



**Council for Licensed Conveyancers
Minutes of the Council meeting held on
Thursday 27 July 2023
By Video Conference
10.30 a.m. – 2.05 p.m.**

Council Present

Dame Janet Paraskeva (Chair)	Sarah Debney
Alan Cogbill	Sheila Kumar
Colin Wilby	Sarah Ryan
Milton James	Sally Szarka
Victoria MacGregor	

In attendance

Ms. A. Cosens	Head of Executive Office (<i>minutes</i>)
Mr. J. Hinrichsen	Director of Finance and Operations
Mr. S.Ward	

Apologies for absence

Jenny Quirke

1. Welcome and Introductions

The Chair welcomed members to the Council meeting.

Apologies for absence were received from Jenny Quirke.

No requests to discuss information items at 19-22 had been received.

2. Declarations of Interest

There were no declarations of interest.

3. Minutes and Matters Arising

3(a) *Minutes of the meeting held on 2 February 2023*

The Council **AGREED** that the minutes of the meeting held on 11 May 2023 be approved as a correct record.

3(b) Actions arising from previous meetings

The Council reviewed actions arising from previous meetings, most of which had either been completed or featured on the current agenda or forward programme of work.

The planned schedule of CLC Compliance Roadshows in Bristol, Leeds, London and Manchester in Autumn 2023 would be circulated to the Council. Council members were asked to inform the Director of Strategy and External Relations if they are able to attend any of the Roadshows.

It was confirmed that additional information routes to enforcement action and an [enforcement activity report](#) would be published by the end of July.

It was agreed that the CLC would not hold an Annual Conference in 2023 and to hold an open Annual General Meeting of the Council during the first quarter of 2024.

The Council:

- (1) **NOTED** actions arising from previous meetings;
- (2) **AGREED** to hold an open Annual General Meeting of the Council in 2024.

Action: To circulate the programme of compliance roadshows to Council and members to indicate their availability to attend the roadshows.

Action: To schedule an open Annual General Meeting of the Council for Q1 of 2024.

4. Chief Executive's Report, Ongoing Competency and OLC Annual Report and Accounts

The Chief Executive introduced the report, which included the following updates:

- An overview of the annual Professional Indemnity Insurance renewal which had concluded in June 2023 and which had proceeded fairly smoothly
- Progress with the Compensation Framework Review in advance of the launch of a consultation exercise
- Review of the Ongoing Competence Framework, including a possible framework which will be used to take feedback from individuals and further reference testing with the [Consumer Reference Group](#) and Professional Reference Group as the framework develops.
- Anti-Money Laundering (AML) activities, including: monitoring of compliance; preparation of the CLC's response to [HMT's consultation](#) on reform of supervision of anti-money laundering and counter terrorist financing; a thematic review of Trust and Company Service Provider (TCSP)s, which will be published [here](#) on the CLC's website when

completed; preparation for a planned inspection by the CLC's AML regulator, [OPBAS](#) in September;

- The CLC will be participating in a coalition of stakeholders which will look at first tier complaints handling in the legal services sector, along with other legal regulators;
- An overview of the Office for Legal Complaints' (OLC) [Annual Report and Accounts 2022](#) which includes a statement on the positive impact of the introduction of an early resolution process by the OLC on its performance. The CLC continues to be concerned by the OLC's costs which also impact on the practicing certificate fees.
- Applications and enquiries about CLC regulation
- The CLC, The Law Society, the SRA, RICS, UK Finance, the Building Societies Association, the Conveyancing Association and the Society of Licensed Conveyancers recently met with the Department for Levelling Up, Housing and Communities (DLUHC) meeting to discuss concerns at the processes currently in place to identify whether a property is affected by the [Building Safety Act](#) and where liability falls where accurate information about the status of certain buildings is unavailable at the time of property transactions. DLUHC has agreed that it has ongoing role given the areas of uncertainty in relation to the legislation. The CLC will continue to liaise with the government and stakeholders, including insurers on this developing issue.
- Following publication of [HM Land Registry's Annual Report and Accounts 2022/23](#), a summary note would be prepared and circulated to Council members
- The [Power of Attorney Private Member's Bill](#) presented by Stephen Metcalfe MP would receive its third reading on 14 September 2023, following which it would become statute. As was reported to the Council's meeting on 11 May 2023, the Bill, which seeks to clarify designated professionals who may certify Powers of Attorney for consumers, had omitted to include the role of CLC lawyers who are authorised persons. Although work to achieve a resolution had not been included in the CLC's Business Plan, the CLC had achieved a successful outcome also working with the Society of Licensed Conveyancers, by engaging with the Ministry of Justice to ensure that the powers of CLC lawyers are recorded within the Hansard Report and explanatory notes.

It was confirmed that a draft of the consultation on review of the Compensation Fund Operating Framework would be circulated to Council in advance of the launch of the consultation.

Members were invited to provide comments on the draft Ongoing Competence Framework and to advise the Deputy Director of Authorisations and New Business if they would like to participate in the project, or if they would like further information. Sally Szarka had circulated comments on the proposals to officers in advance of the Council meeting. Sarah Debney and Sarah Ryan offered to participate in the review project. The proposed changes, which would be piloted with a group of practitioners, would be trailed at the forthcoming compliance roadshows.



It was confirmed that the CLC takes a low tolerance approach to breaches of AML policies and expectations, including where policies are inadequate and there is no evidence of training and focus on bringing individuals and practices into compliance promptly. Officers undertook to provide additional information on risk and compliance levels within the subsequent report to Council.

It was noted that a general increase in reporting requirements on legal sector regulators had been taken into account in consideration of future staffing requirements.

The Council **NOTED** the Chief Executive's Report.

Action: To publish the outcome of the thematic review of TCSPs, when available

Action: To circulate a summary note of HMLR's Annual Report and Accounts 2022/23 to Council members

Action: To circulate the draft consultation on the Compensation Fund Operating Framework to Council members in advance of its launch

Action: Council members to provide comments on the developing Ongoing Competency Framework and inform the Deputy Director of Authorisations and New Business if they would like to participate in the project

Action: To trail the introduction of the Ongoing Competency Framework at forthcoming CLC compliance roadshows

Action: To provide additional information on AML risk and compliance within the subsequent report to Council

5. Principal Risk Register

The Principal Risk Register had been discussed and reviewed by the Senior Management Team (SMT) and then by the Audit and Risk Committee at its meeting on 18 July 2023, who had concurred with amendments proposed by the SMT.

It was noted that the Audit and Risk Committee had recommended the inclusion of a dashboard to indicate whether the perception of risk is increasing, decreasing or static.

The Audit and Risk Committee had discussed the external environment and when the next risk appetite review should be. As the risk appetite was recently reviewed and approved by the Council on 11 May 2023, it was agreed that a further review would not be undertaken at this time.

The Council **AGREED** to adopt the Principal Risk Register as proposed.

6. Practice Fee and Compensation Fund Contributions for the 12 Months starting 1 November 2023

The Director of Finance and Operations introduced a practising fee rate proposal which had been prepared based on the most recently notified practice turnovers, forecast expenditure for the remainder of the 2023 financial year and estimate for the 2024 financial year. The proposed fee rates are based on the operating costs requirements and reserve levels.

The Council considered the practice fee bandings, which had been expanded from 4 to 9 bands in July 2021. As a review of the number of practices in each of the bands continued to represent a wide distribution across the bands, it was agreed that no further amendment of the fee bandings was required.

The Council had explored practice fee options at its Workshop meeting on 28 June 2023. It was noted that the CLC had started to reduce practice fee rates in 2017, and that excluding the cost of the OLC levy, currently represents on average 0.47% of practice turnover, which is significantly lower than Professional Indemnity Insurance premiums. The percentage difference to practices between 9% and 10% was small but the beneficial impact to CLC income was important and so the Council agreed to consult on fee rate rises of up to 10%. This would enable the CLC to continue to focus on its strategy of delivering regulation that supports the regulated community and affording clients with high levels of consumer protection with the retention and recruitment of appropriately skilled staff. It was recognised that the CLC wishes to keep the regulatory burden as low as possible, and in the context of the unpredictability of the OLC levy.

It was noted that the forecast expenditure in 2023 and the estimated expenditure for the Compensation Fund, which does not take account of unbudgeted aged balance revenue is currently indicating a surplus. Practice contributions are expected to be lower due to a reduction in declared turnover. It was agreed that no increase or reduction in current Compensation Fund fee rates would be applied.

With regard to the OLC levy, the CLC currently charges practices an availability fee of 70% of cost allocated in proportion to turnover, and a usage fee of 30% of Ombudsman cost allocated as a case fee to practices with cases. Detailed analysis of the previous three years indicates that in the last year more OLC cases were opened and then closed without investigation, and that fewer Ombudsman decisions are being made. For the next billing cycle, it was agreed to make no amendment to the approach to billing, on the basis of concerns about OLC cases being opened and closed without investigation, whereby inflating case numbers which would unfairly impact practices, and to retain a broader proportional cost allocation. The proposed approach will also provide further opportunity to raise awareness and prepare practices for increases to the user pays element of the change and potential increases in subsequent years.

No changes to individual licence fees were proposed at this time. The Council was informed that the CLC is in the process of reviewing administration charges with the aim of adjusting some of the fees to bring them in line with the time taken to provide

the services and that any changes would not have a material impact on revenue collection. It was agreed that individual licence fees remain unchanged and that the Senior Management Team can make changes to the administration fees based on time and cost incurred.

The Council **AGREED**:

- (1) To submit application to the Legal Services Board to set the Practice Fee and Compensation Fund Fee rates for the period November 2023 – October 2024 on the following basis:
 - a) That no changes to the 9 practice fee bands are made
 - b) That an increase of up to 10% is applied to the current Practice fee rate is consulted on;
 - c) That no change is applied to the current Compensation Fund fee rate
 - d) That no changes are made to the current OLC levy arrangements;
- (2) That individual Licence Fees remain unchanged and the Senior Management Team can make changes to the administration fees based on time and cost incurred;
- (3) The proposed approach to staff retention and recruitment.

Action: To submit application to the LSB for Practice Fee and Compensation Fund contributions on the above basis, subsequent to consultation with practices.

7. Watchlist and Interventions

The Director of Finance and Operations introduced the report, which provided an update on the practices that have been assigned to the watchlist and ongoing intervention activity.

The Council **NOTED** the report.

8. Draft Regulatory Performance Assessment Submission

The Council was invited to review the CLC's draft submission to the Legal Services Board (LSB) Regulatory Performance Assessment, which would be made to the LSB by 31 July 2023 and included relevant information for ongoing competence within that submission.

Sarah Debney had circulated some suggestions to include within the submission in advance of the meeting.

It was agreed to include the following information within the CLC's submission:

- References to the [CLC's Annual Report 2022](#)
- Examples of areas on which the CLC has consulted the [Consumer Reference Group](#), particularly in the context of the CLC's regulatory role in the public interest
- Routes to complaints about CLC regulated practices and services provided by the CLC



- The suite of materials used to inform Council. The Council is promptly informed of regulatory concerns and enforcement decisions which are [published](#), in addition to the information that is provided within the reports to the Council, and the CEO weekly updates.
- That Council and Committee papers are dispatched in advance of Council meetings to enable time for consideration and for any additional information to be sought and which ensures well informed, prompt decision making at meetings
- That Membership of the CLC Council includes a consumer experience and advocacy specialist
- An Explanation of the impact of matters referred to the Professional Reference Group on consumers of the services provided by CLC regulated firms
- That the CLC monitors and adopts best practice in governance, of which the [UK Code of Corporate Governance](#) is an example
- Membership of the CLC Council includes three practicing lawyers, who ensure that lay members and the executive are informed on practical regulatory matters
- The CLC's role in thought leadership in conveyancing, an example of which would include [Conveyancing 2030](#) and digitisation
- The CLC's collaboration with the MoJ to resolve issues with the Powers of Attorney Bill, with the Department of Levelling Up, Housing and Communities on issues presented by implementation of the Building Safety Act
- The CLC's close liaison with insurers to ensure a smooth Professional Indemnity Insurance round
- The CLC's use of [consultations](#) and surveys and how the outcome of consultation informs its decision-making
- How the CLC uses learning from other regulators and the OLC, in addition to its own monitoring of complaints, regulatory monitoring and compensation fund claims and discussions with insurers to identify emerging risks and areas to be addressed
- An explanation of the background to the CLC's decision to separate the OLC levy from the CLC's other costs to provide transparency and strengthen practices' complaints handling
- That the CLC has an independent internal audit review programme. The methodology of an internal audit of Governance included the objective observation of a Council meeting and scrutiny of all associated papers
- That in addition to published agenda, a [Chair's blog](#) is published shortly after Council meetings
- In the context of collaboration, in addition to participation in various sector-wide initiatives, the cross sector [Remedies Programme Implementation Group](#), convened by the Competition and Markets Authority, was chaired by the CLC Chief Executive and that we had spearheaded the changes to greater transparency and consistency of information provided to consumers
- The CLC's use of external intervention agents and legal advisors provides assurance on technical and HR issues as well as opportunities for learning and ensures that we are up to day with best practice.
- That CLC staff have been cross trained to ensure effective cover for essential regulatory functions within a small organisation

- The CLC's work on the sanctions regime
- The CLC's active management of the Professional Indemnity Insurance renewal round
- Examples of how the CLC identifies and communicates market intelligence to staff
- Workshops that are held with staff and the Council
- How the CLC's [consultation on Ethical Standards](#) is being used to inform good practice on diversity and inclusion and adherence
- The accessibility of CLC qualifications to a diverse range of people
- Examples of the CLC's information and guidance for practices to promote equalities and diversity, for example [The advantages of diversity in the workplace](#), and dealing with vulnerable clients
- The CLC's approach to publication of enforcement action and sanctions
- [CLC licencing criteria and outcomes](#)
- CLC approach to assisted compliance
- Internal audit of licensing
- The work done by the CLC with individual firms to improve complaints
- Compensation Fund claims
- Examples of how the CLC follows up on regulatory actions.

Members were requested to provide any further comments for inclusion on the draft submission by 28 July 2023. The final Regulatory Performance Assessment submission would be circulated to members for any final comments prior to sending it to the LSB by 31 July 2023.

The Council **APPROVED** the CLC's Regulatory Performance Assessment submission and the suggestions for inclusion as above.

Action: to provide any further comments for inclusion within the submission to the Director of Strategy and External Relations

Action: to circulate the final Regulatory Performance Assessment information to the Council prior to its submission

Action: to submit the completed Regulatory Performance Assessment information to the Legal Services Board

At this point in the proceedings (12.40 p.m.), the Council adjourned for 15 minutes, resuming at 12.55 p.m.

9. Compensation Fund Determination

The Council reviewed a draft Compensation Fund determination for an application for a grant in excess of the threshold value delegated to the executive team. The accompanying exhibits to the draft determination had been circulated separately for reference.

The Council suggested amendments to clarify the rationale for refusal of the determination and agreed to refuse the application for a grant from the Compensation Fund.

The Council **AGREED** to reject the application.

Action: to include the Council's comments within the determination of the claim prior to its issue to the claimant.

10. Update to the Delegation of Authority

The Council considered a recommendation for minor amendment of the Delegations of Authority and to make explicit the practice that will be followed where nominated staff are unavailable to clarify that when necessary:

- delegated responsibilities can be covered by a member of staff of the same or higher grade
- In exceptional circumstances, such as the unavailability of nominated individuals, the Council Chair (or anyone so deputised) may provide the necessary approval for any actions referred to them for consideration.

The Council **AGREED** the above revisions to the scheme of delegations.

Action: to amend the scheme of delegations.

11. 2023 Business Plan

The Council reviewed progress against the current [Business Plan](#), and agreed to the following amendments:

- Review of the Code of Conduct to be scheduled for Q3
- Review of the Licensing Framework to take place subsequent to implementation of the [Ongoing Competency](#) reform in 2024
- Finalisation of the Adjudication Panel Rules review in Q3
- Ongoing monitoring of firms' complaints handling processes and complaints training at the CLC's compliance roadshows in Q4
- Analysis of regulatory return data and risk assessments in Q3/Q4
- Promotion of the Consumer Charter to be scheduled for Q4
- Review of the Handbook to be determined following the outcome of a planned State of Probate survey in Q3
- Development of guidance on inclusive workplaces and delivery of legal services to be scheduled for Q4
- Provision for a CLC Annual General Meeting in Q1 of 2024
- Publication of a disciplinary report in Q3
- Review of Sanctions to be scheduled for Q3/Q4
- CLC Compliance Roadshows to be held in Q3/Q4
- Review of information on the website, including Adjudication Panel material to be programmed for Q3/Q4
- Completion of Implementation of Multi-Factor authentication in Q3

- Finalisation of database development in Q3.

The Council commended officers on progress with Business Plan activities and noted the additional unplanned work that was being accommodated in year.

The Council **APPROVED** amendments to the current Business Plan, which is published [here](#).

12. Quality Indicators Pilot: Next Steps

The Director of Strategy and External Relations introduced a report which set out the possible next steps for the CLC to take forward insights arising from a joint [Quality Indicators In Legal Services](#) research project between the CLC, the SRA and CILEx Regulation into the use of quality indicators in legal services.

The research report had been considered by the [CLC's Consumer Reference Group](#) at a meeting on 12 July 2023. The report had also been considered at a meeting of the [Market Transparency Co-ordination and Oversight Group](#) convened by the LSB on 26 July 2023.

The Council noted that the report includes seven potential actions for legal regulators to develop a uniform approach, which include:

- Targeted activities to improve consumer access to comparable information
- Increase legal services' engagement with online reviews
- Development of voluntary guidelines
- Investigation and monitoring of the impact of information that may assist consumers with comparisons
- Explore opportunities and regulatory levers to improve consumer access and availability of OLC decisions
- Continued engagement with the Land Registry to improve consumer access to data
- Explore opportunities for consumers to access comparative information through non digital channels.

In agreeing that the CLC undertake further work to explore the actions set out in the report, it was suggested that options for provider engagement may be discussed further within Council Workshops. With regard to on-line review platforms, engagement may depend on the size of market; it was noted that the project had received positive engagement from TrustPilot.

The Council **AGREED** that the CLC should undertake further work to explore the actions set out in the report and to achieve as far as possible a uniform approach between the CLC, the SRA and CILEx Regulation in the consumer interest.

13. Annual Review of Council Terms of Reference

The Council conducted an annual review of its Terms of Reference.

No changes were being proposed by the executive at the current time, however the Council was informed that the CLC is keeping a watching brief on the Financial Reporting Council's current consultation on the [UK Code of Corporate Governance](#), whose best practice the CLC seeks to follow where appropriate.

The Council **AGREED** that no changes were required to its Terms of Reference.

14. Performance Indicators

The Council considered the indicators and metrics for Quarter 2 of 2023 for publication.

It was confirmed that the disciplinary cases currently under investigation included at section 4 of the report relates to 16 separate cases.

The Council **AGREED** to publish the indicators and metrics detailed at Appendix A of the report.

Action: to publish the indicators and metrics for Q2.

15. Audit and Risk Committee Chair's report

The Council received the report of the Chair of the Audit and Risk Committee of the business conducted at its meeting on 18 July 2023.

In addition to review of the Q2 Financial Outturn and Principal Risk Register had conducted its annual review of the CLC's anti-corruption policies and the Committee's Terms of Reference. An advisory fraud healthcheck had found that the CLC has good controls in place for payments and authorisations and had recommended updating of the recruitment policy to reflect Home Office Guidance on right to work checks. An internal audit of complaints about CLC practices had provided a substantial assurance that the CLC has a well-designed control framework in place.

The Council **NOTED** The draft minutes of the Audit and Risk Committee meeting held on 18 July 2023 and summary report of the Committee's meeting.

16. Adjudication Panel Chair's Annual Report to Council

Victoria Goodfellow, Chair of the independent Adjudication Panel had provided a written Annual Report in advance of her attendance at the Council's next meeting on 26 October 2023.



Council members were invited to review the report and advise of any particular areas for discussion with the Adjudication Panel Chair at the Council meeting on 26 October 2023.

The Council **NOTED** the Adjudication Panel Chair's Annual Report 2022/2023.

Action: to advise of areas for discussion with the Adjudication Panel Chair in advance of the Council's next meeting.

17. Any Other Business

The Council noted that a move to the CLC's new office premises at WeWork, 120 Moorgate, London, EC2A 6UR had proceeded smoothly, with particular thanks being due to the Director of Finance and Operations.

There were no items of other business.

18. Dates of Council meetings

Council members were reminded that the Council Workshop originally scheduled for 7 September 2023, would now take place on Thursday 19 October 2023.

A schedule of meetings for 2024 would be circulated to members shortly.

It was agreed to aim to hold future Council Workshop meetings in person.

The Council had previously agreed to hold an Open Meeting in 2024, and it was agreed to schedule an Annual General Meeting of the CLC for Q1 of 2024.

The Council **AGREED:**

- (1) to schedule an Annual General Meeting during the first Quarter of 2024; and
- (2) To hold Workshop meetings in person.

Action: to circulate a schedule of Council and Committee meetings for 2024

Action: to schedule an Annual General Meeting for the first Quarter of 2024

INFORMATION ITEMS

19. Q2 Performance Outturn

The Council **NOTED** the performance outturn for Q2, which had been reviewed by the Audit and Risk Committee at its meeting on 18 July 2023.



20. LSB Digital Register Options Assessment Report

The Council received an update on progress towards a single digital register, including an [options assessment](#) report by PA Consulting.

It was suggested that building upon the *Can you Trust Your Legal Advisor?* tool on the Legal Choices website, which shows disciplinary information about individuals and practices drawn from existing public registers would be the most appropriate option.

The Council **NOTED** progress with development of a single digital register.

21. Property and Law Round Up

The Council **NOTED** the round up review of major developments and the economic outlook that will affect the conveyancing market.

22. Council Workplan 2023

The Council **NOTED** its forthcoming Workplan.