



CLC Council Meeting
Thursday 25 July 2019
11.00 a.m. – 1.30 p.m.
Council for Licensed Conveyancers
Room LGA
131 Finsbury Pavement
London EC2A 1NT
A G E N D A

No	Item	Type of Paper	Lead
1.	Welcome, Introductions, Apologies for Absence and Declarations of Interest	For recording	Chair
2.	Minutes and Matters Arising a) Minutes of the meeting of the Council held on 2 May 2019 b) Actions arising from previous meetings	Approval Information which is personal has been redacted	Chair
3.	Chief Executive's Report	Noting	CEO
4.	Principal Risk Register	Approval	DFO
5.	Watchlist and Interventions	Noting	DFO
6.	Fee Rate Setting 2019-20	Approval	DFO
7.	CLC Branding	Approval	DSER
8.	LSB Regulatory Standards Action Plan – Half yearly update	Noting	DRS
9.	Review of the CLC Accounts Code Changes to CLC Regulatory Arrangements	Consideration deferred	DRS
10.	CLC Publication Policy	Approval	DRS
11.	Promoting Diversity and Supporting Inclusion – Next Steps	Approval	DSER
12.	Committee Reports a) Audit and Risk Committee b) Adjudication Panel Chair's Annual Report	Noting Noting	Audit and Risk Committee Chair Adjudication Panel Chair
13.	Dates of Forthcoming Council Meetings • Thursday 19 September 2019, 11.00 a.m. (<i>Council Workshop</i>) • Wednesday 30 October 2019, 1.00 p.m. (<i>Extraordinary Council Meeting</i>) • Thursday 31 October 2019, 9.00 a.m. (<i>Council meeting</i>)	Noting	ALL

No	Item	Type of Paper	Lead
14.	Any Other Business <ul style="list-style-type: none"> Confidential discussion with Chief Executive 		Chair

No	Information Items – for discussion on request. Please notify the Head of Executive Office in advance	Type of Paper	Lead
15.	Q2 Performance Outturn and Overview of Regulatory Inspections	Information	DFO
16.	Property and Law News Round Up	Information	DSER
17.	Council Workplan	Information	CEO

There will be a discussion with staff on developing CLC's Values in a workshop session.

Key: CEO: Chief Executive
DFO: Director of Finance and Operations
DRS: Director of Regulatory Standards
DSER: Director of Strategy and External Relations
SMT: Senior Management Team



Council for Licensed Conveyancers
Minutes of the Council meeting held on
Thursday 2 May 2019
Room LGA WeWork
131 Finsbury Pavement, London EC2A 1NT
11.00 a.m. – 1.30 p.m.

Council Present

Dame Janet Paraskeva (Chair)

Mr. A. Cogbill

Ms. S. Debney

Ms. H. Foster

Ms. T. Perchard

Ms. A. Pierce

Mr. C. Wilby

CLC in attendance

Ms S. Kumar

Mr. S. Ward

Mr. S. Blandy

Mr. J. Hinrichsen

Ms. A. Cosens

Ms N. Smith

Mr. J. Sacker

Chief Executive

Director of Strategy and External Relations

Director of Regulatory Standards

Director of Finance and Operations

Head of Executive Office (*Minutes*)

Executive Assistant (*Minutes*)

Deputy Director of Communications (*for item 6*)

1. Welcome, Introductions, Apologies and Declarations of Interest

Apologies for absence were received from Sally Szarka and Quinton Quayle.

Sarah Debney declared an interest in item 9(a) *Appointments Committee Chair's report – Adjudication Panel Member Appointments* - as a former employee of My Home Move.

The Council was advised that it is hoped that members would be able to attend an afternoon tea after the next meeting on 25 July 2019 to mark Alex Clark's extensive service to the CLC. Further details would follow in due course.

As agreed following the Governance Review, the new agenda format prioritises strategy items and items requiring a decision. Members had been invited to give advance notice of information items they would like to discuss. Alan Cogbill had raised some questions on item 12 *Watchlist and Interventions*, responses to which had been circulated to members and would be discussed under that item.

2. Minutes and Matters Arising

a) Minutes of the meeting held on 24 January 2019

The Council **AGREED** that minutes of the meeting of the Council held on 24 January 2019 be approved as a correct record;

b) Minutes of the workshop held on 7 March 2019

The Council **AGREED** that minutes of the Council Workshop held on 7 March 2019 be approved as a correct record;

c) Minutes of the meeting held on 28 March 2019

The Council **AGREED** that minutes of the meeting held on 28 March 2019 be approved as a correct record;

d) Ratification of decisions taken outside Council meetings

The Council **AGREED** the following decisions that were taken outside Council meetings:



e) Actions arising from previous meetings

The Council reviewed actions arising from its previous meetings.

All actions were either completed or were included on the forward programme of work.

An Extraordinary Council meeting to consider Compensation Fund Working Group recommendations had been scheduled for 8 October 2019. It was agreed to identify a further date for the meeting to allow as much time as possible for consideration.

The Council had previously agreed to review its Corporate Governance Framework at its meeting on 25 July 2019. It was agreed that the Chair would write to the LSB to advise of the intention for membership of the CLC Council to include the Chief Executive.

The Council:

- (1) **NOTED** progress with actions arising from previous meetings;
- (2) **AGREED** to continue with the current minute format;
- (3) **AGREED** to identify further dates for an Extraordinary meeting of the Council;
- (4) **AGREED** that the Chair would advise the LSB of the intention for membership of the CLC Council to include the Chief Executive.

Action: May/19/01 To identify further dates for an Extraordinary meeting of the Council

Action: May/19/02 The Chair to write to the LSB about membership of the CLC Council

3. Chief Executive's Report

The Director of Strategy and External Relations introduced the report.

In addition to the updates contained within the report, the Council was advised that:

- Two RSM's and a Regulatory Standards Adviser have been appointed.
- The recent recruitment of Adjudication Panel members had identified some professional members who would be invited to join the informal Professional Reference Group.
- A Memorandum of Understanding between CLC and HM Land Registry on requisition data sharing would be finalised the following week.
- The outcome of the diversity survey would be considered in detail at the Council Workshop on 6 June 2019.
- The LSB had notified of amendments to Internal Governance Rules (IGR) following a recent consultation exercise and of a further consultation on proposed revisions which would affect the Rules and Guidance relating to Regulatory Autonomy, Appointments and Terminations, the closing date for which would be 12 June 2019. The LSB plans to publish the final IGR this summer.

It was observed that the high level of compliance with Informed Choice is commendable.

Officers were requested to report further on AML compliance and inspections.

The Council:

- (1) **NOTED** the Chief Executive's report;
- (2) **AGREED** to request officers to report further on AML compliance and inspections.

Action: May/19/03 Officers to report further on AML compliance and inspections

4. Fee setting 2019-2020

The Director of Finance and Operations introduced the consultation for fee setting for 2019-2020 based on Council discussions at the 7th March workshop.

The Council **AGREED**:

- (1) To consult on a Practice Fund fee rate reduction of up to 20%;
- (2) To consult on a Compensation Fund fee rate reduction of up to 60%.

Action: May/19/04 To begin the consultation on the fee rates reduction

5. Principal Risk Register

The Council was advised that the Principal Risk Register had been reviewed by the Audit and Risk Committee on 15 April 2019, who had agreed that no amendments were required.

The potential impact of staff turnover in the context of the size of the organisation was acknowledged. The Council was advised that employee turnover is kept under close review and that staff had already been recruited into recent vacancies which would allow adequate time for a suitable handover. It was agreed to add "*loss of business continuity due to unforeseen circumstances*" to the impact columns of risks 4 and 5 of the register.

The Council **AGREED** the Principal Risk Register (as amended above).

Action: May/19/05 To amend risks 4 and 5 of the Principal Risk Register as detailed above

6. Customer Charter

The Deputy Director of Communications introduced a report on the outcome of a consultation on the introduction of a Customer Charter.

A revised Customer Charter was tabled.

The following comments were made:

- To clarify that it is the Customer Charter should be presented by firms as coming from the CLC, not themselves
- To include references to property and probate lawyers throughout the document
- To place emphasis on the specialist nature of conveyancing and probate and the confidence that may be placed in the CLC as a specialist regulator

The Council:

- (1) **NOTED** the outcome of the Customer Charter Consultation;
- (2) **AGREED** that a revised version would be circulated to members for final comment and finalisation prior to publication.

Action: May/19/06 Amendments to the Customer Charter as above, for circulation to Council Members prior to finalisation and publication

7. Annual Evaluation of SQA-managed Qualifications

The Director of Regulatory Standards introduced an evaluation of the qualification scheme managed by SQA after its second year of operation.

The Council **AGREED:**

- (1) To cease to charge a fee of £75 for registration as a Conveyancing Technician;
- (2) To discount by £75 the fee payable for a first licence fee to practice as a CLC Lawyer for any individual who has already paid a £75 fee to be registered as a Conveyancing Technician;
- (3) To communicate the decision to practices and individuals.

Action: May/19/07 To communicate the decision to cease the fee for registration as a Conveyancing Technician

8. Appointments to Council Committees

Following the end of the second term of office of longstanding member, Alex Clark, the Council reviewed membership of its Committees and agreed the arrangements for an audit of the non-executive skills ahead of non-executive member recruitment in 2020.

The Council:

- (1) **AGREED** membership of its Committees as follows:

Appointments Committee

- Janet Paraskeva (Chair)
- Colin Wilby (Lay Member)
- Andrea Pierce (Professional Member)

Audit and Risk Committee

- Heather Foster (Chair)
- Andrea Pierce (Professional Member)
- Richard Cryer (Independent Member)
- Sarah Debney (Professional Member)
- Teresa Perchard (Lay Member)

Remuneration Committee

- Colin Wilby (Chair)
- Alan Cogbill (Lay Member)
- Sarah Debney (Professional Member)
- Quinton Quayle (Lay Member)

- (2) **AGREED** the timetable for the Appointments Committee to review non-executive director succession planning.

Action: May/19/08 To undertake a skills audit later this year

Action: May/19/09 To schedule Appointments Committees and include member skills audit and succession planning on the Council work programme

9. Committee Reports

9(a) Appointments Committee

Sarah Debney had declared an interest in the appointment of an Adjudication Panel member recorded at item 1 above.

The Terms of Reference of the Appointments Committee include responsibility for the appointment of Adjudication Panel Members. The Chair advised the Council of the outcome of the Adjudication Panel member recruitment process.

The Council **NOTED** the following appointments to the Adjudication Panel for an initial four year term of office commencing 1 September 2019:

- Victoria Goodfellow (Chair)
- Paul Brooks (Lay member)
- Catherine Fewings (Professional member)
- John Jones (Professional member)
- Robert McKellar (Professional member)
- Helen Riley (Lay member).

9(b) Audit and Risk Committee

The Committee considered a summary of the Audit and Risk Committee's business at its meeting on 15 April 2019, which had included a review of the proposed scopes of internal audits for the year. It was agreed that it would be useful for the internal auditors to receive all Council and Committee agenda.

The Council:

- (1) **AGREED** that the CLC's internal auditors would receive all Council and Committee agenda; and
- (2) **NOTED** the report of the Chair of the Audit and Risk Committee.

Action: May/19/10 To include CLC's internal auditors on the distribution list for all future Council and Committee agenda

10. Dates of Forthcoming Meetings

- Council Workshop - Thursday 6 June 2019, 3 p.m.
- Council Meeting – Thursday 25 July 2019, 11.a.m.

INFORMATION ITEMS

11. Q1 Performance Outturn

The Council **NOTED** the Performance Outturn report for Q1, which had been reviewed and discussed in detail by the Audit and Risk Committee at its meeting on 15 April 2019.

12. Watchlist and Interventions

Alan Cogbill had requested additional information on Watchlist ref. 1, responses to which had been circulated to members on 1 May 2019 and copies of which were tabled.

It was agreed to include the Watchlist and Intervention report as a routine discussion item on future Council agenda, rather than as for information.

The Council:

- (1) **NOTED** the Watchlist and Interventions report; and
- (2) **AGREED** to include the Watchlist and Interventions report on the main section of future Council agenda.

Action: May/19/11 To include Watchlist and Intervention reports on the main section of the Council agenda for discussion

13. Business Plan 2019 – Progress Report

The Council **NOTED** progress against the Business Plan during Q1.

14. Property and Law Round Up

The Council **NOTED** the CLC's Property and Law Round Up.

15 Council Workplan

The Council **NOTED** the forthcoming Workplan.

16. Dates of Forthcoming Council Meetings

Officers were requested to recirculate dates of scheduled meetings.

- Council Workshop – Thursday 6 June 2019 at 3.00 p.m.
- Council meeting – Thursday 25 July 2019, 11.00 a.m.

Action: May/19/12 To recirculate dates of scheduled meetings

CEO Report

Purpose: For noting
Author: Chief Executive

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 2019 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.

Principal Risk Register

Purpose: Review & approval

Author: Director of Finance and Operations

Approver: Chief Executive

Summary

The Principal Risk Register, which was reviewed by the Audit and Risk Committee on 16 July 2019 is attached for consideration and approval.

The SMT discussed and reviewed the Principal Risk Register in July 2019 and agreed that:

- 1) The existing risks are valid, accurate and complete and still adequately summarise the Principal Risks of the organisation.
- 2) Controls in place remain effective and adequately mitigate the risks.

The following was discussed and considered by the SMT:

- The Practice indemnity insurance renewal process was finalised in June, turnover growth is expected to be in the region of 11%.
- The wider economic position and BREXIT impacts were considered. Although there is clearly a risk of a market slowdown, there is no clear view of the probability or impact on our regulated community.
- We have successfully recruited replacements for the staff that have left, and initial indications are that they are settling in well.
- The pipeline of new practices remains healthy and we continue to add new practices to CLC regulation.

The SMT are not proposing any amendments to the Principal Risk Register this quarter.

Recommendations

The SMT recommends that the Council adopts the attached Principal Risk Register as recommended by the Audit and Risk Committee.

Risk management

The report is a key reporting document in CLC's risk management.

Financial impact

There is no financial impact in relation to this paper.

Diversity and inclusion impact

There is no impact on diversity or inclusion from this paper.

Communications requirements

Not for publication

Background

This is a regular report to the Council updating on management's assessment of the principal risks.

Annexes

Annex A –Principal Risk Register

CLC Watchlist & Interventions

Purpose: Noting

Author: Director of Finance and Operations

Approver: Chief Executive

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 and by exception when necessary.

A progress update on the interventions that have taken place since the beginning of 2017 has also included.

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.

FEE RATE SETTING 2019-2020

Purpose: Noting

Author: Director of Finance and Operations

Approver: Chief Executive

Summary

This paper sets out proposed fee rate cuts after considering turnover growth, market conditions, reserving levels and prospective new practices.

This paper follows on from the April 2019 Council workshop where we explored the options available to use reserves and reduce the regulatory burden.

Recommendations

Council is asked to review the paper and approve the recommended fee rate cuts of:

- 30% for the Practice Fund, and
- 60% for the Compensation Fund

Risk management

Risks and their mitigation are included under section 7 of this paper.

Financial impact

A fee rate cut will reduce our revenue and make the CLC reliant on reserves to balance our budget.

Diversity and inclusion impact

There is no impact on diversity or inclusion.

Communications requirements

There are no communication requirements.

Publication

Not for publication.



CLC Branding

Purpose: For approval
Author: Deputy Director of Communications
SMT Approver: Director of Strategy and External Relations

Recommendation

Council is asked to note the outcome of the recent workshops and approve the recommendations in the attached paper.

Summary

Following two workshops were carried out with Council and CLC staff, the attached report sets out branding options for consideration by Council.

Risk management

Potential risks and proposed mitigation are detailed within the report.

Financial impact

Financial implications are detailed within the report.

Diversity and inclusion impact

None arising directly from this paper.

Communications requirements

None arising directly from this paper.

Publication status of this paper

Not for publication



LSB Regulatory Standards Action Plan – Half yearly Update

Purpose: For noting
Author: Director of Regulatory Standards
SMT Approver: Chief Executive

Summary

The LSB confirmed at the regular update meeting on 18 July 2019 that the CLC is up to date with the Regulatory Standards Action Plan.

This paper is for noting.

Risk management

The CLC co-operates with the LSB in the setting and implementation of the Regulatory Standards Action Plan. Aside from ensuring positive relations with the LSB, working to achieve the objectives in the Action Plan help to improve the CLC's effectiveness as a regulator.

Financial impact

There is no direct financial impact on the CLC although ensuring that the CLC meets the objectives in the Action Plan can be time consuming in terms of staff and management time.

Diversity and inclusion impact

No direct diversity and inclusion impact has been identified.

Communications requirements

There are no specific communication requirements because it is anticipated that ultimately the LSB will publish a further assessment of the performance of legal regulators against the Action Plan.

Publication status of this paper

For publication.

Discussion

In its paper [Regulatory performance: Transitional assessment review](#) published in January 2019 the LSB set out objectives agreed with the CLC. Progress reported to the LSB is as follows by reference to the Action Plan.

	LSB Comment	CLC Response
Outcome	A5: The regulator's list of those they regulate is accessible, accurate and provides information on the disciplinary records of those regulated.	
LSB Assessment	The CLC has made progress in redeveloping the online register. It has confirmed that disciplinary records will be included in the register in the future and that it is redesigning the online register to include more details and linking these to its databases. This work is scheduled to be completed in Q4 2019. This is a key requirement to meet this outcome, so until disciplinary records are included we cannot consider this outcome as met.	
Action	The CLC to ensure that the register of those regulated is easily accessible and contains information on all disciplinary action taken against individuals or entities.	The CLC has confirmed that it is still on schedule to complete this action by 30 November 2019. Discussions have started with the provider. Minor changes have been identified as required to the CLC's CRM which the CLC has asked to be completed by 30 September 2019 to allow time for testing before the changes go live.
Timing	CLC to complete this work by 30 November 2019. LSB to review progress in May 2019.	
Outcome	E6: The regulator clearly explains the reasons for its decisions to take or not to take things forward at each stage of the process.	
LSB Assessment	We understand the CLC is reviewing its approach to keeping complainants informed of enforcement decisions. We cannot consider this outcome fully met until this has been completed.	

Action	The CLC to share with the LSB the outcome of its current review on how much complainants should be involved in enforcement processes and how much information should be published on the CLC website	The CLC has published an explanation of the process on its website
Timing	CLC to complete this work by 31 May 2019 when the LSB will review progress.	

This table also appears in the Publication Scheme Paper.

	LSB Comment	CLC Response
Outcome	WL3: The regulator is transparent about its own: decision-making; regulatory approach; the risks it and its regulated community faces and how these are being mitigated; performance; regulated community and related markets; financial costs.	
Action	CLC to review current publication policy and ensure that the supporting evidence for decisions taken by its Council or Executive which impact on the regulated community are published as soon as possible after decisions are taken. This should include Council papers which should only be withheld or have content removed in limited circumstances.	Agenda and Council papers to be published in advance of Council meetings but after they have been sent to Council members
	The CLC to review its consultation processes as noted in paragraph 15 of the LSB's 30 August 2018 Decision Notice on the CLC's application for approval of amendments to its regulatory arrangements aiming to improve cost and service transparency. It should seek to identify where parties are likely to be affected, ensure that consultations are brought to their attention and that they have sufficient time to respond. It should publish non-confidential versions of responses to consultations on its website. CLC decisions should clearly and fully address points raised in responses to consultations and demonstrate how they had been taken into account in its decision making.	All consultation papers are published on the CLC website and signposted from the CLC's news section. In addition the CLC will seek to get in touch with anyone likely to be affected by any proposed changes. With the exception of the annual regulatory fees consultation (which is 6 weeks), the CLC has 12 week consultation periods for regulatory changes. The CLC has started publishing non- confidential versions of responses to consultations on its website. The CLC will seek to ensure that its summary of consultation responses clearly and fully address points raised in responses to consultations

	CLC to review transparency of performance information (e.g. KPIs and performance reports, complaints about the regulator etc.) and that this information should be published as soon as possible after Council consideration.	The Management Information included in Council agenda papers is published. Only confidential or commercially confidential information is redacted.
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At the meeting on 18 July 2019 the LSB accepted that the CLC was up to date with the Action Plan. It gave notice that it will be revisiting some of the other performance objectives over the next few months and agreed to provide further details of the information it would like the CLC to produce. Further information will be provided to Council when this becomes available.



CLC Publication Policy

Purpose: For approval
Author: Director of Regulatory Standards
SMT Approver: Chief Executive

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Summary

The CLC has carried out a review of its Publication Policy by reference to the ICO Model publication Scheme (Appendix 3). Following an email circulated to Council members in May a version has been posted on the CLC website incorporating those amendments which do not need express Council approval or were otherwise non-controversial.

Recommendation to Council

Council is asked to approve:

- (a) the approach currently being taken which is to align the CLC Publication Scheme with the ICO Model Publication Scheme; and
- (b) the recommendations set out in Appendix 1, particularly those relating to the publication of the Register of Interests and Expenses.

Risk management

The Publication Scheme is intended to promote good practice and encourage openness and accountability within the CLC.

One of the recommendations made by the LSB in its paper [Regulatory performance: Transitional assessment review](#) published in January 2019 was that the CLC should review its Publication Scheme.

Financial impact

Amendment of the website as proposed is within the CLC budget.

Diversity and inclusion impact

No direct diversity and inclusion impact has been identified.

Communication and publication requirements

The Publication Scheme approved by Council will be published on the CLC website with appropriate signposting.



Promoting Diversity and Supporting Inclusion: Next Steps

Author: Director of Strategy and External Relations
Approver: Chief Executive

Recommendation

Council is asked to agree a series of next steps on the CLC's duties in relation to diversity and inclusion across the regulated community and as an employer.

Summary

The Council of the CLC held a workshop session in June to review current policies and activities aimed at promoting diversity and supporting inclusion in the CLC-regulated community. This paper sets out the conclusions of that workshop, taking into account comments from the Professional Reference Group.

Risk management

This agenda of work helps CLC meet its regulatory duty to promote inclusion. It may also help to avoid complaints about CLC practices by helping to ensure that all clients are treated fairly.

Financial impact

There is a small financial cost to this work. Becoming a supporter of LawCare will cost in the region of £2,000 each year and there will be an overall projected cost of around £2,500 arising from planned roadshows for the profession in the Autumn, parts of which will be devoted to this issue.

Diversity and inclusion impact

This is the subject of the paper.

Communications requirements

The various elements of work set out in the plan will entail their own communications and engagement activity.

Publication status of this paper

This paper will be published following its consideration by Council.

Promoting Diversity and Supporting Inclusion in the CLC-regulated community

Next steps following the June 2019 Council Workshop

- 1) Council is asked to agree the following next steps to progress the CLC's work to promote diversity and support inclusion in the regulated community. The Professional Reference Group was invited to comment on the external measures and provided some useful comment, some of which is reflected in the next steps below and some of which will inform presentations and discussions at roadshows and workshops in the autumn. PRG respondents were positive about this agenda of work.

External

a) Women

- i) CLC to run a short series of workshops around the country to explore the issues in detail with small groups of women CLC lawyers
- ii) Explore take-up of parental leave by men in the profession. If this is low, improving it could help de-stigmatise child care obligations
- iii) Publish findings of those workshops with recommendations for action by employers

b) BAME

- i) Organise outreach sessions for potential CLC lawyers from BAME backgrounds to promote entry to the profession
- ii) Run a short series of workshops for BAME CLC lawyers to explore issues in detail
- iii) Publish findings of those workshops with recommendations for action by employers

c) Mental health

- i) The CLC will formally support and provide funding to LawCare (<https://www.lawcare.org.uk/>) as a provider of support to all those working in the legal sector. The annual subscription will be in the region of £2,000.

d) General

- i) Firms should be required to undertake their own diversity profile surveys and report the findings to the CLC through the Annual Regulatory Return to help drive employer engagement with the diversity agenda. (This should include a separate section on the diversity profile of new appointments. This was suggested by a PRG member as this is where change can most easily be measured.)
- ii) Firms should be required to publish a Diversity and Inclusion statement setting out how they will treat clients and staff.
- iii) NB. The CLC may need to revise its regulatory Equality Code to reflect some of these proposals and any such revisions will be subject to consultation.

Internal

e) Training

- i) All staff and Council Members will take part in training on workplace D&I issues. This will most likely be online training that can be undertaken at individuals' convenience.

f) Regulation

- i) Staff and Council Members will take part in workshop sessions to explore D&I in relation to regulatory activity

Background

- 2) One of the statutory regulatory objectives set for the CLC is to: encourage an independent, strong, **diverse** and effective legal profession.
- 3) The Council of the CLC held a workshop session in June to review current policies and activities aimed at promoting diversity and supporting inclusion in the CLC-regulated community. This paper sets out the conclusions of that workshop, taking into account comments from the Professional Reference Group.
- 4) The workshop was informed by the findings of the most recent and past surveys of the profile of that community, the key points of which are set out below. Broadly, though, the key findings were:
 - a) Women are far less likely to progress to managerial positions than men.
 - b) Black, Asian and Minority Ethnic (BAME) participation in the profession is not as high as it should be and BAME individuals are less likely to progress to managerial positions than their White colleagues.
 - c) Mental health issues were the most commonly cited cause of disability affecting people's work.
- 5) The survey also had the following implication.
 - a) More needs to be done to secure engagement with this agenda from the regulated community, to build on the good levels of participation in the CLC's regular surveys and to address the challenges outlined at 1-3 above.
- 6) Findings in relation to points 4a) and 4b) above have not changed over time the last six years. The 2019 survey found no appreciable difference from past surveys. It is therefore clear that the CLC has to take new steps to meet its regulatory objective to promote diversity and inclusion and to help firms attract and retain the very best talent regardless of background. We need also to explore further the impact of caring responsibilities – which are widespread – on career progress.

The 2019 Diversity Profiling exercise – Key Findings

- 7) In May, the Council for Licensed Conveyancers (CLC) published the [findings](#) from its 2019 diversity monitoring survey of the community it regulates. The findings showed a diverse workforce, founded on a profession that can be entered via a range of non-graduate routes.
- 8) Some challenges remain and are familiar from the 2016 survey:
 - It is still the case that men are twice as likely as women to be in a managerial role. This is despite women making up the vast majority (74%) of the Licensed Conveyancers community. Women are nearly twice as likely as men to be employed as salaried lawyers or administrators.

- While overall participation in the CLC-regulated community by those from BAME backgrounds (14%) is broadly in line with the national figures, those from ethnic minority backgrounds are less likely to hold a licence from the CLC or another regulator. Similarly, staff who identify as White or White British (84%) are more likely to be in managerial roles than BAME colleagues.
- A large proportion of women responding reported being primary carers for children (38%), which may entail flexible or part-time working arrangements and practices are being encouraged to understand the impact of this on perceptions of performance and so career progression.
- In terms of social mobility, the CLC profession performs far better than other parts of the legal sector, with 56% of CLC-licensed practitioners reporting that their parents had no formal qualifications or qualifications below degree level. Just 10% of CLC-licensed practitioners reported having attended a private school between 11 and 16. While this is higher than the 7% of the general population that do so, the disparity here is much lower than in the wider legal profession.
- Only 4% of respondents overall reported that they have a disability that affects their day to day activities, with over half of those reporting a mental health condition and mobility issues being the next most common disability.
- The percentage of respondents describing themselves as Lesbian or Gay (2%), Bisexual (1%) is in line with national data from 2017 collected by the Office for National Statistics. 2% of respondents consider their gender identity to be different to that which they were assigned at birth.



CLC Council Meeting

Audit and Risk Committee Chair's Report

Purpose: For Noting
Chair: Heather Foster

Summary

This report summarises the business considered at the Audit and Risk Committee at its meeting on 16 July 2019. (**Appendix A**)

Draft minutes of the Committee's meeting held on 16 July 2019 are included at **Appendix B**.

Recommendations

Council is invited:

- (1) to note the report and to put any questions to the Chair;
- (2) To approve the amendment to the Audit and Risk Committee's Terms of Reference set out at **Appendix C**

Risk management/Financial Impact/and Diversity and Inclusion are considered in all Audit and Risk Committee discussions and decisions.

Communication and publication requirements

Not for publication.

Performance Pack Report – Q2 Out-turn

Purpose: Noting

Author: Director of Finance and Operations

Approver: Chief Executive

Summary

This report comprises of the following elements:

No	Description	Page
1	Out-turn – Overview of financial performance to 30 June 2019	3
2	Operational performance indicators	9
3	Human Resources	15
4	Complaints against the CLC	16
5	Procurement	16
6	Projects	16

Recommendations

Council is asked to review and note the paper.

Risk management

There are no financial or operational issues identified in this report which 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

The Audit and Risk Committee considered a version of this report at its meeting on 16 July 2019.

Publication

Not for publication in this form. A summary will be posted on the website.

Section 1: Out-turn – Overview of financial performance to 30 June 2019

Section 1.1: Practice Fund

1 Financial Performance

The financial results for the 6 months ended 30 June 2019 are summarised below:

Council for Licensed Conveyancers Income Statement to 30 June 2019	January - June 2019		Variance YTD	Var %
	Actual	Budget		
REVENUE	1,348,627	1,364,255	(15,628)	-1%
TOTAL STAFF COSTS	807,298	819,309	12,011	1%
Salaries and Benefits (Existing Staff)	703,402	696,520	(6,882)	-1%
Salaries and Benefits New Staff)	49,552	66,399	16,848	25%
Council Fees & Expenses	54,345	56,390	2,045	4%
TOTAL OPERATING EXPENDITURE	638,247	634,288	(3,959)	-1%
External Relations	120,474	107,478	(12,996)	-12%
Practice	42,836	38,190	(4,646)	-12%
Regulatory	234,314	237,275	2,961	1%
Office Costs	240,623	251,345	10,722	4%
SURPLUS / (DEFICIT)	(96,918)	(89,342)	(7,576)	-8%

A planned full year budget deficit of (£191,952) was approved by Council. At the end of Q2, a deficit of £96,918 has been realised against a projected budget deficit of £89,342: this is a negative variance of £7,576.

Our revenue is £15,628 below the budget expectation in the year to date. This variance has been caused by two new practices included in the budget: one of which delayed their start date and the other reduced their declared turnover. ABS application fees are also £5,700 below budget. This has, however, been partially offset by a positive variance of £4,425 on individual license fees driven by higher than budgeted new applications over the year to date.

Staff costs for the year to date are better than the budget expectation.

- **External Relations** costs are 12% over budget (£12,996 negative variance). The negative variance is due to design and printing of the annual report and brochures as well as printing of new banners which were not budgeted.

- **Practice** costs are 12% over budget (£4,646 negative variance). The negative variance is due to the timing of 3rd party inspections conducted by outsourced inspectors. Travel & subsistence costs for the year to date are higher than budgeted as a result of additional monitoring visits in relation to the two intervened practices.
- **Regulatory** costs are 1% under budget (£2,961 positive variance) due to lower than budgeted LSB/OLC fees. However, the 2019/20 LSB/OLC estimate was received in May 2019 and is higher than the budget estimate (£84k higher). We anticipate that we will have a full year negative budget variance for this department as a result of the increased LSB/OLC estimate.
- **Office costs** are 4% under budget (£10,722 positive variance). £2,495 of this amount relates to the timing of internal audit costs, with the balance arising predominately from an underspend on office costs, research costs, subscriptions and IT expenses.

Section 1.2: Compensation Fund

1 Financial Performance

The financial results for Compensation Fund, for the 6 months ended 30 June 2019 are summarised in the table below:

Council for Licensed Conveyancers Income Statement to 30 June 2019	January - June 2019		Variance YTD	Var %
	Actual	Budget		
Practice contribution revenues	364,496	371,570	(7,074)	-2%
Aged Balances received	43,427	-	43,427	-
TOTAL REVENUE	407,923	371,570	36,353	10%
TOTAL EXPENDITURE	612,253	115,088	(497,165)	-432%
Compensation Grants	481,202	60,000	(421,202)	-702%
Legal Fees Re. Comp Fund Claims	28,133	30,000	1,867	6%
Direct Intervention costs	37,819	25,088	(12,731)	-51%
Intervention Consultancy	65,098	-	(65,098)	-
SURPLUS / (DEFICIT)	(204,330)	256,482	(460,812)	-180%

At 30 June 2019, the Compensation Fund has a deficit of £204,330. This is £460,812 lower than the budget expectation. The negative variance is attributed to intervention related costs which are not budgeted as the timing and amount of these costs can not be accurately predicted.

Section 2: Operational performance indicators

Section 2.1: Practices & Licensing

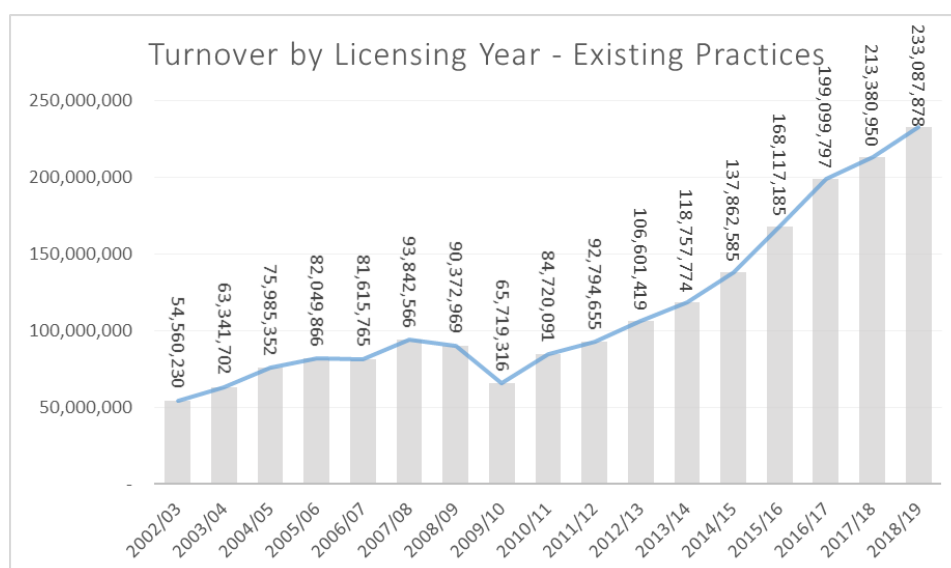
The number of practices under CLC regulation has remained at 229 since the last quarter. Although there have been three new practices join the CLC, three practices have closed (two of which we intervened into).

The practices regulated by the CLC at the end of June 2019 is summarised by entity type below:

Practices by Entity Type	Total	ABS
Limited Company	160	72
Limited Liability Partnership	16	6
Partnership	15	-
Sole Practitioner	38	-
Total	229	78

There are currently 78 regulated practices that are registered as Alternative Business Structures (76 at the end of Q1).

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



The table below summarises the individual licenses issued at the end of Q2:

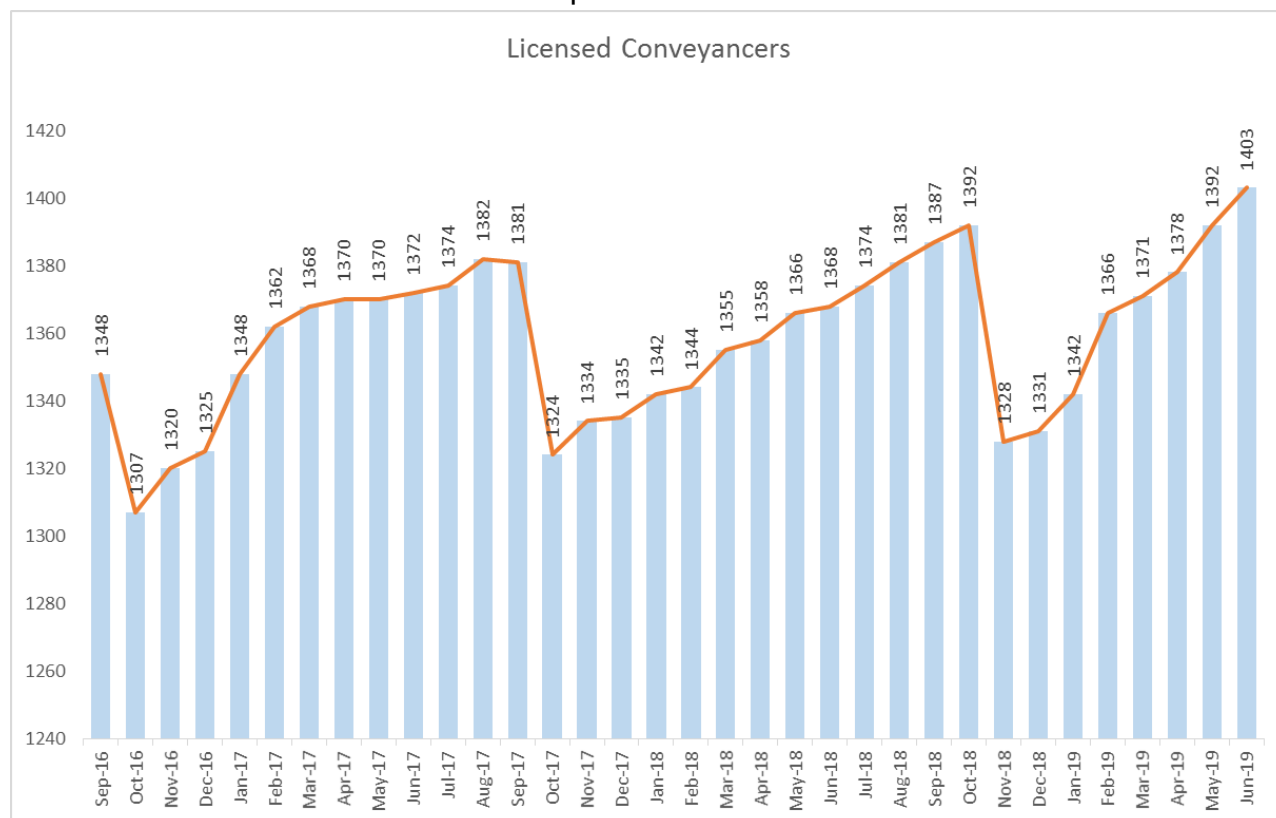
Individual License Holders	Employed	Manager	Total
Probate	2	3	5
Conveyancing	1,006	327	1,333
Probate & Conveyancing	22	43	65
Total	1,030	373	1,403

In Q2, the number of issued Individual licenses increased by 31 and Manager licenses increased by 1. The increase is attributed to first licenses issued and new practices coming into regulation.

The table below summarises movements in probate licenses:

Individual License Holders	Jun-17	Dec-17	Jun-18	Dec-18	Jun-19
Probate Only	4	4	4	5	5
Probate & Conveyancing	71	68	68	62	65
Total	75	72	72	67	70

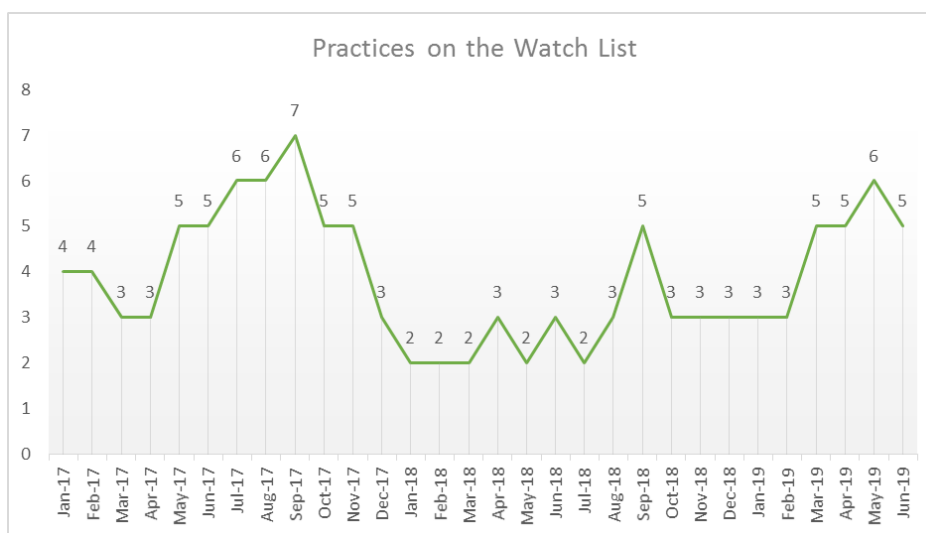
The chart below summarises the trend in the number of individual license holders since September 2016:



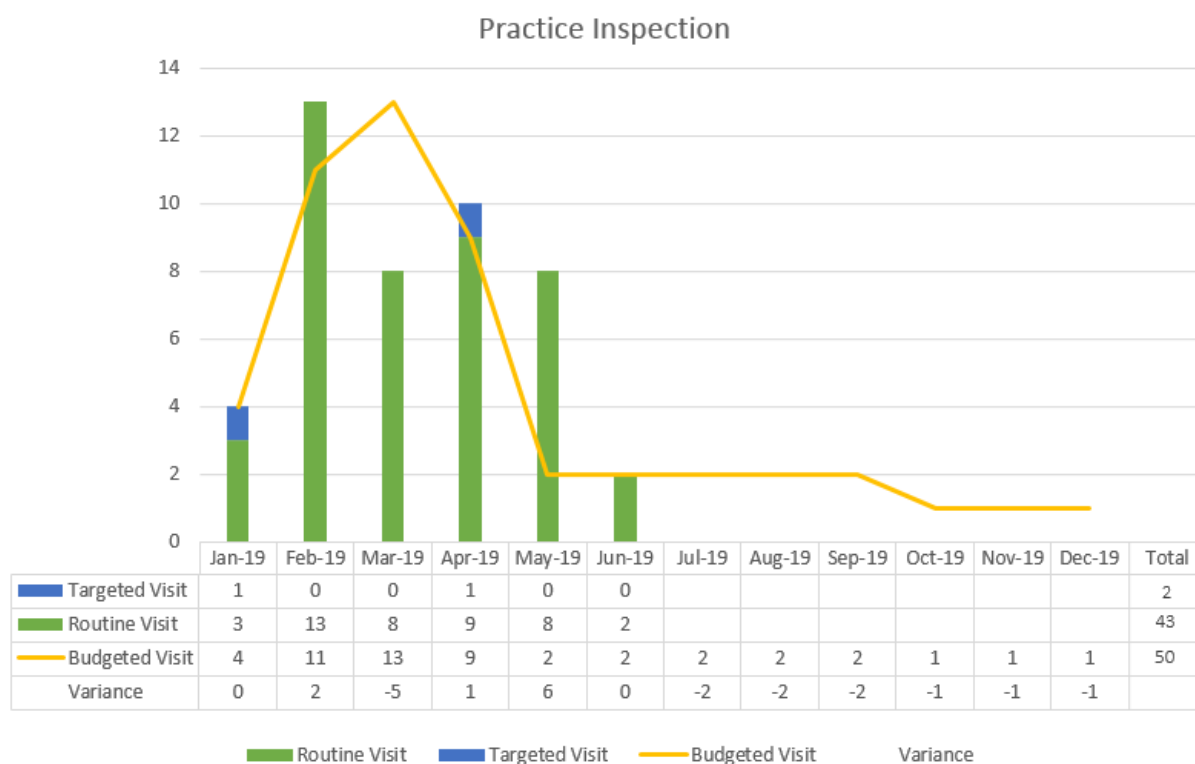
There are 35 more license holders than there were 12 months ago.

Section 2.2: Inspections & Monitoring

The chart below summarises the trends in the watchlist activity since January 2017:



The inspections conducted in the year to date have been summarised below:



43 routine and 2 targeted inspections have been conducted in the year to date.

Although the timing of inspections varies to the budget expectation, we expect the number of inspections to be in line with the budget at year end.

Of the 45 inspections undertaken to date, 32 inspections reports have been completed (the remainder are in progress).

The table below summarises the outcome of the completed inspections undertaken to date:

Outcome of completed inspections (2019)	
Compliant	0
Generally Compliant	8
Non-Compliant	24
Total	32

The table below shows a breakdown of the compliance categories of which practices are marked as non-compliant:

Compliance level: Non-compliant	
Inspection Report Category	Incidence of non-compliance
AML & CTF Code	22
Accounts Code	12
Conflicts of Interest Code	7
Standard Documents	6
Management & Supervision Code	6
Disclosure of Profits & Advantages Code	5
File Review Purchase	5
File Review Sale	5
Complaints Code	2
Financial analysis	2
File Review Will	-
File Review Probate	-

The three categories which had the highest number of incidences are AML & CTF Code, Accounts Code and Conflicts of Interest Code. A further breakdown of the common findings in relation to these three categories are detailed in the table below:

Inspection Report Category	Common Findings
AML & CTF Code	<ul style="list-style-type: none"> • AML policy and procedures not updated • AML and CTF training required for MLRO and staff • No record of AML and CTF training undertaken by MLRO and staff • No practice wide risk assessment • Inconsistent approach to AML checks • Limited / ad hoc documentation on risk assessment
Accounts Code	<ul style="list-style-type: none"> • Bank reconciliations not prepared regularly • Unpresented items on bank reconciliations • Updating matter listing
Conflicts of Interest Code	<ul style="list-style-type: none"> • No conflict of interest policy • Only one authorised individual acting on both sides of a matter

The status of Accountants Reports received for the 2016, 2017 and 2018 financial years are summarised below:

Accountants Report	FYE 2016	FYE 2017	FYE 2018
Received - late	51	72	59
Received - on time	175	158	157
Not received - overdue	0	0	3
Not Received/Closed	3	16	6
Not Yet Due	-	-	2
Total Reports Expected	229	247	227
Qualified reports	64	61	51
Qualified rate (received)	28%	27%	24%

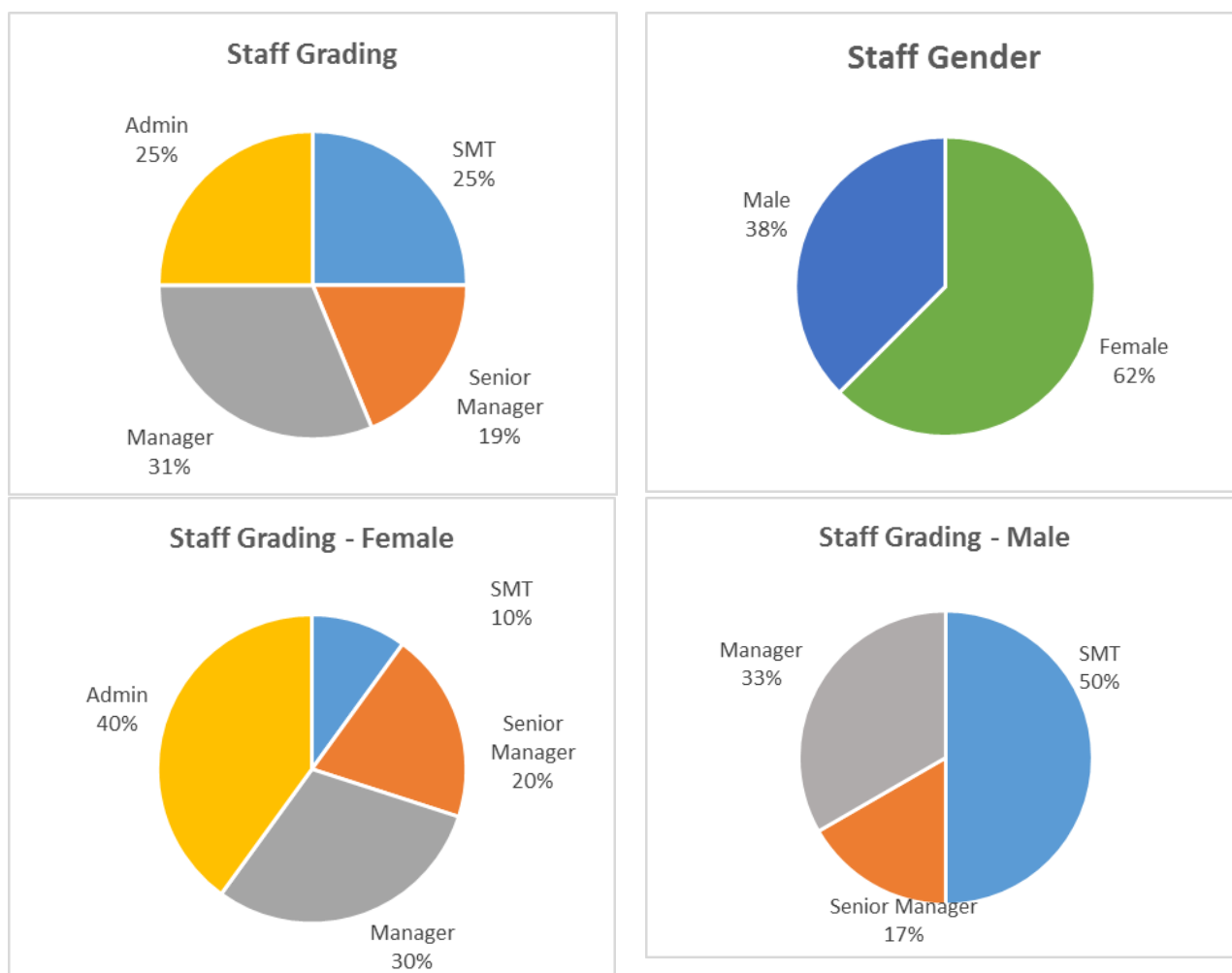
All qualified reports are reviewed and logged immediately to determine what action needs to be taken. Action is dependent on the type of breach (significant or trivial), whether it was accidental or negligent and whether it has been resolved. Action would include asking for further details or scheduling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

The most common reasons for qualifications include:

- Bank reconciliations prepared late or incorrectly, and 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.

Section 3: Human Resources



Section 4: Complaints against the CLC

No complaints were raised against the CLC during Q2.

No instances of whistleblowing have been reported.

Section 5: Procurement

No significant items were procured in Q2.

Section 6: Projects

There are currently no projects.

Property and Law Round Up For

Purpose: noting

Author: Director of Strategy and External Relations

Summary

This is the regulator review of major developments and the economic outlook that will affect the conveyancing market

Recommendation

Council is asked to note the contents of this round up.

Risk management

The information and forecasts in this round up inform our planning and risk management.

Financial impact

None arising from the paper.

Diversity and inclusion impact

None arising from the paper.

Communications requirements

This paper will be published on the CLC website.

Publication status of this paper

This paper is for publication.

IMPROVING THE HOME BUYING AND SELLING PROCESS

Progress on this government- and industry-driven agenda has slowed a little in the second quarter of 2019. While work has continued, the drive from government has stalled as ministers' attention has been absorbed by Brexit and the Conservative Party's leadership contest. We cannot now when new ministers' appetite for this agenda will become clear.

Transparency

The CLC has secured 100% compliance with the new transparency measures while other regulators have made much slower progress. The SRA found low levels of compliance when it looked at a sample of 500 firms. CILEx Regulation has not yet secured the compliance of all of the firms it regulates despite there being fewer than 20 of them.

We have begun work with eh CMA to prepare for its assessment of progress against its recommendations. That work will be carried out in 2020 and completed by the end of the year. We hope to be able to organised some joint research to understand the impact of the transparency measures on consumer behaviour.

Exploiting new technology

There is no major news this quarter. Discussion of new tools continues and more are coming to market to address different aspects of the conveyancing process. HM Land Registry is continuing its very useful work to modernise its own operations in a way that should enable or support the use of new technologies by conveyancing firms.

The new CLC Accounts Code, to be agreed by Council at this meeting, makes explicit that firms may use Third Party Managed Accounts (TPMA). For firms to start using TPMAs though, the providers will need to settles issues of liability and indemnity insurance as well as pricing.

PROBATE REGISTRY

Very significant delays and drops in performance and quality at the Probate Registry have been reported from some time in the legal press. CLC probate practitioners have provided us with a great deal of information about the impact on clients and firms, as they struggle to manager greatly increased levels of work in progress and delays to payment that affect cash flow. We have raised this issue with the Ministry of Justice who have also undertaken to put us in touch with the Courts and Tribunals Service to explore this further.

ECONOMIC AND MARKET INDICATORS

Bank of England – Credit Conditions Survey Q2 2019

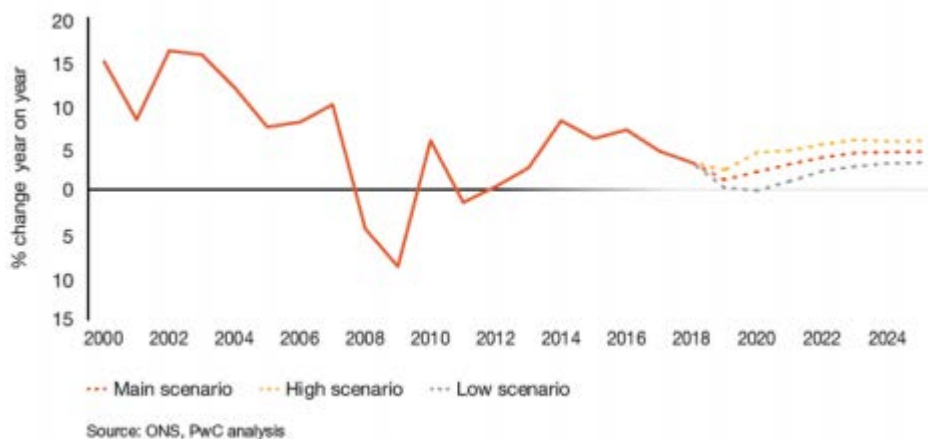
Lenders [reported to the Bank](#) that the availability of secured credit to households had decreased slightly in the three months to end-May 2019 (Q2) but was expected to increase over the next three months to end-August 2019 (Q3). Demand for secured lending for house purchase increased significantly in Q2, and was expected to remain unchanged in Q3. Demand for secured lending for remortgaging decreased significantly in Q2, but was expected to increase slightly in Q3.

EY Item Club Summer Forecast and PWC Economic Outlook

The [EY Item Club Summer forecast](#) and [PWC Economic Outlook](#) were closely aligned, forecasting growth of 1.4% or 1.3% for the rest of 2019 and 2020, both based on the assumption that the UK will leave the European Union in an orderly manner. The outlook in a 'no deal' scenario is less positive, with EY Item Club expecting an immediate 5% fall in house prices in the event of no deal, for example.

PWC noted that consumer spending 'has continued to drive the economy, but the housing market has cooled and job creation is likely to slow over the next year. Business investment has been on a declining trend as a result of ongoing Brexit uncertainty. The EY Item Club takes the view that consumer spending has been maintained by credit and that there will be a need for many to repair their finances, which could also have an impact.

In its [close look at house prices](#), PWC foresees continued house price growth until 2025:



Nationwide House Price Index

The Nationwide survey found that UK annual house price growth remained below 1% for the seventh consecutive month in June, at 0.5%.

As we have seen for some time now, there is a difference between London and the South East, where prices continue to fall, and the rest of the country, where prices are rising:



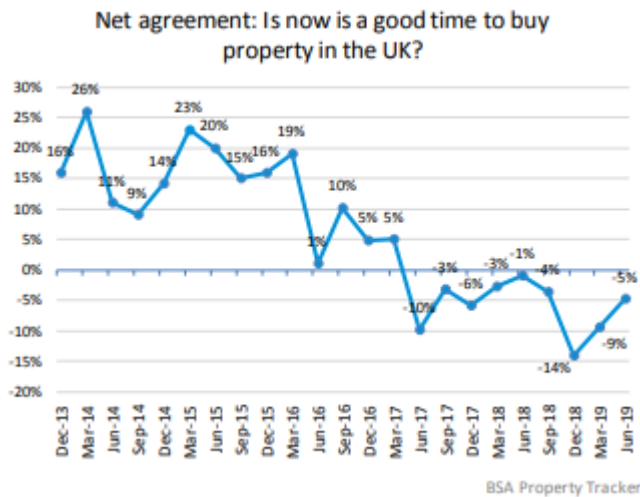
London House Prices

Rightmove recently reported that they see signs of the London market bottoming out, with prices beginning to level off and a reduction in the time properties spend on the market in the city. In January this year, homes were taking an average of 89 days to sell - the slowest time period recorded in the past 12 months. The June figures show a return to the same pace as a year ago, with properties selling within 67 days on average.

This is an improvement on May's figures from the Office of National Statistics, which found London house prices had fallen 4.4% in the year to May 2019.

Building Societies Association Property Tracker

This property tracker, which focusses on public sentiment, found in Q2 that, while there is net disagreement that now is a good time to buy, sentiment has improve considerably since the low point of late 2018.



There are small but probably not very significant changes to views about the biggest barriers to property purchase this quarter:



Council Work Plan

Purpose	Noting
Author:	Head of Executive Office
Approver:	Chief Executive

Summary

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

Recommendations

The Council is invited to note the outline of business for consideration at its forthcoming meetings.

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	8 January 2019 Workshop	24 January 2019 Council meeting	7 March 2019 Workshop	28 March 2019	2 May 2019 Council meeting Q1 Results	6 June 2019 Workshop	25 July 2019 Council meeting Q2 Results	19 September 2019 Workshop	30 October 2019 Extraordinary Council meeting	31 October 2019 Council meeting Q3 Results	Issues for future discussion
Strategy and Planning		2019 Business Plan and Budget								2020 Business Plan and Budget planning	
Performance and Risk		Management Report <ul style="list-style-type: none"> Q4 Performance Outturn Interventions and Watchlist Compensation Plan Property News Round Up CEO report		External Auditor's Report and Management Letter CLC Financial Statements 2018	Management Report <ul style="list-style-type: none"> Q1 Budget Outturn Interventions and Watchlist Compensation fund Business Plan 2019 Progress Property News Round up Principal Risks and Risk Management Policy CEO report		Management Report <ul style="list-style-type: none"> Q2 Budget Outturn Interventions and Watchlist Compensation fund Business Plan 2019 progress Property News Round up Principal Risks CEO report			Management Report <ul style="list-style-type: none"> Q3 Budget Outturn Interventions and Watchlist Compensation fund Business Plan 2019 update Property News Round up Principal Risks CEO report	
Governance	Governance Review	Annual Committee Chairs' reports Appointments Committee report and Minutes Audit and Risk Committee Report and Minutes Remuneration Committee Report and Minutes Governance Review Update Terms of Reference		Annual Report Minutes of Audit and Risk Committee	Appointments to Council Committees Appointments Committee report and minutes Audit and Risk Committee report and minutes	Review of Equality and Diversity Policy	Audit and Risk Committee report Diversity and Inclusion - Update Adjudication Panel Annual update from Chair			Corporate Governance Framework Audit and Risk Committee report Appointments Committee report Themes from Council Appraisals	
Regulatory Activity					Practice Fee and Compensation Fund – Fee Setting Timetable	Review of Equality Code	Regulatory Fee setting Accounts Code Revision Transfer Applications Regulatory Inspections - Overview	Review of Disciplinary Processes	Report of Compensation Fund Working Group	ARR Results	Compensation Fund
Ad hoc Business Plan items		Annual PR overview - from Blackletter Communications	Practice Fund Reserves		Annual Evaluation of Education Inspection Process + Lessons Learned from Interventions – Presentation by RSMs	Review of Brand	LSB Regulatory Standards Action Plan – half yearly update Publication scheme Values Brand	Risk Appetite + Review of Market Risk		Evaluation of Communications and Marketing	