

Council Meeting

Minutes of the Council Meeting held on Thursday 1st May 2014 At CityPoint, Moorgate

Present:

Ms A Bradley	Chair (items 9-18)
Ms J Smith	Deputy chair (items 1-8)
Mr R Gurney	
Mr A Clark	
Mr G Kidd	
Mr P Rowley	
Mr J Jones	
Ms H Foster	(newly appointed to Council – as Observer)

In Attendance:

Ms S Kumar	Chief Executive
Mr S Faraway	Interim Director of Finance
Mr S Blandy	Director of Policy and Standards
Mr S Ward	Interim Director of Communications (items 9-18)
Ms P Sparrowhawk	Executive Assistant

1. **Apologies for Absence**

There were no apologies for absence but it was noted that Ms J Smith would deputise for the Chair Ms Bradley who would be absent for the morning session. Ms H Foster was acknowledged as observer at the meeting and welcomed as a new Council member and Chair of Audit Committee with effect from 1st May 2014, immediately following the meeting.

2. **Minutes of the Meeting held on 20th February 2014**

The Council approved the minutes of the meeting as being a true record with no amendments. The definition of “lay” versus “independent” to describe a non-professional Council member was discussed and it was agreed that the existing term “lay” would remain in use.

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

- 3.1 Appointment of new members – Council was asked to note the update to the appointment of new members. The Nominations Committee had identified two

candidates to appoint to the Council, Ms Heather Foster as lay member and Ms Andrea Pierce as an LC member. However as the Appointment Regulations stipulate a majority of lay members, the LC appointment would have to be postponed until another lay member had been appointed. A candidate for the third vacancy had been interviewed prior to the Council meeting and Council would be kept informed of progress.

- 3.2 Council Pay – Council was asked to note the recent pay review as proposed by the Remuneration Committee, following rigorous benchmarking and scrutiny by an independent panel.

Council noted both decisions about new members and Council pay review. The latter would be fixed for a period of four years.

Action:

1. Council to be kept updated on progress on appointing a third candidate for Council.

4. Update on Actions

- Council was advised that there was no definitive answer to the question about whether CLC needs a licence from FCA in relation to consumer credit. The reason that this has come up at all is because we take payment for licenses over a 10 month period. Executive advice was that taking further legal advice is unlikely to make the position clearer or more certain. One way of mitigating the risk is to start taking payments over 12 months as this will move from instalment payments to 'pay as you go'.
- SMT continue to improve the efficiency and effectiveness of the organization. We are also trying new ways of getting our business done. For example, we are piloting alternative providers for carrying out monitoring activity. Council will be kept apprised of results.
- The Risk Register was being updated with the assistance of our Internal Auditors Baker Tilly.

Action:

1. The introduction of Licence payments to be taken over a 12 month period, will be included within this year's review of regulatory fes and the associated consultation .
2. Council to be kept updated on progress of pilot monitoring scheme
3. Update the deadlines in the Action Spreadsheet.
4. Council to be kept updated on progress of Risk Register at July Council.

5. Declarations of Interest

There were declarations of interest from Mr J Jones and Mr A Clark with regard to the Apprentice Trailblazer Project, as both their practices were participants.

6. Review of Chief Executive's Report

Following an overview of the paper, the following items were discussed.

- 6.1 CRM Project - The front end website was being developed simultaneously with the business end CRM. This would enable a seamless integration with data/user testing in July 2014, in readiness for licensing.
- 6.2 Education – The Trailblazer project is moving to a tight timetable in a positive and constructive way. Project Manager, Claire Richardson has been a very positive driver of the project. It was noted that Department for Business Innovation & Skills (BIS) had used the CLC education model as an example for others to follow.
- 6.3 Master Policy Commission and VAT – A reply from HMRC was awaited and would be chased. (Note following the meeting: This was received and confirmed that educational services provide by the CLC would be regarded by HMRC as VAT exempt.
- 6.4 Complaints Handling - Licensing and Casework teams had an historical buildup of complaints and following the separation of these two teams earlier this year, good progress is being made to reduce the complaint cases. A new complaints reporting and handling system has been implemented. This would feed into the KPIs as part of the overall operational indicators linked to objectives. Complaints would be categorised for Council discussion.
- 6.5 Working with Lenders – Good progress has been made on acceptance on main panels and information sharing with lenders. A proposed communications campaign targeted at lenders’ front line staff was set out in a paper for Council at Agenda #17.
- 6.6 Adjudication Panel – Following the recent Adjudication Panel workshop, Council discussed the new methods of the Adjudication panel to filter and identify unnecessary cases going for a hearing, at an earlier stage. Once this method has provided some results, it will come to Council for further discussion.

Action:

- 1. *CRM timeline plan and launch details to be circulated to Council*
- 2. *Council members to be asked to participate in a user testing panel for CRM*
- 3. *Education/Trailblazer paper to be brought to Council - July*
- 4. *Complaints to be categorised for Council evaluation*
- 5. *CEO to discuss better communication channels regarding Lenders with LSB*
- 6. *Adjudication Panel results on controls and reporting to come to Council – July.*

7. Financial Statements 2013

Following approval by the Audit Committee, copies of the final annual report for 2013 were handed out to Council. It was recommended that the Financial Statements for 2013 be approved by the Chair and to sign the letter of representation. It was noted that the internal audit had run very smoothly with no concerns. The Chair thanked the Finance Director for an excellent piece of work, prepared in good time.

The Council accepted the Financial Statements for 2013 and agreed the Chair should sign the Statements and the Representation letter.

Action:

1. *The CLC 2013 Annual report to be printed, published and distributed.*

8. Executive Management Report

Following an overview of the Executive Management Report, a discussion regarding the reporting of KPIs followed. It was agreed that now that monitoring was being better managed and reported, any unpredictable trends or spikes in the KPIs would be reported to Council. The commentary on KPIs was also noted.

A small error was noted under the narrative for support costs which should have read "...£5k less than budget."

Action:

1. *Department KPI's were to be grouped together*
2. *KPIs were to be revised and developed further*
3. *Numbers of practices on the watch list and Intervention list will be monitored.*

Council Chair, Ms A Bradley joined the meeting

9. Audit Committee Annual Report to Council for the year ended 31st December 2013.

The report was noted by Council with no comments raised. The outgoing Audit Committee Chair, Peter Rowley, was thanked for his work whilst serving on Council.

10. Remuneration Committee's Annual Report to Council June 2013 to March 2014

Ms J Smith presented the Remuneration Committee report and gave an overview of the enormous body of work that had been achieved to date. Congratulations were given to HR Executive, Sarah Cottis, for her hard work and continually delivering papers for the Committee meetings on time. Ms Smith completed her report by saying how enjoyable the Remuneration Committee was and how much she was looking forward to the 2014 term.

11. Council appointments and induction

The induction pack was noted by Council.

12. Watchlist and Interventions

The May 2014 confidential watchlist and interventions report was handed to Council.

12.1 An update was given on two existing interventions, but no further interventions had been made since the last Council meeting.

12.2 With the change in criteria for inclusion on the watchlist, the number of firms under close supervision had increased.

Action:

1. *Add a date and timeline to each item on Watchlist.*
2. *Incorporate into KPIs.*

13. Comparison Websites

Following a discussion at the previous Council Meeting, a paper was presented to Council for information regarding the progress made on the instruction/request from the LSB and LSCP to make information available to comparison websites.

Following meetings and discussions with other regulators the LSB identified five categories of information that they felt regulators could provide.

1. Name and address; 2. Contact details; 3. Size of firm and number of regulated practitioners; 4. Whether they are on roll/regulated; 5. Any disciplinary findings/conduct issues.

The first four categories would be made available on the CLC website by mid-May in the form of an Excel spreadsheet. The fifth category would be taken to consultation first and then discussed again with Council.

The Council members expressed some concern about how to ensure genuinely useful information was given to consumers. Caution was advised, particularly with the need for regular updating of information and the need to observe data protection requirements. It was confirmed that the LSB had indicated they would not be policing any of the Comparison Websites.

It was agreed that the information available could be of use to the Lenders' community.

Action:

1. *Categories 1-4 to be made available on CLC website by mid-May*
3. *Data protection rules to be investigated and confirmed to Council*
4. *Consultation outcome including CLC publication policy to be taken back to Council.*

14. Redacted in line with exemption for personal data

15. Professional Indemnity Insurance and Compensation Fund Arrangements

Following consideration by Audit Committee, Council:

- a. noted the current claims status against the Compensation Fund as at 31 March 2014
- b. established a Task and Finish Group to:
 - i. advise Council at its workshop on 12 June 2014 on the exercise of the Reinstatement Clause under the CLC Compensation Fund Insurance Policy
 - ii. assist the Executive on negotiations with HMRC leading to settlement of the Blueprint and RFS claims and generally on conduct of claims against the former managers of Blueprint and RFS
 - iii. advise Council on the CLC's current Professional Indemnity Insurance requirements for the profession and the extent, if at all, they should be changed
 - iv. advise Council on the appropriate minimum and optimum level of reserves in the CLC's Compensation Fund
- c. on the recommendation of the Audit Committee, appointed the following Council members to the Task and Finish Group:
 - George Kidd, Alex Clark and Heather Foster.

Action:

1. T&F group to meet on Tuesday 13th May.
2. Bring results to Council workshop on 12th June 2014

16. Diversity and Inclusion Policy

Council noted the amendments made to the previously approved version of the policy and agreed to publication of the policy.

The policy was approved by Council subject to minor amendments.

Action:

1. Policy to go to publication

17. Stakeholders Perceptions Audit

Background

During February and March of 2014, a professional organisation, Spada was engaged to carry out a Stakeholders Perceptions Audit involving telephone interviews with various stakeholders and our regulated community.

The paper presented to Council members reviewed the Stakeholder Perception Audit findings and recommendations and consideration of five initiatives that are already in development that could help meet the recommendations of the Audit.

Council was invited to discuss the findings of the Stakeholder Perception Audit and agree the five initiatives set out all aimed at improving engagement with the regulated community or stakeholders and securing wider input to the CLC's policy work.

- A. Establishing a Reference Panel for the CLC
 - Council agreed to run up to two pilot meetings by invitation to ascertain effective results before making a final decision.
- B. Lenders Panels Campaign
 - The Council requested more information on cost and budget
- C. Annual Engagement Events
 - The Council recommended piloting two events in North and South to gauge effectiveness.
- D. Surveys of the Regulated Community
 - The Council agreed to go to the next stage and asked for costs and budget.
- E. Senior Stakeholder Reception
 - The Council agreed to go to the next stage and asked for costs and budget.

Action:

- 1. SMT to undertake a more detailed review of the Perception Audit and report back to Council.*
- 2. CLC Strategy document to be published on CLC website*
- 3. A Reference Panel to be piloted for further decision*
- 4. Budget and costs to be presented on Lender Panel Campaign*
- 5. Two annual engagement events to be piloted in North and South locations*
- 7. Budget and costs to be presented for senior stakeholder reception*

The Council meeting ended at 16.30 followed by a private session by Council

The next Council workshop will be held on Thursday 12th June 2014 at the CLC's Offices.

The next Council meeting will be held on 24th July 2014 at CML offices.

Signed by Chair Date.....