



Regulating
Property
And
Probate
Lawyers

Council for Licensed Conveyancers

Annual Report 2020



The CLC's current strategic objectives

Empower consumers to make informed choices of conveyancing and probate lawyers

- Price and service information is more easily accessible and comparable in line with the CLC's Action Plan in response to the Competition and Markets Authority's recommendations on information remedies in legal services
- CLC firms with the best ratings from consumers will increase their transaction volumes

Adapt regulation to the changing market

- No regulatory failures will arise as a result of new technological innovations or business models
- We will adapt our regulatory approach in response to changes in the market for specialist conveyancing and probate services
- Innovative practices will agree that being regulated by the CLC is either 'extremely' or 'mostly' beneficial to their business

Be the regulator of choice in our specialist areas

- Firms agree that being regulated by the CLC is either 'extremely' or 'mostly' beneficial to their business

The share of the conveyancing market (in terms of numbers of transactions) under CLC regulation continues to grow.

Foreword

By Dame Janet Paraskeva

The CLC's continuing mission is to deliver effective regulation of specialist conveyancing and probate lawyers that protects consumers and fosters competition and innovation in the provision of legal services. We do so by setting entry standards and regulating providers to deliver high quality, accessible legal services.



Dame Janet Paraskeva

Our work in these areas in 2020 is the subject of this report, as well as our progress in the third year of our current five-year strategy to deliver three objectives.

1. Empowering consumers to make informed choices of conveyancing and probate lawyers
2. Adapting regulation to the changing market
3. Becoming the regulator of choice in our specialist areas

Assessing our performance

In early 2020 we commissioned an independent research agency to investigate stakeholders' perceptions of the CLC. This included other regulatory and representative bodies, government and oversight regulators as well as the regulated community. The overall findings were that the CLC

- is generally **trusted** and well **respected**
- is **innovative, pushing the industry forward** and engaging with new **technologies**
- is **visible**, with the team, particularly senior leadership, making themselves **available**
- is by and large viewed **favourably** when compared to other regulators
- **engages** well with their regulated community

The Annual Internal Audit Opinion indicated that the CLC has an adequate and effective framework for risk management, governance and internal control. This represents the highest level of assurance possible. The internal auditor noted that just 5-10% of organisations receive this rating. It is also noteworthy that the CLC has attained this rating for the past four years.

The most significant measure of our performance was that provided by our oversight regulator, the Legal Services Board (LSB) through its Regulatory Performance Assessment 2020. The LSB confirmed in December 2020 that the CLC met all of the regulatory outcomes expected by the LSB noting that 'this is a significant milestone, and we commend the CLC for achieving it.'

Delivering in challenging times

2020 was of course a remarkable year. Most remarkable to me was the speed and seamlessness of the CLC's response to the challenges of the COVID pandemic. From one day to the next when the first national lockdown began in March, the CLC moved to remote working for all staff and for all governance and disciplinary hearings with no interruption to activity.

The CLC delivered its business plan with only minor changes driven by the inability to hold events to bring the regulated community and stakeholders together in person. Otherwise, all work continued as planned to deliver the business plan for the year. While our prudent reserves policy meant that we were able to continue with the full team at work, the situation did give rise to the council undertaking a thorough review of our financial security going forward and to make some necessary adjustments.

Far from reducing activity, the CLC increased its work to deliver a comprehensive package of support to regulated entities to ensure that they would survive the pandemic period to play their part in the national recovery. The details of that package, ranging from guidance to help entities deliver their services effectively under the pandemic restrictions to a regulatory fee deferral scheme to ease financial pressures, are set out below.

The CLC also undertook regular and detailed surveys of practices that provided timely insight into the evolving situation. This informed the work of the CLC and provided insight to the rest of the sector and government as collaboration grew to secure the future of legal services provision to support post-pandemic recovery.

The Council of the CLC

We were very pleased to welcome two new members to the Council in 2020.

Jenny Quirke and Milton James took up their roles in June and each bring particular experience and expertise to the Council, ensuring that our governing body has the breadth of skills and insight needed for its task.

Jenny also became chair of the Audit and Risk Committee (ARC) following the end of previous chair, Heather Foster's, second term on the Council.

I must express the CLC's gratitude and my own personal thanks to Heather. Heather made a vital contribution to the CLC's governance, ensuring that the CLC's principal risks and control processes were reviewed, developed, and adapted in response to changing circumstances over the six years that she chaired the ARC. She guided the development and delivery of internal audits resulting in the CLC securing the top rating possible for its framework of risk management, governance and internal control from our internal auditors for four years supplementing the unqualified opinion from our external auditors.

Introduction

By Sheila Kumar

As Janet has mentioned in her foreword, the CLC was able to adapt to the pandemic restrictions with no interruption to its regulatory work. The details of this are set out below, but I would like first to report on two key areas of activity during the year: the CLC's response to the COVID 19 pandemic and our work to manage our resources and the burden of regulation on practices.



Sheila Kumar

Comprehensive support for legal service providers during COVID 19

I must record my thanks to colleagues on the CLC Staff and Council teams for their hard work adapting to the extraordinary circumstances of the pandemic. As I set out below, the CLC was able to continue its consumer protection work uninterrupted and offer support to consumers and lawyers as they came to terms with the impact of the pandemic. The period has driven rapid developments in ways of working and adoption of digital tools that make conveyancing and probate more COVID safe, but also more efficient and secure in the longer term too.

Guidance on compliance, COVID safety and client protection

A key change to the CLC's planned programme for 2020 was the need to provide rapid and constructive guidance to regulated entities that were themselves having to deliver their usual services under very changed conditions.

The initial lockdown and then social distancing meant that many lawyers had to find new ways to interact with clients and especially undertake identity checks. They also had to ensure security when working remotely and make offices COVID safe when a return became possible. There were also significant challenges around managing the impact of the pandemic on transactions that were already underway whether the pressure related to an urgent and vital need to complete the transaction or the risk that it might fail for reasons outside the control of the lawyer

The CLC moved quickly in March to establish a dedicated area of the website bringing together all relevant resources, whether they originated with the CLC, with industry groups of which we are part or with government. We also developed an evolving set of FAQs as lawyers came to us with questions about novel circumstances or requirements. This material is all gathered here: <https://www.clc-uk.org/lawyers/coronavirus/> and was kept updated throughout 2020 as the situation evolved.

Monitoring practical and financial pressures

From March until the end of the year we undertook frequent, short surveys of the CLC-regulated community. Around half of all regulated entities responded to each survey, giving us a reliable picture of the nature and extent of the pressures being felt by the entire community. We published an [analysis of the findings](#) up to mid-May, which includes the reopening of the home buying and selling market. The story in those early stages was one of widespread initial anxiety easing once the details of government support were announced. Later surveys picked up on concerns about the impact of the land tax holidays on workflow and in particular concerns about the cliff-edge. Throughout, we shared the data with the Ministry of Justice, HM Treasury and the Legal Services Board as we set out measures that we believed were needed to ensure the stable provision of legal services during the pandemic period and beyond.

The insight we gained from surveys, from conversations with CLC-regulated lawyers and with representative bodies triggered a range of further actions by the CLC, including the provision of specific guidance, as set out above and a scheme to provide immediate practical relief in the early stages of the pandemic in the shape of deferral of regulatory fees.

Regulatory Fee Deferral Scheme

Survey findings were part of the decision by the CLC to offer a scheme to allow entities to defer regulatory fee payments for the three months of April, May and June. 66 firms took the option of deferring three months of regulatory fees (April, May, June) following the launch of our scheme at the beginning of lockdown. The first repayment of those deferred fees was included in the July direct debit process. Most firms elected to repay over 12 months, though a shorter repayment period was available.

Surveys later in 2020

Later on in the year, once the housing market had reopened fully and was very busy because of the stimulus of the land tax holidays in England and Wales, we issued guidance on mitigating particular risks that arose because of those elevated levels of activity, including this Advisory Note on [Managing Land Tax Holiday Risks](#). Surveys at this stage found that confidence about the future amongst regulated entities had grown substantially and firms were not reporting any debt problems, government support and CLC measures having enabled firms to achieve stability.

Examples of early pandemic guidance from the CLC

→ Coronavirus – Impact on transactions 16 March 2020

The CLC has received a number of queries about proposals to insert a Coronavirus clause into contracts in conveyancing transactions. The CLC's view is that so far as is consistent with the interests of the client you should continue to work within the Standard Conditions of Sale. [Read more](#)

→ Government advice on home moving during the coronavirus (COVID-19) outbreak 27 March 2020

This advice was issued by the Government on 26 March 2020. This guidance applies to people buying or selling private residential homes which they intend to live in. Published 26 March 2020 From: Ministry of Housing, Communities & Local Government Contents Buying and Selling Homes during this stay-at-home period Advice to the public Advice to [Read more](#)

→ Statement on Conveyancing transactions 1 April 2020

The CLC is aware of conveyancers coming under pressure to complete on non-critical transactions which involve one or more of the parties moving house during the current period of restrictions aimed at fighting the Coronavirus. As the government guidance states, 'Conveyancers should advise their clients who are ready to move not to exchange contracts on [Read more](#)

→ CLC ID and Verification Guidance Note 29 April 2020

To support CLC Practices in carrying out client due diligence while they are not able to meet clients in person and view physically identify documents, we have produced a guidance note on using digital ID&V methods that provide Practices with robust assurance that a client is who they claim to be. This Guidance Note summarises [Read more](#)

→ Covid-19 Industry guide to supporting a safe home moving process released today 13 May 2020

Re-Opening the Home Moving Market Safely May 2020 A cross industry guide to re-opening the housing market, enabling people to move safely has been published today. The collaborative industry guide sets out in detail how home moves can take place while still fully complying with social distancing measures and Public Health guidance. "Re-Opening the Home [Read more](#)

Managing our resources and the regulatory burden

The regulatory fees paid by CLC-regulated entities for most of the calendar year 2020 (until October 2020) were set in mid-2019. At that point, we made a very significant reduction of 30% to entity fee rates. This followed a 20% cut made in 2016 and 10% in 2018. At the same time the CLC made a 60% cut in Compensation Fund contribution rates. This continued the effort to meet the CLC's strategic goal of reducing the regulatory cost burden on CLC practices in a way that is sustainable for the foreseeable future. This was achieved despite increases in the recharges to the CLC for the costs of the Office for Legal Complaints, Legal Services Board and others. The individual licence fee charged to CLC lawyers providing conveyancing and/or probate services remained unchanged at £400 since 2010.

In parallel, the CLC continued the reduction of its reserve levels, which had grown significantly due to growth in turnover. This is intended to be a multi-year effort to deliver reductions without wild fluctuations in regulatory fees, which could have a negative impact on planning by the regulated community. This has been done through setting deficit budgets that will reduce reserves over time.

In mid-2020 the CLC had to set fees for the twelve months beginning with quarter 4 of 2020. This had to be done at a time when understanding of the likely economic environment as pandemic restrictions ease in 2021 was largely unclear. The Council decided to continue with the effort to reduce reserve levels but, in view of the degree of general uncertainty, not to make any further reductions to regulatory fee rates. This was necessary to ensure the sustainability of financing for CLC operations through what still has the potential to be an unstable period for the conveyancing sector.

The CLC took a further step to ensure the stability of its services when demands on them could vary considerably in the post-pandemic period by freezing new spend commitments. It also set a cost reduction goal spanning the next couple of years as well as looking to move to a more flexible, scalable model of delivery and costs to meet variable demand pressures, looking at how the CLC could achieve greater flexibility and resilience.

The decision was to reduce the CLC's fixed costs in anticipation of the future impact on income of the pandemic and Brexit on the economy and home buying and selling market. The total headcount of the CLC was reduced by four over the course of 2020 through a mix of restructuring and non-replacement. This was made possible through shifting to more outsourced provision of some services that better suits the changing profile of activity at the CLC through the year.

Strategic Objectives

2020 was the third year of our current five-year strategy period and I will highlight some key areas of our work towards each objective during the year.

Empowering Consumers

I chair the Remedies Programme Implementation Group that brings together all the legal sector regulators to improve information available to consumers as they make their choice of lawyer. In line with our first strategic objective, the CLC has led the sector in this work, not only by being one of the first regulators to issue new rules, but by securing sustained high levels of compliance with their requirements. In 2020 the CLC worked hard with the LSB, LSCP and other frontline regulators to develop consensus around the next phase of work, the identification and use of further quality indicators to inform consumer choice. As a result, in late 2020 we began working with the SRA and CILEx Regulation on a pilot to explore greater use of digital comparison tools and client feedback.

Until late 2020 when the first development period concluded, I also chaired the Legal Choices Governance Board that oversees the Legal Choices website that is delivered by the SRA on behalf of all the frontline regulators. Legal Choices aims to help consumers find the right lawyer to help them with their legal problem.

In 2020 we released a [report](#) on the first three-year programme for the website (2017-2020). The regulators invested £750,000 over the three years, refreshing the look of the website, scaling up marketing, developing four new products and exceeding our target visitor numbers of two to three million, achieving 3.1 million visitors. The three-year development programme has been a resounding success, demonstrating that there is a real appetite for authoritative, public interest information that helps people to navigate the sector.

I have now passed the chair to Howard Dellar of the Faculty Office and remain a member of the Governance Board. We are now looking ahead to further development, to make sure that Legal Choices realises its full potential in making a positive contribution to wider public legal education.

Adapting Regulation

In January 2020 we launched our Discussion Paper [Conveyancing 2030](#). This was a systematic look at a range of scenarios that capture possible futures for property transactions. We wanted to spark more debate and reflection about the path to digitisation and to help practices take advantage of the opportunities for them and their clients and the approach was very well received.

Throughout the year, we continued to foster innovation in the delivery of legal services as the pandemic restrictions drove more and more businesses to seek new ways to meet changed client needs. This will continue to form a significant part of our work as the will to innovate grows across the sectors we regulate alongside rapid improvements in IT capabilities and much improved collaboration to drive and support improvement in the client and public interest, not least through the Home Buying and Selling Group, Land Registry's Industry Forum and Advisory Council, and TechNation's Regulatory Response Unit, all of which play an active part.

In 2020 we introduced a new Accounts Code, as well as being a positive step towards removing unnecessary detail in favour of an emphasis on the most important aspects of the proper management of client money and ensuring protection of the client's interests, it set out express requirements for those practices seeking to move away from traditional client account, with all the risks it entails, to the use of Third Party Managed Accounts.

Becoming the Regulator of Choice

Our regulatory approach is designed to support client-focused and innovative conveyancing and probate lawyers. We proceed on the basis that prevention is better than cure and use a wide range of approaches and tools to support CLC Practices, ensure compliance and take corrective or disciplinary action where it is necessary.

We are committed to the long-term success of the firms we regulate. This means we work alongside practices to support them to provide modern legal services that benefit consumers. The details of this approach are set out in the appendix. This is a model that has been very important during 2020 as we monitored very closely the evolving pressures on practices, the changing risks to users of conveyancing and probate services and developed and published general guidance. Our Regulatory Supervision Managers and policy team also responded to very many individual queries, some of which later featured on the FAQ section of the website.

Throughout the year, we continued to assess applications from existing and new practices to enter CLC regulation.

The Regulated Community



“Our website continues to be enhanced as a core resource for practices and lawyers”

The Regulated Community

Entity Type

CLC practices operate within a range of business models (such as sole principals, partnerships, LLPs and limited companies). Some practices provide specialist services within a wider group structure, providing for example, a combination of legal, financial and/or professional services.

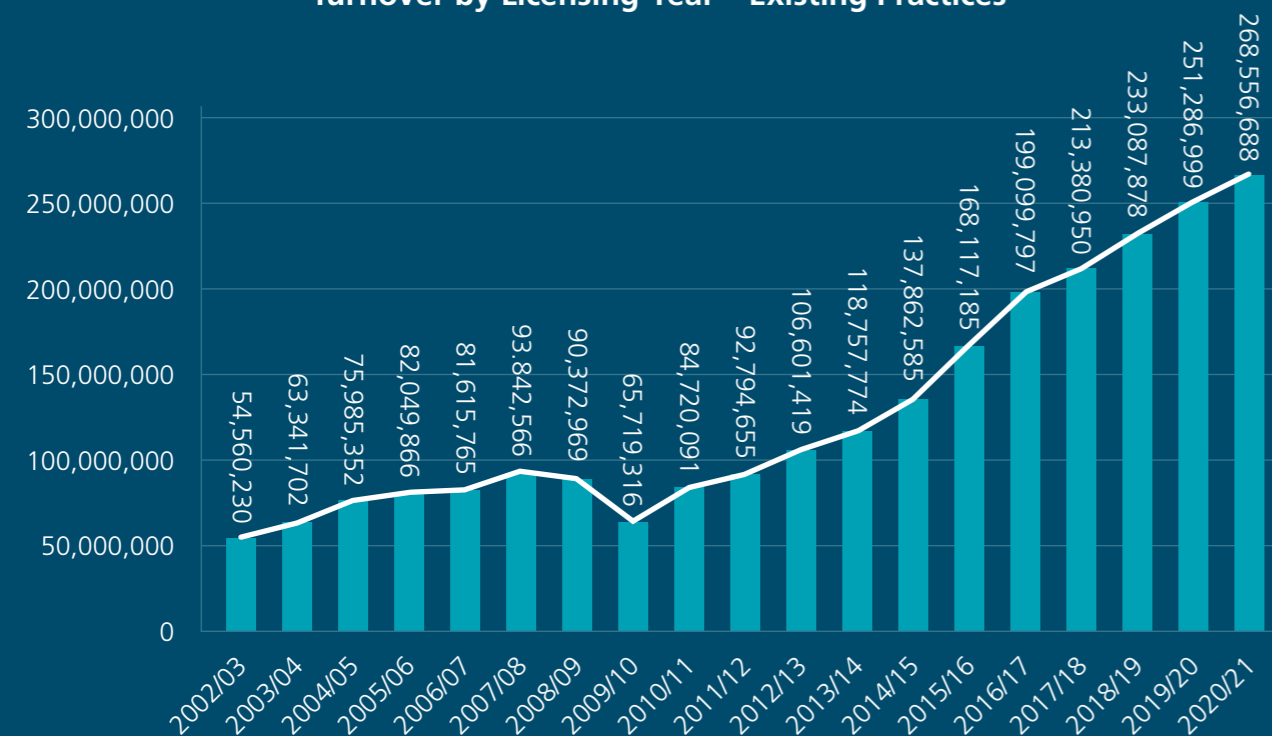
At the end of December 2020, of 223 entities in CLC regulation, 78 were Alternative Business Structures, meaning that they have some degree of non-lawyer participation. This could be in the form of external investment or having non-lawyers (e.g., finance, HR or marketing professionals) as managers or directors of the business.

Practices by entity type	Total	Of which ABS
Limited Company	163	73
Limited Liability Partnership	15	5
Partnership	11	0
Sole Practitioner	34	0
Total	223	78

Total Turnover

The chart below looks at the reported turnover of all firms within CLC regulation each year since 2002/03. As is clear, total turnover growth has been considerably faster since the 2007 downturn than in the years leading up to it while overall the number of firms under regulation has been stable despite closures and openings of firms each year. There is a general trend for turnover to be concentrated increasingly in the larger firms. There has been a spike in smaller practices closing following the change to Professional Indemnity Insurance (PII) terms from July 2016 which has meant that where there is no successor, practice insurers will provide six-year run-off cover of £2M in aggregate at no additional cost to the practice at point of closure. This is a considerable enhancement of consumer protection.

Turnover by Licensing Year – Existing Practices



Ensuring Regulatory Compliance

Throughout 2020 we have continued to work closely with our firms to support them in their ability to comply with our rules.

In January we held our Annual Conference, which had several sessions focusing on different aspects of compliance. Eight out of ten of who attended said they would definitely take part again next year.

In December, we piloted a course with the Legal Ombudsman (LeO) focusing on practices that generate proportionately more complaints to LeO than the average. The pilot provided the CLC and LeO with helpful insight and we will be developing further sessions targeting practices in this group.

Our website continues to be enhanced as a core resource for practices and lawyers to support compliance through toolkits, good practice material and a range of guidance.



Anti-Money Laundering

Her Majesty's Treasury and the Home Office published the third National Risk Assessment of Money Laundering and Terrorist Financing on 17 December 2020. The risks identified for the conveyancing and property sector have not significantly changed since 2017 and the areas considered to be at highest risk of money laundering are still conveyancing, trust and company services, and client accounts. Accordingly, compliance with AML legislation and good practice is something that we take very seriously and examine closely when we inspect practices. We maintain an up to date [AML Toolkit](#) to support compliance.

Earlier in 2020, in September, the Office for Professional Body AML Supervision (OPBAS) completed its supervisory assessment of the CLC, reviewing the effectiveness of our approach to anti-money laundering and counter-terrorism financing, as well as our compliance with legal and regulatory requirements and the OPBAS Sourcebook.

Its report noted significant improvements to the CLC's AML supervisory regime in the two years since its first inspection and commended our proactive approach. As a result, no formal findings were made and our quarterly bi-lateral meetings with OPBAS have ceased.

The CLC's AML risk register was completed in November 2019 and continues to be updated with data collected during inspections and from the AML Questionnaire. The risk register spread sheet calculates a risk score and risk rating (low, medium, high) based on information collected during onsite inspections, AML surveys, or intelligence received.

So far data has been collected for all CLC Practices that were inspected in 2018, 2019, and 2020, all practices that completed AML surveys in 2019 and the additional 66 surveys sent in 2020 (to those practices who last had an onsite inspection in 2018).

The CLC has continued to contribute to and publish AML guidance for its regulated community, primarily through contributions to the revision of the Legal Sector Affinity Group's (LSAG) AML Guidance, which incorporates changes brought about by the Fifth Money Laundering Directive (5MLD) and was published in the first half of 2021. We also issued targeted guidance on COVID-19 and AML checks.

This year key staff attended in-depth AML supervision training hosted by the Law Society of Scotland and the Great Chatwell Academy. We also presented a series of targeted webinars for the Adjudication Panel, Audit and Risk Committee, Council, and all other CLC employees and outsource inspectors. Following these webinars, we circulated a Statement of AML Responsibilities, which aims to increase AML awareness and accountability across all roles.

Finally, the CLC continues to engage with government, supervisors, regulators, and law enforcement by attendance at the Legal Regulators AML Forum, the AML Supervisors Forum, LSAG, the Legal Sector Intelligence Sharing Expert Working Group, and at conferences and events. In 2020 we also appointed a new Money Laundering Reporting Officer (MLRO) and Deputy MLRO, who are responsible for the overall compliance of the CLC with money laundering laws and for making suspicious activity reports to the NCA.



Monitoring

In 2020 we undertook 58 monitoring inspections. 57 of these visits were routine inspections (each practice has a monitoring inspection at least once every three years) and 1 was a targeted inspection triggered by our own knowledge of the firm or intelligence received. These were undertaken by CLC staff and by appointed inspectors working to the same procedures. During pandemic restrictions, inspections were able to continue on a remote basis with firms providing online access to matter files and documentation. In some cases, follow-up visits were required once the restrictions allowed that.

The majority of the routine inspections resulted in the regulated entity being required to take some remedial action to address minor areas of non-compliance. The three categories which had the highest number of incidences were the Anti-Money Laundering & Combating Terrorist Financing Code, the Conflicts of Interest Code and the Accounts Code. These were addressed by the practice in line with the expectations of our Regulatory Supervision Team.

The insight gained from monitoring is fed back to practices by our RSMs to help raise standards of practice as well as informing the development of new policy and compliance support materials. The insight gained in 2020 has been made available to the regulated community as the [Risk Agenda](#), which sets out actions that practices can take to avoid the same problems.



Enforcement

The CLC watchlist is an internal document that tracks activity with firms that are under investigation or enhanced supervision as a result of concerns that have come to light through general monitoring activity, inspection visits, consumer complaints or intelligence received. Firms that risk closure for financial reasons are also placed on the watchlist so that the Senior Management Team and RSMs can work closely together to protect consumers until the issues are resolved by recovery or managed closure.

The number of firms on the watchlist ranged between five and eleven during the year, falling back to seven by the end of the year. This spike was driven largely by the challenging Professional Indemnity Insurance round in the middle of the year which led to the closure of four firms that were unable to secure terms.

'Resolution' of an issue may mean that the practice has successfully addressed the concerns identified by the CLC and is judged compliant with our requirements. This can apply to requirements we put in place for the orderly closure of a practice. Alternatively, it may mean that they have failed to do so, and some form of disciplinary action must be taken. In the event of disciplinary action short of a referral to the Adjudication Panel, there is an accompanying plan to ensure that the entity continues to work to address the CLC's concerns. If they fail to do so, the matter will be escalated further as appropriate.

The watchlist is kept under regular review to ensure that the issues it records are resolved as quickly and efficiently as possible and to improve the clarity of reporting to the Senior Management Team and to the Council.

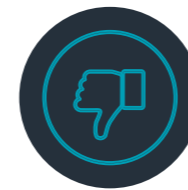
The work of the RSMs in 2020 has ensured that the average time spent on the watchlist by any one firm has remained consistent with previous years. Issues are being resolved promptly by being very clear to practices about our expectations coupled with active management of practices which are required to resolve compliance issues.



Interventions and Managed Close Downs

The CLC intervened into 1 practice in the course of 2020 following an insolvency. Interventions serve to protect the interests of clients.

RSMs worked with five other practices to ensure a managed close down, again protecting clients' interests by ensuring that live matters continued to be dealt with effectively during the closure period or were passed to other practices and that arrangements were made for file storage as required by our regulations.



Conduct and Service Complaints

The CLC received 107 complaints about CLC-regulated Lawyers/Practices in 2020. This is a little over half the number of 2019, we assume because of reduced activity during a significant part of the year.

Service complaints are handled by the Office for Legal Complaints (OLC), also known as the Legal Ombudsman. We were concerned to see lengthening delays and increasing costs at the OLC and we pressed the OLC to address those issues. Our concerns remain in 2021 as the OLC, under new leadership, uses a further increased budget to tackle its backlog. Given our own emphasis on managing the cost of regulation, we will keep a close watch on how this work develops.



Adjudication Panel

The Adjudication Panel sat twice in 2020 to hear disciplinary cases of breaches of the CLC Rules. Both hearings were held remotely, online, following a [new procedure](#) set out by the Panel at the beginning of the pandemic restrictions period.



Publishing Disciplinary Information

In line with the Publication Policy agreed by the Council in 2015, details of the Adjudication Panel hearings held in 2020 were published on the CLC's website. This included publishing the date, time and venue of disciplinary hearings in [advance of the event](#).

The CLC also publishes the [Adjudication Panel's determination](#) following hearings; one of which has already been published, the second will be published in 2021.

Following work undertaken in 2019, Adjudication Panel determinations now appear on the CLC's online register of regulated individuals and entities where those continue to be regulated.

Strategic Objective:

Empowering Consumers



“ We believe that providing clear information to consumers makes good business sense. ”

Strategic Objective:

Empowering Consumers



Informed choice to aid consumer decision making

2020 was the second full year of practices operating within our Informed Choice Transparency requirements which came into effect on 6 December 2018.

As a regulator we believe that providing clear information to consumers makes good business sense. We want CLC practices to see the requirements as a guide to good practice in presenting to consumers the features and costs of the services they provide.

The rules seek to empower consumers to make better informed decisions about their choice of legal service provider. We hope they will also have the effect of fostering innovation and competition in the legal services market by sharpening the focus on consumer experience and quality of service.

In 2020 research into the price of legal services by the CMA and LSB made an important contribution to our understanding of the initial impact the transparency requirements we and other frontline regulators have implemented. It was good to see that the changes had already made a significant difference in the number of practices displaying prices on their websites.

Our own monitoring shows that compliance by CLC Practices is very high and as early as late 2019 practices felt that their clients were shopping around more before instructing them. Where practices are falling short, we take a hands-on approach in ensuring they come into compliance while being ready to take other regulatory steps if necessary.

We were not surprised to see that the price of conveyancing and probate overall had not fallen as a result of increased competition through transparency because these are already highly competitive areas.

In its December 2020 [report on progress](#) on the transparency agenda, the CMA found clear signs of progress, saying that ‘many more legal firms are now providing information on price, service, redress and regulatory status to help consumers shop around. However, while the evidence suggests that some customers are taking advantage of the changes, there is still work to do as there only appears to have been a limited impact on the intensity of competition between providers and on sector outcomes.’

The CLC continues to believe that while price is important for consumers it is not the only way that users of legal services should select their provider. As well as supporting the transparency measures currently in place, we pressed throughout 2020 for joint work to advance this agenda particularly through the use of quality indicators, which also featured as a recommendation in the CMA’s report. In late 2020 we, the SRA and CILEx Regulation took steps to scope and launch a joint pilot scheme to encourage greater use of digital comparison tools and quality indicators in the form of client feedback.



Customer Charter

In 2019 we developed and launched a Customer Charter to:

- Enhance our public legal education objectives by reinforcing the benefits to the public of using a regulated legal service provider
- Strengthen understanding for the public of the protection they receive from using a CLC regulated practice
- Emphasise the specialist nature of CLC regulation and CLC-regulated practices, our commitment to transparency and the protections available to customers

The Charter creates an opportunity for regulated practices to attract and reassure consumers, while they are still choosing their conveyancer, about what to expect from using a CLC licensed practice.

It is also a way of demonstrating that the specialist property lawyers at the CLC Practice are bound by a Code of Conduct which sets out the regulatory responsibilities of all practices (and individuals) regulated by the CLC.

Consumer-focused promotional activity planned for 2020 was postponed because the pandemic period was not a good time to attempt to engage the public and potential users of legal services in this agenda. That work will now take place in 2021.



Public Legal Education

One of the main ways the CLC develops consumer understanding of conveyancing as well as helping consumers protect themselves from risks such as fraud and cybercrime is through our website, social media channels and PR. Using web content supported by social media and regular articles in What Mortgage magazine, we have supported better understanding of the terms that all professionals involved in the home buying process use frequently that may not be understood by the consumer, promoted our guide to choosing a conveyancer and set out the risks of fraud and how users of legal services can protect themselves.



Legal Choices

Legal Choices is a consumer-facing website funded and delivered jointly by the front-line regulators of legal services. Its two main aims are:

- to help equip people with the information they might need to make good choices about lawyers and legal services, and
- to give people more ways to get their views heard and play a stronger role in the work of legal regulators.

2020 saw the end of its second three-year programme of work. This period saw a significant effort to reshape the offer from the website and increase its impact. The work is led by the SRA and funded by all the frontline regulators, with the exception of the Bar Standards Board, which withdrew from the project in 2020.

A full report on the three-year period 2017-2020 is [available here](#).



Fraud and cybercrime

Cybercrime continues to be a very major concern nationally, accounting for more than 75 percent of all reports to the police. Law firms, handling large amounts of client money, are prime targets for such criminals. Fraud continues to be seen as a major risk both for the practices we regulate and their clients.

During 2020 the CLC has continued to take steps to reduce the risk of fraud faced by CLC Practices and their clients. We have continued to develop and share material for Practices and consumers to help protect against the risk of fraud and published our [cybercrime and fraud toolkit](#).

We have also used our newsletters, website, and social media to warn of potential scams

We have continued to support and promote the Take Five to Stop Fraud Campaign, encouraging firms to join the campaign and raise awareness of types of fraud risk. We have encouraged the use of campaign assets to help lawyers and clients protect themselves from fraud.

As part of our transparency requirements our rules were amended to make the use of the CLC Secure Badge mandatory on the websites of all CLC Practices. Following the introduction by the CLC of the badge several other frontline legal sector regulators have introduced similar schemes at the recommendation of the CMA.

The badge helps to protect customers by making it more difficult for fraudsters to imitate real law firms or create fake law firms. It also allows consumers to check the regulatory status of a firm they are considering instructing and leads them to the CLC website where they can find more information about how to raise complaints and seek redress.

Strategic Objective:

Adapting Regulation to the Changing Market



“ We constantly track economic trends and property market data and insight from sources. ”

Strategic Objective: Adapting Regulation to the Changing Market

Our aim is to anticipate, prepare for and respond to:

- movements in the property market,
- changes in the way legal services are delivered, and
- evolution in the profile of risks to clients.

This work is vital to our mission to protect consumers and our commitment to support thriving and innovative businesses.

We gather intelligence and insight from:

- our inspections of firms,
- the mandatory Annual Regulatory Return (though this was replaced in 2020 by very frequent surveys of the regulated community to monitor the pandemic impact closely) that covers the full range of our regulated entities' activity and compulsory Accountants Reports and other targeted questionnaires and surveys
- informal visits to firms and discussions with their suppliers, lenders, and others in the property market
- consumer research
- running our own and attending others' conferences,
- other research we undertake ourselves or in collaboration with others.

In 2020 the key external factors that have influenced how we achieve our objectives included:

- pressures placed on the regulated sector by the COVID-19 pandemic
- uncertainty about the financial health of the sector as the world and national economy begins to recover from the effects of the pandemic
- work across the sector to transform the home buying and selling process
- the continuous development of innovative solutions to risk in conveyancing transactions.



The ever-changing property market

We constantly track economic trends and property market data and insight from sources such as the Bank of England, HM Land Registry, the major mortgage lenders, RICS and the EY Item Club among many others. The intelligence derived from this tracking is provided to our staff and governing Council to inform our risk-based approach to regulation.

To this insight we added 2020's frequent, short surveys of the regulated community that monitored business and financial resilience, responses to the challenge of the pandemic and sentiment in relation to the actual and predicted state of the home buying and selling market in the short and medium term.



Supporting and preparing for innovation

For some years now we have been engaged closely with government as it has examined how to improve the home buying and selling process. Throughout 2020 we have continued to take a large role in the conversation that is being led by the Ministry of Housing, Communities and Local Government and HM Land Registry particularly through the work of the Home Buying and Selling Group.

The CLC plays very active roles in the Land Registry's Advisory Council and Industry Forum (which was new in 2020) as well as the Home Buying and Selling Group that brings together representatives of all the key groups in the property transfer process.

Our close contacts and collaboration of lawtech and proptech innovators working in the probate and conveyancing spaces prompted our discussion paper [Conveyancing 2030](#) which was launched at our annual conference in January 2020. The paper set out to review a range of possible scenarios for the future of conveyancing.

The intention was to gather together the many strands of work that are going on in parallel to improve, make more efficient or secure, different aspects of the home buying and selling process. We did not set out to describe a roadmap for others to follow as that seemed unlikely to succeed, but rather to encourage further examination of possible change and speed adoption of processes and tools that would clearly contribute to progress. That aim was certainly achieved based on the coverage the paper secured, the numbers of direct conversations it prompted with us from established and start-up providers of solutions, as well as conveyancers themselves.

We followed up the discussion paper with a [round table discussion](#) in the autumn which looked at how the pandemic had driven adoption of some tools. The feeling was that practitioners were demonstrating a greater openness to change and innovation, but that the very high levels of activity in conveyancing were a limitation on progress at the time.



Research

Dame Janet has mentioned in her foreword to this report the findings of the Stakeholder Perceptions Report that we undertook in early 2020 and that was somewhat curtailed by the beginning of pandemic restrictions.

In 2020 the CLC replaced its Annual Regulatory Return with shorter and more frequent surveys of the regulated community aimed at taking its pulse as the conveyancing market went through rapid and destabilising changes because of the pandemic and all legal services providers worked in new and different ways to continue service to their clients under social distancing requirements.

Strategic Objective:

Becoming the Regulator of Choice



“The CLC sets a high bar for entry to its regulated community.”



Education, Training and Apprenticeships

Our outsourced approach to the delivery of education to achieve qualifications that pave the way to becoming a Licensed Conveyancer and Licensed Probate Practitioner is now well established. Under the oversight of the Scottish Qualifications Authority (SQA), our providers are ensuring that students receive the skills and knowledge they need to succeed as CLC technicians and lawyers.

Training is delivered through colleges, [private providers and employer centres](#):

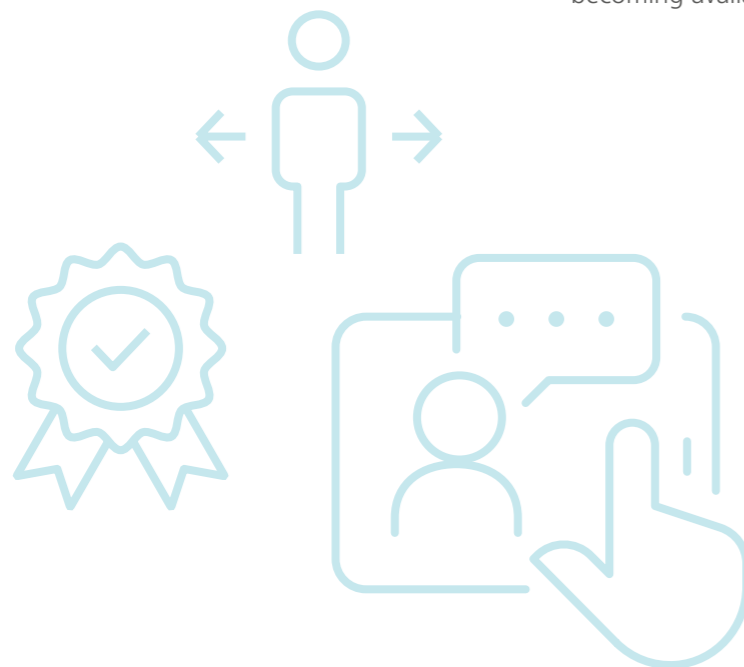
- Access Law Online
- Law Training Centre
- MOL
- The Conveyancing Academy
- The Manchester College
- P V Training Limited

Conveyancing firms continue to be keen to recruit specialist qualified property lawyers and technicians. We are also liaising with apprenticeship providers and SQA in their efforts to support employers and employees to access the CLC graduate apprenticeships.

Student numbers continue to grow steadily and a new training provision in Wales will provide support for prospective CLC lawyers and regulated businesses based in Wales. Some 150 apprentices will have completed their qualifications by the end of 2021.

The apprenticeship route offers an accessible way to qualify as a CLC Lawyer at no cost to the candidate. In 2020 we surveyed students and employers about their experiences of the different routes to qualification and will do so again in 2021. That survey helps the CLC, and education providers ensure that education is effective and meeting the needs of the sector.

The distance learning route continues to be the most popular method of study and as a result of a new training provider joining the market, we anticipate students will benefit from an increased choice in the types of study programme that are becoming available.



Case Study

I didn't set out to become a Licensed Conveyancer; my initial plan was to become an engineer, but that didn't work out and here I am at the age of 27 and a partner in a law firm.

At the age of 15 I started to help out as the office junior at the firm, working just two hours a week and earning the princely sum of £8 a week. The role was mainly making the drinks and doing the post.

Gradually my time at the firm increased alongside my studies and so when I was at a crossroads, having narrowly missed out on the grades I needed to study engineering at university, I was asked to consider joining the firm full-time and to study to become a property lawyer.

I had no idea that this was even an option. Having been to grammar school, university was the only route ever spoken about. Yet it coincided with a time when university tuition fees were increasing and so the idea of getting into a profession without saddling myself with a mountain of debt was very attractive.

In 2011 I started my studies via the Council for Licensed Conveyancers. I attended Bradford College evening classes and was surprised to find myself studying alongside students on the part-time law degree. This gave me the opportunity to discuss the subjects being learnt with others going down similar paths to mine.

It was also a good combination between work and study. On the one hand I had the course materials essential to learning the relevant law, and on the other my working environment allowed me to apply the knowledge gained and better understand why I was carrying out a task.

I completed the first year of study and really enjoyed it. However, when the college stopped running the course in year two, I studied via distance learning.

I struggled with that a little, as it's not easy to work all day and come home and study in the evening. It took me longer to complete my studies than it needed to. But I finally found the motivation to complete the qualification when another colleague started studying too, so we buddied up at work, bouncing ideas off each other.

I qualified in 2016 and, at 24, became one of the youngest people to qualify as a Licensed Conveyancer. Two years later I was made a partner at the firm.

I have no regrets about not going to university. I am a qualified legal professional and in a much better position financially than I would have been if I'd have gone to university. I purchased my first home when I was 22.

Today I lead a team of three people. The firm has four offices and 25 staff. I'm also really pleased to report that the firm is currently funding seven of my colleagues to become Licensed Conveyancers. Like they did with me, the firm is very committed to investing in people. All seven of them are on track to complete the Level 4 Diploma in Conveyancing Law and Practice and become a Conveyancing Technician. Then we'll fully support them if they want to achieve Level 6 and become a Licensed Conveyancer.

For anyone interested in the law and dealing with people, this is a perfect career. I highly recommend it. It's very satisfying being able to help people through the biggest and often most stressful purchase of their life. Our work comes largely from recommendation and so excellent customer service is another essential skill.

For me, all the talk about 'proptech' is music to my ears as I have a keen interest in technological developments and am responsible for delivering and maintaining the technology we use at the firm. I recently implemented systems to ensure that our work is more efficient and I am currently looking at developing our own tailored fee-generator tool to help provide consumers with greater transparency when considering whether to use us.





Managing Entry to the CLC Regulated Community

The CLC sets a high bar for entry to its regulated community. Lawyers qualify as a Licensed Conveyancer or Licensed Probate Practitioner.

Experienced lawyers who have qualified by other routes (e.g., Solicitors, Fellows of CILEx) can apply to be licensed as CLC Lawyers.

Lawyers, beneficial owners, and non-lawyers who are Directors, Partners or Members in a CLC Practice must also satisfy our fit and proper person test and complete standard AML checks. There is more detail on this at the appendix. Businesses seeking to transfer into CLC regulation from another regulator are subject to the same rigour together with additional compliance checks with their current regulator.

2020 saw more businesses taking advantage of the freedom to choose to move to a specialist and proportionate regulatory regime. An important driver for the promotion of competition in the provision of legal services, one of the regulatory objectives in the Legal Services Act 2007.

Businesses seeking to become regulated by the CLC are encouraged to contact our Licensing Team so we can explain the process, likely timescales and agree expectations. Our approval process is outcomes focused and is centred on consumer protection. In our experience practices take advantage of moving to regulation by the CLC to transform their business model, setting ambitious targets for sustained business growth. In recognition of the time this takes, we encourage applicants to determine the pace of the application process and so properly consider the types of changes that benefit and strengthen their business.

The first trading year under new regulation is critical and when Practices most look to us for support. Every CLC practice has a nominated Regulatory Supervision Manager (RSM) who acts as the key point of contact, especially in the first year of regulation. The RSMs help business owners and managers to become familiar with the CLC's regulatory framework and Code of Conduct so they can operate the business within our compliance framework.



Licence Renewal

In 2020 we continued the rolling improvement of the licence renewal process begun in 2014 to reduce the regulatory burden on CLC Lawyers and Practices and undertook data checks ahead of the renewal process. As a result, licence renewal was a smooth and fast process. As ever, we see a small fall in the number of regulated individuals at licence renewal as those on career breaks of one kind or another at the time do not renew their licence. Numbers grow over the course of the year as some of those individuals return to practice, as newly qualified lawyers join the regulated community for the first time and as new or growing practices appoint personnel. The overall trend underlying those seasonal variations is one of steady growth.

The licence renewal process is a useful checkpoint to remind practitioners of their responsibilities and duties and to ensure that all changes have been reported to us over the course of the year.



Professional Indemnity Insurance Arrangements

The CLC has a Professional Indemnity Insurance (PII) scheme which is governed by a Participating Insurers Agreement (PIA) that sets out requirements for insurers of CLC firms and includes Minimum Terms and Conditions (MTC) as well as maximum excess rates. The scheme requires a minimum of £2m cover for each and every claim while an insured practice is operational. Under the scheme, insurers must provide run-off cover to CLC firms when they close at no additional cost. The six-year run-off cover is subject to an aggregate £2m limit, which historic claim rates indicate is more than adequate.

This integrated run-off cover gives consumers excellent protection by removing the risk that a firm will close without taking out run-off cover because the cost is too high and reduces the exposure of the Compensation Fund that we manage on behalf of the regulated community. We are in regular contact with the PII insurers to assure ourselves of the effective operation of the scheme.

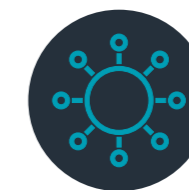
The 2020 renewal round was challenging as the expected hardening of the PII market materialised. That hardening runs across all PII markets, not just the legal sector, as insurance providers have been challenged to improve their profitability following several very difficult years for the wider insurance market.



Compensation Fund

The CLC operates a Compensation Fund as a fund of last resort for clients who have suffered financial loss at the hands of a CLC-regulated firm or individual that is not covered by professional indemnity insurance. This is funded by the regulated community. A full report on the Compensation Fund is included in the CLC's [Annual Financial Statements 2020](#).

As reported above, in 2020 Compensation Fund contribution rates for the year 2020-21 were held still following a very significant reduction in 2019 for the 2019-20 year.



Diversity and Inclusion

The CLC undertook a diversity survey of the regulated community as well as CLC staff and governance personnel in 2019 and this will be repeated in 2022.

Following up on the findings of the 2019 survey, we launched an open-ended call for evidence on the obstacles to progress to senior roles in the regulated community for women and people of colour in particular. We invited anyone in the sector to offer evidence that they have seen of what the obstacles are and, if possible, successful steps that might have been taken to address them. That evidence will be reviewed in 2021 and will inform the review of the CLC's Equality Code and guidance and support for employers with the aim of providing greater impetus for change.

Governance



“The CLC Council has responsibility for oversight of all regulatory functions vested in the CLC.”

As a fully independent regulator, the changes made by the LSB to the Internal Governance Rules for all Approved Regulators in 2019 had little direct impact on the CLC. However, in 2019 we took steps to ensure that we would achieve compliance with them without delay. The most significant measure was to codify our practice of appointing a lay person as Chair of the Council. In 2020 we submitted our confirmation to the LSB that we had taken all the necessary steps to meet the new requirements.



Governance Personnel

In 2019 and early 2020, the Council carried out an audit of the balance of skills, knowledge and expertise represented on the Council. This was invaluable in preparing for the [recruitment of two new lay \(non-lawyer\) members](#) of the Council during 2020 one of whom was also recruited to chair the Audit and Risk Committee.

The two new members of Council are:

Jenny Quirke, who also took the chair of the Audit and Risk Committee. Jenny is a fellow of the Chartered Institute of Management Accountants (CIMA), and qualified in 2001 whilst working for Zurich Insurance. She has held senior finance and risk roles with financial services organisations, including Santander and Nationwide.

Jenny is Chair of the Audit Committee for The Vernon Building Society and also holds a Non-Executive Director position on a voluntary basis for British Showjumping. She also has a role on the Disciplinary Committee for CIMA and has a small consultancy business.

Milton James, who has extensive experience within private, public, and not for profit organisations in Utilities, Insurance, Investment Banking, Financial and Information Services coupled with a Master's Degree in Business Administration (MBA).

Specialising in information management, operational management and digital technology he has held senior positions at Credit Suisse First Boston, Deutsche Bank, UBS, Reuters, Nominet and comparethemarket.com.

Most recently he held the position of Information Management and Technology Director at the UK energy regulator Ofgem, creating and delivering their digital strategy the UK energy regulator creating and delivering their digital strategy.

Council Members 2020

Dame Janet Paraskeva

Lay Chair of the Council

Alan Cogbill

Lay Member of the Council

Sarah Debney

Professional Member of the Council

Heather Foster

Lay Member of the Council
(until June 2020)

Milton James

Lay Member of the Council
(from June 2020)

Sheila Kumar

Chief Executive

Teresa Perchard

Lay Member of the Council

Andrea Pierce

Professional Member of the Council

Quinton Quayle

Lay Member of the Council
(until January 2020)

Jenny Quirke

Lay Member of the Council
(from June 2020)

Sally Szarka

Professional Member of the Council

Colin Wilby

Lay Member of the Council



The CLC Council has responsibility for oversight of all regulatory functions vested in the CLC under the Administration of Justice Act 1985 and the Legal Services Act 2007. It takes decisions on the financial management of the organisation and sets the strategic direction and priorities, oversees the standards of entry into the profession and maintenance of the ethical conduct and quality standards of licensed practices and practitioners. More information is provided in our [Annual Financial Statements](#) and [Corporate Governance Framework](#) that can be found on the CLC website.

The CLC seeks to follow the Financial Reporting Council's UK Corporate Governance Code where it is appropriate and relevant to do so. Whilst it is not a statutory requirement, we see it as a framework for good governance.

The CLC commissions a regular cycle of internal audit inspections to provide independent assurance that our risk management, governance, and internal control processes are operating effectively. For the third year running, our independent internal auditors, RSM, have given an opinion on the CLC that is the highest available, saying that the CLC 'has an adequate and effective framework for risk management, governance and internal control.' The findings of these inspections are reported to the Audit and Risk Committee. During 2020, the following internal audits took place:

- Key Financial Controls
- Compensation Fund Payments
- Regulatory Inspection Enforcement Criteria
- HR Recruitment and Retention and Succession Planning
- Follow up to previous internal audit inspections

The CLC has published a [Register](#) of Council Members and Senior Management Team members' Interests on our website. In line with the Standard Principles of Public Life, Council Members are required to disclose direct or indirect pecuniary or other interests which may influence or have the appearance of influencing their judgement.

The Council has 3 Standing Committees

Audit and Risk Committee Members

Heather Foster

Chair (lay member)
until June 2020

Jenny Quirke

Chair (Lay Member)
from June 2020

Sarah Debney

Professional member
(with effect from May 2019)

Richard Cryer

Independent member
(Reappointed for a further three-year term in January 2019)

Teresa Perchard

Lay member

Andrea Pierce

Professional Member

The Audit and Risk Committee supports the Council's responsibilities in risk, control, governance, and associated assurance.

Remuneration Committee Members

Up to 31 January 2020

Colin Wilby, Chair

Alan Cogbill

Sarah Debney

Quinton Quayle

From 1 February 2020

Colin Wilby, Chair

Alan Cogbill

Sarah Debney

Vacancy

From 24 July 2020

Colin Wilby, Chair

Alan Cogbill

Sally Szarka

Vacancy

The Remuneration Committee supports the Council's responsibilities in remuneration, recruitment and retention of staff, Council and Committee members.

Appointments Committee Members*

Dame Janet Paraskeva

Chair (Lay member)

Andrea Pierc

Professional member

Colin Wilby

Lay member

The Appointments Committee is responsible for appointment of Non-Executive Directors, the Chief Executive, Adjudication Panel members and, where required, other senior staff. In planning for succession of Council members and senior officers, it has regard to equality, diversity, and inclusion considerations to ensure that the Council has an appropriate balance of skills, experience, independence and knowledge on which to draw. During 2019 the Appointments Committee met to discuss succession planning arrangements and to determine appointment of Adjudication Panel members who are independent of the CLC.

*Members of the Appointments Committee do not participate in decisions which relate to themselves. Where a member of the Appointments Committee cannot attend a meeting, it may co-opt alternative member(s) provided that the composition of the Committee retains a lay majority.



Data Management

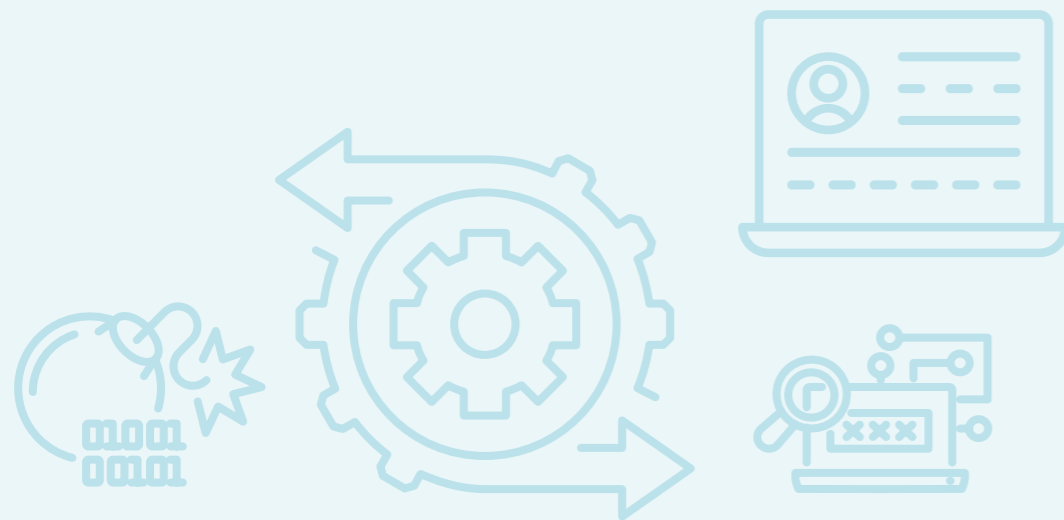
Data protection

At its inspection of the CLC, OPBAS suggested that we review access to files relating to enforcement and to the intelligence log. Access has been reviewed and restricted to the relevant CLC employees.

At the beginning of 2020, some CLC email inboxes were subject to a cyberattack. These email accounts were blocked by the system once it was determined that they were sending spam messages. It appears that the objective was purely to send spam messages rather than access emails – a review of the log files did not detect any access to the mail server data. All servers and computers were scanned, and no indication of malware was detected. Immediately following the incident all staff were instructed to change their passwords and instructions on creating strong passwords were provided.

Data breaches

Three internal data breaches were reported to the Data Protection Officer in 2020. None required a report to the Information Commissioner's Office.



Appendix: CLC's approach to regulation



“ We help businesses understand how they can meet the appropriate regulatory outcomes and discourage tick box compliance. ”

Appendix: CLC's approach to regulation

Our twin purposes are to provide high standards of consumer protection and to promote competition and innovation, supporting the development of thriving businesses. The Council and staff teams work well together to deliver this through a model of regulation unique in the legal sector.

The CLC aims to help its regulated community to achieve compliance with legal and regulatory obligations. We encourage practices to work in new ways to meet customer needs and grow their businesses. We help businesses understand how they can meet the appropriate regulatory outcomes and discourage tick box compliance. We find this is the best way of protecting and promoting consumer protection, and ensuring consumers have choice. The CLC proceeds on the basis that prevention is better than cure and we use a wide range of approaches and tools to support regulated businesses, ensure compliance and take corrective or disciplinary action where it is necessary. This range of approaches give us a choice of regulatory responses that are proportionate to the risk to clients in any particular case.

We pride ourselves on having a good understanding of the businesses that we regulate. We aim to have a detailed and rounded view of their activities so that we have a global understanding of the particular risks they might face. Every CLC practice has a nominated Regulatory Supervision Manager (RSM) who acts as the key point of contact, especially in the first year of regulation. This starts with very close supervision of new businesses in the first years of their regulation by the CLC. Our concern then is not simply with regulatory compliance but also with financial stability and health because unsound businesses also present a threat to the consumer and public interest. We aim to work in close partnership with the firms so that they succeed and are compliant.

The RSMs take the lead in our close relationship with the practices and individuals that we regulate. But the work begins with the Licensing and Authorisations team that is the gatekeeper for regulation by the CLC. The rigour of our approach to allowing new businesses and individuals into CLC regulation sets a high bar and the RSMs work closely with firms to ensure high standards are maintained.

The practices we regulate know that their dedicated RSM is on hand to offer advice and support. They also know that the inspections carried out by the RSM team will clearly identify any shortcomings. When those are found, the RSMs set short timetables for firms to come into compliance. Where there is a significant failing or clients are at immediate risk, then disciplinary action or even intervention into a firm might become necessary.

This approach benefits the clients of those property and probate lawyers, as the CLC's specialist regulation focuses on the risks particular to conveyancing and probate. A good example are our new rules to improve the quality of information available to consumers to help them choose their lawyer. These came into effect in December 2018 and by the end of the first quarter of 2019 all firms were in compliance with them, thanks to the intensive action of the RSMs.

The regulated community has embraced what we have called the Informed Choice agenda positively so that now, home buyers and sellers considering using a CLC-regulated firm are able easily to compare price and service details as they make their choice. More and more firms are also using platforms such as Trustpilot or Google Reviews as a guide to the quality of service that they provide as judged by past clients.

There are longer-term benefits of our regulatory approach too, because of the insight we have into the future evolution of conveyancing and probate services. In addition to our frequent contact with firms, that insight is also built on analysis of detailed information provided annually by regulated practices through our compulsory Annual Regulatory Returns and Accountants Reports as well as workshops and roadshows and our active participation in a wide range of groups working to develop conveyancing, probate, and legal services regulation. Our new Professional Reference Group, made up of senior practitioners, also provides an invaluable perspective and challenge on potential changes in the sector.



Equality, Diversity, and Inclusion

All CLC -regulated entities must comply with the Equality Act as employers and service providers, as must the CLC itself. Our efforts to improve equality, diversity, and inclusion (EDI) within the regulated community and in relation to the treatment of clients has been significantly mainstreamed within our regulatory work for some time. All policy proposals are assessed for their EDI impact and especially for any negative impact on protected groups. Our diversity survey tracks the challenge of progress from entry to managerial roles of women and BAME lawyers and support staff in the practices that we regulate.

Additionally, to support individuals and employers better, we are working with the other frontline regulators to share insight, ideas, and best practice.

The CLC is a funder of LawCare, the charity which supports and promotes good mental health and wellbeing right across the legal community. We promote its services and encourage staff in regulated practices to know they can make use when needed. We wish to help create mentally healthy legal workplaces.



Maintaining the health of the profession

When new businesses are established under CLC regulation for the first time they will have satisfied us that they have in place the appropriate processes and resources to deliver compliant legal services and manage the risks associated with the legal services they provide in line with our regulatory requirements. They will have presented a plan that identifies and mitigates the risks associated with the provision of the legal services they propose to offer and setting out their roadmap for a sustainable business. We will also have conducted necessary checks on the business's owners and managers. All these aspects are monitored closely at the beginning of the firm's life.



Close Initial Support and Supervision

Before a new business is authorised, the Licensing Team at the CLC will have met the managers of the business to discuss their plans in detail. This takes place at an early stage, to help ensure that submitted applications take full account of our requirements. This helps ensure that we and the applicants don't waste time dealing with incomplete or insufficient applications. Some applicants will find at this stage that CLC regulation is not right for them or may take time to think more about their plans and how they might need to change to meet our requirements for consumer protection.

For CLC to process applications it will need to understand how the Practice intends to operate, and has, or knows how to, put in place the appropriate corporate policies and procedures to demonstrate to the CLC that it will act responsibly and fairly in its dealings with clients and all third parties.

All new CLC-regulated businesses will be met twice during their first year of operation for an initial monitoring visit and later an inspection to ensure that the systems and processes they have in place are being followed and that they are achieving compliance with the CLC's Handbook.



Annual Checks

After the early period of regulation of a new business, we use a mix of self-reporting, third-party reports, desk-based supervision, and inspection visits to monitor the all-round health of the profession. The key points in the regulatory year are:

- **Submission of accountants' reports** – in line with the business's audit year.
- **Licence renewal**
- **For individuals** – in October each year individuals must inform us of any change in circumstances that might affect their right to a licence for the coming year beginning 1st November
- **For businesses** – also in October, a licensed Manager must confirm that there is no issue that might affect the business's licence to practise.
- **Annual Regulatory Return** – Each business is required to provide a response to a questionnaire that probes a range of areas to understand ongoing or emerging risks within the practice and across the sector.

Concerns raised in accountants' reports may give rise to requirements on the business to address shortcomings in their management of client funds. If so, a timescale will be set, and compliance monitored until the CLC is satisfied.

Licence renewal is a largely digitised and speedy, but not automatic process.

If the CLC has concerns about an individual or business, we may decide to hold over renewal of a licence until the issue has been addressed or a timetable for its correction is agreed. Licences may also be issued with conditions that need to be met by the individual or business to ensure retention of that licence.

Data from the Annual Regulatory Return may give rise to further regulatory action in relation to a specific business or highlight the need for more general action such as enhanced or clarified guidance to the profession or new CPD requirements in relation to specific issues. It also provides an understanding of changes in the profession.



Monitoring Inspections

In addition to the desk-based monitoring that is set out above we undertake a programme of on-site inspections of regulated businesses each year. The bulk of inspections each year will be arranged because of the time that has elapsed since the practice last had a monitoring inspection. Each practice will be inspected at least once every three years.

Additional visits are arranged in light of specific issues that we have identified with firms and where desk-based supervision is judged to be insufficient. Others will be risk-based, in other words, we will not be aware of a specific issue, but have concerns about the business's risk profile that merit a closer look. (That might be because the firm undertakes a significant number of transactions in which they act for both sides, for example, or are disproportionately dependant on one client.) All practices assessed as being 'high risk' will receive an onsite inspection that year.



Other Intelligence

The CLC may also receive information about a regulated business or individual from another regulator, The Legal Ombudsman or a mortgage lender as well as an employee, colleague or client. In such cases, the matter will be addressed directly with the firm or individual until the CLC is satisfied that they are in compliance or may lead to some kind of disciplinary action. Conduct complaints may, following investigation, also give rise to some form of compliance assurance or disciplinary action, as appropriate.



Working with Financial Institutions

We engage with mortgage lenders on a range of issues that relate to the work the regulated community does for and with them. Their panel management approaches can offer useful insight into the conveyancing marketplace for us at an aggregate level and, where there might be problems, with an individual practice that we regulate.

As a regulator, we do not advocate for panel access for an individual firm, but we wish to ensure that there are no unfair barriers to market entry or access. We are pleased that lending institutions have responded so positively when we have had to address the issue with them.



Disciplinary Action

Where an individual or business fails to achieve compliance to the satisfaction of the CLC, for example, where there is evidence of misconduct or where there is clear evidence of risk to the consumer, the CLC can refer the matter to the independent Adjudication Panel. The Adjudication Panel will set an appropriate sanction.

To support transparency, we publish on our website guidelines that were developed for the Adjudication Panel to assist in applying sanctions. The guidelines do not impinge on the independence of the Adjudication Panel and have been made public to assist the profession and other stakeholders.



Contact us

For enquiries, please use the details below.

We are open Mon-Fri, 8am-5pm.

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Email: clc@clc-uk.org
DX 42615 Cheapside

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