and communication to practices.

The Council:

- (1) **NOTED** the Chief Executive's report.

Action: Council 20/04/01: to include consideration of Board software solutions on the Council's Work Programme for consideration at a future meeting.

4. Principal 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 21 April 2020, whose comments and suggestions had been incorporated.

The Council **AGREED** to adopt the Principal Risk Register as proposed.

5. Watchlist and Interventions

The Director of Finance and Operations introduced the report.

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

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

The Director of Regulatory Standards introduced the report, which advised of the outcome of a second consultation on Third Party Managed Accounts guidance and revisions to aged balances guidance.

It was identified that reference at 6.7 a (*which relates to reporting Accountant eligibility to sign the practice Accountants Report*) should clarify the basis on which signatories may be disqualified under the Legal Services Act 2007.

The Council **AGREED** to submit application to the Legal Services Board for approval of the following amendments to the Accounts Code:

- (1) The revisions to the Accounts Code at Appendix A of the report (*subject to the above amendment*);
- (2) The Aged Balance Guidance at Appendix B of the report
- (3) Third Party Managed Account Guidance at Appendix C of the report
- (4) The definition of Third Party Managed Account at Appendix D of the report

Action: Council/20/04/02: To submit application to the Legal Services Board to make the above amendments to the CLC's Accounts Code.

7. Practice Fee and Compensation Fund Contribution for the period November 2020 – October 2021

The Director of Finance and Operations introduced the report which set out the timetable to be applied in the determination of the fees to be charged to regulated practices and licensed individuals.

It was agreed to schedule two additional Council workshops to consider fee setting and planned expenditure.

The Council **AGREED** the following timetable for setting Practice Fees for the period November 2020 – October 2021:

- Consultation on fee setting – May-June 2020
- Review of fee income data for the purposes of projections – early July 2020
- Review of fees and budgets – Council Workshop, 11 June 2020

- Determination of fee rates for the period November 2020 - October 2021 – Council meeting, 23 July 2020
- Submission of fee rates to the LSB for approval – end August 2020
- Notify practices of fee rates - mid-September 2020
- CLC practices agree terms for payment of practice fees and compensation fund contribution – end October 2020.

Action Council/20/04/03: To schedule two additional Council Workshops to consider fee setting and planned expenditure.

8. Internal Governance Rules - Certification

The Director of Regulatory Standards summarised the steps taken by the Council and the CLC to comply with the Internal Governance Rules made by the Legal Services Board (LSB) and the changes required prior to approval by the Council of the Certificate of Compliance which is to be submitted to the LSB by 23 July 2020.

It was agreed to change paragraph 4 of Annex A of the report and paragraph 14 of the Corporate Governance Framework to refer to “*LC Member*” as opposed to “Licensed Conveyancer”.

The Council **AGREED**:

- (1) The draft Certificate of Compliance with Internal Governance Rules and authorised the Chair to certify the Certificate on behalf of the Council; and
- (2) The following changes to the Corporate Governance Framework:
 - Paragraph 2 – addition of: “The CLC has no representative function and is wholly independent of any representative body.”
 - Additional paragraph 22 under the Council's Regulatory Responsibilities: *“to periodically review and, if reasonably practicable, improve its arrangements for maintaining the independence of its regulatory functions”*
 - Additional paragraph 23 under the Council's Regulatory Responsibilities: *“To ensure that any individual, whether remunerated or not, with a role in the exercise of regulatory functions in the Council for Licensed Conveyancers is aware of and complies with the Internal Governance Rules made by the Legal Services Board currently in force and arrangements in place to maintain the independence of its regulatory functions”*.
 - Addition at 6(b) of the Code of Conduct for Members: *“Members must be aware of and comply with the Internal Governance Rules made by the Legal Services Board currently in force and arrangements in place to maintain the independence of its regulatory functions”*.
 - Additional paragraph 24 under the Council's Regulatory Responsibilities: *To permit any Member of Council or employee of the CLC who considers that the independence or effectiveness of the regulatory functions is being or will be prejudiced to communicate directly with the Legal Services Board, Consumer Panel, OLC and other approved regulators*

after having first followed the process appropriate for the member or employee.

- Additional paragraph 25 under the Council's Regulatory Responsibilities:
"In the event that it is unable to resolve any point arising under or in connections with the Internal Governance Rules made by the Legal Services Board currently in force if it deems it appropriate to refer that point to the Legal Services Board for clarification and to accept any response provided by the Legal Services Board as determinative unless expressly indicated otherwise."
- Additional paragraph 26 under the Council's Regulatory Responsibilities:
"Where it considers that an action which would otherwise constitute a breach of the Internal Governance Rules made by the Legal Services Board currently in force is required by primary legislation, the matter will be referred to the Legal Services Board before any action is taken. It is accepted that the response of the Legal Services Board will be determinative"
- The addition of the following to the responsibilities of the Chief Executive:
"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 Internal Governance Rules currently in place."
- The addition of the following to the responsibilities of the Chief Executive:
"The Chief Executive will ensure that any issue in relation to compliance with the Internal Governance Rules currently in force which can not be, or has not been, remedied within a reasonable period is reported to the Legal Services Board, whether the information is requested or not"

Action: Council/20/04/04: To incorporate the above amendments within the Corporate Governance Framework and submit the Certificate of Compliance with Internal Governance Rules to the LSB by 23 July 2020.

9. CLC Business Plan – Progress Report

The Director of Strategy and External Relations introduced the report which set out progress against the Business Plan 2020.

The Council **NOTED** progress against the business plan and adjustments made in response to Covid-19.

10. Published Indicators and Metrics

The Council considered the key performance indicators which would be published, based on data collected during Quarter 1 and information. The proposals had been reviewed by the Audit and Risk Committee at its meeting on 21 April 2020 who had recommended that the CLC should begin with a small and manageable range of metrics based on information that is practical and possible to collect on a consistent basis.

It was recommended that assessment of Compensation Fund claims is aligned with developing service standards.

The Council **AGREED** to publish the indicators and metrics detailed at Appendix A of the report.

Action Council/20/04/05: to align key published performance indicators with developing service standards.

11. Annual Evaluation of the SQA Managed Qualification Scheme

The Deputy Director of Authorisations and New Business introduced the annual evaluation of the Scottish Qualifications Authority managed qualification scheme, which is in its third year of operation.

The Council was advised that:

- The number of students working towards CLC qualifications is increasing
- May 2020 exam sittings have been postponed, due to social distancing requirements. A decision on September 2020 exam sittings will be made in June
- Due to the delivery model, Covid-19 restrictions have impacted on apprenticeships
- A recent internal audit advisory review had confirmed that the CLC receives appropriate assurances on training outcomes and provider performance and that annual reviews provide an opportunities to discuss progress and any areas for improvement.
- The CLC is working with the SQA to source external validators to assist training providers with course delivery and moderation.

The Council **NOTED** the annual evaluation of the SQA managed qualification scheme.

12. Committee Reports

a) Audit and Risk Committee

The Chair of the Audit and Risk Committee presented a summary of business considered by the Committee at its meeting on 21 January 2020.

The Chair advised the Council that the Committee had agreed that it would be helpful to include a review of the practice fee setting process, particularly in view of the increased complexities represented by Covid-19. This review replaces a review of the Budget Setting process, which will now take place in the first quarter of 2021.

The Council **NOTED** the report of the Chair of the Audit and Risk Committee.

b) Remuneration Committee

The Chair of the Remuneration Committee gave an oral update on the Remuneration Committee, which had taken place on 30 April 2020. Items discussed had included:

- An update on current staffing matters, including the employer's response to the Covid-19 restrictions and smooth transition to remote working
- A review of the first draft of staff handbook updates.

The Council **NOTED** the oral report of the Chair of the Remuneration Committee;

13. Dates of Forthcoming Council Meetings

- Thursday 23 July 2020, 11.00 a.m.
- Thursday 12 November 2020, 11.00 a.m.

14. Any Other Business

At this point in the proceedings (*4.40 p.m.*), officers left the meeting. Council members remained present.

INFORMATION ITEMS

15. Q1 Performance Outturn

The Council **NOTED** the Performance Outturn report for Q1, which had been reviewed and discussed in detail by the Audit and Risk Committee at its meeting on 21 April 2020.

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** its forthcoming Workplan.

Ratification of Decisions Taken Outside of Council meetings

Purpose: For approval

Author: Head of Executive Office

Approver: Chief Executive

1. Summary

1.1 The Council is requested to ratify the following decisions taken outside Council meetings

2. Recommendation

The Chair will request the Council formally to ratify the following decisions taken outside Council meetings:

- (1) The appointment of Milton James as Non-Executive Director of the Council for Licensed Conveyancers for a four year term commencing 1 July 2020
- (2) The appointment of Jenny Quirke as Chair of the Council for Licensed Conveyancers' Audit and Risk Committee for a four year term commencing 1 August 2020.

3. Risk Management, Financial, Legal and Diversity and Inclusion impact

3.1 Risk management, Diversity and Inclusion impact and financial implications were detailed within the previously circulated reports.

4. Communication requirements

4.1 There are no communication requirements for the purposes of this report. Details of Council member appointments will be published on the CLC's website.

Chief Executive's Report

Purpose: For noting
Author: Chief Executive

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 2020 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. Report contains information which relates to: policy; information intended for future publication.

Principal Risk Register

Purpose: Approval

Author: Director of Finance and Operations

Approver: Chief Executive

Summary

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

The SMT discussed and reviewed the Principal Risk Register in July 2020.

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.

Publication

This report is not for publication as it contains information which is: policy under development; commercially confidential.

CLC Watchlist & Interventions

Purpose: Noting

Author: Director of Finance and Operations

Approver: Chief Executive

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 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. Report contains information which is: confidential and relates to regulatory enforcement action

Revised Business Plan 2020 and Future Look to 2021/22

Purpose: For Approval

Author: Director of Strategy and External Relations

Approver: Chief Executive

Summary

This paper captures the outcomes of the Council Workshop that assessed changing priorities for the CLC in light of progress against our strategy and the impact of the COVID-19 pandemic. It sets out a revised business plan for the year and provides an indication of how activities might continue in 2021 and 2022.

Recommendations

Council is asked to approve this revised business plan.

Risk management

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

Financial impact

All of the adjustments made to the plan are able to be delivered without budget increases and some have enabled savings to be made.

Diversity and inclusion impact

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

Communications requirements

There are no immediate communication requirements

Publication

This report is not for publication as it contains information which is: policy under development; intended for future publication.

Practice Fee and Compensation Fund Contributions for the period November 2020 to October 2021

Purpose: Approval

Author: Director of Finance and Operations

Approver: Chief Executive

Summary

At the May 2020 workshop, Council reviewed the revenue scenarios for the remainder of the current year and the next two years. Based on that analysis Council agreed that the right approach was to retain the existing Practice Fee and Compensation Fund rates.

This paper sets out the May 2020 workshop assumptions and highlights key developments following the workshop.

We have consulted the regulated community on the basis that fee rates would remain unchanged and have not received any responses to the consultation

Recommendations

Council is asked to confirm that Practice and Compensation Fund fee rates for 2020-21 remain unchanged from the 2019-20 rates.

Risk management

Insufficient revenue would reduce reserve levels and require unplanned expenditure cuts which could hamper our ability to deliver effective regulation.

Financial impact

The unchanged fee rate will not impact the fees collected however changes in practice turnovers will result in changes to fees collected in 2020-21.

Diversity and inclusion impact

In putting this proposal forward we understand that in line with the normal fee setting process the calculation of the fee will be done on a historic basis which may not be aligned to current revenue

Communications requirements

The Fee rates and charges will be communicated to all practices at license renewal.

Publication

Not for publication. The report contains information which is intended for future publication.



Internal Governance Rules - Certification

Purpose: For Approval
Author: Director of Regulatory Standards
Approver: Chief Executive

Attachments

1. Final draft Certificate of Compliance tracked showing further changes made following the Council meeting on 30 April 2020
2. Table setting out changes made to the CLC Corporate Governance Framework agreed by Council at its meetings on 31 October 2019 and 30 April 2020
3. Table explaining the amendments made to the IGR Certificate of Compliance following the Council meeting on 30 April 2020.

Summary

The Legal Services Board (LSB) requires all approved regulators to submit a Certificate of Compliance with the Internal Governance Rule 2019 (IGR). The IGR must be made by LSB to comply with s.30 Legal Services Act 2007 to ensure that:

- a. the exercise of regulatory functions by an AR is not prejudiced by its representative functions; and
- b. decisions relating to the exercise of the regulatory functions by an AR are, so far as reasonably practicable, taken independently from decisions relating to representative functions.

These risks do not apply to the CLC because it is regulatory body with no representative function. Nevertheless, there are some core requirements with which the CLC is required to comply. Relevant extracts of the IGR are set out in Annex A to the Certificate of Compliance (Attachment 1) with an explanation of the steps the CLC has taken to comply with the IGR.

At its meeting on 30 April 2020 the Council agreed the draft Certificate of Compliance with the LSB's Internal Governance Rules (IGR) and authorised the Chair to certify the Certificate on behalf of the Council.

Attachment 2 provides confirmation that the necessary changes have been made. Table 3 sets out the amendment to the IGR certificate of compliance.

The Certificate of Compliance approved by Council and signed by the Chair must be submitted to the LSB no later than 23 July 2020.

Recommendation

Council Members are asked to:

- (1) Confirm the immediate changes to the Appointments Committee and Remuneration Committee Terms of Reference to reflect the agreement of changes already made at Council (**Reference Attachment 3, Appendices A and B**)
- (2) Note that the new version of the Corporate Governance Framework and the Code of Conduct will be effective as from the date of this meeting.
- (3) Based on the certification by the Director of Regulatory Standards the Chair of Council will now sign the Certificate of Compliance.

Publication

Not for publication.

The Certificate of Compliance agreed by Council will be submitted to the Legal Services Board and is intended for future publication

Published Indicators and Metrics

Purpose: Approval

Author: Director of Finance and Operations

Approver: Chief Executive

Summary

This is a regular report to Council which includes Indicators and metrics for the quarter just ended. Following Council approval this report will be published on the CLC website.

Recommendations

Council is asked to review and approve the attached report.

Risk management

Publication of metrics and indicators is one of the ways we demonstrate transparency and good governance.

Financial impact

There is no direct financial impact.

Diversity and inclusion impact

There is no impact on diversity or inclusion.

Communications requirements

There are no communication requirements.

Publication

The attached report is published on the CLC website quarterly after Council approval.



Council for Licensed Conveyancers

Indicators and Metrics

June 2020

PART 1 – PRACTICE REGULATORY ACTIVITY INDICATORS

1.1 Overview

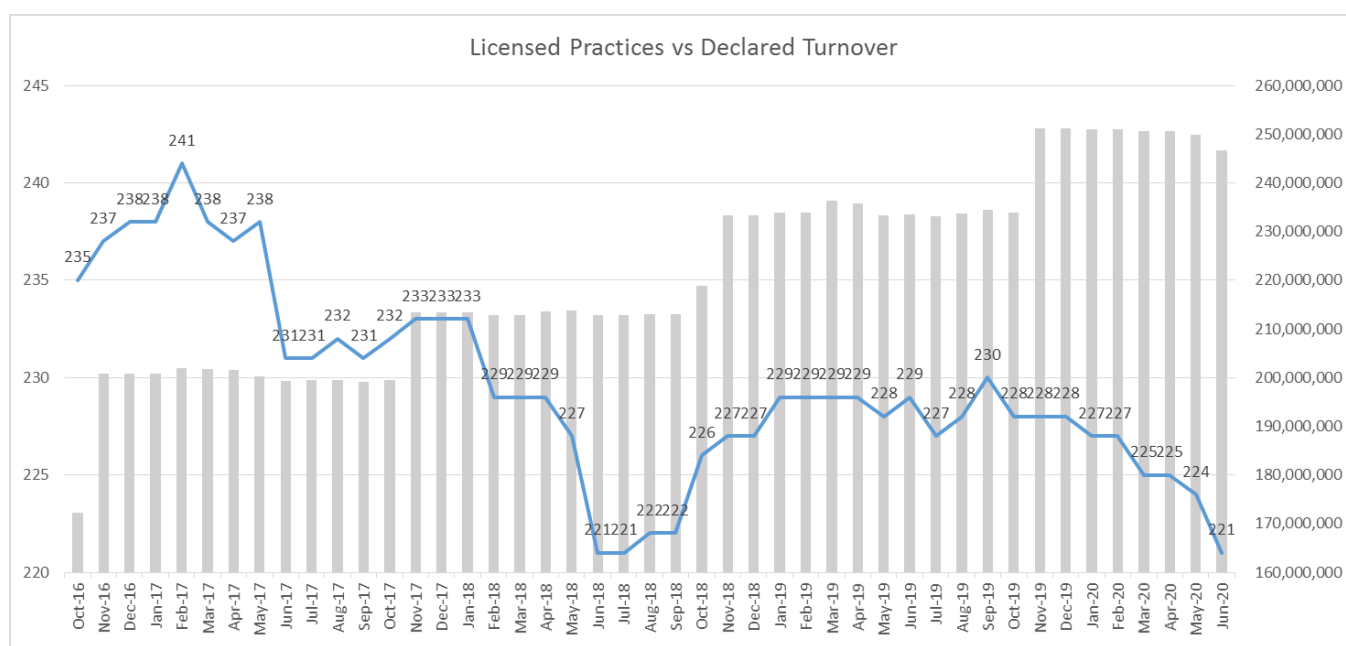
The table below summarises the number of CLC regulated practices by legal structure and regulatory authorisation as at 30 June 2020.

Practices by Entity Type	Recognised Body	ABS	Total 30 June
Limited Company	89	71	160
Limited Liability Partnership	10	5	15
Partnership	11	-	11
Sole Practitioner	35	-	35
Total	145	76	221

The distribution of practices by regulatory authorisation and turnover banding is summarised below.

Turnover Band	Recognised Body	ABS	Total 30 June
<£100k	21	8	29
£100-£500k	89	30	119
£500k-£3m	33	26	59
>£3m	2	12	14
Total	145	76	221

The chart below shows the trend in number of practices under regulation as well as the total declared turnovers. Although the number of practices under regulation has shown a downward trend, the turnovers of practices under regulation has been increasing over the period.



Council for Licensed Conveyancers Indicators and Metrics June 2020

1.2 Activity Indicators

The tables below summarises the new practice applications in progress, and processing time of the completed applications in the year to date.

New Practice Application Processing										
	In Progress - June 2020					Completed YTD				
	<30 days	31-90 days	91-180 days	180+ days	Total	<30 days	31-90 days	91-180 days	180+ days	Total YTD
New ABS					-					-
New RB		1			1		2	1		3
Switch (ABS)		1			1				1	1
Switch (RB)					-					-
Hive off (ABS)					-					-
Hive off (RB)					-					-
Total	-	2	-	-	2	-	2	1	1	4
% of total (cumulative)	0%	100%	100%	100%		0%	50%	75%	100%	
KPI	40%	60%	100%			40%	60%	100%		

New Practice Application Outcome (YTD)	Approved	Rejected	Under Review	Not Progressed	Total YTD
New ABS					-
New RB	3		1		4
Switch (ABS)			1	1	2
Switch (RB)					-
Hive off (ABS)					-
Hive off (RB)					-
Total	3	-	2	1	6
% of total	50%	0%	33%	17%	

The table below summarises the amendments to existing practices that are currently in progress as well as the amendments completed in the year to date.

Existing Practice Application Processing										
	Existing Practice Amendment Processing (In Progress - June 2020)					Existing Practice Amendment Processing (Completed YTD)				
	<30 days	31-90 days	91-180 days	180+ days	Total	<30 days	31-90 days	91-180 days	180+ days	Total YTD
New Owner					-	5	1			6
HoLP			1		1	5			1	6
HoFA			1		1	3				3
Manager (Lawyer)					-					-
Manager (non Lawyer)					-					-
Expanding Group					-					-
New External Investor					-					-
ABS Conversion					-	1	1			2
RB Conversion					-	1				1
Adding a LS			1		1	4				4
Merger (in CLC Reg)					-					-
Onward Sale					-	1				1
Owner Exit					-	3				3
Succession					-	1	1			2
Retirement/Closure					-	1				1
Cancellation					-	1				1
Total	-	-	3	-	3	26	3	-	1	30
% of total (cumulative)	0%	0%	100%	100%		87%	97%	97%	100%	
KPI	40%	60%	100%			40%	60%	100%		

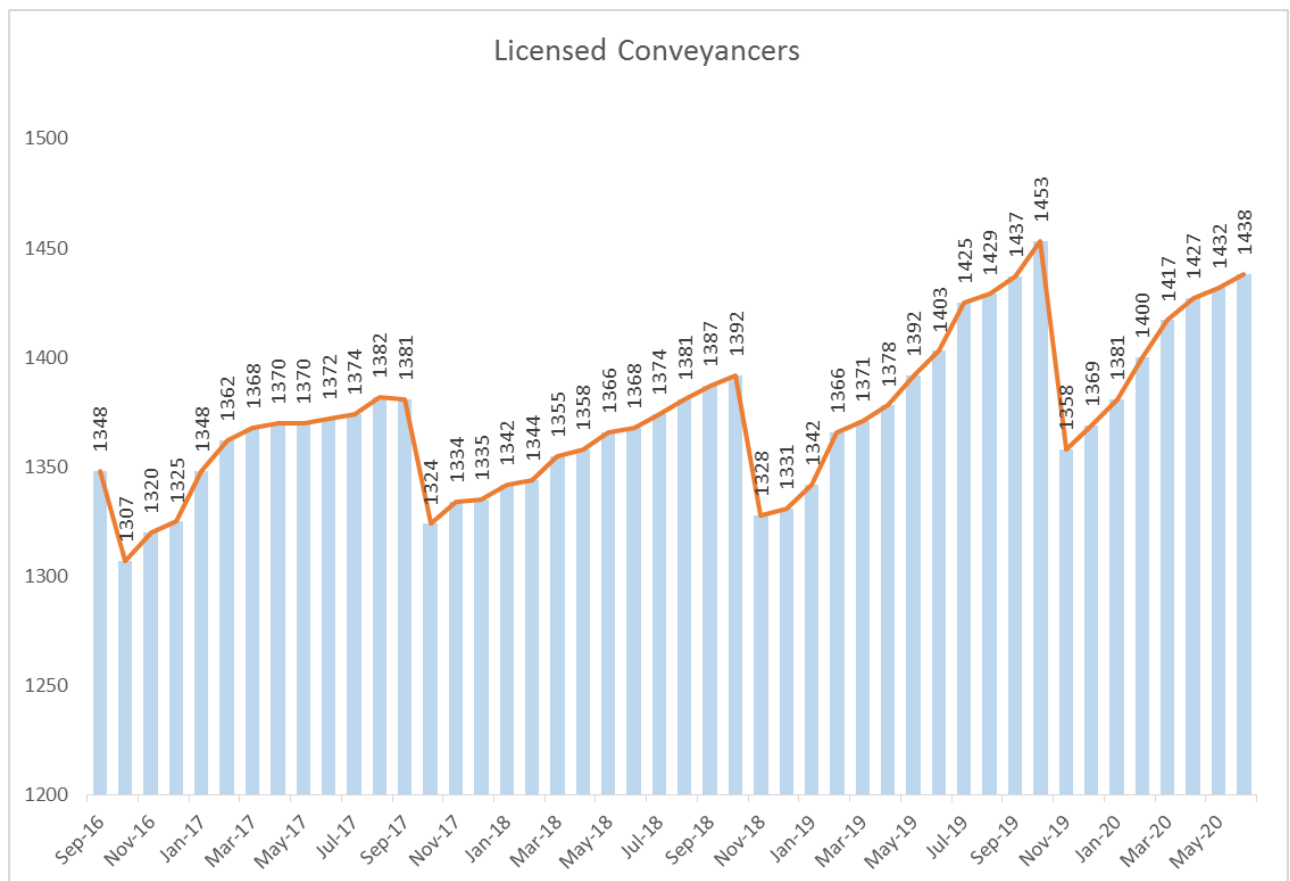
2 PART 2 – INDIVIDUALS REGULATORY ACTIVITY INDICATORS

2.1 Overview

The table below summarises the number of individual license holders by authorisation and license type as at 30 June 2020.

Individual Licence Holders	Employed	Manager	Total 30 June
Probate	1	2	3
Conveyancing	1,029	339	1,368
Probate & Conveyancing	21	46	67
Total	1,051	387	1,438

The chart below shows the trend of the number of individual license holders. As at 30 June 2020, there are 1,438 licensed individuals.



We see an annual drop-off in license holders at the license renewal point. This is caused by individuals that do not renew their license because of retirement, death, parental leave or leaving the profession.

Council for Licensed Conveyancers Indicators and Metrics June 2020

2.2 Activity Indicators

The table below summarises the completed individual applications by type for both the current quarter and year to date.

Individual application processing time (completed)										
	Q2					Year to Date				
	<30 days	31-60 days	61-100 days	100+ days	Total	<30 days	31-60 days	61-100 days	100+ days	Total YTD
CLC employed licence (conveyancing)	4	10	1	1	16	22	20	1	1	44
CLC employed licence (probate)					-					-
CLC employed licence (conveyancing & probate)					-	1				1
CLC manager licence (conveyancing)	1	1	1	2	5	6	4	4	2	16
CLC manager licence (probate)					-					-
CLC manager licence (conveyancing & probate)					-		1			1
CLC approved manager (sol/FCILex)			1		1		1	1		2
CLC approved manager (non-lawyer)		2			2		3			3
licence type change (employed/manager)					-					-
Material interest (non-authorised director/partner)					-					-
HoLP					-	1				1
HoFA	1				1	1				1
Total	6	13	3	3	25	31	29	6	3	69
% of total (cumulative)	24%	76%	88%	100%		45%	87%	96%	100%	
KPI	40%	60%	100%			40%	60%	100%		

All applications were completed within the stated performance standard.

The table below summarises the individual applications in progress as at 30 June 2020.

Individual application processing time (In Progress)	<30 days	31-60 days	61-100 days	100+ days	In process 30 June
June 2020					
CLC employed licence (conveyancing)		3	1	7	11
CLC employed licence (probate)					-
CLC employed licence (conveyancing & probate)					-
CLC manager licence (conveyancing)			1	3	4
CLC manager licence (probate)					-
CLC manager licence (conveyancing & probate)					-
CLC approved manager (sol/FCILex)		1	1	2	4
CLC approved manager (non-lawyer)		1	1	7	9
licence type change (employed/manager)		1		1	2
Material interest (non-authorised director/partner)				4	4
HoLP				6	6
HoFA				2	2
Total	-	6	4	32	42
% of total (cumulative)	0%	24%	40%	100%	

PART 3 – SUPERVISORY ACTIVITY

3.1 Inspections

The table below summarises the number of practice inspections undertaken against the budgeted plan:

Inspection plan	Q1	Q2	Q3	Q4	Total
Budgeted inspections	33	17	5	1	56
Actual inspections	25	9			34
Variance	-8	-8			-22

There were less inspections conducted than budgeted in Q1 and Q2 due to the coronavirus outbreak. These inspections have been rescheduled.

The table below summarises the type and outcome of inspections completed year to date.

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Inspections summary													
Routine inspections	4	8	10	2	1	5							30
Targeted Inspections		1											1
New practice inspection	1	1				1							3
Total	5	10	10	2	1	6	-	-	-	-	-	-	34
Overall Compliant			2										2
Overall Generally Compliant	3	3	3	1		2							12
Overall Non-Compliant	2	6	4	1		2							15

The compliance level is only shown for reports that have been completed and sent to practices.

3.2 Accountants reports

The table below summarises the status of accountants for the last four financial years:

Accountants Report	FYE 2016	FYE 2017	FYE 2018	FYE 2019
Received - late	51	72	60	49
Received - on time	175	158	157	124
Not received - overdue	0	0	3	14
Not Received/Closed	3	16	7	6
Not Yet Due	-	-	-	28
Total Reports Expected	229	247	227	221
Qualified reports	64	61	55	30
Qualified rate (received)	28%	27%	25%	17%

The rate of qualifications has reduced for FYE2019. 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 if 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
- Receipt and payment made from client account in contravention of the accounts code
- Issues with the office side of the client account.

PART 4 – DISCIPLINARY ACTIVITY

4.1 Disciplinary

The table below reflects the disciplinary cases in progress and concluded as well as the time elapsed (under investigation) or time take to finalise (completed).

Disciplinary Cases	1-3 months	4-6 months	6-12 months	13-24 months	25-36 months	>36 months	Total 30 June
Under Investigation							
Conduct		2		1			3
Failure to comply with codes		1	1			1	3
Shortage on client accounts			1			3	4
Total	-	3	2	1	-	4	10
Completed							
Conduct							-
Failure to comply with codes	1			2			3
Shortage on client accounts							-
Total	1	-	-	2	-	-	3
Outcome of Completed cases							
Case proved				2			2
Case not proved							-
No action taken	1						1

PART 5 – REGULATOR INFORMATION

5.1 Staffing

The table below summarises the movement in headcount for the quarter as well as the staff turnover (%).

Staff Headcount	Q1	Q2	YTD
Head count beginning of period	20	18	19
Appointment	0	1	1
Resignation	2	0	2
Head count end of period	18	19	18.5
Staff turnover (%)	11%	0%	11%

5.2 Complaints against the regulator

There is currently one open complaint on the CLC register.

The table below summarises the complaints completed in the year to date:

Time taken to finalise	<30 days	<60 days	<90 days	<120 days	>120 days	Total 30 June
Procedure failure			1		1	2
Discourtesy						-
Delay in responding						-
Failure to respond						-
Failure to take responsibility						-
Total	-	-	1	-	1	2

The time taken to finalise a complaint is from the date the complaint was received to the last correspondence sent out by the CLC.

5.3 Complaints against regulated practices and individuals

The table below summarises the number of complaints received by the CLC by category and time taken to resolve.

Completed Complaints	June 2020					Year to date				
	<30 days	31-90 days	91-180 days	180+ days	Total	<30 days	31-90 days	91-180 days	180+ days	Total YTD
Conduct	4	1	2		7	13	3	2		18
Third party					-					-
Service	1	1			2	47	4			51
Not Regulated					-	5				5
Negligence	1				1	4	1			5
Total	6	2	2	-	10	69	8	2	-	79
% of total (cumulative)	60%	80%	100%	100%		87%	97%	100%	100%	
KPI	40%	60%	100%			40%	60%	100%		

5.4 Compensation Fund claims

The table below summarises the status of Compensation Fund claims received as well as the time taken to finalise.

Compensation Fund Claims	Ageing of claims (YTD)				
	<30 days	31-90 days	91-180 days	180+ days	Total 30 June
In progress	1	1	4	8	14
Claims settled	19	1	2	1	23
Claims rejected					-
Not progressed		1	3		4
					-
Total	20	3	9	9	41
% of total	49%	56%	78%	100%	
KPI	40%	60%	100%		

The table below summarises the Compensation Fund claims based on outcome and indicates the value of the claims per category.

Compensation Fund Claims		June 2020				YTD			
	Currently under review	Claims settled	Claims rejected	Not progressed	Total closed	Claims settled	Claims rejected	Not progressed	Total closed 30 June
Number of claims	14	3	-	-	3	23	-	4	27
Value of claims	112,253	412	-	-	412	5,268	-	3,095	8,363

Annual Review of Council Terms of Reference

Purpose: For review

Author: Head of Executive Office

Approver: Chief Executive

1. Summary

- 1.1 In line with best practice, The Council reviews its Terms of Reference annually.
- 1.2 The Council's current Terms of Reference are attached at **Appendix A**.
- 1.3 The Council's Terms of Reference were amended following the Council's meeting on 31 October 2019 to reflect the new Internal Governance Rules and revised Regulations for the Appointment and Service of Council members 2019.
- 1.4 The Council's Terms of Reference were further amended following the Council's decision on 27 January 2020 to confirm that the Appointments Committee's responsibilities include oversight of the appraisal process of the Chair. (Paragraph 10 of Appendix A)
- 1.5 One amendment to the Council's Terms of Reference is proposed by the Executive to reflect the current Regulations for the Appointment and Service of Council Members which were approved by the LSB on 22 April 2020. The Internal Governance Rules Certification report elsewhere on this agenda, it is proposed to update the Corporate Governance Framework to reflect the current version. The proposed change is reflected within paragraphs 4,10 and 14 of the Terms of Reference at Appendix A.

2. Recommendations

The Council is invited to:

- (1) Review its Terms of Reference (**Appendix A**)
- (2) Agree to update the Council's Terms of Reference reference the Regulations for the Appointment and Service of Council Members 2020.

3. Risk management

- 3.1 The Council's responsibilities include the review of the CLC's risk management arrangements, which are reflected within its Terms of Reference.

4. Financial impact

- 4.1 There are no financial implications specific to this report.

5. Communications requirements

- 5.1 The Council's Terms of Reference are included within the Corporate Governance Framework which will be published in future.

Appendix A

Council Terms of Reference

1. The conduct of business of the Council is governed by the Code of Conduct for Members of the Council for Licensed Conveyancers.

Membership

2. The Council will make appointments of Members to the Council, including the Council Chair, for a term of up to four years.
3. The Council will consist of a non-executive Lay Chair, 8 non-executive members and the Chief Executive.
4. 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~~ 2020.
5. Membership of the Council will be reviewed at the end of each Member's term of office with the possibility of re-appointment once only, for a further term of office of up to four years.

Reporting

6. The Council will report on its work to the CLC's stakeholders through an Annual Report which will be published each year.
7. As soon as is practicable minutes of each meeting will be circulated to members for noting.

Responsibilities

8. The responsibilities for the Council are set out in section 1 of the CLC's Corporate Governance Framework.

Review of Effectiveness

9. The Council will review its own effectiveness and terms of reference annually and implement any recommendations for change.
10. The Lay Chair of the Council will review annually the performance of Members. The Council's Appointments Committee will have regard to individual appraisals and a regular audit of skills needed when considering the reappointment or extension of terms of office for Council members in compliance with the CLC's Regulations for the Appointment and Service of Council Members ~~2019~~ 2020 (or as amended from time to time).
11. The Council's Appointments Committee will oversee an annual appraisal process for the Lay Chair of the Council that will be conducted by an independent adviser.

Authority

12. The Council is authorised to review or investigate any activity within its statutory powers.
13. The Council may require the Staff to carry out such additional activity as it deems appropriate within its terms of activity.
14. 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~~ 2020 are met.
15. The Council may delegate some of its powers as appropriate to members of Staff on the recommendation of the Chief Executive in accordance with a scheme of delegation.

Meetings

16. The Council shall meet at least twice a year. The Lay Chair of the Council may convene additional meetings when considered necessary.
17. 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 (or other Authorised person) member is present and there is a lay majority.

Appointments to Council Committees

Purpose **Approval**

Author: **Head of Executive Office**

Approver: **Chief Executive**

Summary

This report sets out recommendations for Appointment to Council Committees to take account of recent and forthcoming changes to the Council's membership.

Recommendations

Council is asked to agree the membership of Committees as follows:

Appointments Committee

- Janet Paraskeva (Chair)
- Colin Wilby (Lay member)
- Andrea Pierce (Professional Member)

Audit and Risk Committee **with effect from 1 August 2020**

- Jenny Quirke (Chair)
- Andrea Pierce (Professional member)
- Richard Cryer (Independent member)
- Sarah Debney (Professional member)
- Teresa Perchard (Lay member)

Remuneration Committee **with effect from 24 July 2020**

- Colin Wilby (Chair)
- Alan Cogbill (Lay member)
- Sally Szarka (Professional Member)
- Vacancy

Risk management

The Council is empowered by the Corporate Governance Framework to establish such Committees as it deems necessary for the purpose of carrying out the statutory powers and functions of the Council and to determine appointments to those Committees.

In line with best practice in governance, the Council and its committees are constituted to sustain membership of the Council, ensure appropriate representation and accountability,

Financial impact

There are no specific costs associated with the establishment of Committees, with the exception of expenses associated with attendance at meetings and facilities.

Diversity and inclusion impact

Appointment decisions are taken in line with best practice in relation to governance, representativeness, diversity and inclusion and equalities and experience.

Communications requirements

Committee membership, when agreed, will be published on the website.

Publication status of this paper

Not for publication – the report contains information which is intended for future publication.



CLC Council Meeting

Audit and Risk Committee Chair's Report

Purpose: For Approval

Chair: Heather Foster

Summary

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

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

At its meeting on 14 July 2020, the Committee conducted an Annual Review of its Terms of Reference. It has recommended some changes as follows:

- Clarification of existing practice that the Chair of Council and the Chair of the Audit and Risk Committee are lay appointments
- Clarification of the existing convention that the Chief Executive may not be a member of the Audit and Risk Committee
- Clarification that a lay majority is required for quoracy, in line with the CLC's Committee Standing Orders
- The addition of responsibility for oversight of the Procurement Policy.

The recommended changes are reflected in track changes. (**Appendix C**)

Recommendations

Council is invited:

- (1) to note the report and to put any questions to the Chair;
- (2) To approve the recommended revisions to the Audit and Risk Committee's Terms of Reference (**Appendix C**)

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 Approval

Chair: Dame Janet Paraskeva

Summary

This report summarises the business undertaken by the Appointments Committee since its last report to the Council on 27 January 2020.

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

This report is for Council only. Membership of the Council is published on the CLC's website.

Performance Pack Report – Q2 Out-turn

Purpose: Noting

Author: Director of Finance and Operations

Approver: Chief Executive

Summary

This report comprises of the following elements:

- Overview of financial performance to 30 June 2020
- Operational performance indicators
- Human Resources
- Complaints against the CLC
- Procurement
- Projects
- Published metrics and indicators including comparison to previous quarter.

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 July 2020.



Publication

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

Business Plan 2020 Progress Report

Purpose: For Information

Author: Director of Strategy and External Relations

Approver: Chief Executive

Summary

This paper sets out progress against the business plan for the 2020 financial year as agreed by Council at its meeting on 27th January 2020.

Recommendations

Council is asked to note progress against the business plan and the adjustments that have been made in light of the current pandemic.

Risk management

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

Financial impact

All of the adjustments made to the plan are able to be delivered without budget increases.

Diversity and inclusion impact

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

Communications requirements

There are no immediate communication requirements

Publication

This report will not be published as it contains information which is intended for future publication.

Property and Law Round Up

Purpose: For noting

Author: Director of Strategy and External Relations

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

Simultaneous exchange and completion

The CLC continues to work as a member of the Home Buying and Selling Group that is coordinating the effort across the industry to improve the process and to respond to the challenges thrown up by the pandemic. A memorandum of understanding is currently in development based on a successful model in Northern Ireland, that could help reduce transaction times considerably through better cooperation between the professionals involved in transactions. This could help more citizens take advantage of the Stamp Duty holiday by reducing transaction times from their current levels.

The Group has noted that transactions are proceeding on a simultaneous basis as conveyancers seek to address the risk to completion of one of the parties falling ill or being required to self-isolate. This is reported as causing problems and of being disproportionate to the current level of risk. We are exploring this with a view to amending guidance to conveyancers.

Digital Signatures and ID standards

The CLC has been pressing HM Land Registry for more than a year to consider moves to digital identity and signature standards to make the process smoother and more secure. The pandemic has provided a very helpful impetus to addressing this opportunity and Council Members will have seen that HM Land Registry has announced that it will now accept digital signatures. The current solution still requires a witness – who can also sign digitally – and there is an intention to move to a digital signature approach that does not require witnesses. This depends on the related issue of identity standards. Again, progress here is promising and HM Land Registry is holding a number of workshops

ECONOMIC AND MARKET INDICATORS

Global economy

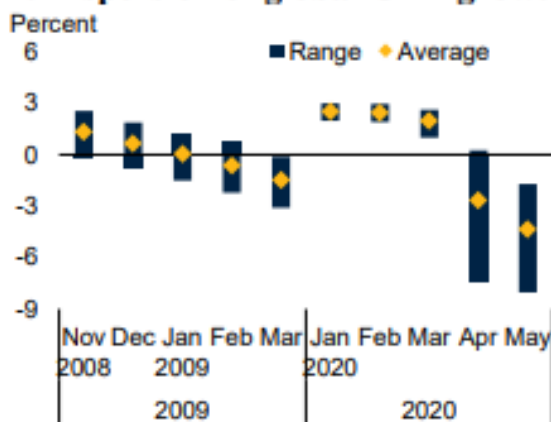
World Bank – Global Economic Prospects June 2020

The COVID-19 pandemic is expected to result in a 5.2 percent contraction in global GDP in 2020—the deepest since World War II, with the largest fraction of economies experiencing declines in per capita output since 1870.

- Per capita incomes in the vast majority of emerging market and developing economies (EMDEs) are expected to shrink this year, tipping many millions back into poverty.
- Once the health crisis abates, structural reforms that enable strong and sustainable growth will be needed to attenuate the lasting effect of the pandemic on potential output.

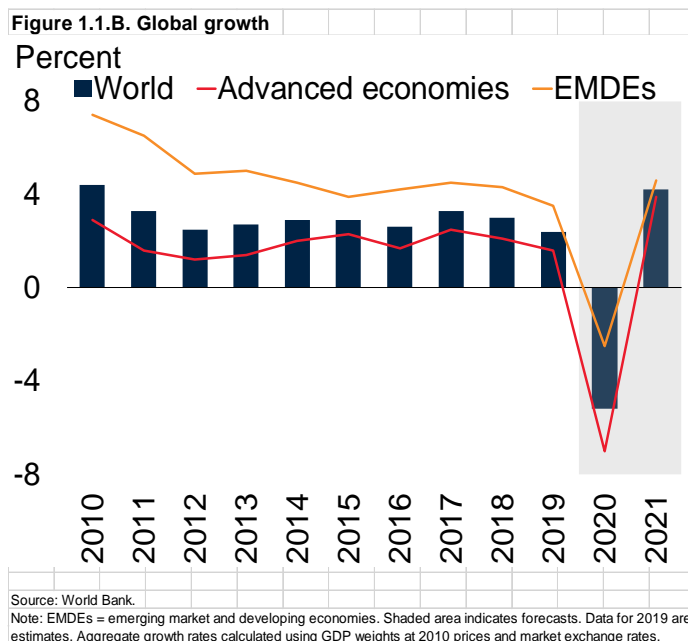
- Output of emerging market and developing economies (EMDEs) is expected to contract in 2020 for the first time in at least sixty years.
- Global growth forecasts have been revised down more steeply and rapidly during the COVID-19 recession than in any other recession since at least 1990.
- Since further downgrades may be in store as forecasters absorb new information about the pandemic evolution, additional policy support measures may be needed in the coming months.

F. Dispersion of global GDP growth forecasts



F. Consensus global growth forecasts for 2009 and 2020 in denoted months. Ranges show the minimum-maximum of growth forecasts. This highlights the much greater than usual degree of uncertainty about how economies will emerge from the crisis.

However, the World Bank expects the recovery to be v-shaped, as shown in the next table.



IMF World Economic Outlook

The IMF's forecast is close to the World Bank's own. It expects a 4.9% contraction in global GDP. The table below shows the range of scenarios the IMF envisage.

An uncertain outlook

Medical breakthroughs could accelerate recovery. A second wave of the virus could cause more disruption.

(index; 2019 GDP level = 100)



Source: IMF staff estimates.

Note: World real GDP in 2019 is indexed to 100.

UK Economy

The Office for Budget Responsibility issued its quarterly [Fiscal Sustainability Report](#) on 14th July. It sets out three scenarios for the medium term as a basis for projecting the long term. These scenarios are useful starting points for any consideration of the development of the economy.

Central scenario

In this scenario, GDP would fall by 12.4% in 2020. The economy would then recover more slowly than had been expected, with gross domestic product (GDP) recovering by the end of 2022.

In this scenario, the OBR expects business investment would be 6% lower over five years than was expected by the pre-COVID report in March. Job losses and business failures would be significant. As a result, OBR would expect GDP after inflation to remain 3% lower at the start of 2025 than was anticipated in the March report.

Unemployment would increase from 1.3 million in 2019 to 3.5 million in 2021, with the unemployment rate peaking at 12% in the last quarter of 2020. This would be higher than the post-2008 peak of unemployment and the damage to consumer spending would be significant.

Best-case scenario

This scenario sets out a fairly quick recovery, with GDP returning to the pre-virus peak by the end of March 2021, and with no enduring economic damage. OBR would expect unemployment to peak at 10% in the third quarter of 2020 and that up to 1.9 people would be out of work in 2021 though employment would gradually begin to rise again.

In this scenario, GDP would still fall by 10.6% in 2020, but would recover rapidly in 2021. Household finances would have been less affected, so consumer spending would recover more or less in line with pre-COVID expectations.

The government's budget deficit hits £263bn this year, or 13% of GDP, before gradually dropping back by 2025 to end up near the levels expected before coronavirus struck.

Worst-case scenario

In this case, OBR would expect economic output to recover more slowly, returning to its pre-virus peak only by 2024. This would result in a more significant loss of business investment, company failures and persistently high levels of unemployment. Due to lasting economic scarring caused by the depth of the crisis and slow recovery, GDP after inflation would be 6% lower at the start of 2025 than was expected in was forecast by the OBR in March 2020.

Unemployment could peak at 13% in the first three months of 2021, which would be higher than the 1980s peak, putting up to 4 million people out of work.

GDP would fall by 14.3% this year and the severe blow to household finances from the sharp increase in unemployment would cause a severe decline in consumer spending. Household consumption would not return to its pre-virus peak at all in this five-year scenario.

The budget deficit could reach £391bn, or 21% of GDP.

UK Housing Market

Pandemic impact

While transaction volumes are recovering, there remains concern about the sustainability of the pipeline once pent-up demand has been cleared. The SDLT holiday is expected to help of course, and while local lockdowns will likely only have a limited impact on the overall picture, a national second wave of the pandemic could have a very debilitating effect.

SDLT holiday

The Chancellor of the Exchequer announced temporary increases to Stamp Duty Land Tax nil rate bands for residential property. The new rules increase the nil rate band from £125,000 to £500,000 in the tables covering standard purchases and purchases where the consideration consists of or includes the net present value of the rental element for leasehold acquisitions. For purchases liable to the Higher Rates for Additional Dwellings, the 3% band is increased from £125,000 to £500,000. Anecdotal evidence is of an immediate impact on activity in the market.

The measure applies to transactions that are completed or substantially performed between 8 July 2020 and 31 March 2021 inclusive. The temporary rates do not apply where the transaction was substantially performed before 8 July 2020. Our SDLT Update page contains more information – <https://www.clc-uk.org/lawyers/sdl-t-updates/>.

The Chancellor has asked the Office of Tax Simplification to review Capital Gains Tax, with the expectation that changes could be used to increase the tax take to help make up for some of the costs of COVID-19. This could affect the market for second homes and buy-to-let properties.

House prices

The CLC's key concern is around transaction volumes rather than house prices. However, if house prices are depressed, this may put downward pressure on transactions as sellers who are able and willing to do so wait for better market conditions. Unemployment, as set out in the scenarios above will also have a large impact on the market.

Halifax Index

Average house prices fell by 0.1% in June according to the Halifax. Some commentators question the reliability of this and other indices given the reduced volumes of transactions they can cover now.

It is notable as the first time since 2010 – when the housing market was struggling to gain traction following the shock of the global financial crisis – that prices have fallen for four months in a row.

New mortgage enquiries were up by 100% compared to May, and of course transaction volumes rose sharply compared to previous months as suspended transactions proceeded. The Halifax note that it remains too early to say if this level of activity will be sustained: "The near-term outlook points to a continuation of the recent modest downward trend in prices

through the third quarter of the year, with sentiment indicators, based on surveys of both agents and households, currently at or around multi-year lows.”

Forecasts

The forecasts below generally reflect the consensus around the evolution of the economy generally. Other indices have been called into question recently because the low number of transactions generally means that figures may not provide a reliable guide.

- Centre for Economics and Business Research
 - House prices will fall 13% in the 12 months to March 2021
- Bank of England
 - The FPC judges that a fall of 16% in UK residential property prices could be consistent with the MPR scenario.
 - After falling, prices are then assumed to rise gradually as economic activity in the UK recovers and unemployment falls in the scenario
- Capital Economics
 - Expect the coming drop in prices to be limited to 4%, but there are big downside risks to that view.
- Savills
 - This chart shows how the estate agency has changed its forecasts for the five years from 2020 in light of the pandemic. It’s notable how low growth in London is expected to be. Because London dominates commentary, this could have an impact on sentiment even if the regions perform as well as predicted.

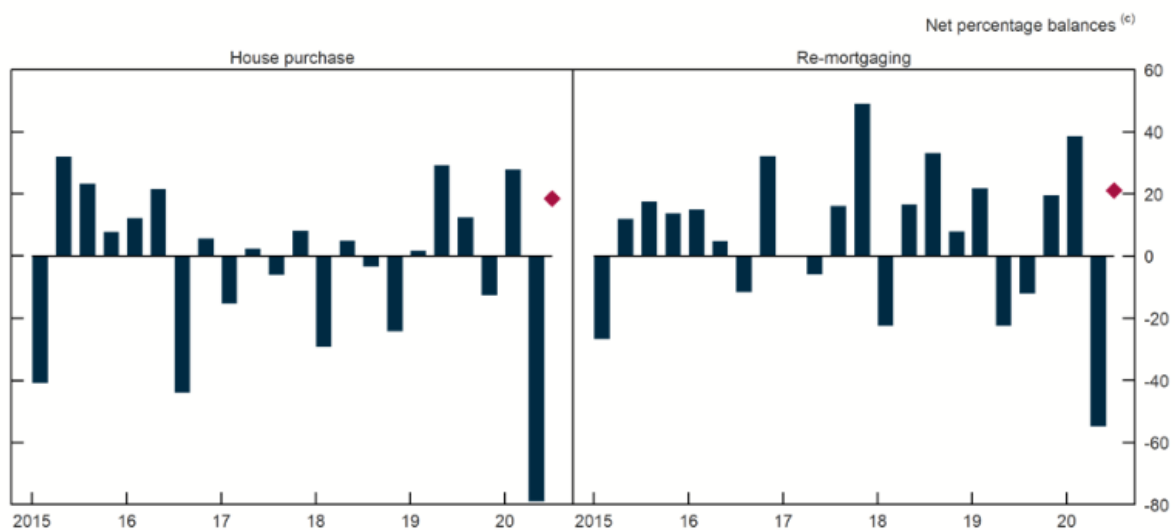
Property Price Forecasts	Savills 2020	Savills 2020	Savills 2021	Savills 2021	Savills 2022	Savills 2022	Savills 2023	Savills 2023	Savills 2024	Savills 2024	Savills 5 Yr compound growth	Savills 5 Yr compound growth
Date of publication/source	(Nov 19)	Jun-20	(Nov 19)	Jun-20	(Nov 19)	Jun-20	(Nov 19)	Jun-20	(Nov 19)	Jun-20	(Nov 19)	Jun-20
UK	1.0%	-7.5%	4.5%	5.0%	3.0%	8.0%	3.0%	5.0%	3.0%	4.5%	15.3%	15.1%
London	-2.0%	-7.5%	1.5%	6.0%	1.0%	3.0%	1.0%	1.5%	2.5%	1.5%	4.0%	4.0%
South East	0.0%	-7.5%	3.0%	8.0%	2.5%	5.5%	2.5%	2.5%	2.5%	2.5%	10.9%	10.7%
South West	0.5%	-7.5%	4.0%	3.0%	3.0%	8.0%	2.5%	5.5%	2.5%	4.0%	13.1%	12.9%
East of England	0.0%	-7.5%	3.0%	8.0%	2.5%	5.5%	2.5%	2.5%	2.5%	2.5%	10.9%	10.7%
East Midlands	3.0%	-7.5%	5.0%	7.0%	3.0%	7.5%	3.0%	5.5%	3.0%	5.5%	18.2%	18.4%
West Midlands	3.0%	-7.5%	5.0%	2.0%	3.0%	10.0%	3.0%	7.0%	3.0%	6.5%	18.2%	18.3%
North East	1.5%	-7.5%	5.0%	2.0%	4.0%	10.0%	4.0%	8.0%	4.0%	7.0%	19.9%	19.9%
North West	2.5%	-7.5%	6.5%	8.5%	4.5%	9.0%	4.5%	7.0%	4.0%	6.0%	24.0%	24.1%
Yorks & Humber	2.0%	-7.5%	6.0%	3.0%	4.0%	10.0%	4.0%	8.0%	4.0%	7.0%	21.6%	21.1%
Wales	2.0%	-7.5%	6.0%	2.0%	3.0%	10.0%	3.0%	7.0%	3.0%	6.0%	19.9%	17.7%
Scotland	2.0%	-7.5%	6.0%	7.0%	3.5%	8.5%	3.5%	6.0%	3.5%	5.5%	19.9%	20.1%

Credit conditions

The Bank of England's Credit Conditions Survey issued on 16th July found that the availability of **secured credit to households** in the three months to end-May 2020 (Q2) decreased. Lenders expected the availability of secured credit to decrease further over the next three months to end-August.

Lenders reported that the availability of **unsecured credit to households** decreased in Q2, and was expected to decrease further in Q3 (Chart 2).

The chart below shows how demand for secured borrowing for house purchases and re-mortgage has changed and what lenders expect for Q3. This survey was carried out before the Chancellor announced his stamp duty holiday, which could have a positive effect on this measure.



Transaction volumes

It is very difficult to get a reliable understanding of actual transaction volumes because of delays at the Land Registry arising from the impact of the pandemic on their operations.

Details of new instructions and work in progress in CLC firms are reported in the Chief Executive's update.

Council Work Plan

Purpose	Noting
Author:	Head of Executive Office
Approver:	Chief Executive

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 2020	30 April 2020 Council meeting Q1 Results	29 May 2020 Workshop	11 June 2020 Workshop	22 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
Strategy and Planning	2020 Business Plan and Budget			2020 Business Plan - Update	CLC Strategy 2018-2023 Midpoint Review	Business and Budget Planning		Business Plan and Future Look 2021-22		2021 Business Plan and Budget planning	
Performance and Risk	Management Report <ul style="list-style-type: none"> Q4 Performance Outturn Interventions and Watchlist Compensation Plan Property News Round Up KPI Development CEO report		External Auditor's Report and Management Letter CLC Financial Statements 2019	Management Report <ul style="list-style-type: none"> Q1 Budget Outturn Interventions and Watchlist Compensation fund Business Plan 2020 Progress Property News Round up Principal Risks and Management Policy Key Performance Indicators CEO report				Management Report <ul style="list-style-type: none"> Q2 Budget Outturn Interventions and Watchlist Compensation fund Business Plan 2020 progress Property News Round up Principal Risk Register Key Performance Indicators CEO report		Management Report <ul style="list-style-type: none"> Q3 Budget Outturn Interventions and Watchlist Compensation fund Business Plan 2020update Property News Round up Principal Risk Register Key Performance Indicators CEO report	
Governance	Annual Committee Chairs' reports Appointments Committee report Audit and Risk Committee Report and Minutes Remuneration Committee Report and Minutes Chair Appraisal Process	IGR requirements Services Regulated by the CLC	Annual Report Audit and Risk Committee report	Audit and Risk Committee report Remuneration Committee Report IGRs – Certification of Compliance		CLC Governance and Ways of Working	Compensation Fund	Audit and Risk Committee report Ratification of decisions taken outside Council meetings Compensation Fund Annual Review of Terms of reference Appointments to Committees Internal Governance Rules Certification		Audit and Risk Committee report Appointments Committee report Remuneration Committee Report	<i>Council meeting format</i> <i>Board Software Solutions</i>
Regulatory Activity	Accounts Code Revisions Services regulated by the CLC	Impact of Extending Regulation of Non-Reserved Activities		Practice Fee and Compensation Fund – Fee Setting Timetable Accounts Code Revisions – Outcome of Consultation	Practice Fee and Compensation Fund - Approach			Regulatory Fee setting	Review of Disciplinary Processes	ARR Results	<i>Compensation Fund</i> <i>Disciplinary Case Reviews and CLC Disciplinary Process</i>
Ad hoc Business Plan items				Annual Evaluation of Education						Evaluation of Communications and Marketing	