



## CLC Council Meeting

**Thursday 25 January 2018**

**9.00 a.m. - 11.30 a.m.**

**CAN, Bank Room, 49-51 East Road, London,  
N1 6AH**

### **A G E N D A**

No	Item	Publication Status	Type of Paper	Lead
1.	<b>Welcome, Introductions, Apologies for Absence and Declarations of Interest</b>		For recording	<b>Chair</b>
2.	<b>Minutes and Matters Arising</b>  a) Minutes of the meeting of the Council held on 2 November 2017  b) Actions arising from previous meeting	a) For publication, subject to redaction of information which is: policy in development; intended for future publication; commercial b) Actions from previous meetings have not been published on the basis that these have been published within written minutes of past meetings	Approval  Noting	<b>Chair</b>
3.	<b>CEO Report</b>	Not for publication – contains information which is: policy in development; intended for future publication; commercial	Noting	<b>CEO</b>
4.	<b>Management Report</b>  a) Q4 Performance Outturn  b) Watchlist and Interventions  c) Principal Risk Register  d) Risk Management Policy  e) Property and Law News Round up  f) Business Plan 2017 End of Year Progress Report	a) For publication – subject to redaction of commercial information b) Not for publication – contains information relating to ongoing investigations, proceedings and enforcement action c) Not for publication – contains information the disclosure of which would be prejudicial d) Not for publication – contains information which is policy in development  e) For publication f) Not for publication – contains information intended for future publication	Noting  Noting  Approval  Approval  Noting  Noting	<b>DFO/SMT</b>  <b>DFO</b>  <b>DFO</b>  <b>DSER</b>  <b>DSER</b>  <b>DSER</b>

No	Item	Publication Status	Type of Paper	Lead
5.	<b>2018 Budget</b>	Not for publication – information which will be published in future	For approval	<b>DFO</b>
6.	<b>Governance</b> a) Delegation of Authority	Not for publication – information which will be published in future	Approval	<b>DFO</b>
7.	<b>Committees</b>  a) <b>Audit and Risk Committee</b>  b) <b>Remuneration Committee</b>  c) <b>Appointments Committee</b> <i>Update following the Appointments Committee meeting held on 23 January 2018</i>	a) Not for publication – contains information relating to policy in development  b) Not for publication – contains information which is: policy in development; intended for future publication  Verbal report – no written report for publication	Noting  Noting  Noting	<b>Audit and Risk Committee Chair</b>  <b>Remuneration Committee Chair</b>  <b>Appointments Committee Chair</b>
8.	<b>Adjudication Panel Chair's Annual Report to Council</b>	Not for publication – contains information which is: personal; policy in development; to be published in future	Noting	<b>DRS</b>
9.	<b>Sanctions Guidance for Use by the Adjudication Panel - Update</b>	Not for publication – contains information which is for future publication	Approval	<b>DRS</b>
10.	<b>Overview of current protection arrangements and the benefits of other products</b>	Not for publication – information which is policy in development and intended for future publication	Noting	<b>DRS</b>
11.	<b>Council Workplan</b>	For publication	Noting	<b>CEO</b>
12.	<b>CLC Strategy Launch: PR Briefing</b>  Kerry Jack of Black Letter Communications will give a presentation.	Presentation - no written report for publication	Presentation	<b>DSER</b>
13.	<b>Any Other Business</b> (Items to be advised by email in advance to Audrey Cosens)			<b>ALL</b>
14.	<b>Date of Next Meeting</b>  <b>Wednesday 28 March 2018 11.00 a.m.</b>		Noting	<b>ALL</b>

**Council for Licensed Conveyancers  
Minutes of the Council meeting held  
on  
Thursday 2 November 2017  
at  
CAN Mezzanine, East Road, London, N1 6AH  
11.00 a.m. – 1.00 p.m.**

**Council Present**

Dame Janet Paraskeva (Chair)	Mr A Clark
Mr. A Cogbill	Ms H. Foster
Mr. T. Perchard	Mr. R. Gurney
Ms. A. Pierce	Mr. Q. Quayle
Mr. C. Wilby	

**CLC in attendance**

Ms S Kumar	Chief Executive
Mr S Ward	Director of Strategy and External Relations
Mr S Blandy	Director of Regulatory Standards
Mr J Hinrichsen	Director of Finance and Operations
Ms A Cosens	Head of Executive Office – minute taker

**1. Welcome, Introductions, Apologies and Declarations of Interest**

The Chair welcomed members to the Council meeting.

It was agreed that the breakfast meeting with members of the Legal Services Board which had taken place prior to the Council had been useful and constructive.

The Council **AGREED** to write to the Chair of the LSB to thank its Board members for attending the meeting

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

**Action: Chair to write to the Chair of the Legal Services Board**

## 2. Minutes and matters arising

The Council was updated on the following progress with actions arising from previous meetings:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

The Council **AGREED**:

- (1) That minutes of the meeting of the Council held on 27 July 2017 be approved as a correct record.
- (2) To note progress with actions arising from previous meetings.

**Action: Final Business Plan and detailed Budget to be submitted to Council on 25 January 2018.**

## 3. Chief Executive Officer's Report

The CEO presented her quarterly report.

- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

The Council **NOTED**:

(1) the Chief Executive Officer's report

#### 4. Management Report

##### a) Q3 Performance Out-turn

In introducing the outturn report, the Director of Finance and Operations advised that the outturn for the third quarter had been reviewed in detail by the Audit and Risk Committee at its meeting on 1 November 2017.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The Council:

(1) **NOTED** key issues contained in the reporting suite of papers:

(2) **AGREED** that the report would be published, subject to redaction of commercially sensitive information.

##### b) *Interventions and Watchlist*

The Council reviewed current watchlist and intervention activity.

The Council:

- (1) **NOTED** the Watchlist and interventions reports; and
- (2) **AGREED** that the report would not be published due to confidentiality.

***c) Principal Risk Register***

The Council was advised that the principal risk register had been reviewed by the Audit and Risk Committee at its meeting on 1 November 2017. SMT had reviewed the register and no immediate amendments were required.

[REDACTED]

[REDACTED]

The Council:

- (1) **NOTED** the SMT's assessment of the status of the Principal Risks; and
- (2) **APPROVED** the Principal Risk Register as recommended by the Audit and Risk Committee;
- (3) **AGREED** to endorse the Remuneration Committee's decision to create Deputy Director posts to enhance organisational resilience and to ensure that service provision is maintained.

**Action: to recruit to Deputy Director posts.**

***d) Property and Law News Round Up***

The Director of Strategy and External Relations introduced the current property and law digest.

The Council:

- (1) **NOTED** the CLC's Property and Law Round Up and agreed to its publication.

***e) Business Plan 2017 Progress***

The Council was advised that the Business Plan had been reviewed by the Audit and Risk Committee at its meeting on 1 November 2017. [REDACTED]

[REDACTED]



The Council:

- (1) **NOTED** progress with Business Plan 2017 activities;
- (2) **AGREED** that firms should continue to be encouraged to sign up to and implement the secure logo scheme, which should be reported within the Annual Report.

**Action: Encourage adoption of the secure logo scheme and report take up figures within the Annual Report.**

## 5. Governance

### *a) Professional Reference Group*

Following on from its decision to establish a Professional Reference Group to seek insight and information from practicing professionals on emerging issues to inform the development of policy, the Council reviewed draft terms of reference and proposals for recruitment to the Group. It was agreed that the Group would provide an opportunity to network and that meetings and discussions should take place as informally as possible to encourage participation.

The Council **AGREED** the Terms of Reference and proposals for recruitment to a Professional Reference Group.

**Action: to establish the Professional Reference Group.**

### *b) Proposed Amendment to Council Terms of Reference and Standing Orders*

As reported at minute 2 above, this item was withdrawn to enable it to be considered at the same time as the review of the Corporate Governance Framework.

## 6. Committees

### *a) Audit and Risk Committee*

The Chair of the Audit and Risk Committee gave a verbal report of the discussions which had taken place at the Audit and Risk Committee on 1 November 2017. Minutes of the Committee would be included on the Council's next agenda.







The Council:

- (1) **NOTED** the report of the Chair of the Audit and Risk Committee of its meeting held on 1 November 2017;
- (2) **AGREED** to establish a GDPR focus group to support practitioners with the implementation, comprising Alex Clark, Teresa Perchard and Andrea Pierce.

**Action: to circulate the report on the proposals for the treatment of taxation of Council members' expenses for consideration/approval subsequent to the meeting.**

***(b) Appointments Committee***

Minutes of the Appointments Committee meeting held on 21 September 2017 were tabled.

The Council **NOTED** the minutes of the Appointments Committee meeting held on 21 September 2017 and the decisions therein.

***(c) Remuneration Committee***

Minutes of the Remuneration Committee meeting held on 21 September 2017 were tabled.

At this point in the proceedings (12.20 p.m. – 1.45 p.m.), staff withdrew from the meeting for the remainder of discussion on this item.



The Council advised that it had:

- (1) **NOTED** the minutes of the Remuneration Committee meeting held on 21 September 2017; and
- (2) **AGREED** the Remuneration Committee's recommendations.



**Action: to advise Council of the employee pension scheme arrangements.**

## **7. Council Workplan**

It was agreed that the following items should be included within the plan:

- 8 March 2018 Council workshop – CMA Transparency Agenda, GDPR implementation, Interventions and delegated powers
- 7 June 2018 – regulation of the market place.

The Council **NOTED** the forthcoming Workplan (as amended above).

**Action: Workplan to be amended accordingly.**

## **8. ANY OTHER BUSINESS**

There were no other items of business.

## **9. DATES OF NEXT MEETING**

Thursday 25 January 2018



## **CEO Report**

**Purpose:** For information

**Author:** Sheila Kumar

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### **Summary**

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

### **Recommendations**

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

### **Risk management**

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

### **Financial impact**

No negative financial impact on 2018 budget expenditure.

### **Diversity and inclusion impact**

No diversity or inclusion impact resulting from the contents of this paper.

### **Communications requirements**

This report is an update for Council members only.

### **Publication status**

Not for publication.



## Performance Pack Report – Q4 Out-turn

**Purpose:** Noting

**Author:** Jason Hinrichsen

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### Summary

This report comprises of the following elements:

**Section 1:** Out-turn figures have been reported to the ARC on 1 November 2017 but have not been updated to include any comment or discussion items.

**Section 2:** Operational performance indicators.

**Section 3:** Human Resources indicators

**Section 4:** Complaints made against the CLC

**Section 5:** Procurement

**Section 6:** Projects

### Recommendations

Council is asked to review and note the paper.

### Risk management

This report may identify financial or operational issues which may need to be mitigated.

### Financial impact

There is no direct financial impact.

### Diversity and inclusion impact

There is no impact on diversity or inclusion.

## **Communications requirements**

ARC considered this report at its meeting on 16 January 2018

## **Publication**

For publication.

## Section 1: Out-turn – Overview of financial performance to 31 December 2017

### PRACTICE FUND

#### 1 Financial Performance

The Practice Fund provisional financial results for the 2017 financial year are summarised below:

Council for Licensed Conveyancers Income Statement for full year	January - December 17		Variance	Var
	Actual	Budget	YTD	%
<b>REVENUE</b>	<b>2,643,881</b>	<b>2,586,883</b>	<b>56,998</b>	<b>2%</b>
<b>TOTAL STAFF COSTS</b>	<b>1,278,498</b>	<b>1,461,544</b>	<b>183,046</b>	<b>13%</b>
Salaries and Benefits	1,167,039	1,344,259	177,220	13%
Council Fees and Expenses	111,459	117,285	5,826	5%
<b>TOTAL OPERATING EXPENDITURE</b>	<b>1,165,362</b>	<b>1,110,329</b>	<b>(55,033)</b>	<b>-4%</b>
External Relations	268,157	221,439	(46,718)	-21%
Practice	73,677	109,633	35,956	33%
Regulatory	393,774	360,354	(33,420)	-9%
Office Costs	429,754	418,903	(10,851)	-3%
<b>SURPLUS</b>	<b>200,020</b>	<b>15,010</b>	<b>185,010</b>	<b>1233%</b>

The provisional full year accounts reflect a surplus for the year of £200,020 which is £185,010 better than the budget expectation. These results are subject to change however the final position is not expected to be significantly different.

Year to date revenue is 2% better than the budget. The positive variance can be attributed to:

- Additional fees from new practices coming into CLC regulation.
- Increased fees following license renewal. Practice turnover, and thus fee income increased by 5%. This growth was not factored into the budget.
- Higher number of individual Licensed conveyancers than anticipated in the budget resulting in higher than budgeted license fees.



Staff costs are 13% below the budget expectation. The positive variance can be attributed to vacancies during the year, the timing of new recruitment and associated recruitment cost as well as underspend on the training budget.

Operating expenditure exceeds the budget by 5%. The contributing components of this variance are summarised below:

- **External Relations** costs are 21% over budget (£46,718 negative variance)  
The variance is attributed:
  - to underspend on consultancy costs (£30,431), which is offset by overspend on communication and marketing (£79,513). This negative variance is driven by, the use of outsourced service providers, unbudgeted use of IFF research (ARR) as well as unbudgeted spend on events and conferences.
- **Practice** costs are 33% under budget (£35,956 positive variance). This variance is attributed to intervention storage costs now being reflected as an expense under the Compensation Fund.
- **Regulatory** costs are 9% over budget (£33,420 negative variance). The negative variance is attributed to higher than expected LSB/OLC recharges this is partially offset by underspend on the general consultancy budget.
- **Office costs** are 3% over budget (£10,851 negative variance). The variance is attributed to consulting cost associated with the CLC strategy development which were unbudgeted. This is partially offset by underspend on general office expenditure.

## 2 Cash reserves

As at 31 December 2017 the cash position of the Practice Fund is summarised as follows:

Practice Fund			Increase / (Decrease)
Cash Reserves as at December 2017	Sept-17	Dec-17	
Minimum Reserves	1,000,000	1,000,000	-
Free Cash Reserves	2,447,749	2,309,521	(138,228)
<b>Total Cash in Hand</b>	<b>3,447,749</b>	<b>3,309,521</b>	<b>(138,228)</b>

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

## **COMPENSATION FUND**

### **1 Financial Performance**

Council for Licensed Conveyancers Income Statement for full year	January - December 17		Variance YTD	Var %
	Actual	Budget		
Practice contribution revenues	636,157	623,253	12,904	2%
Aged Balances received	89,554	-	89,554	-
Intervention funds received/(paid)	(79,757)	-	(79,757)	-
<b>TOTAL REVENUE</b>	<b>645,954</b>	<b>623,253</b>	<b>22,701</b>	<b>4%</b>
<b>TOTAL EXPENDITURE</b>	<b>258,156</b>	<b>211,465</b>	<b>(46,691)</b>	<b>-22%</b>
Compensation claim provision	117,647	120,000	2,353	2%
Legal Fees Re. Comp Fund Claims	16,974	54,864	37,890	69%
Direct intervention costs	45,644	-	(45,644)	-
Intervention Consultancy	77,290	36,000	(41,290)	-115%
LC's Run Off Cover (Future)	601	601	-	-
<b>SURPLUS</b>	<b>387,798</b>	<b>411,788</b>	<b>(23,990)</b>	<b>-6%</b>

The provisional full year accounts reflect a surplus for the year of £387,798 which is £23,990 below the budget expectation. These results are subject to change however the final position is not expected to be significantly different.

This negative budget variance can be attributed to:

Revenue:

- Higher than budgeted practice contributions driven by new practices coming into CLC regulation and a 5% increase in practice fees from November 2017.
- Aged balance funds received from practices, for which we do not budget as we are unable to predict the timing or amount of inflows.
- Partially offset by a payment made from intervention funds held [REDACTED]

Expenditure:

- Lower than budgeted Compensation Fund grant provisions have been made.

- Lower than budgeted Legal fees relating to Compensation Fund claims.
- This is offset by intervention related costs associated with the three interventions that were made earlier in the year, and the transfer of intervention related storage costs to the Compensation Fund.

## 2 Cash Reserves

The cash reserves of the Compensation Fund can be summarised as follows:

Compensation Fund			Increase / (Decrease)
Cash Reserves as at December 2017	Sept-17	Dec-17	
Minimum Reserves	2,000,000	2,000,000	-
Free Cash Reserves	1,641,417	2,387,354	745,937
Aged Balances Reserves	799,439	814,485	15,046
Intervention Funds	647,099	647,099	-
Deposit at HMRC	1,391,105	1,391,105	-
<b>Total Cash in Hand</b>	<b>6,479,060</b>	<b>7,240,043</b>	<b>760,983</b>

We are in addition to the above holding client money amounting to £137,414 that relates to the 3 interventions earlier this year.

[Redacted]

[Redacted]

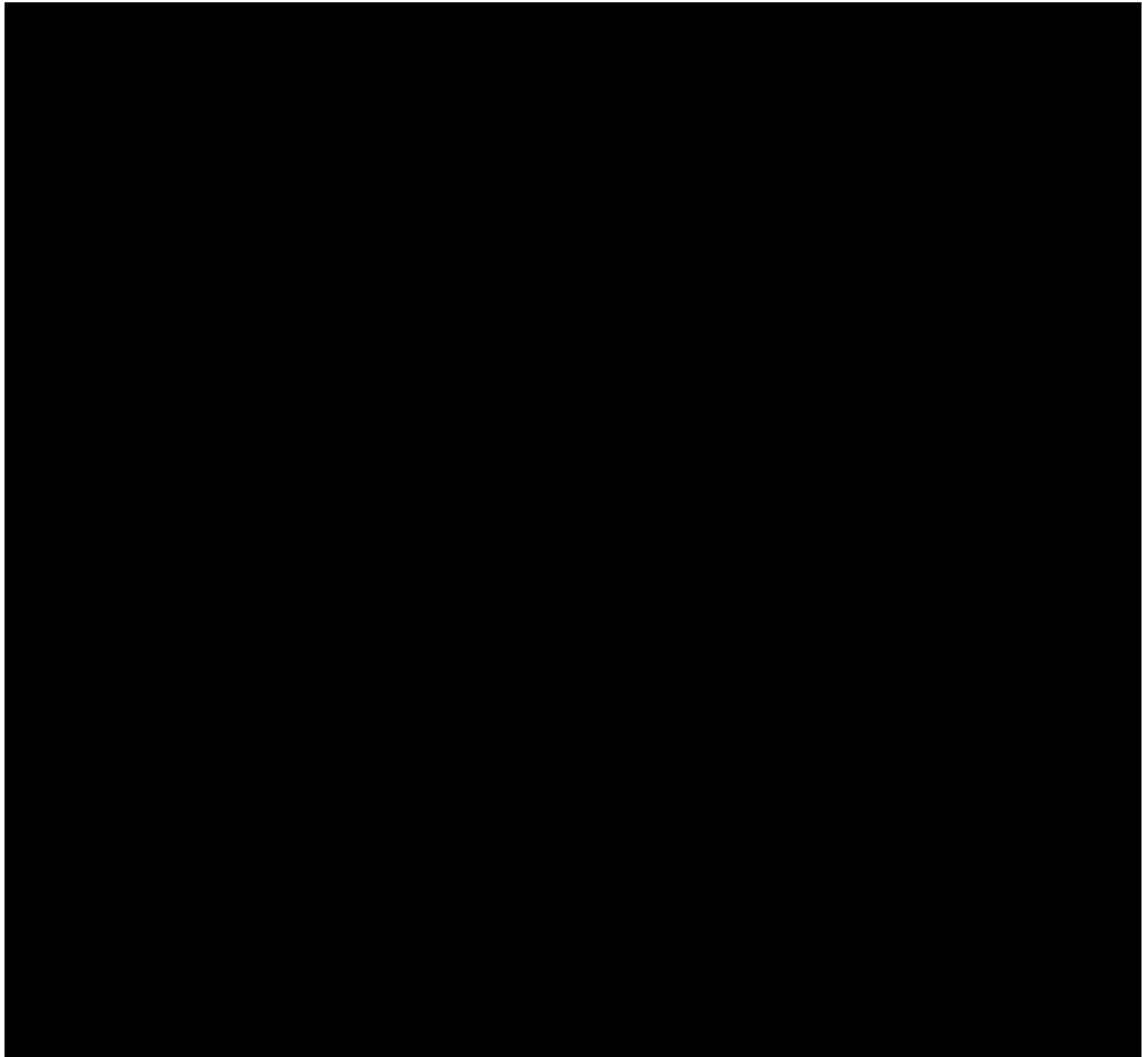
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[REDACTED]

[REDACTED]

[REDACTED]



[Redacted]

[Redacted]

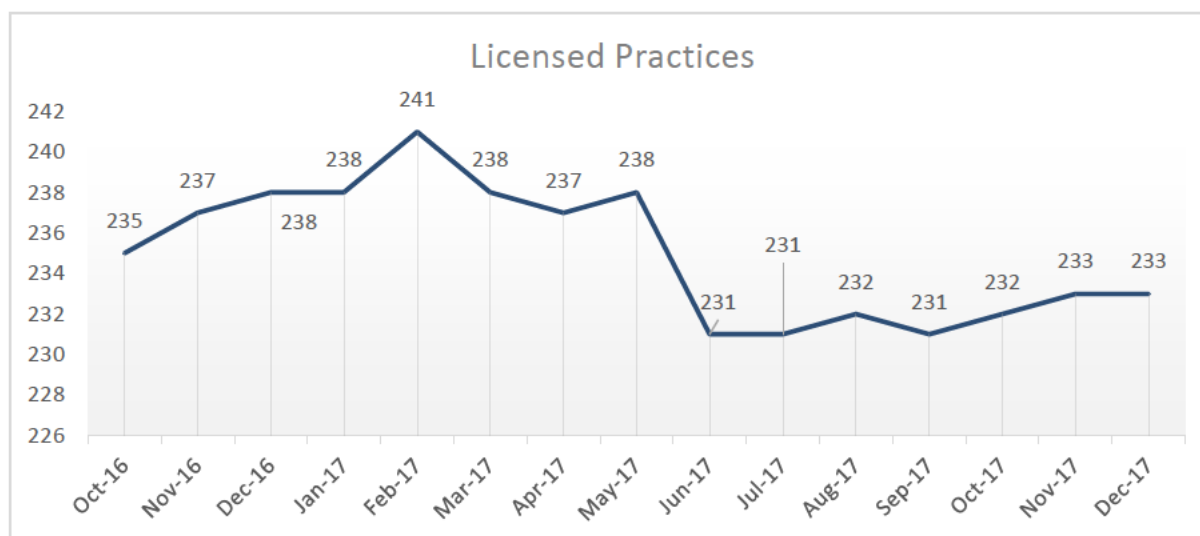
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## **Section 2: Operational performance indicators**

### **Section 2.1 – Practices & Licensing**



- The number of practices under CLC regulation has increased by 1 practice over the last quarter but reduced by 5 practices since January 2017.
- Closures in the current financial year are largely attributed to the retirement of sole practitioners. These practices predominantly had turnovers below £200k.

The practices regulated by the CLC at the end of December 2017 is summarised by entity type below:

Practices by Entity Type		ABS
Limited Company	158	58
Limited Liability Partnership	12	3
Partnership	19	
Sole Practitioner	44	
<b>Total</b>	<b>233</b>	<b>61</b>

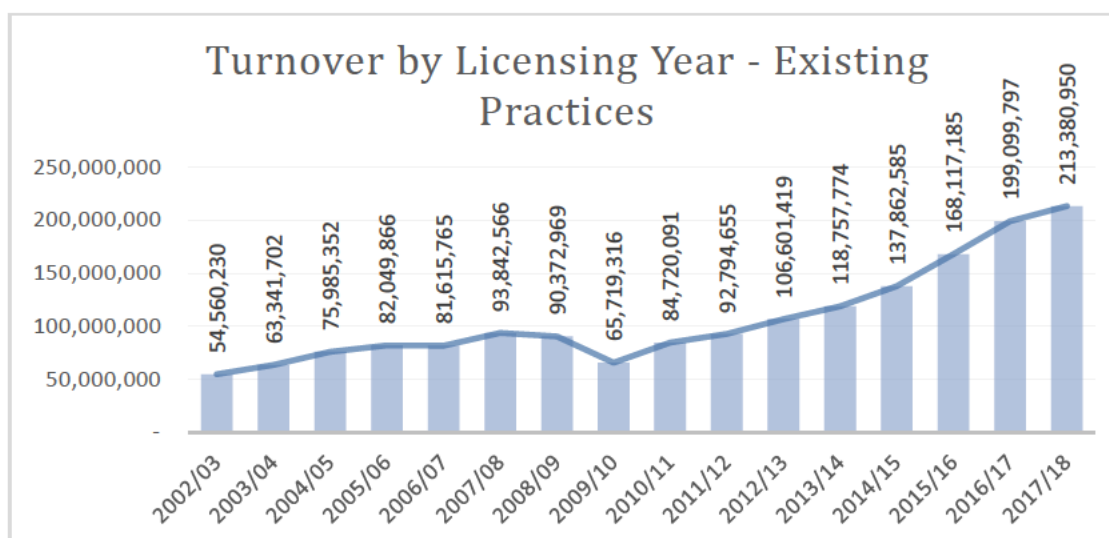
There are currently 61 (59 at the end of Q3 2017) regulated practices that are registered as Alternative Business Structures.

The table below summarises movement in the number of practices and declared turnover from the beginning of the last renewal period starting 1 November 2017.

Growth in turnover under CLC regulation	Nov 17 - Dec 17	
	No. of entities	Declared turnover (£)
Declared turnover at 31 October 2017	231	213,172,787
New practices added	2	208,163
Less: Closed practices	0	-
<b>Total at 31 December 2017</b>	<b>233</b>	<b>213,380,950</b>

Since license renewal in October 2017, 2 new practices have come under CLC regulation adding £208k to the declared turnover under regulation.

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



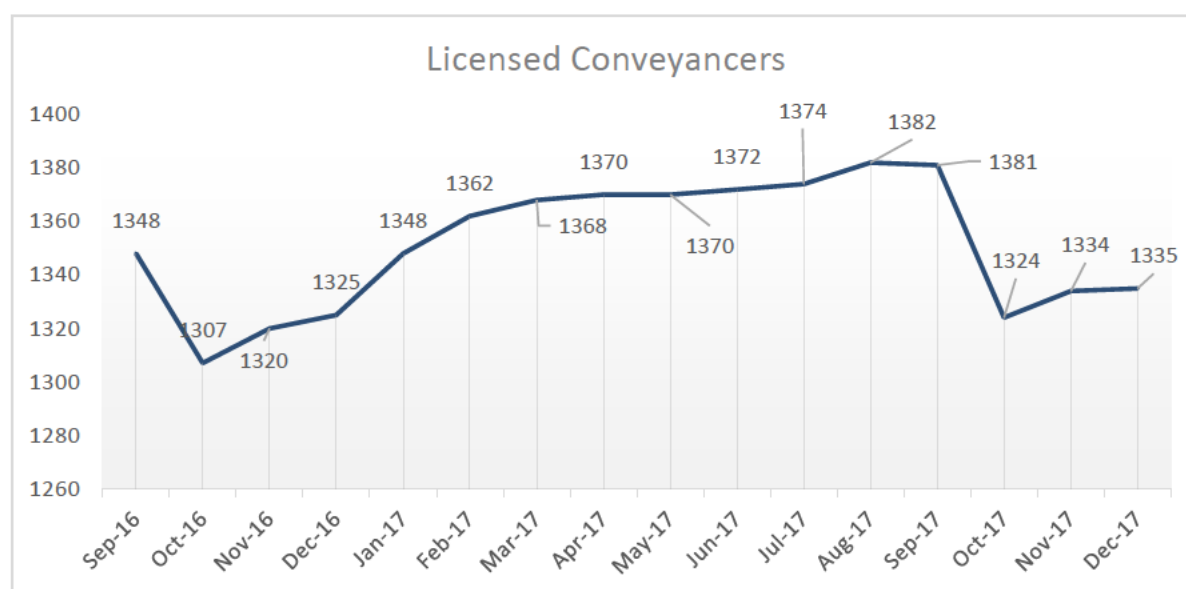
- The number of issued Individual licenses decreased by 39 and Manager licences by 2 in the fourth quarter of 2017. The table below summarises the

individual licenses issued:

Individual License Holders	Employed	Manager	Total
Probate	1	3	4
Conveyancing	938	325	1263
Probate & Conveyancing	18	50	68
<b>Total</b>	<b>957</b>	<b>378</b>	<b>1335</b>

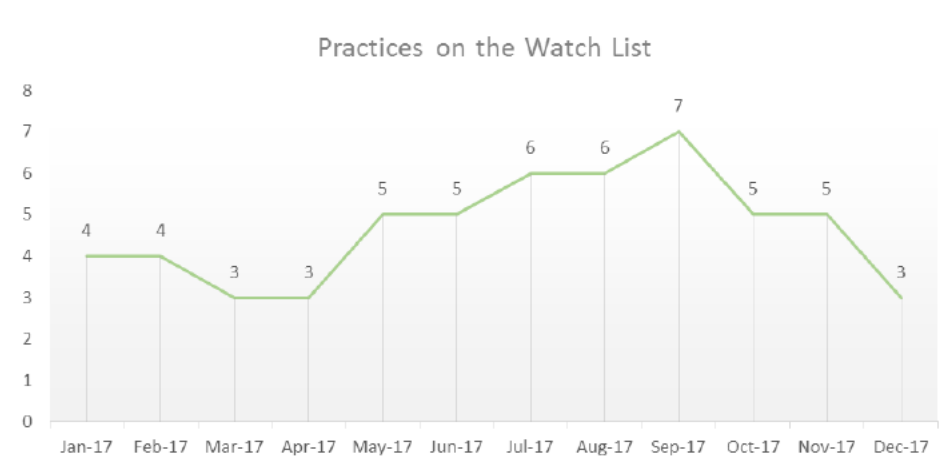
The decrease, can be attributed to the license renewal occurring in October 2017. It is at this point that those retiring or moving out of the industry decide not to renew and drop of the register. This is an established trend, and consistent with prior years.

The growth in individual license over the previous 12 months is captured in the graph below:

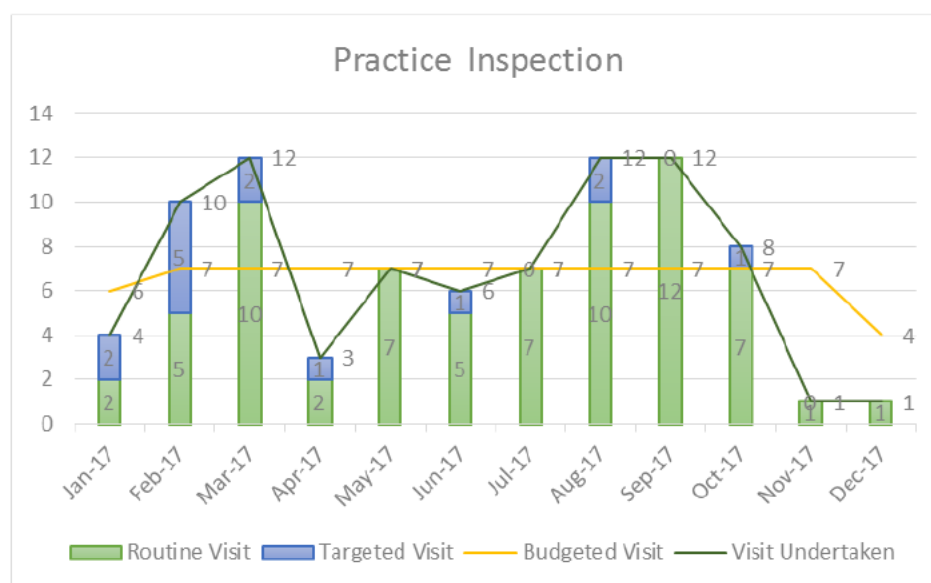


## **Section 2.2 – Inspections & Monitoring**

Watchlist activity for the year is summarised below:



Inspections conducted year to date have been summarised below:



9 routine and 1 targeted inspection have been conducted in the last quarter of 2017.

The status of accountant's reports received for the 2015, 2016 and 2017 financial years are summarised below:

Accountants Report	FYE 2015	FYE 2016	FYE 2017
Received	223	226	136
Submitted Late	55	51	32
Not yet Submitted	1	1	11
Qualified	64	64	37
Qualified rate (received)	29%	28%	27%

All qualified reports are reviewed and logged immediately to determine what action needs to be taken. Action is dependent on the type of breach (significant or trivial), whether it was accidental or negligent and whether it has been resolved. Action would include asking for further details or scheduling a targeted inspection.

The most common reasons for qualifications include

- Bank reconciliations prepared late or incorrectly.
- Bookkeeping errors.
- Receipt and payment made from client account in contravention of the accounts code.
- Issues with the office side of the client account.
- Issues with the sample of reconciliation statements selected.

### Interventions

No practice interventions have taken place in Q4.

### Section 3 – Human Resources

Sickness and Absence Statistics	Full Year 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Equivalent Employees	16.75	15.5	14	13	14
Total work days	4,218	961	840	744	868
Sick days taken	69.5	13	17	13	4.5
% of work day's absent	2%	1.35%	2.02%	1.75%	0.52%

The headcount at 31 December 2017 can be summarised as follows:

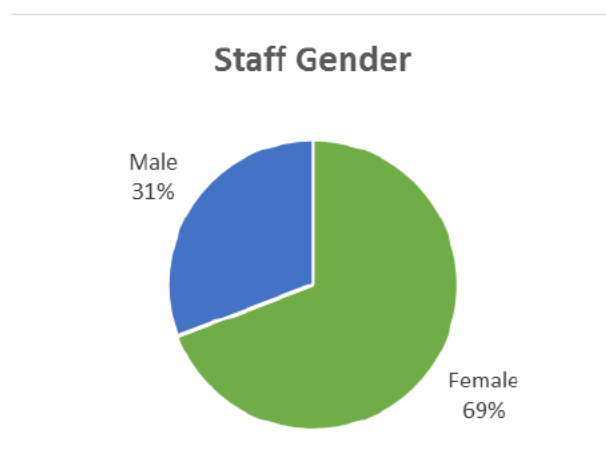
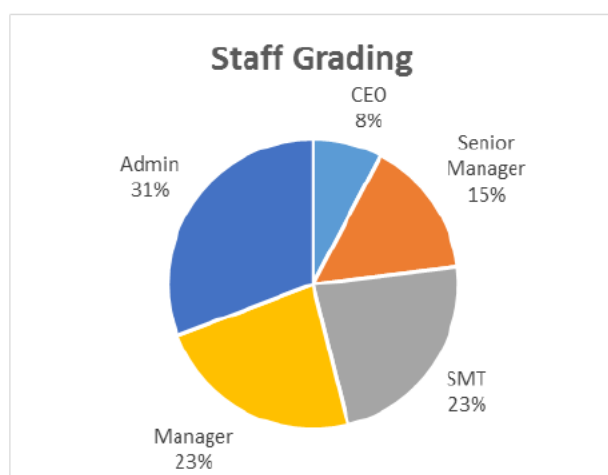
Type	2016 YE	Q1	Q2	Q3	Q4
Employee	17	17	13	12	13
Contractor	2	2	2	1	1
Council member	10	10	10	10	10
Resignations/redundancy	2	4	1	1	1

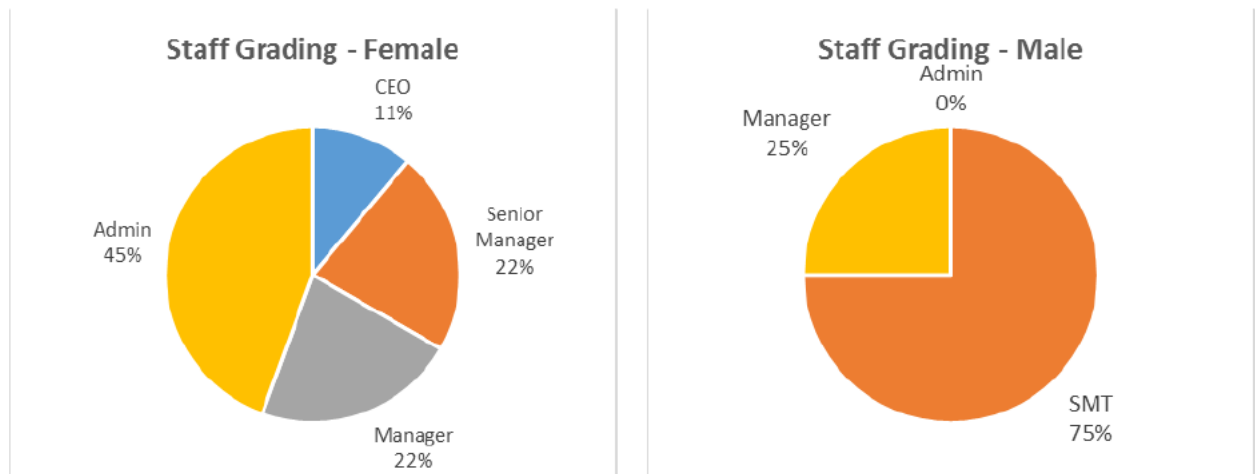
Staff movements in Q4:

- 1 staff member left in October.
- 2 Staff members joined in October.

The 2017 budget was based on a headcount of 20 individuals. Of these 20 heads:

- 1 position has not been filled.
- 4 redundancies were made in February 2017.
- 3 staff members resigned (June, August, October).
- 2 staff members joined in October.





#### **Section 4 - Complaints against the CLC**

No complaints have been raised against the CLC in Q4 2017 (2016: 5). There are currently no unresolved complaints.

No instances of whistleblowing have been reported.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

#### **Section 6 - Projects**

Other than the Strategy development exercise no projects are ongoing.





## **CLC Watchlist & Interventions**

**Purpose:** Noting  
**Author:** Jason Hinrichsen

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### **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.

A progress update on the 3 interventions that took place in 2017 is included in this report.

### **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.



## **Risk Management Policy**

**Purpose:**                    **Approval**  
**Author:**                **Jason Hinrichsen**

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### **Summary**

The risk management framework has been under development for the last two years and has included a review of risk registers, risk management processes and Council discussions on risk appetite.

An overall risk management policy has now been developed to formalise and support the risk management process as well as set out the Councils current view and appetites for various risk categories.

This policy will be reviewed annually, but can be updated more frequently if tolerance to risk changes.

The risk management policy has been reviewed by the Audit and Risk Committee and has been recommended for approval by the Council.

### **Recommendations**

The Council reviews and approves the policy.

### **Risk management**

This policy outlines the risk management process and captures the Councils current risk appetite for various categories of risk.

### **Financial impact**

There is no financial impact in relation to this paper.

### **Diversity and inclusion impact**

There is no impact on diversity or inclusion.

## **Communications requirements**

This paper is for Council only.

## **Background**

none

## **Annexes**

Annex A – Risk Management Policy

## PROPERTY AND LAW ROUND UP

**Purpose:** For information

**Author:** Stephen Ward

**Approver:** Sheila Kumar

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### Summary

The regular summary of information affecting the property market. This is a snapshot of recently published data and commentary. Much current commentary is contradictory and uncertain and this summary reflects that.

### Recommendations

This paper is for information only.

### Risk Management

Insight into the property market informs management of regulatory risks across the profession and risks to the CLC itself.

### Financial impact

None arising from the paper.

### Diversity and Inclusion Impact

None arising from this paper.

### Communication Requirements

This summary is also published on the CLC website and promoted through the newsletter.

## **Economic outlook**

In late November, the government's Office for Budget Responsibility (OBR) downgraded its growth forecasts, predicting the UK economy will grow by 1.4% in 2018, 1.3% in 2019 and 1.5% in 2021.

In its UK Economic Outlook published in November, PWC reached the same conclusion for 2018, citing slower consumer spending growth and 'the drag on business investment from ongoing political and economic uncertainty relating to the outcome of the Brexit negotiations'.

Inflation is widely expected to reach 2.7% in 2018, placing further strain in household budgets. Borrowing has filled the gap until now, but PWC feel that, as interest rates start to rise, albeit slowly, the effects of inflation will be felt more acutely. Defaults on unsecured borrowing are increasing, the Bank of England has said, so lenders are also restricting access to loans and credit cards.

## **Property Market**

The RICS UK Residential Market Survey for December, published on 18<sup>th</sup> January was titled 'Headline activity indicators remain subdued for now'. While their respondents' view of the national price balance edged up into positive territory, they reported that agreed sales were falling. Respondents were more upbeat about the twelve month outlook for both sales and prices.

A Reuters poll of 28 housing market specialists, published in December, predicted that property prices nationally will rise 1.3% in 2018, continuing to run below the rate of inflation. The same poll forecast increases of 2.3% and 3.0% in 2019 and 2020 respectively. In London, prices are expected to fall 0.3% in 2018. Other forecasts reach similar conclusions.

There are differing views about whether new homes will be able to meet the government's target of 300,000 a year. Nearly all of Reuters' experts believe that it will not be met. It is possible that even the 250,000 a year the building industry say is needed to meet pent up demand. So new building is unlikely to be sufficient to have a cooling effect on prices.

In December, RICS asked an additional question about the expected impact of the Stamp Duty cut for first time buyers. Two-thirds thought it would have little consequence, while 12% thought it would drive higher activity. Those in London were more likely to expect an impact from the change than others elsewhere in the country. 20 of Reuters' experts said it would increase house prices.

## **Mortgage market**

The recent rise in the Bank of England base rate has had little impact on homeowners because of the prevalence of fixed-rate mortgages. Competition between lenders is acute, and this has also helped shelter buyers from the increase. Arrears and repossessions rates are also at historically low levels, which mortgage brokers John Charcol say has allowed lenders to accept lower margins on new lending.



## UK monthly house price statistics, Nationwide

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Dec-15	0.5	1.5	4.5	196,999
Jan-16	0.3	1.4	4.4	196,829
Feb-16	0.4	1.3	4.8	196,930
Mar-16	0.7	1.3	5.7	200,251
Apr-16	0.5	1.4	4.9	202,436
May-16	0.2	1.5	4.7	204,368
Jun-16	0.2	1.3	5.1	204,968
Jul-16	0.4	1.0	5.2	205,715
Aug-16	0.7	1.0	5.6	206,145
Sep-16	0.2	1.2	5.3	206,015
Oct-16	0.0	1.2	4.6	205,904
Nov-16	0.1	0.9	4.4	204,947
Dec-16	0.5	0.7	4.5	205,898
Jan-17	0.1	0.6	4.3	205,240
Feb-17	0.6	0.9	4.5	205,846
Mar-17	-0.3	0.8	3.5	207,308
Apr-17	-0.4	0.6	2.6	207,699
May-17	-0.2	-0.1	2.1	208,711
Jun-17	1.1	-0.1	3.1	211,301
Jul-17	0.2	0.3	2.9	211,671
Aug-17	-0.1	1.0	2.1	210,495
Sep-17	0.4	1.0	2.3	210,801
Oct-17	0.2	0.8	2.5	211,085
Nov-17	0.1	0.7	2.5	209,988
Dec-17	0.6	0.8	2.6	211,156



## **BUSINESS PLAN 2017**

### **END OF YEAR PROGRESS REPORT**

**Purpose:** For noting  
**Author:** Stephen Ward

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#### **Summary**

This report provides an end of year update on progress against the 2017 business plan. In line with a suggestion from the Audit and Risk Committee, it includes a colour-coded rating.

Overall, the business plan was achieved. Some additional activities were undertaken during the year, most notably the thorough strategy development work and others reshaped in line with changed circumstances, most notably the work around the CMA's report and recommendations.

#### **Recommendations**

The Council is asked to note the progress against the 2017 Business Plan.

#### **Risk Management**

The CLC business plan are designed to mitigate risks to clients, the legal sector and the CLC itself.

#### **Financial impact**

Business Plan activities will be delivered within current resources or from reserves in line with the Council's policy on the use of reserves.

#### **Diversity and Inclusion Impact**

All activities need to be delivered with the aim of improving access to the profession and to legal services.

#### **Communication Requirements**

None arising from this report.

#### **Publication status of this paper**

This paper is not for publication as its contents will be published when finalised. Delivery of the Business Plan against programmed activities will be reported within the Annual Report, which will be submitted to Council with the Annual Financial Statements.



## 2018 Budget

**Purpose: Approval**

**Author: Jason Hinrichsen**

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### Summary

This paper details the budget revenues and costs planned for the 2018 financial year.

The Audit and Risk Committee have reviewed the budget and are proposing it to Council for approval.

### Recommendations

It is recommended that Council approve the proposed 2018 budget.

### Risk management

The budget needs to be carefully considered and crafted to ensure that the CLC makes effective use of limited financial resources and does not have to rely on reserves to fund operating activities.

### Financial impact

The financial impact is detailed in the attached budget document

### Diversity and inclusion impact

There is no impact on diversity or inclusion.

### Communications requirements

There are no immediate communication requirements.

### Annexes

Annex A – 2018 Business plan



## **Delegation of Authority**

**Purpose:**                    **Approval**  
**Author:**                 **Jason Hinrichsen**

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### **Summary**

The Corporate Governance Framework allows the Council to delegate the discharge of its functions to the Chair, Chief Executive, any executive director and any other individual or Committee.

Since it was last updated in 2011, we thought it was appropriate to review and update the register of delegated power. The proposed new register is included under Annex A along with the current delegation under Annex B.

The Register, once agreed, will be annexed to the Corporate Governance Framework to ensure it is kept up to date and reviewed on a regular basis.

The key difference between this delegation and the previous one is that delegations are being made to Directors who remain accountable but can further delegate to employees under their supervision. The register provides a framework for the exercise of delegated functions which may be reassigned by the Chief Executive within the SMT. Matters which raise issues of particular concern will be discussed within SMT before a determination is made, and may in appropriate circumstances be referred to Council.

Financial delegations have not been included on this register as they are set out under Annex D of the Corporate Governance Framework. Financial delegations will be reviewed as part of a wider review of the Corporate Governance Framework planned for later in the year.

### **Recommendations**

It is recommended that Council review and approve the attached delegations of authority.

## **Risk management**

Inappropriate decisions made may result in financial and reputational risk to the CLC.

## **Financial impact**

Inappropriate decisions may result in financial loss to the CLC.

## **Diversity and inclusion impact**

There are no diversity or inclusion impacts.

## **Communications requirements**

This paper is for Council only.

## **Background**

none

## **Annexes**

Annex A – Register of delegated powers – January 2018

Annex B – Register of delegated powers – May 2011





## **CLC Council Meeting**

### **Audit and Risk Committee**

**Purpose:** For Noting

**Chair:** Heather Foster

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#### **Summary**

This report advises of the business considered at the Audit and Risk Committee at its meetings on 1 November 2017 and 16 January 2018, minutes of which are at Appendix A. A summary report of these meetings is included at Appendix B.

In line with the Audit and Risk Committee's Terms of Reference, the Chair of the Committee presents an annual report on the work of the Committee during the year. An annual report which summarises the conclusions of the work undertaken by the Committee during 2017, with particular reference to the CLC's risk, governance and internal control framework is included at Appendix C.

#### **Recommendations**

Council is invited to note the minutes and reports and to put any questions to the Chair.

#### **Risk management**

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

#### **Financial Impact**

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

#### **Diversity and Inclusion**

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

### **Communication and publication requirements**

This report is for Council only. The activity of the Audit and Risk Committee will be included within the CLC's Annual Report.



## **CLC Council Meeting**

### **Remuneration Committee Chair's Annual Report**

### **For the year ended 31 December 2017**

**Purpose:** For Noting

**Chair:** Alex Clark

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#### **Summary**

In line with the Terms of Reference approved by the Council, the Chair of the Remuneration Committee presents an annual report to coincide with the finalisation of the Financial Statements and the Statement of Internal Control. The Committee has a remit which includes the remuneration policy for CLC staff, Council and Committee members and to ensure that the associated legal obligations of the organisation are met. The draft annual report set out at Appendix A summarises the conclusions of the work carried out by the Committee during 2017.

#### **Recommendations**

The Council is invited to note the Chair's Annual report, which is in draft form and subject to finalisation by the Remuneration Committee.

#### **Risk management**

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

#### **Financial Impact**

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

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

## **Diversity and Inclusion**

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

## **Communication and publication requirements**

This report is for Council only. A summary of Remuneration Committee activity will be included within the CLC's Annual Report without breaching confidentiality considerations.



## **Adjudication Panel – Chair’s Annual Report to Council**

**Purpose:** For Noting

**Chair:** Emma Boothroyd

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### **Summary**

The Adjudication Panel Chair’s Annual Report for the year 2017 provides a summary of recent developments and its work over the year.

### **Recommendations**

The Council is invited to note the Chair’s Annual report.

### **Risk management**

Risk management considerations are contained within the body of the report.

### **Financial Impact**

There are no specific financial implications for the purposes of this report. Expenditure is associated with the recruitment and training of Panel members and Panel meetings.

### **Diversity and Inclusion**

None for the purposes of this report.

### **Communication and publication requirements**

The Panel operates independently of the Council. This report is an overview of the Panel’s activities and for Council only.



### **Sanctions Guidance for use by the Adjudication Panel - Update**

**Purpose:** For approval  
**Author:** Simon Blandy  
**SMT Approver:** Sheila Kumar

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#### **Summary**

Council is asked to approve the Sanctions Guidance so that an application can be made to the Legal Services Board for it to be approved.

#### **Risk management**

The publication of Sanctions Guidance increases transparency in the way in which the Adjudication Panel exercises its powers and so reduces the risk of challenge.

#### **Financial impact**

There is no financial impact.

#### **Diversity and inclusion impact**

No direct diversity and inclusion impact has been identified.

#### **Communications requirements**

The Sanctions Guidance will be published on the CLC website. The profession will be notified that it is in force. Separate notification will be sent to the members of the

Adjudication Panel.

#### **Publication status of this paper**

The Sanctions Guidance for use by the Adjudication Panel will be published when finalised.





**Overview of current protection arrangements  
and the benefits of other products****Purpose:** For discussion and noting**Author:** Simon Blandy**SMT Approver:** Sheila Kumar

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**Summary**

Council is asked to note the paper.

The paper provides an overview of the protections which are currently available and of further protection arrangements which may be considered by CLC practices.

The CLC will publish a practice note to the profession by mid-March 2018 identifying the additional steps which need to be taken to comply with GDPR.

**Risk management**

The CLC carries out regular review to satisfy itself whether its requirements or advice to CLC practices about its protection arrangements should be changed.

**Financial impact**

There is no direct financial impact on the CLC.

**Diversity and inclusion impact**

No direct diversity and inclusion impact has been identified.

**Communications requirements**

The practice note on the impact of GDPR will be published by mid-March 2018.

**Publication status of this paper**

This paper will not be published since it assists the Council in the development of policy.



## **Council Work Plan**

**Purpose**

**Noting**

**Author:**

**Sheila Kumar**

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### **Summary**

To provide Council members with an “in advance” outline of upcoming meetings.

There are various potential issues which could be explored at the next Council workshop, including:

- CMA Transparency Agenda
- Interventions and delegated powers
- Possible applications of practice fund reserves
- GDPR

### **Recommendations**

The Council is invited to:

- (1) Note the outline of business for consideration at forthcoming meetings
- (2) Consider the issues on which it would like to focus at its next Workshop on 8 March 2018.

### **Risk management**

None for the purposes of this report.

### **Financial impact**

None for the purposes of this report.

### **Diversity and inclusion impact**

None for the purposes of this report.

### **Communications requirements**

None for the purposes of this report.

Annual Cycle	25 January 2018 Council meeting	8 March 2018 Workshop	28 March 2018	26 April 2018 Council meeting Q1 Results	7 June 2018 Workshop	24 July 2018 Council meeting Q2 Results	20 September 2018 Workshop	1 November 2018 Council meeting Q3 Results
<b>Strategy and Planning</b>								2018 Business Plan and Budget planning
<b>Performance and Risk</b>	<b>Management Report</b> <ul style="list-style-type: none"> <li>• Q4 Performance Outturn</li> <li>• Interventions and Watchlist</li> <li>• Compensation Plan</li> <li>• Property News Round Up</li> </ul> <b>CEO report</b>		External Auditor's Report and Management Letter  CLC Financial Statements 2017	<b>Management Report</b> <ul style="list-style-type: none"> <li>• Q1 Budget Outturn</li> <li>• Interventions and Watchlist</li> <li>• Compensation fund</li> <li>• Business Plan 2018 progress</li> <li>• Property News Round up</li> <li>• Principal Risks</li> </ul> <b>CEO report</b>		<b>Management Report</b> <ul style="list-style-type: none"> <li>• Q2 Budget Outturn</li> <li>• Interventions and Watchlist</li> <li>• Compensation fund</li> <li>• Business Plan 2018 progress</li> <li>• Property News Round up</li> <li>• Principal Risks</li> </ul> <b>CEO report</b>		<b>Management Report</b> <ul style="list-style-type: none"> <li>• Q3 Budget Outturn</li> <li>• Interventions and Watchlist</li> <li>• Compensation fund</li> <li>• Business Plan 2018 update</li> <li>• Property News Round up</li> <li>• Principal Risks</li> </ul> <b>CEO report</b>
<b>Governance</b>	Adjudication Panel yearly update from Chair  Scheme of Delegations  Annual Committee Chairs' reports		Annual Report	<ul style="list-style-type: none"> <li>• Appointments to Council Committees</li> <li>• Minutes of Audit and Risk Committee</li> </ul>		Minutes of Audit and Risk Committee  Minutes of Remuneration Committee	Council Effectiveness Review	Minutes of Audit and Risk Committee
<b>Regulatory Activity</b>	Budget Sign off  Sanctions Guidance for Adjudication Panel				Regulation of the market place	Regulatory Fee setting  LSB Report on CLC Self-  First results of Annual Regulatory Return		ARR Results
<b>Ad hoc Business Plan items</b>	PR Briefing for Launch of Strategy					Regulatory Standards Action Plan – half yearly update  Evaluation of Communications and Marketing	Risk Appetite	Business plan and budget sign off for 2019