

## Council Meeting

**Minutes of the Council meeting held on Tuesday 30<sup>th</sup> April 2013  
at 11.00am at Council of Mortgage Lenders, Bush House,  
North West Wing, Aldwych, London, WC2B 4PJ**

**Present:** Ms A Bradley Chair  
Mr G Kidd  
Mr R Gurney  
Mr A Clark  
Mr J Jones  
Mr P Rowley  
Ms J Smith

**In Attendance:** Ms S Kumar Chief Executive  
Mr S Blandy Director of Policy and Standards  
Mr W Pearson Director of Operations  
Mr S Faraway Interim Director of Finance  
Mr S Ward Interim Communications Manager  
Ms S Cottis Executive Assistant

### Item

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#### **1. Apologies for Absence**

There were no apologies for absence.

#### **2. Minutes of the Meeting held on 7<sup>th</sup> February 2013**

The Council APPROVED the minutes of the meeting held on the 7<sup>th</sup> February 2013 as being a true record.

#### **3. Matters Arising including record of decisions made outside Council meetings**

The Council NOTED and AGREED the record of the decision made by Council (to authorise the Chief Executive Officer to sign the Memorandum of Understanding with the Financial Conduct Authority) since its previous meeting.

#### **4. Progress Report on Action Points**

The Council NOTED the progress report on the action points from the previous Council meetings.

##### *Agreed Actions:*

- *To remove from the progress report any actions that included as a matter of course in the Council agenda, such as the CEO updates, or are otherwise recorded in the papers before Council.*

#### **5. Declarations of Interest**

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

## 6. Chief Executive's Report

The Council NOTED the paper presented which provided an update on the strategic issues since the last Council meeting. The following points arose from the discussion:

- The progress report on the business plan has been included in the Chief Executive's Report. The business plan is being closely monitored as the timelines and costs are tight for each project.
- There are some concerns over the number of complaints received by LeO about a firm of licensed conveyancers. The Monitoring team are working with that firm to resolve the current issues causing the complaints.

*Agreed Actions:*

- *To provide regular reports to the Council on the performance of CLC practices – identifying any practices considered particularly high risk.*
- *To continue the dialogue with the Legal Ombudsman on the performance and management of any CLC practice whose complaints record gives cause for concern*

## 7. Executive Management Report

The Council NOTED and DISCUSSED the Executive Management Report for February and March 2013, which show the financial status of the CLC. The following points arose from the discussion:

- The report is currently work in progress and a more detailed report will be developed and prepared for future meetings.
- The manager fees for the month and the ABS application fees are lower than budgeted impacting on income. The position will be monitored to identify trends. However, the budget is currently divided equally across the year and so does not take into account predictable variances; this will be corrected in future months.
- There are a number of staff vacancies which has resulted in the salaries being less than budgeted. However, there are a number of interims in place which is offsetting this.
- The marketing and communications budget currently has an underspend but this will change over the next few months as new initiatives are started.
- On recommendation from the external auditors Counsel's advice was sought on the CLC's position regarding corporation tax. The opinion was that the CLC's current position is correct the only item that is taxable is interest which the CLC is already paying corporation tax on.
- Accruals for legal and professional fees for the work on corporation tax and VAT have been included in the monthly accounts.

## 8. Draft Financial Statements 2012

The Council NOTED the Draft Financial Statements. The following points arose from the discussion:

- There had been a full and open discussion with the external auditors and they have praised the positive interaction with the CLC and the help staff have provided them.
- The allocation of direct costs will be changing in 2013 but the 2012 financial statements are recorded based on the current principles.

- The Chair of the Audit Committee reported that following its review, the Audit Committee recommended to the Council that the draft Financial Statements 2012 and the Letter of Representation be approved.

The Council APPROVED the draft Financial Statements 2012 and the Letter of Representation, and RESOLVED that the Chair of the Council and the Chief Executive Officer be authorised to sign the Financial Statements 2012 and the Letter of Representation on behalf of the Council.

## **9. Draft Risk Register**

The Council NOTED the Draft Risk Register. The following points arose from the discussion.

- The draft risk register presented to Council is the same version presented to the Audit Committee, which has made a number of comments on it. The Audit Committee's comments are being reviewed and incorporated into the register.
- The Council need to agree risk appetite at the Council workshop in June.

## **10. CRM Update**

The Council NOTED and DISCUSSED the paper which provided an update on the CRM project. The following points arose from the discussion.

- Currently the delay in implementation of the CRM project was attributable to continuing negotiations with our Credit Card Merchant. It was hoped these could be concluded very shortly.
- The user acceptance test is in its final stages and once completed the CRM can go live internally. Once user testing has been completed externally and the negotiations with our Credit Card Merchant concluded then the CRM will be rolled out externally.
- Further training has been organised so CLC staff can update the purchasing side of the website to make it more user friendly.

## **11. Communications and Marketing Framework**

The Council NOTED and DISCUSSED the paper which provided a proposed communications and marketing framework for 2013. The following points arose from the discussion:

- A large part of the framework mitigates some of the risks in the risk register and to get the CLC in a more sustainable situation.
- The new content management system that is linked with the new CRM system can be used to improve the CLC website.
- The new key messages will only be used internally at the moment and more information will be provided around what they mean as they are rolled out.
- Examples of the CLC's work and how it meets its key messages for members and the executive team to use when talking to stakeholders is to be compiled.
- The e newsletter that is currently circulated every two months will be sent round on a monthly basis.
- In the latest e newsletter a survey has been included on roadshows and how the community would like to see them happen.
- Before there is a big push on advertising to students some test adverts will be used to see what is most effective.

- There is a possibility of sponsorship for certain CLC events, the Executive Team will be looking into these possibilities and will report back to Council. However sponsorship will only be considered if it is worthwhile and appropriate.

The Council AGREED the following:

- The internal key messages as outlined in the paper
- To fostering closer engagements with the CLC regulated community as discussed in the paper.
- The stakeholder engagement plan as suggested in the paper.
- The media management plan as proposed in the paper.
- To investigate the idea of sponsorship as outlined in the paper.
- The internal communications plan as described in the paper.

## **12. Compensation Fund**

The Council NOTED and DISCUSSED the paper which presented the findings from the Task and Finish group on the Compensation Fund. The following points arose from the discussion:

- The Task and Finish group were convened to create a draft policy for the Compensation Fund. However as there is already an Operating Framework and Guidance issued to applicants it was agreed it was more appropriate to update these documents rather than to create a separate policy.
- The Task and Finish group debated the merits of including provision for legal costs in grants paid out of the Compensation Fund.
- The Chair and Chief Executive Officer had agreed in discussions with the Legal Ombudsman to prepare a one page guide to the Compensation Fund which the Legal Ombudsman can, where appropriate, provide to complainants.

The Council AGREED the following:

- The changes to policy in considering and making grants out of the Compensation Fund as recommended by the Task and Finish group.
- The two recommendations for determination of specific claims on the Compensation Fund.

*Agreed Actions:*

- *To report back to Council how the summary guidance about making claims on the Compensation Fund will be circulated by the Legal Ombudsman.*

## **13. Developing the Licensed Conveyancer Qualification**

The Council NOTED the update on the potential developments for the Licensed Conveyancer qualification. The following points arose from the discussion:

- To help make the CLC qualification more attractive and portable it has been suggested to look at the feasibility of getting external accreditation with OFQUAL.
- Apprenticeships could be used to help develop the CLC community and promote the CLC's qualification, however further work is required on this to see if it is feasible.
- Further work is also required on the different options available for the external delivery of the CLC's qualification.

The Council AGREED the following:

- To continue the marketing campaign to attract more students to the CLC qualification.
- To look into the feasibility of seeking OFQUAL accreditation for the CLC's qualification.
- To investigate the feasibility of an apprenticeship framework.
- To examine the different options available for external delivery of the CLC's qualification.

*Agreed Actions:*

- *To report back to Council on the proposals for developing the CLC's qualification as outlined in the paper.*

#### **14. Regulatory Fees**

The Council NOTED and DISCUSSED the paper presented which recommended that the CLC consult on the Regulatory Fees to be charged in the licence year commencing 1 November 2013. The following points arose from the discussion:

- The consultation will be based on the current fee structure, the new fee structure is still being developed and won't be applied until at least 2015.

The Council AGREED the following:

- To issue a Consultation Paper on the framework for determining Regulatory Fees to be charged for the licence year starting 1 November 2013.

#### **15. Referral Arrangements**

The Council NOTED and DISCUSSED the paper on referral arrangements. The following points arose from the discussion:

- The CLC's consultation on Referral Arrangements had ended in March 2013 as agreed by the Council at its meeting in October 2012.
- A number of recommendations were included in the consultation to help reduce the likelihood of detriment to the consumers, the paper includes suggestions from the consultees on the CLC's proposals.

The Council AGREED the following:

- The CLC should continue to permit CLC Practices to enter Referral Arrangements.
- The CLC expected CLC practices to be transparent in their engagement with clients which included providing appropriate information about Referral Arrangements
- The CLC should promote good practice rather than take a prescriptive rules based approach to referral arrangements. This was consistent with its Principles based and Outcomes focused approach to regulation.
- The CLC does not need to see the agreements practices have for referral arrangements but they should be available for inspection if requested.
- The CLC's Disclosure of Profits and Advantages Code should be amended, as appropriate, to take account of the matters agreed by Council.

*Agreed Actions:*

- *To amend the CLC's Disclosure of Profits and Advantages Code, as appropriate, to take account of the matters agreed by Council and submitted to the Legal Services Board for approval.*

## **16. Treasury Management Policy**

The Council NOTED and DISCUSSED the draft treasury management policy. The following points arose from the discussion:

- The draft treasury management policy was discussed at the last Audit Committee and the comments from the members of the committee have been included in the policy.
- As only one building society is included in the Moody's credit ratings guide the policy as currently drafted does not allow the CLC to invest in building societies.
- It was agreed the policy should include a sentence describing the advantage of spreading the investments across more than one institution to reduce risk.

*Agreed Actions:*

- *To ask the external auditor on how to explore the basis on which the CLC could assess the stability of building societies so they can be included within the scope of the Treasury Management Policy.*

## **17. Discipline and Appeals Committee**

The Council DISCUSSED the paper which recommended changes to the CLC's Discipline and Appeals Arrangements following the end of the consultation. The following points arose from the discussion:

- The jurisdiction and functions of the Discipline and Appeals Committee (DAC) are transferred to the Adjudication Panel (subject to approval of CLC's Rules by the Legal Services Board) and appeals from Adjudication Panel determinations be transferred from the High Court to the First- tier Tribunal (subject to statutory amendment).
- The CLC's rules be amended to increase the maximum fine imposed by the DAC from the current level of £1 million (for recognised bodies and individuals) to £250 million for recognised bodies and £50 million for individuals.

The Council AGREED the following:

- To consult on the draft rules incorporating the proposals outlined in the paper.

## **18. Audit Committees Annual Report to Council for 2012**

The Council NOTED the Audit Committees Annual Report to the Council for 2012. The following points arose from the discussion:

- The Audit Committee and Council wish to thank the former Committee Chair and the members of the committee for all the work they completed in 2012.
- The internal audit contract has been extended while the tender process is finalised in 2013.

- Some of the internal audit reports for 2012 had a lower assurance level than previously, work has already begun on processes and procedures to improve this and these areas will be reviewed again by the internal auditors later in 2013.
- A progress report on the work resulting from the internal auditors will be reported back to the next Audit Committee.

## **19. Associate Members Appointments**

The Council AGREED to extend the appointment of the Associate Member Ms H Foster to 30<sup>th</sup> April 2014.

*Agreed Actions:*

- *To write to Ms H Foster confirming her extension.*

## **20. Items for Noting**

The following items were noted:

Audit Committee Minutes 9 April 2013  
Council Work Plan  
Business Plan 2013

The Council NOTED the Business Plan for 2013, which will be proof read before it is published.

## **21. Any Other Business**

### Remuneration Committee

The Council NOTED there will be a short meeting of the Remuneration Committee on 9<sup>th</sup> May to discuss the agenda for the next meeting. A further meeting will be organised for July 2013.

Meeting closed at 16.30.