**CLC Council Meeting**

**Minutes of the Council Meeting held on Thursday 24th July 2014**

**At CML Offices, Kingsway London**

**Council Present:**

Ms A Bradley Chair

Ms H Foster

Mr R Gurney

Mr J Jones

Mr G Kidd

Ms T Perchard

Ms A Pierce

**CLC in Attendance:**

Ms S Kumar Chief Executive

Mr S Blandy Director of Policy and Standards

Mr S Ward Interim Director of Communications

Ms C Richardson Education Project Manager (for item 6 only)

Ms S Cottis HR Executive Assistant

Ms V Swan Policy Advisor (for items 9,10,11,12)

Ms N Graham Management Accountant (for item 18)

Ms P Sparrowhawk Executive Assistant

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1. **Apologies for Absence**

There were apologies for absence from Ms J Smith and Mr A Clark

1. **Minutes of the previous Council Meetings**
2. **1st May 2014**

Council approved the minutes of the meeting as being a true record.

**b) 12th June 2014 Workshop**

Council approved the minutes of the meeting as being a true record.

1. **Matters Arising including decisions made outside of Council Meetings**

Decision made outside of Council meeting of 12th June 2014. The Council had agreed in principle to the creation of a voluntary register of Conveyancing Technicians as part of the development of the apprenticeship route to qualification.

1. **Progress on Rolling Actions**

Council noted the update on actions from previous meetings.

1. **Declarations of Interest**

There were no additional declarations to those on the Register of Interests.

**STRATEGY AND POLICY**

1. **Education Update**

An update was presented to Council on the Apprenticeship Trailblazer Phase 2 (TB2) approval process and the steps to ascertain if there was a viable proposition for the CLC and employers to embark on development of an apprenticeship in Probate as part of Phase 3 of the Trailblazer scheme.

**Decisions**

1. Council AGREED that, subject to securing sufficient support from employers to meet the criteria set by the Department of Business, Innovation and Skills (BIS), the CLC should submit a proposal for the development of an apprenticeship in Probate as part of Phase 3 of trailblazers.
2. Further to the decision in principle to develop a voluntary Register of Conveyancing Technicians, Council AGREED that a Task and Finish group should consider detailed proposals from the executive team for the development of that register and bring recommendations to the October meeting of the Council.

***Actions:***

1. ***Continue to seek employer support for an apprenticeship in Probate with a view to submitting a proposal to BIS.***
2. ***Implement a T&F Group education meeting for September to bring proposals for a voluntary register of Conveyancing Technicians to the Council meeting in October.***
3. **Regulatory Operating Model**

**Summary**

A paper setting out proposals for the CLC’s future regulatory operating model had been circulated. A number of issues with current operating practice have been identified and previously discussed. The new model seeks to remediate these issues and a timetable has been developed for recruitment to differently envisioned roles for delivery of the desired outcomes and to ensure that the processes described are performed effectively and efficiently.

**Decision**:

Council AGREED to provide comments by email.

***Action:***

1. ***Paper to be recirculated to Council with slide presentation and Council to return comments to CEO.***
2. **CLC Strategy**

**Summary**

The paper presented the background to, and the development of, the CLC’s strategy for 2013-2016.

**Decisions**

1. Council AGREED that the paper accurately captured the development and expression of the CLC’s strategy. Council suggested some modifications that could be incorporated into this version prior to final sign off by the Chair.
2. Council AGREED that that the strategy document could be further revised in tandem with the business planning process, so that between the two, key success measures and timetables could be captured.

***Action:***

1. ***Strategy can be renewed in the light of discussions around business plan and three year view. This strategy document needs to be finalised as a context document.***
2. **Diversity Profiling Methods for 2015**

**Summary**

In 2012 the CLC committed to undertaking a diversity profiling exercise of its regulated community every two years. The CLC collected information on the diversity profile of the regulated legal workforce for the first time in 2013.

The Council was asked to determine whether this commitment still remains relevant and considers options available.

**Decisions:**

1. Council AGREED that the full diversity profiling exercise is repeated every four years, rather than every two years to allow time for change to take place.
2. Council AGREED that firms should undertake diversity profiling themselves. Council asked that consideration be given to whether the tool previously used by CLC could be made available to practices.
3. **Diversity and Inclusion Policy**

**Summary**

Council was asked to note the amendments made to the previously approved version of the policy and to agree the policy’s publication on the CLC’s new website in September.

**Decision**

Council AGREED the amended policy, subject to minor changes and that it should be published along with the full diversity profile of the regulated community and associated narrative on the new website.

***Action:***

1. ***Publish Policy on CLC Website in September 2014.***
2. **Publication of Disciplinary Determinations**

**Summary**

Following a review of the CLC’s publication policy in 2013, a consultation was undertaken to seek views on the approach to publication of disciplinary determinations of all kinds. Council debated the issues of publication at some length arising from the responses received to the consultation paper and agreed that although they were minded to agree to publication, council members first wished to re-assess issues such as the duration of notice of determinations, risk, transparency and accountability.

The approach to publication of other regulatory information such as findings of monitoring visits will be the subject of a paper for the October meeting of Council.

**Decisions**

1. Council AGREED the terms of the draft policy for publication of Disciplinary Determinations.
2. Council AGREED that the dates of all Adjudication Panel disciplinary hearings should be published from September 2014.
3. Council ASKED that a paper with detailed proposals for the publication of the additional information about future Panel hearings and decisions be presented to the October meeting of the Council.
4. Further work would also need to come back to Council before the start of the phase on publishing monitoring information. If CLC could move to publish within a year that would be welcomed. Council NOTED that the Chair of the Adjudication Panel would present the Panel’s annual report to the October meeting of the Council.

***Actions:***

1. ***Publish schedule of dates of hearings only – September 2014***
2. ***To bring a revised paper on Hearings of the Adjudication Panel to the October Council meeting***
3. ***Adjudication Panel Chair to present a Report at October 2014 Council meeting***
4. ***To bring a proposal for the publication of other regulatory information for publication to the December Council meeting***

**REGULATORY**

1. **Self-Assessment Update**

**Summary**

In 2012, the Legal Services Board (LSB) required all Approved Regulators (ARs) to submit a full self-assessment. The LSB is now seeking a formal update to effectively sign-off the 2012 document and its commitments. It will then require all ARs to submit a full self-assessment in 2015. It was noted that there was a need to define a clear plan for consumer research.

**Decisions**

1. Council AGREED the format and approach to the self-assessment.
2. The Council also discussed and made various suggestions for amendment to the self-assessment text and format and were invited to provide any further feedback outside of the Council meeting.

***Actions:***

1. ***T&F Group to return to Council with final self-assessment.***
2. ***Publish the final version of the self-assessment on CLC Website in a user-friendly format***
3. ***Define a programme of consumer research as part of the 2015 Business Plan***
4. **Watchlist and Interventions**

**Summary**

Council was asked to note the update on practices into which the CLC has intervened and which are on the CLC Watchlist.

**Decision**:

1. Council AGREED that the new format report was much more informative. Now that information is easily accessible, Council would focus on the key matters rather than the whole list.
2. A full format report could be reported to the Audit Committee on a regular basis.

***Actions:***

1. ***Provide a shorter extract from the Watchlist to Council focusing on the overview and cases of most concern***
2. ***Incorporate full report into Audit Committee Workplan.***
3. **Review of CLC’s Indemnification and Compensation Arrangements**

**Summary**

Proposals were produced by the Task and Finish Group for setting up focus groups in the late autumn to identify the issues relating to indemnification and compensation arrangements and how they might be addressed.

**Decision:**

Council NOTED the proposal for setting up focus groups.

***Actions:***

1. ***Set up focus groups late Autumn***
2. ***Task & Finish Group to revisit the LCP and M&R Reports and report back to Council***
3. **Practice Fee and Compensation Fund Contribution November 2014 – October 2015**

**Summary**

Council was asked to agree the regulatory fee rates for 2014-2015 licence year. They had been the subject of a consultation exercise.

**Decisions:**

1. Subject to agreement of the Legal Services Board, the Council AGREED to maintain the Licence Fee at £400, and the Practice Fee and the Compensation Fund contributions at the current level. Freezing fees for the third year running represented a real terms cut in fees.
2. The Council AGREED to amend the number of instalment payments of the Practice Fee and Compensation Fund contributions from ten to twelve per annum in order to avoid the risk that the CLC would require a consumer credit licence.

***Actions:***

1. ***Proposed fee rates to be approved by the LSB for agreement.***
2. ***Instalment payments to increase to twelve monthly payments.***
3. ***Profession to receive confirmation of fee rates as soon as LSB approval is received.***
4. **CLC’s Licensing Gateway**

**Summary**

The Council was asked to note the current arrangements and requirements for licensing of individuals and entities.

**Decisions**

Council NOTED the paper.

1. **Annual Regulatory Return and Thematic Review Analysis**

**Summary**

The paper included an analysis on both the Annual regulatory return and thematic review which had been documented by Baker Tilly. The information would be used to inform the CLC’s risk management.

**Decisions**

Council NOTED the contents of the review and requested more detail on risk reporting.

***Action:***

1. ***Circulate to Council a revised slide on risk reporting to clients by firms.***

**BUSINESS PLANNING**

1. **Archiving/Retrieval Proposal**

**Summary**

A review, analysis and cost benefit for updating the current paper archive and document management to an electronic scanning system was presented to Council. A range of options had been examined and the costs and benefits assessed.

Currently, storage is spread over five different suppliers and one in-house storage unit. Costs with suppliers vary considerably based on the number of boxes and other auxiliary costs. The in-house storage unit is also full to capacity, which has restricted its use in ongoing interventions.

Using an EDMS would be the most cost effective and sustainable option. This is because storage space cannot be exhausted, as more storage hardware can be purchased cheaply. Documents can be easily retrieved, EDMS can be integrated with other programs in the organisation; improving usability and sharing of files, and there is greater document security.

The preferred approach of using an electronic document management system and scanning historic and new third party files had been shown to be most cost effective. The cost per 1,000 sheets of paper in year ten of the project would be £3.48 compared with a cost of £9.62 if the CLC did not move away from its current, physical storage of files.

The new proposal mitigated the risks associated with document management with significant cost savings.

**Decisions:**

Council AGREED that:

1. The Electronic Document Management System be implemented as set out it in the paper
2. A short pilot phase should be used to test the system and provide any relevant learning for ongoing use.

Council also ASKED that the plan for management of the upfront investment costs be circulate to Council.

***Actions:***

1. ***Implement EDMS pilot and system.***
2. ***Circulate investment costs to Council.***
3. ***Review document storage rules.***
4. **Chief Executive’s Report**

**Summary**

The Chief Executive’s regular report to the Council does not report on matters covered in other papers before the Council at this meeting.

The Chief Executive gave an update on events subsequent to the report.

Regulators’ De-regulation Ministerial Summit

The Chief Executive attended the Regulator’s Summit with the Chair, which explored common themes within the existing framework and questions around regulatory impact and burdens. CLC had raised its response to the Ministry’s review of regulation and financial protection arrangements were noted as a possible common theme. A follow-up meeting of regulators is planned for October 2014. An update report back will be made at the October Council meeting.

***Actions:***

* 1. ***Provide update at next Council meeting.***

LSCP 2020 Conference

Chaired by legal commentator and journalist, Joshua Rozenberg, the Panel hosted a half-day event with senior stakeholders in the legal services and wider consumer policy worlds to identify the key trends and drivers of change and to debate the benefits and risks this might create for consumers. To support the development of its next three-year strategy, the Legal Services Board has commissioned advice from the Panel on what developments in the period to 2020 are most likely to have an impact on legal services consumers and what should guide how regulators respond.

HSBC Compliance Visit to CLC

An HSBC team came to the CLC offices to discuss the data we hold on our regulated community as part of ongoing work to ensure fair access to lenders panels for Licensed Conveyancers.

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Congratulations were extended to Mr S Blandy on his work to keep this project on track to a tight timetable.

Compensation Fund Claims

There were some possible claims on the Compensation Fund which would need Council’s view before the next meeting. It was agreed these could be circulated by email.

***Actions:***

1. ***Email possible claims to Council.***

CRM

It was reported that the current Interim Project Manager had resigned from the CLC the previous week. It was felt that this was not an overall delivery risk to the project as a member of staff had been redeployed to continue with data cleansing, user testing and training although there would be some slippage of milestones.

Conveyancing Portal

This was still being scoped by the Law Society and no further information was available to report to Council at this time.

Council Workshop Update

A paper will be presented to Council at the October meeting including the planned items for meetings and workshops and a statement on roles and responsibilities of the Council and Executive Team.

***Actions:***

1. ***Provide Council update paper at October meeting***

IPW Licensing

The Institute of Professional Willwriters’ (IPW) application to be licensed as an alternative business structure (ABS) has been approved. It will not start trading until September, and is intended to be a small start. Appropriate monitoring arrangements are being put in place for the startup phase.

Office Location

The Chief Executive reminded Council of previous discussions about the potential of moving to new premises and/or a new location. It was now time to examine the options in detail so that Council could make a decision.

**Decision**

Council agreed to take forward work to scope potential for a new office location.

***Actions:***

1. ***To deliver a financial strategy to Council which will explain how our use/disposal of any assets will impact on the CLC accounts considering them together so that the budgetary impacts can be fully considered.***
2. ***To establish a task and finish group to agree specification criteria, finalise location and options for premises, ready to recommend to Council the best option.***
3. ***To procure expertise to search for possible new premises***
4. **Risk Update**

**Summary**

Following the presentation of the outputs of the risk workshop to Audit Committee on 3rd July 2014, the Audit Committee noted the long list of possible actions and suggested it would be useful to have a list of prioritised actions.

**Decision**

Council NOTED the prioritised actions report.

***Action:***

1. ***Implement the prioritised action list.***

**FINANCIAL MANAGEMENT**

1. **Executive Management Report**

It was noted in the general overview that spend was running ahead of budget, with salaries, professional fees and marketing. Restructuring and development costs were currently showing in the operational budget and had not been taken from reserves, as had been agreed.

**Decision**:

These costs would need to be re-allocated in accordance with previous agreement.

***Action:***

* + - 1. ***Review spend to ensure budget is on target by end of year 2014***
      2. ***Re-allocate development costs to be taken from reserves.***

1. **Q2 Forecast 2014**

Council AGREED not to accept the Forecast presented.

**Decision**:

A revised forecast be developed and circulated before the next Council meeting.

***Action:***

1. ***Revise Q2 Forecast and circulate to Council.***
2. ***(see also item 21 Actions above.)***

**GOVERNANCE**

1. **Adjudication Panel Appointments**

**Summary**

The Chair of the Adjudication Panel has given notice of his intention to resign. The terms of office of the Deputy Chair and remaining members are due to expire on 31 August 2015.

It is proposed that, subject to agreement on terms, the Deputy Chair is appointed Chair on an interim basis and that a timetable is agreed for appointments of the Chair and members of the Adjudication Panel to take effect on or before 31 August 2015.

At its meeting on 30 October 2014 Council will be asked to consider proposals for amendment of the Structure of the Adjudication Panel, specifically whether:

1. a) to continue with a Chair and Deputy Chair, or have two Co-Chairs; and/or
2. b) to amend the eligibility criteria so that a lay member may be appointed Chair.

**Decisions**

Council AGREED the following:

1. The current Deputy Chair is appointed interim Chair until 31 August 2015
2. A timetable should be agreed for appointments of the Adjudication Panel (to include the Chair) to take effect on or before 31 August 2015.
3. A review should be carried out to identify whether any changes to the Adjudication Panel’s rules or procedures to make the Adjudication Panel more effective, such changes to come into effect, if possible, by 31 August 2015

***Action:***

1. ***Carry out recruitment of Adjudication Panel members so that new appointments can take effect on or before 31 August 2015.***

**ITEMS FOR NOTING**

1. **Audit Committee Minutes – 3rd July 2014**
2. **Report from Audit Committee Chair**
3. Council was asked to appoint a third member to the Audit Committee as at present it was not quorate with two members and a Chair.
4. Council RESOLVED to appoint Ms T Perchard as a member of the Audit Committee.
5. **Remuneration Committee Minutes – 1st July 2014**
6. **Report from Remuneration Committee Chair**

* In the absence of the Remuneration Committee Chair from the Council meeting, Mr R Gurney asked Ms S Cottis HR Executive, to be recognised for her hard work in supporting the Remuneration Committee.

***The next Council meeting will be held on 30th October 2014 at CLC Offices, Chelmsford***

Signed by Chair ……………………………………………………….. Date…………………….…………….