

CLC Council Meeting

**Minutes of the Council meeting held
on
Thursday 29 January 2015
at
CLC offices, Glebe Road, Chelmsford
at
1100hrs – 1600hrs**

Council Present

Ms A Bradley (AB) Chair
Mr H Foster (HF)
Mr G Kidd (GK)
Ms A Pierce (AP)
Mr R Gurney (RG)
Mr A Clark (AC)
Ms Jan Smith (JS)
Mr J Jones (JJ)
Ms T Perchard (TP)

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 4 only)
Ms V Swan (VS) Policy Adviser (item 7 only)
Ms S Thomson (ST) Head of Executive Office – minute taker

Apologies

1. Introduction and apologies

There were no apologies.

2. Minutes of previous Council meeting of 30 October 2014

Minutes were approved with 2 amendments:

- i) Review reference to Chair's departure; and
- ii) On regulatory scope item – (page 5/6) – re-word to say the Council “confirmed the CLC would consider making grants out of the Compensation Fund in respect of any service provided by a CLC practice provided that at the time the loss was suffered the CLC practice was licensed and regulated to provide that service” – explain and clarify position.

3. Matters arising from the minutes and updates on action points from previous meetings

No comment from Council members – noted and agreed.

4. Declarations of interest

No conflicts of interest or declarations reported, other than industry interest from professional Council members on compensation fund item.

5. CEO REPORT

S.69

SK updated Council members on latest position on the s.69 application. MoJ had confirmed they were supportive of the Bill amendments. CLC wrote to Liz Gibby at MoJ and MoJ has it was supportive of amendments and were liaising with Cabinet Office (CO). They were content that after the changes had been made, oversight of CLC activities would, as now, remain with LSB and MoJ. SK confirmed that CLC are also trying to establish a CO connection and at the same time keeping Baroness Hayter abreast of developments. At their last Board meeting they were supportive of the route we were taking and deferred a decision on s69 issue because of our wish to seek alternative method. They will revisit if our attempts fail to produce a suitable outcome for CLC. Timing is tight due to election timetable. LSB will post a note on their website of current situation.

CLC had been advised that 3 February was the report stage when it is likely to be put through the next stage.

MoJ Minister has written to CLC with support to say MoJ is supportive of CLC route. SW confirmed that he was briefing Baroness Hayter on Monday afternoon and that amendments should be taken in the House on Monday 5 February.

An update became available at the meeting from the Bill manager in House of Lords who said that Ministers would say at report stage they accept spirit of what is proposed and will table their own amendments to get it through the next stages.

Resignation of Chair

Council noted and accepted Anna Bradley's resignation as Chair with a departure date of 31 March 2015.

Item 4 (annex 5) Regulators Summit.

Council thought that the agenda was too optimistic and scope was too wide, and set on a very tight timetable. SK confirmed that the outcome of the meetings was to provide a short paper on initial thoughts on issues that the new Government could take forward. The original suggestion had fallen out of a Regulators' Summit called by the Lord Chancellor, Chris Grayling.

Action 1 – add to a Council agenda in March for discussion with Council.

Education update

Council suggested changing wording on item 2 (voluntary register) to say “ It helps people to find out easily if you have a qualification”

Council felt that there was a section missing from paper about what happens when you become qualified. For clarity, it was proposed to add a section to confirm that people will come off the CT register once qualified as a Licensed Conveyancer and there would be no fee involved for coming off the register.

Decision: Council agreed that we should not charge for coming off register and that a higher fee could be charged for going on register in the first instance - they felt that it was a dis-incentive to inform CLC that they should come off if there was a fee to pay.

Action 2: Update paper to reflect what benefits are of joining in the first instance and ensure that there is no fee to come off the register once qualified.

Consumer panel report 2020.

Council agreed that this should be looked at as part of future strategy. Intention to get initial views on report and bring back to Council at its March meeting to inform development of the CLC's strategy.

Action 3: ST to send round report for initial comment and add item onto Council forward programme for March meeting.

6. Q4 REPORTING

Budget 2015

On 2015 business plan – Council agreed the plan and the figure of £2,851,118 as the 2015 budget and also agreed the special projects figure of £271,392 to be funded from reserves.

For monitoring purposes in 2015 Council would like to see:

Reporting on building up sums in Compensation Fund; and Proposed cost being set against compensation fund on a quarterly basis.

AB summed up the current situation about what had already been agreed by Council as undernoted:

- a) Practice fund reserve – started off as a savings account. Council members agreed that more money should be used for practice fund and agreed £1m should be retained in the reserves fund. The practice fund would then be used to make investments and improvements for future proofing.

- b) Council asked that valuation cost in reserves be taken out for purpose of quarterly reporting to Council

TP said it would be useful to tell this story in Chairs Foreword of the Annual Report and Accounts – ie we are not running into reserves for business as usual but investing in the future without increasing licence fees.

Council members would like to see a comparison on budget figures with 2014 budget outturn.

Council noted that Budget had increased by 10% from last year and income was increasing. Council asked the Executive to confirm they were content to spend more money than last year? Were we on an escalatory spend trajectory. Council asked the Executive to look again at this and provide any necessary report back to Council.

SK said there were certain things CLC had to invest in– some things we must do as normal business but we need to keep CLC functioning in 2015 and beyond. SMT had gone through in great detail and have pared down the budget to a minimum. SMT has also looked at projects to see where savings could be made. This year we have old structure/new structure and overlapping costs which are a one off cost and will not be required from 2016 onwards.

AB said that last year the budget was too low to do what we had to do - this one more realistic. In previous years, CLC did not use resources – eg on external relations. There was a benefit in to doing so and wise spending to deliver the business plan was required. Council asked Executive to consider spend profile.

Decision – Council agreed 2015 budget.

Outturn Decisions 2014

Council agreed transfer from practice fund to compensation fund the sum of £59,967.58, as noted in the schedule.

SB talked through Council the reasons for asking to make a transfer to practice fund to compensation fund and Council agreed rationale.

Council asked if staff time in running the fund was charged back. In previous years this had been charged back via a service charge but that had stopped as it was not sufficiently clear how the calculation was made.

Action 4: Proposal to Council in March re charging back staff time/service charge. Agree retrospectively for 2014 and add into budget for 2015. Council also agreed not to charge retrospectively for previous years.

Action 5: SB to do market testing the costs for legal advice and/or options to introduce retainers to legal firms going forward. SK confirmed this was a planned activity for 2015.

Action 6: quarterly reporting to be clear what has been spent, reasons, staff time spent on each issue and table to agree to transfer to compensation fund – along with a proposal on how the compensation fund works.

Action7: look at how to record time in CRM.

Council agreed that narrative for ARA should include the costs of interventions which was above planned expenditure. This was mitigated by not spending as much on other things. We should also be clear that we planned to spend on special projects which we knew we would take from Reserves.

Going forward Council agreed the need for a simple reporting format that incorporated all of the above on a quarterly basis.

Council also noted that restructuring costs were one off costs, and that the Chair recruitment and adjudication panel chair recruit would be taken from Reserve funding.

Action 8: Council asked for a year against year comparison on budgets with analysis required and a forward look to 2016 and 2017 – Action – paper for March Council for future financial strategy discussion which would include sale of Glebe Road and investment of monies/effect on future fees etc.

Action 9: For 2015 budget and comparison with 2015 out turn – if budget lines are higher than out turn last year a note to be made and chart sent round to Council for info.

Additional possible funding required for 2015

- 1 – self assessment work – will discuss later in agenda
- 2 – risk appetite – now £5k with BT. **Decision – SK to discuss risk appetite options with HF and report back to Council at June workshop.**
- 3 – financial training – important to do – this will be included as part of the training plan.

Action 10: proposal to return to March Council for approval including costings

Council noted that depreciation on archiving project – would show as a loss in future years.

Risk Register

Council noted paper. Audit committee will discuss risk at their quarterly meetings and a further analysis on risk appetite to be undertaken to Audit Committee and then audited by internal auditors in 2016.

Action 11: ST to ensure risk appetite added to Audit Committee workplan and speak to internal auditors to add this item to 2016 workplan.

KPIs

Council noted contents of paper.

7. 2015 SELF ASSESSMENT EXERCISE

Victoria Swan joined the meeting and gave a brief overview of the paper. The paper sought to provide Council with information regarding the developing of regulatory standards and the self-assessment options to approved regulators in undertaking the 2015 self-assessment exercise for the LSB.

Decision:

- 1) whether self-assessment should be undertaken on a targeted rather than comprehensive approach? This would help with planning staff resources going forward. **Decision: Council provisionally agreed on a targeted approach.**
- 2) Who will be on working group to take issues forward? VS confirmed that with the 2012 return decisions came direct to Council. But due to pressures of Council members time was being suggested that a lay member and chair, along with one or two other members be on the panel to take this work forward. **Council agreed that JJ TP and JS along with AB would sit on the panel. Other members to email AB/SK if they wish to be part of the panel.**
- 3) Independent Verification – **Decision: If there are any specific issues that require external scrutiny independent verification should be sought.**
- 4) Publication – **Decision: Council agreed that there was a wider news story to be published once this exercise completed. CLC should control what is published on the wider piece which will set the context and deliver a balanced view including good news story of what is working** – it was confirmed that LSB will publish a 1 page summary only.

8. WATCHLIST AND INTERVENTIONS

SB confirmed that there had been further developments on interventions since this paper produced.

CLC had intervened on Tuesday 27 January into Kathleen Turner – a sole practitioner in Bradford. Continued concerns about shortages on client

account have resulted in action being taken. CLC had tried to work with the sole practitioner but she was unable to deliver on promises. Following intervention files had been transferred to another practice.

RFS and Blueprint issue – ongoing.

Easyway2Convey - Criminal proceedings against owner who is a solicitor had taken place and he had sentenced to 10 years imprisonment for fraud. Two licenced conveyancers employed by Easyway2Convey were being investigated by CLC but files were required to be viewed that were held by HMRC - we had been in touch with HMRC asking them to agree to release of the files. No response had yet been received,

Comments of presentation

For further reports Council would like to see from chart how long practices have been on watchlist. SB confirmed that practices should be on and off watchlist within 3 – 6 months.

Action 12: Revised chart to show those practices that have been on list between 3 and 6 then over 6 months to be highlighted separately. SB confirmed that any practices with serious issues would be subject to different process by exception. SB to ensure Q1 reporting takes Council's comments on content into consideration.

Council asked if there were trends in practices being on the watchlist. SB confirmed that in most cases issues were around issues concerning accounting functions.

9. YEAR END ROUND UP OF APPLICATIONS TO COMPENSATION FUND

Council noted the year-end round up of claims on the compensation fund. Audit Committee comments on reporting presentation would be taken into account for Q1 2015 reporting.

10. COMPENSATION FUND – APPLICATION FOR A GRANT

SB updated Council on current situation of this case which had come before Council on several previous occasions. Council were asked to review its earlier decision not to refer this application to the CLC Adjudication Panel (AP). A judicial review may be a possibility. Council agreed that this case should go for review to the AP.

Action 13: SB to refer case to AP for review and findings to return to Council in due course.

11. COMMUNICATIONS, MARKETING AND STAKEHOLDER PLANS

SW set out paper to Council on CLC's plans in 2015 for its communications and marketing activity.

Decision - Council agreed the plan and asked for an annual planner to return on a quarterly basis – this will ensure Council can see what is planned for next quarter.

Council asked that lenders be added to stakeholder list, along with companies like the Bold Group. TP suggested adding companies like the Homeowners Alliance – who carry information on house purchase on their website. There might also be a possibility to co-brand some information with them as part of our public education function. Council also asked that a paragraph be added to the paper on raising our profile through others.

Action 14: update at each Council meeting to be provided through discussion on annual planner.

TP suggested direct marketing as a good way of getting to students direct. SW confirmed that CLC use mailshots through "Lawyer to Be" magazine and this had produced good engagement rates.

12. REVIEW OF COMPLAINTS IN 2014

SW introduced paper and confirmed that there had been 100 conduct complaints in the year to CLC. 52 had been investigated; 25 were sent to LeO because they were service complaints and 23 could not provide further information therefore we did not take forward.

The Chair said it was good to be able to see this data for the first time at Council and that it was the sort of information that could be used for the Annual Report and Accounts Chair's foreword.

Council members asked for it to be noted that we need to remember these are "alleged" and that would need to be picked up in the reporting.

Action 15: on appendix to future papers Council would like to show total versus number of transaction from the first that they do. Need an appropriate comparative.

13. LOCATION BUSINESS CASE

SK talked Council through proposition options in case for a location move to London.

Council thought that funding gap would be larger for the London location and confirmed they were happy to see that there was a very small funding gap to be met. Council thought the case to be detailed, accessible and precise.

Decision – agreed business case contents and agreed that Location task and finish group look at firmed up costings once prepared.

Council also agreed that the property agent should look at both serviced accommodation and 5-year rental accommodation options and management should prepare detailed costing of options suggested in the paper for consideration.

Council suggested that property agent to look at who else in regulated community is looking to rent space - we could either sub-let or co-lease depending on site, or we could locate with them.

Decision – Council agreed:

- 1) the decision made in 2014 to look at options and prepare costs for move to London location;
- 2) business case presented today was agreed as a formal note of why CLC was considering an re-location move; and
- 3) the funds invested from any sale of Glebe Round should be invested in a combination of products to ensure maximum yield return.

Action 16: property agent to be procured and costs taken to task and finish group in mid-March 2015 on onward agreement by Council.

14. REVIEW OF CRM – PHASE 1 AND APPROVAL FOR PHASE II IMPLEMENTATION

SW presented a paper that set out recommendations for next steps on the implementation of Prospectsoft system at CLC.

Council agreed:

- 1) scoping of Phase II of the project with a full case returning to Council in March along with costings for approval.

Council noted concern that if Prospectsoft, as sole supplier of the system went into liquidation – an alternative was not available to take on the support. Phase II to include checking if we own the source code for this or whether we had an escrow number.

Council also asked for clarification of 2015 budget figure – SW confirmed that most of the money had been spent up front so £20k for 2015 budget was a realistic figure for remaining work.

Council also sought assurance that teething problems on license renewal had been resolved – SW confirmed that all teething problems had been addressed and rectified.

15. EDUCATION UPDATE

Claire Richardson joined the meeting and updated Council on her discussions with Awarding Organisations (AO) – she had spoken to eight AOs so far.

Council asked CR to confirm what was meant by Day One outcomes – CR confirmed that Day One outcomes were standards and skills set and breadth of knowledge students will have once newly qualified.

Regulation of AO – CLC have thought about the monitoring of awarding bodies. We would be relying on education regulators already in place to do monitoring for example if they are a university they will already be closely monitored.

Decisions

- 1. Ambitious timescale is helpful - Council agreed this approach**
- 2. Use outcomes about proposals for delivery – sensible set of measures – Council agreed**
- 3. Testing work on day one outcomes – CR confirmed not only Council doing testing. Useful to have LC members – but others happy to join too – JJ / RG and JS agreed to be on sub group.**
- 4. On separate issue on T&F group (Education) – what do we want to say to AO about length of course provided? We currently we allow 10 years – do we want to have jurisdiction over time or allow AO to do it – policy issues – good for task and finish group to debate – use existing membership.**

Follow up issues for revised paper:

Council also agreed that due diligence should be done on AO Add in CLC signs off and challenges in assessment to document and also add a line into 4) approach – see page 2.

Intellectual property to what already exists on training– are we giving that to them free or on a charging basis? – Council asked that this issue be debated in the task and finish group.

Council also asked that consideration of what income costs from education be looked at for 2016 budget round, as looking back – we made a bit more of a profit. SK confirmed that this was not the case pre 2014. Will look at these issues for March meeting report.

Management to ensure capacity build in for feedback from our current examiners.

16. POLICIES – DATA PROTECTION POLICY AND DOCUMENT RETENTION POLICY

SB presented a revised Document Protection Policy in place and a new Data Retention Policy for approval.

Action 17: Amendment of ToR for Data Retention and Document Protection Policy: Council confirmed acceptance of policies with 2 caveats:

- 1) ensure standard 6-year retention period across the Board – easier to maintain; and
- 2) take out reference to number of people made redundant – all numbers to be given same consideration.

17. NOMINATIONS COMMITTEE – TERMS OF REFERENCE

This was taken in the private session – SK to ensure amendments to ToR are given to Head of HR for amending. Council were happy to approve ToR subject to amendments.

Acton 18: SK/SG to amend TOR as agreed.

18. AOB

None

19. MINUTES OF COMMITTEES FOR NOTING

- A) REMUNERATION COMMITTEE**
- B) AUDIT COMMITTEE – 15 JANUARY 15**

The Council noted both sets of draft minutes

20. WORKPLAN

A revised work plan will be sent round to include additional dates of meetings of Annual Report and Accounts sign off and work commissioned from this meeting.

Action 18: ST to revise workplan and send round by second week in February 2015.

Approved by Council on 30 April

Signed: _____

Jan Smith (Interim Chair)