**Speech by Dame Janet Paraskeva at the SLC Conference, Derby, 2 November 2022**

CHECK AGAINST DELIVERY

**Opening**

Good morning everyone.

It is a real pleasure to be back here with you all.

My congratulations to the Board of the SLC and Mike Ockenden and his team for putting together such a good day.

I am billed as being here to talk about being regulated by the CLC.

And as well as CLC regulation, I want to look at what we look to the SLC to do alongside us as the representative body.

And I will get to that.

But as it is a while since I attended this conference, there’s quite a lot for us to catch up on.

**Challenging times**

We all say now that we have been through challenging times. So what were the challenges for us?

First, keeping businesses afloat when the housing market was brought to a complete stop.

Then serving conveyancing and probate clients effectively and meeting legal and regulatory requirements under pandemic restrictions.

Then coping with the pressure of the SDLT holiday deadlines.

That was on top of the pent-up demand for home-moving and the flight to the suburbs and country out of the cities.

It was very encouraging to see how well the industry worked together in so many ways in the early days of the pandemic and as the situation evolved to help everyone adjust to the changed conditions.

The Home Buying and Selling Group showed yet again its value in bringing together all of the players to develop guidance to keep transactions moving.

My thanks and congratulations to Kate and the team for all they achieved in such difficult circumstances.

The CLC of course played its part in that and as a regulator we were also working hard to ensure the stability of the sector through those turbulent times.

Like all of you, we had to adapt very quickly to remote working and were able to do so with no interruption to our operations.

As the situation developed, we ramped up our monitoring work.

I don’t apologise for the CLC coming to ask practices very frequently for updates on their work volumes, staffing patterns and financial situation during that period.

Your responses gave us a fantastic insight into the real situation on the ground.

That helped us target our efforts to ensure stability and sustainability in the legal sector and was used by government too in its planning.

Now, given the uncertain outlook for the global economy, we are recommending that practices stress-test their own operations.

That has generated lurid headlines, but I should be clear that we do not expect a market downturn of the scale of 2007/2008.

But any business as exposed to the economic cycle as conveyancing, would be prudent to consider how it could cope with a range of scenarios as part of their business continuity planning.

**Reducing our costs for sustainability**

The CLC has taken steps itself in recent years to ensure that it is operating on a sustainable basis.

During the pandemic, we had to maintain standards of consumer protection while managing the costs of regulation and managing the financial burden on the regulated community.

So in 2020 we took a strategic decision to reduce our cost base. Our costs are largely our people, so that led to some difficult decisions.

However, the move we made has worked well.

We have outsourced arrangements in place now for legal advice and pr and communications support that give us flexibility to use more of less of those services as needed.

We have saved money overall through that and through a better deal on our office space.

These reviews of our business processes and the services we use means that we can deliver regulation much more cost-effectively than before.

As a result, we have been able to reduce regulatory fee rates hugely in recent years.

Practice fees have been cut by more than half over the course of the last seven years.

Compensation Fund contributions have been cut by around half too. Very slightly more or very slightly less depending on practice turnover.

Because this has been achieved over a number of years, this dramatic change has been easy to overlook.

Minimising the cost burden of regulation is vital part of our platform.

We aim to ensure that there is thriving and diverse conveyancing and probate provision to meet the needs and expectations of all clients.

We have also taken steps to address the challenges of complaints handling.

Overall referrals to the Legal Ombudsman about CLC firms is low – say around 300 decisions a year and with indications that the number is starting to fall.

However, LeO’s costs are eye-wateringly high.

Last year, the charge to the CLC-regulated community was £655,000

We have been working hard to persuade LeO to take steps to reduce its costs.

We are delighted that its pilot of ‘early resolution’ of complaints that look appropriate for settlement without investigation is being so successful.

In some cases, complainants are told that their complaint has no merit or the offer from the firm is reasonable.

In others, LeO recommends that the firm improve its offer slightly.

This kind of quick action is a great approach and is how the LeO scheme was intended to operate, I believe.

But it does need firms to cooperate with it.

I am sorry that we see examples of a very small number of firms not engaging effectively or at all with the process.

This is not in their interests as it will likely mean that resolving the complaint will end up costing more time and money than it needs to.

And it is not in the interests of the profession as a whole as your reputation will be blackened if such behaviour continues.

We decided to share the burden of LeO’s costs more fairly and in a way that should encourage firms with disproportionately high levels of referrals to take steps to reduce them.

Part of the cost is now recovered based on the number of decisions LeO has made against a firm.

The calculations were arranged so that a firm with an average level of referrals make a similar percentage contribution to LeO costs as they had in the past.

Though if LeO costs keep rising, the actual sum might increase.

Given that the consumer perception of complaints can harm the reputation of a profession, I hope that the SLC will work with you all to get the number of complaints down through spreading best practice.

**Regulation by the CLC**

Now is where I come on to the matter of being regulated by the CLC.

It is important to remember that our regulation aims at protection of the client and public interest in the administration of justice. That is what regulation is all about.

We often talk about assisted compliance. This is a collaborative approach to achieving compliance that we think is a unique strength of the CLC model.

We can also describe that as helping you deal with issues before they become a real problem or cause actual harm to the client or public interest.

We want to avoid as far as possible having to impose disciplinary action following client harm.

That is a symptom of failure of the process of client protection and our assisted compliance approach.

I think that has sometimes been misunderstood as the CLC being a light touch regulator. Or even a soft touch regulator.

Because we have not had high numbers of disciplinary cases going to the Adjudication Panel.

That is a very significant misunderstanding though.

Of course if there is persistent non-compliance or actual harm occurs, then we have to move to our disciplinary tools.

Our approach to regulation is intensive, involving as it does very close monitoring of the regulated community, as I have already outlined.

We encourage you to get in touch with us as soon as you realise you are facing a difficulty.

Whether we become aware of compliance failings through our monitoring or your reporting, our first objective, wherever possible is to agree a plan to bring your firm back into compliance.

We will always expect that plan to be completed within an agreed and generally quite short, albeit realistic, time frame.

Now, this is the crucial bit.

The whole approach depends on frankness and candour on the part of the lawyer.

If you are not open and cooperative with us, we will not be able to help you effectively.

You will be much more likely to find yourself facing disciplinary action.

We are now making more use of sanctions such as warning notices and enforcement determination decisions s to move firms along the road to compliance if that is what is needed. They do not require a referral to the Adjudication Panel.

The timeframes for addressing problems have to be short and must be respected.

We also began publishing the outcomes of Adjudication Panel hearings in our e-newsletter at the beginning of this year. They have long been published on our website.

This kind of transparency is important for clients, who can see that regulation is real and effective

It is also important for you, the regulated community, to see the types of problems that the CLC has to deal with. It should help you to avoid making similar mistakes.

This increased visibility may have fuelled a perception that we have increased disciplinary action or moved the goalposts.

As I hope I have made clear, that is not the case.

**CLC’s Mission establishing competition**

The CLC never forgets that it was established to bring new competition into the market for conveyancing services and to foster innovation in the public interest.

In the 14 years since the global financial crisis, we have seen some firms under CLC regulation increase their turnover very significantly.

By 2020 it was £277m

That’s almost three time greater than 2009/10 when the industry had recovered from the crisis.

Now, the year to April 2021 was of course exceptional, and saw an astonishing further 26% growth in turnover to £349m.

I hope it means that firms have a war chest to get them through what looks set to be a turbulent period for the global economy.

The new Prime Minister seems to have calmed the financial markets’ impact on the UK economy somewhat.

However, firms would be prudent to take a good look at how they could come through a period of greatly reduced conveyancing activity.

We are not saying that the downturn in the housing market will be similar to the 40% drop we saw in 2007.

But it is a good starting point for thinking about potential scenarios against which to stress-test your business.

The Licensed Conveyancer profession has come so far since it was established. I want it to thrive for the next forty years and beyond, too.

Turning to our innovation focus, I have already mentioned the work of the Home Buying and Selling Group.

The CLC is part of that group and we work separately with HM Land Registry, lenders, digital innovations, established software providers and government agencies.

We need to understand how the practice of conveyancing and probate will evolve so that we can support positive innovation and deliver effective consumer protection.

Now, for example, the overwhelming majority of CLC-regulated firms are using digital ID tools that ease the process for clients and lawyers, allow remote access and provide a very much higher degree of confidence about the ID check than paper methods.

That change, forced by circumstances, is having very positive effects.

So I am asking all of you today to think about how you personally can engage with the work of the Home Buying and Selling to bring about more positive change in the way that you deliver legal services.

And please use the resources that the CLC has on its website to help you think about what opportunities IT developments hold for you and your practice.

And I am asking the SLC what role it can take too to help address the huge challenges we face.

We simply must make progress to a more streamlined, faster, more secure approach to conveyancing in the client and public interest.

We all need to move forward together down that road. And the CLC and the SLC have different and complimentary parts to play.

There are different challenges in relation to probate where there is also the need to speed up the whole process and it will be key to work with financial institutions on that.

But the Probate Registry is not playing the positive role in its field that Land Registry is on the other side.

Again, this is a matter on which the voice of the SLC can make a difference I believe. In the interests of clients and lawyers.

**Refreshing our corporate objectives**

We are working on some fundamentally important matters at the moment.

I hope that you saw that we consulted on the CLC’s own strategy for the coming three years.

Needless to say, maintaining high standards of practice and consumer protection are always at the top of our agenda.

So one of our strategic objectives is that CLC should promote all aspects of improvement in the practice of conveyancing and probate, whether legislative, process change or IT-driven.

I’ve already talked about that at some length, so I will only say that practices that do not keep up with developments risk finding themselves left behind quite quickly.

Another objective is to exploit the CLC’s unique approach, insight, and relationship with the regulated community.

Our frequent contact with individual lawyers and their firms, our Professional Reference Group of experienced CLC lawyers, and the close contact of the profession with our Regulatory Supervision Managers gives us unique insight and a unique kind of relationship with the regulated community.

We want to exploit that to the full to make the most of the assisted compliance approach in the interests of clients and practices.

Finally, we also want to grow the CLC’s regulated community and broaden the CLC’s sources of funding. That will further reduce the financial burden of regulation and, through a solid pipeline of newly qualified CLC lawyers, reduce the pressure on those of your in leadership roles in your firms.

The Council that I chair will be settling the three-year strategy at a meeting next week.

It is aimed at consolidating the strengths of the CLC and providing stability and sustainability through what will surely be an uncertain period for the global economy.

**Refreshing the Ethical Principles for lawyers**

Over the summer the CLC ran an initial consultation on revised Ethical Principles for CLC lawyers.

The changes that we are proposing were developed by a group of experienced practitioners.

They are a significant step forward to making the real weight of responsibilities that are on your shoulders very clear.

They are more exacting than the principles they replace and reflect better the reality of practice of conveyancing and probate.

Today we are handing out copies of the existing and new ethical principles and I hope that you will take the time to consider the import of the changes and to feedback via our online questionnaire.

The revised principles will underpin a review of the Code of Conduct and we will be consulting on that in 2023, when you will have another opportunity to comment on our proposals

**Continuing Professional Development**

We have recently launched another very important consultation, on continuing professional development.

We are proposing changes so that we can be sure that all CLC-regulated lawyers are taking the thorough and effective approach to maintaining your ongoing competence that the best of you are.

We are proposing a hybrid approach that will give individuals a lot of power to direct their own development to suit the needs of their practice.

Some roles such as Head of Legal Practice or Money Laundering Reporting Officers, for example, will have some elements of their development mandated annually to ensure that we all achieve minimum standards and address particular risks.

You have until early January to have your say on those proposals.

There is more information on the ethical principles handout.

**Regulation by the CLC, representation by the SLC**

I hope that I have made clear how active the CLC is in supporting reform and innovation to help your practices thrive.

There are limits to what a regulator can properly do, however. The CLC simply cannot spend any money or resource promoting the profession to consumers.

We need your help attracting new members of the profession and practices that might benefit from our specialist regulation of conveyancing and probate.

The SLC has been very active in that field in the past and I ask you to redouble their efforts now. It is vital for the long-term health of the profession.

We also need the SLC to be a partner in the work to ensure that CLC lawyers not only grasp but shape the opportunities of modernisation and digitisation of conveyancing and probate services.

I hope that you will all join in that work individually, too.

Thank you for inviting me to speak to you today.