

CLC Council Meeting
Minutes of the Council meeting held
on
Thursday 30 April 2015
at
CLC offices, Glebe Road, Chelmsford
1100hrs – 1530hrs

Council Present

Ms J Smith (JS) Interim Chair
Mr H Foster (HF)
Mr G Kidd (GK)
Mr R Gurney (RG)
Mr A Clark (AC)

Mr J Jones (JJ)
Ms J Paraskeva (Chair Designate)

CLC in attendance

Mr S Kumar (SK)	Chief Executive
Mr S Blandy (SB)	Director of Regulatory Standards
Mr S Ward (SW)	Director of External Relations
Mr S Faraway (SF)	Interim Director of Finance
Ms C Richardson (CR)	Education Project Manager (item 8 only)
Ms S Thomson (ST)	Head of Executive Office – minute taker

Apologies

Ms A Pierce (AP)
Ms T Perchard (TP)

1. Welcome, Introductions, Apologies and Declarations of Interest

The Interim Chair welcomed Janet Paraskeva, the new Chair of the CLC to her first meeting. JP was attending the meeting as Chair Designate, and takes up the position of Chair of CLC from 1 May 2015.

There were apologies from Andrea Pierce and Teresa Perchard.

There were no declarations of interest, excluding the standing one where trade members of the Council have a declared interest in the Compensation Fund discussions.

2. Minutes of Previous Council meetings

Minutes were approved with the following amendments:

29 January 2015:

page 5 – Risk Appetite – change wording to read – “SK to discuss risk presentation options with HF for workshop”

page 6 – item 4 to read: CLC should control what is published and not rely on LSB to publish the wider piece”.

Minutes of 10 March were approved.

Minutes and decision taken out with Council meeting were approved.

General comment: minutes going forward to highlight both Council decisions and also actions arising.

Action 001: Council Secretary to amend minutes as stated and prepare a decision log going forward for the quarterly meetings.

3. Matters Arising and update on Actions from Previous meetings

The matters arising and actions log were noted.

4. CEO Report

The Council noted the contents of the CEO Report.

Project Update

On page 7 (archiving project) it should be noted that costs savings are to date over the project timeline and not just those realised in Q1.

On the Restructure Project it was noted that not all the recruitment had taken place but that the budget was on target given the stage of completion.

Council asked that going forward that Council agendas include a section on “what’s going on generally in the market place”. This would also be useful for lay members of the Council to keep them up to date with developments in the industry. Topics for discussion could include:

- Indemnity insurance
- How do other compensation funds operate
- Target markets – what is CLC’s one?

Action 002 – ST to add as standing item onto Council agendas going forward.

5. a) Q1 Management Report

SK introduced the new look management report. It was noted that it was a work in progress and SMT were happy to take on board comments on style

and content going forward. It was agreed Council members would email the CEO with any comments they had on the report.

Council members noted that risk had not been built into the reporting yet and will be added in later this year. SMT are revisiting the strategic risk register – the current register is now more of an operational register. A session will also take place at the June Workshop with Council members on strategic risk and risk appetite.

SK reported that although the Q1 results looked as though we had overspent on budget, the profiling has been completed on a flat apportionment across the 12 months, instead of allowing for peaks and troughs. SMT were content with the position at end of Q1 and confirmed that no areas had overspent. Most of the front load spend was in the External Relations budget and in interventions – both will even out throughout the year. Council asked SMT if there were content that the interventions budget figure held good and SK confirmed that on the current assumption the budget held good. If there is any indication from the watchlist that this position changes it will be reported with the intervention report. At a session later in May SMT will be re-profiling the budget for more accurate reporting and also looking at the business plan to ensure we are still on track for its delivery this year.

It was noted that the retained earnings for Q1 looking like we were reporting a loss but indeed income was up for the quarter too. It was noted to report the highlights in the report as well as the narrative commentary.

It was noted that we had **not** received another re-evaluation for Glebe Road and that the figure shown under cash – was the year end valuation figures. SK confirmed that this is not the actual figure estimated for the sale of Glebe Road.

On students that had recently qualified Council asked what the reasons were for not applying for a licence straight away. SW confirmed that it was usually due to financial reasons that students delay applying for their licence, and some students will be finishing off their portfolios or awaiting to get them signed off by their employer. SW agreed to look back at historical data track profiling in previous years.

On CPD, it was noted that we had no purchases this year so far. SW confirmed that it would be built into brand awareness going forward but Council noted that other providers provided CPD points through attendance at workshops and training events. SW to look into whether providing CPD in future is a viable option for CLC.

Council asked if outsourcing inspections were working as planned. SK confirmed they were working well and we were already meeting our yearly target for visits. We are now beginning to be able to look at the direct learning that comes out of these outsourced inspections and with some new staff in place, this was a stream of work that was beginning to happen.

Council confirmed that it would be good to have a balanced scorecard at the front of the management report going forward.

Council asked that if the planned hooks mentioned on page 14 of the management report should be more externally focussed to take account of work in the consumer space, SK reported that we were doing work in in the retirement leasehold sector, with the Law Commission and speaking at conferences out with the conveyancing sector.

Council were keen to build the CLC's profile and supported the position about not endorsing products specifically.

Action 003: Council members to send comments on new style management reporting to SK;

Action 004: SW to look at historical data on reasons why students to not apply for a licence after qualifying.

Action 005: SW to look at the financial viability of CLC providing CPD in the future.

Action 006: a balanced scorecard to be added to the quarterly management reporting suite.

b) Interventions and Watchlist

SB introduced the paper which Council noted. We are still waiting to hear whether there will be criminal proceedings against the senior managers at Reeve Fisher Sands and there was early indication given that insurers might be avoiding the claim. On both Blueprint and Reeve Fisher Sands it is looking likely there will be a substantial claim on the compensation fund and SB/SK meeting with Insurers later in May to discuss current situation.

c) Compensation Fund

SB introduced the paper which Council noted. It was noted that Council had made the decision last year to move away from the compensation fund insurance policy because of the narrow tranche of coverage. The fund is there to mitigate risks but not cover 100% of losses. With HMRC on Blueprint issue, we had been clear that the Compensation Fund was not there as an additional pot of money to mitigate fully against every loss.

Action 007: Compensation Fund to be a topic added to June Council workshop agenda.

6. Compensation Fund Operating Framework

The Compensation Fund Task and Finish Group considered the responses the CLC received on the CF operating framework and have concluded that no

further amendments should be made and recommend that Council approve the draft at annex 1 of the paper.

The paper had not picked up the point from the task and finish group that there should be a discussion with the LSCP about their response prior to submission to the LSB. This point had been accepted and would be actioned.

Following discussion, Council approved the draft Compensation Fund Operating Framework for submission to the LSB for their approval, subject to the following amendments:

- a) Item 5 - make clear that the fund “may not pay out the whole amount” to mitigate claims for the whole of the loss.
- b) Item 7 – add the work “normally” into “A claimant must give notice for a grant *normally* within 6 months ...”.
- c) The new rules will apply from 30 September 2015.

Action 008: SB to update draft Compensation Fund Operating Framework and submit to LSB for approval

7. CRM Costings – Phase II approval

SW presented a paper to update the Council on the experience of using the ProspectSoft CRM system at the CLC so far and seeks views on proposals for Phase II of the project.

SW proposed splitting the work of Phase II into two elements - Phase IIa could be done relatively quickly and cheaply. This would include:

- a) Policy development from identification of an issue through its progress internally, consultation and final decisions;
- b) Delivery of direct emails to groups of contacts;
- c) Management of complaints about the regulated community and the CLC;
- d) Management of claims on the compensation fund;
- e) Event management;
- f) Data on regulated entities and individuals to inform regulatory operations and the management of risk;
- g) Retention of information about run-off cover for closed entities; and
- h) Provision of official papers to Council Members through an online portal.

Before work begins there will be a comprehensive discovery exercise to ensure that all data and workflow requirements are clearly and fully identified and agreed by the SMT. **The total cost of Phase IIa should be assumed to be £6,200.**

Phase IIb is estimated to require 26 days effort by ProspectSoft.

Phase IIb will cover only the education processes and data. It will be important to understand the future model for education and timetable for transition before we make a decision about the value for money this phase would represent. **The total cost of development and for Phase IIb is estimated to be £27,420**

Additional budget for CRM

£20,000 has been earmarked for CRM development in the 2015 budget. ProspectSoft has now provided estimates of time and cost for Phases IIa and IIb. Taking costs for Phase IIa into consideration this would leave a budget figure of £13,800. Exact costings will be returned to council for Phase IIb in due course but it was noted that using current costings, Council would be looking to approve an additional c£14k from Reserves.

Decision: Council agreed Phase IIa of CRM project.

Action 009: Council agreed to the go ahead of Phase IIa. Exact costings for Phase II b to return to Council if that phase goes ahead.

8. Education Update

Claire Richardson joined the meeting and updated the Council on up-to-date position on discussions with Awarding Organisations looking to accredit the CLC future education and training framework.

Council agreed to the recommendations on the following:

Decision

- a) **the present position of discussions with Awarding Organisations looking to accredit the CLC future education and training framework;**
- b) **Seeks Council's agreement to the recommendations on the following:**
 - a. **the level of involvement by CLC with the Awarding organisations looking to accredit the apprenticeship standards should be limited to final assessment of all apprentices; and**
 - b. **On grading of the apprentice final assessment – agreement to a case being made in the Approaches to Assessment to be submitted to BIS for the Conveyancing Technician, Licensed Conveyancer and Probate Assistant final assessments to be graded as a 'Pass' or 'Fail', but not graded eg not 'Distinction', in keeping with CLC current assessment policy.**

The Council asked that the topic of Education should be an item for the June workshop.

Action 010: It was agreed that Education should be a topic for a deep dive at the June Council workshop.

9. Adjudication Panel – reappointment of chair and panel members

SB updated the Council on the current situation regarding the Adjudication Panel. In September 2014 the Chair of the Adjudication Panel resigned his position with the CLC. At its meeting on the 24th July 2014 the Council agreed to temporarily promote the Deputy Chair to Chair of the Adjudication Panel on an interim basis until a new appointment is confirmed.

The rest of the Adjudication Panel members terms of office are all due to expire in August this year.

The Council agreed to keep the current structure of the Adjudication Panel as it is with a Chair and a Deputy Chair. The reasoning for this was that the deputy has the power to act as a Chair in the meetings and the additional duties of the Chair are also not onerous enough to indicate that a co –chair is required.

The Council agreed that the Nominations Committee to look at the reappointment of the panel, the phasing of appointments and the recruitment of a new panel chair and members if applicable. Current Nominations Panel formed for the appointment of the Chair to be used, chaired by Janet Paraskeva.

Action 011 – Nominations panel to be set up to take forward to reappointment of the Chair and panel members.

10. Location Update

SK updated the Council on progress since the January meeting.

Due to a lack of space to lease in London at the size the CLC would require, around 1,2450 sqft we have been looking at serviced accommodation as an alternative option.

Council agreed that a move to London in serviced accommodation with a view to reviewing in 12-18 months' time once the CLC was in steady state. A move to London should be completed before our busy licensing period begins in September 2015. It was agreed that JP would join the task and finish group on location and that Council would delegate to T&F Group, ensuring that the accommodation was fit for purpose, would suit the CLC operation, was staff for staff to get to and from bearing in mind prudence re costs. Due to need to move quickly Janet would be CEO contact point at point of decision.

Action 012: A task and finish group, comprising: JP/JS/HF/RG/AC/AP, along with SK/ST/Sf/SG be set up as soon as possible to take these issues forward.

11. Information Items

a) Chair of Audit Committee Year End Report

Council noted the report.

b) Chair of Remuneration Committee Year End Report

Council noted the report.

c) 16 April Audit Committee Minutes

Council noted the minutes from 16 April.