

Council Meeting

Minutes of the Council Meeting held on Thursday 12th December 2013 At 13.00am at the CLC Offices, Chelmsford, Essex

Present:

Ms A Bradley	Chair
Mr A Clark	
Mr G Kidd	
Mr P Rowley	
Mr J Jones	
Mr R Gurney	

In Attendance:

Ms S Kumar	Chief Executive
Mr S Faraway	Interim Director of Finance
Mr S Blandy	Director of Policy and Standards
Ms P Sparrowhawk	Executive Assistant

Item

5. Council Skills Audit – Closed Session

CLC Staff were recused from the meeting. Lead by the Chair the Council carried out a session on Council skills requirements.

Ms S Kumar and Ms P Sparrowhawk returned to the meeting.

Summary

- Council agreed the inclusion of five categories of soft skills to the Skills Matrix:-
 - (i) Listening
 - (ii) Coaching and mentoring
 - (iii) Constructive challenging
 - (iv) Effective communications
 - (v) Vision and purpose

- It was agreed that a good mix of skills for strategy and planning for the next few years would be required; this would also ensure continuity and succession planning within the Council. The following three skill sets were identified and would form the basis for the recruitment campaign:
 - Senior level operational person with strong finance skills
 - Academic and legal skills
 - Consumer / Regulatory skills

- A discussion regarding the interpretation of the Rules of Council numbers concluded that although the statement would be revised for the future, the current definition would stand as is at the ratio of two lay and one professional.

6. Council Appointments for 2014

Recruitment

- The above three skill sets would form the basis for the Council recruitment campaign.
- It was agreed that an identified headhunter would be utilised to recruit for new Council members, based on the quotations from headhunters submitted.

Nominations Committee

- A proposal for the Nominations Committee to consist of the Chair Ms A Bradley, Mr A Clark and Ms J Smith was accepted by Council.
- It was agreed that the fourth independent member would be chosen by the Nominations Committee.
- It was proposed and agreed that the Council Recruitment process would be taken to the next step.

Actions:

1. *Council members to complete their own soft skills elements plus new material to Sarah Cottis by the end of the week.*
2. *Professional head-hunters to be selected and engaged to commence recruitment campaign as soon as possible, in December/January.*
3. *Nominations Committee to agree upon fourth independent member.*

The CLC staff returned to the Council Meeting

1. Apologies for Absence

There were apologies for absence from Ms J Smith, Mr S Ward, Mr W Pearson

2. Declarations of Interest

There were no declarations of interest.

3. Minutes of the Meeting held on 19th November 2013

The Council approved the minutes of the meeting as being a true record with the following amendments:

- (i) Mr J Jones to be included in the 'Attendance' list of the meeting
- (ii) Item 8. LSB Blueprint for Regulation; Bullet Point 2; delete the words, "regardless of any legal experience" insert the words, "Should not be a current legal practitioner."

Matters Arising including record of decisions made outside Council meetings

An update was given on the work being carried out by outgoing Internal Auditors, TIAA. The Chief Executive would be meeting on 18th December with TIAA Director, Andrew Townsend to

get commitment to complete the Financial Assurance Statement and for TIAA to take final responsibility of delivering their final audit to the new incoming Internal Auditors, Baker Tilly.

It was confirmed that a very positive and productive meeting had taken place between the FD and CEO with Baker Tilly on 6th December 2013.

4. Update on Actions

There were no updates on Action Log.

7. Compensation Fund Applications for a Grant

Summary

Two cases were put to Council for approval for grants from the Compensation Fund.

8. Chief Executive's Update to Council

Summary

Council asked to note the progress report. The summary sets out key progress since the last report to Council in November 2013.

The following items were discussed:-

8.1 Practice Watchlist

It was reported that there was an unusually high level of activity on the Watchlist practices at present, some of which had, in the last week, converted to interventions. It was observed that the Watchlist was a list of practices in which we were actively involved in some way.

DELETED: Could assist fraud

The suspicion of fraud and police intervention was discussed with regard to protocol of power of entry and it was noted that there was now a better relationship forged with HMRC regarding interventions.

Action:

1. Draft a letter to HMRC requesting a change in the procedural relationship with the Land Registry.

1. Organise a Council workshop in Mar/Apr 2014 to discuss:

- Our regulatory processes and gatekeeping*
- The role of the police and HMRC during an intervention*
- The patterns and market risk including early warnings.*

8.2 S69 Application

- It was noted that the draft letter to the Justice Minister had been sent.*

- MoJ to be engaged on a regular basis to ensure our application is given priority.

8.3 Licensing Renewal

Following the completion of the licensing renewal, there would be a 'lessons learnt' session carried out to identify any issues to remedy.

8.4 LPI Recruitment

Summary

Following the identification of capacity building within the LPI team, it was reported that the recruitment activity had not yielded quality candidates to interview and so far only one candidate had been appointed.

Action:

1. *To test the resilience of the LPI team dynamic and consider various other models within the existing framework.*

9. Business Plan for 2014

Summary

The paper set out the projects which needed to be undertaken to deliver change for the CLC in 2014.

Following discussion it was agreed that the Business Plan should include the regulators' self-assessment submission demanded from the LSB, which could impact upon the delivery of the Business Plan.

The Council observed that there may be too much in the plan to be deliverable against current capacity as capacity improvements would not immediately kick in in 2014.

Action:

1. *Include LSB items in plan.*
2. *Draw up a "B-list for delivery – based on the capacity and resources available – for presentation at the next Council Meeting.*

10. Annual Report and Financials Format

Summary

In order to streamline the financial close-out process, the format of the annual accounts was discussed.

- It was suggested that the heading 'administrative costs' was changed to reflect an overhead or direct cost and some of the items to be allocated through the business.

Action:

1. *A meeting with External Auditors Scrutton Bland would be held to glean further format presentation ideas. In particular to agree presentation of costs.*
2. *To reconsider the splitting out of direct and indirect costs.*

11. CLC's Potential Liability to Corporation Tax and VAT on receipt of Commission Payments.

DELETED: Commercially confidential

12. Publication Policy

Summary

Following the recommendations made at the previous Council meeting held on 29th November 2013, the Publication Policy was revised for approval.

The Publication Policy was approved by Council.

13. Premises

Summary

The paper had not been concluded at the time of the Council meeting.

- Council member were invited to assist with drafting the framework of the paper.

Action:

1. Council Members, Mr Gurney, Mr Clark and Mr Rowley to assist with this project.
2. CEO to send out paper in draft and/or list of the questions that council members are being asked to answer.

14. Fee Structure and Charges

Summary

This paper summarises the CLC's position on the Annual Review required by the LSB.

Recommendations

It is recommended to the Council that the current mechanism for fee charging stays the same this year as we are not in a position to facilitate any changes.

- Due to the delay of the CRM system, it was agreed that core data availability would be challenging.
- It was proposed to go forward to model options based on a rationale for strategic change, and then go out to consultation.
- Council offered assistance with modelling and banding to go to consultation.

Action:

1. Gather data by end- Q1 and then go to consultation at end-Q2.
2. Establish Task & Finish Group: Mr G Kidd, Ms J Smith and Mr J Jones.(AB to be copied in).

15. Comparison Websites

Summary

This paper sets out discussions between the Legal Services Consumer Panel (LSCP), Legal Services Board (LSB), the CLC and others about work to support the development of comparison websites for legal services.

Recommendations

The Council is asked to discuss the points set out at paragraphs 10-16 to provide a steer on how discussions with the LSCP and LSB should continue.

- Following discussion, it was agreed that the CLC strongly desired to be involved in shaping the criteria of judgement, but also needed to set out what role it envisaged for LSB/LSCP.

Actions:

1. *Draft a response to the LSCP, (with copy to other Regulators) in above terms.*

16. Lender Exchange Panel Management Toolkit

Summary

This paper sets out some background to the launch of the Lender Exchange panel management toolkit and asks Council for a view on the way forward for the CLC.

Recommendations

Council is asked to consider the issues raised in this paper at paragraphs 8, 9 and 10.

- Council discussed that it was difficult to endorse a commercial venture and we would need more details.
- It was felt that the CLC was the quality regulator in this sector and all information is available from CLC.
- Council debated and agreed that we continue with our agreed position that we do not endorse and we do not believe in duplication of regulation. We need to stay in touch to keep abreast of developments.

Action:

1. *To keep Council updated with developments of the Lender Exchange Panel.*

17. Items for Noting

- Audit Committee Minutes 15.11.13
- Remuneration Committee Minutes 13.11.13 and 29.11.13

- RemCom Adjudication Appraisal Scheme – Approved, a formal review of the exact process of who inputs into the review will be looked at again by the Remuneration Committee at a later date.
- RemCom Adjudication Remuneration Scheme – Approved to equalize payment for virtual and face to face meetings of £250 per day to each member, £300 to Deputy Chair and £350 to Chair. A further review will be conducted along with all pay structures for members in 2014.

18. AOB

18.1 Apprenticeship Trailblazers

Mr Jones reported to Council that he had attended a meeting with the CLC Education Team and BIS who had been impressed with the progress made by the CLC within the apprenticeship pilot and were keen to move forward. To date, CLC had signed up eight firms interested in the trailblazer piloting scheme.

Action:

- 1. Work to assess the practical implications for practices and CLC to resource the trailblazer scheme should continue and be reviewed.*

Meeting ended at 17.12