



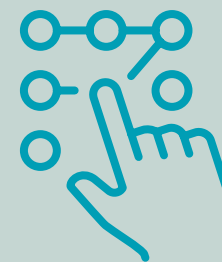
Regulating
Property
And
Probate
Lawyers

ANNUAL REPORT 2023



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INNOVATION



“Promoting innovation and choice in legal services.”

INNOVATION

Regulating specialist conveyancing and probate lawyers



Our mission

We deliver effective regulation of specialist conveyancing and probate lawyers that protects consumers and fosters competition and innovation in the provision of legal services.

A history of innovation

The Council for Licensed Conveyancers (CLC) was created by Parliament in 1985 when confidence in the solicitor profession was low. The price of conveyancing – the most widely used legal service – was high and standards were viewed as very low. The CLC's task was to;

- establish a new, specialist branch of the profession,
- develop a new route to qualification,
- deliver a fresh approach to regulation that supported innovation, and
- foster new competition in the provision of conveyancing.

The CLC routes to qualification include non-graduate entry, opening access to the legal profession to a very diverse group who might otherwise have

found it impossible to enter this area of work, thereby also reducing access to these services.

The CLC has always been an independent regulator with no ties to a representative body for the lawyers that we regulate. This means that our focus is regulation in the public and consumer interest. Of course, we aim to foster good relationships with a range of stakeholders including with two representative bodies, the Society of Licensed Conveyancers and Conveyancing Association, which have been established since the creation of the CLC.

The Clementi Review on the liberalisation of legal services, which paved the way for the Legal Services Act 2007 (the Act), took inspiration from the CLC. The CLC already allowed external (non-lawyer) ownership of law firms, providing a model for the Alternative Business Structures created by the Act.

The CLC now regulates firms that carry out some 15-20% of conveyancing transactions each year, meaning that we have deep and broad understanding of the sector. In light of its successful regulation of conveyancing, in 2009 the

CLC extended its specialist regulation to probate. The firms that the CLC regulates range from the very largest specialist practices to sole practitioners. Some are fully digital already and most are innovative, entrepreneurial, and consumer-focused and have chosen CLC regulation as a good fit for that approach.

We take a proactive approach built on close engagement with the firms we regulate to help practices address difficulties before they become serious or crystallise as actual harm. The Legal Services Board has noted that we take a 'consistent and risk-based approach', are able to take 'targeted action depending on the risk posed' and 'allow practitioners to be innovative in the way they deliver their products'.

Three-quarters of CLC Lawyers say that regulation by the CLC provides value for money and supports innovation and growth in their businesses and that being regulated by the CLC is either 'extremely' or 'mostly' beneficial to their businesses.

INNOVATION

Regulating specialist conveyancing and probate lawyers



The regulatory objectives

The Legal Services Act 2007 (the Act) set out eight regulatory objectives for the oversight regulator the Legal Services Board (LSB), the regulators and the Office for Legal Complaints. We must all “so far as is reasonably practical, act in a way which is compatible with the regulatory objectives” and “most appropriate for meeting those objectives”. The Act does not define the Objectives, but the Legal Services Board has set out its interpretation. The CLC’s annual Business Plan and day to day operations take the Objectives into consideration and they form the basis of the annual LSB Regulatory Performance Assessment of all regulators.

The Economic Crime and Corporate Transparency Act 2023 added the ninth Regulatory Objective listed below.

RO1 - protect and promote the public interest

RO2 - support the constitutional principle of the rule of law

RO3 - improve access to justice

RO4 - protect and promote the interests of consumers

RO5 - promote competition in the provision of legal services

RO6 - encourage an independent, strong, diverse and effective legal profession

RO7 - increase public understanding of the citizen’s legal rights and duties

RO8 - promote and maintain adherence to the professional principles

RO9 - promoting the prevention and detection of economic crime



INNOVATION

Regulating specialist conveyancing and probate lawyers



Strategy for 2023-2025

The Council and staff of the CLC reviewed the organisation's strategic objectives over six months in 2022. Following thorough internal discussions and external consultation in 2022, the Council agreed the following Strategic Objectives for a three-year period. These objectives are intended to ensure that the CLC continues to evolve and improve to remain effective in its mission and in delivering the Regulatory Objectives in a changing world.

1. Promote quality in legal services

a. The CLC should promote all aspects of improvement in the practice of conveyancing and probate, whether legislative, process change or IT-driven to improve client outcomes.

Indicative activities

- Continue to work with other regulators, HM Land Registry, Home Buying and Selling Group, DCMS and ID providers, software developers to drive improvement and urgent reform in the consumer and public interest
- Promote proportionality in the management of risk in the delivery of legal services and adoption of new processes and tools that can assist
- Support inclusion and diversity in the regulated community and the provision of inclusive legal services
- Continue the Conveyancing 2030 programme and horizon-scanning to inform the CLC and Regulated Community
- Ensure that rolling review of Handbook (below) future-proofs CLC regulation
- Explore ways to help the regulated community have greater confidence about change and make faster progress
- Implement findings of the Quality Indicators pilot
- Enhance insight into consumer needs and concerns

INNOVATION

Regulating specialist
conveyancing and
probate lawyers



b. Revised Ethical Standards should underpin work to drive quality and compliance and assist in the disciplinary process.

Indicative activities

- Establish and promulgate new Ethical Principles to underpin good client outcomes
- Review Know Your Client requirements and standards and apply to advice, AML, Sanctions and Conflicts of Interest compliance with thematic reviews
- Launch new approach to CPD
- Review of the Code of Conduct in line with Ethical Principles and learnings since last review
- Establish realistic timetable for rolling review of the Handbook
- Promote better understanding of managed compliance and what happens when it is not achieved
- Explore how to ensure relevant, targeted and high-quality training and CPD provision is accessible
- Exploit our insight and risk-based approach to target monitoring and compliance
- Promote CLC qualifications to employers



INNOVATION

Regulating specialist conveyancing and probate lawyers



2. Exploit the CLC's unique approach, insight and relationship with the regulated community to further improve consumer protection

Indicative activities

- Drive out the benefits of managed compliance in preventing consumer detriment
- Post-pandemic rebuild opportunities for face to face engagement
- Target compliance work on areas of most significant risk
- Thematic reviews of most significant risks followed up by compliance action
- Fewer routine inspections each year and more risk-based activity

3. Benefit clients by reducing the unit cost of regulation by the CLC and bringing the CLC's specialist regulation of conveyancing and probate to bear on a larger part of the market

Indicative activities

- Grow the CLC's regulated community and broaden the CLC's sources of funding
- Explore how to offer regulation to any suitably qualified lawyers specialising in conveyancing and probate (FCILEx, solicitors) to secure better outcomes for consumers
- Promote education to CLC qualifications to grow the pipeline of new licensed conveyancers

- Explore providing more support to students and ensure accessibility of routes to CLC qualification
- Try to identify changes to PII that could ease the burden on CLC-regulated firms while maintaining consumer protection.
- Report on progress quarterly to the Council, identifying barriers to growth and addressing them as far as practicable
- Continue to husband CLC resources and infrastructure carefully



INNOVATION

Regulating specialist conveyancing and probate lawyers



Accountability

The governing Council of the CLC monitors closely the organisation's delivery against this strategy and the annual business plans that will set out to deliver it. The detail of this is set out below in the Governance section of this report.

The Council is led by a lay Chair, Dame Janet Paraskeva DBE PC. The Council has six lay members and three professional members. The Chief Executive of the CLC, Sheila Kumar is also a member by virtue of her role. Members are appointed with a wide range of professional skills and personal backgrounds to ensure that there is diversity of experience and thought across the Council as a whole.

The Council holds formal quarterly meetings where it questions the executive team based on comprehensive reporting on the CLC's operations as well as in relation to key questions of

policy development. There is an additional formal meeting dedicated to the scrutiny and approval of the independently audited Annual Financial Statements. The Council will also meet ad hoc when necessary and takes a rigorous approach to assurance across the full breadth of the CLC's work.

The Council is assisted by the Audit and Risk Committee (ARC), which includes an independent member from outside the Council. There is more detail on the work of the ARC in the Governance section of this report.

The Council's work also benefits from weekly updates from the Chief Executive on the work of the organisation and key developments in the legal sector and in regulation. Those updates also include horizon-scanning in relation to the operating environment for the CLC, the home buying and selling market and the wider economic outlook.

ARC and Council are assisted by programmes of independent internal audits of CLC's work each year. The CLC publishes annual assessments through its Annual Report and Annual Financial Statements.

There is further accountability through the annual Regulatory Performance Assessment carried out by the Legal Services Board as well as Anti-Money Laundering (AML) specific reporting to HM Treasury and the Office of Professional Body AML Supervision as well as in the publication of a dedicated annual report on AML activity. Each of these is covered in this Annual Report.

The CLC's governance arrangements and actions in 2023 are set out in detail later in this report.

MANAGED COMPLIANCE



Our unique approach to consumer protection

The specialisation in conveyancing and probate of the CLC and the firms that it regulates has enabled an approach to regulation that is unique in the sector.

Our managed compliance approach recognises that the vast majority of regulated lawyers want to achieve and maintain compliance and deliver high standards of client service and protection. It is targeted on the practical mitigation of risk and preventing harm that could result in consumer detriment.

Desk-based monitoring delivers good insight into the operations of each regulated firm that informs our individual risk assessment of each one. Our Regulatory Supervision Team members oversee between 40 and 50 firms each. Open and candid working relationships with firms fosters a climate in which very many of them seek the advice and assistance of the CLC when they first realise that they may be facing difficulties.

Face to face or remote inspections increasingly take place on a risk basis, with those firms that present the greatest risk being prioritised. Several firms at lower risk levels will also be inspected on the basis of time elapsed since the last inspection. We use experienced panel inspectors to ensure that we both can increase capacity when needed but also to provide an external independent view and objective contribution to the assessment of the practice.

Whoever carries out the actual inspection, which is on the basis of a core plan, the CLC has comprehensive control over the reports that are produced. Every report goes through a two-stage quality assurance check internally through the assigned member of the Regulatory Supervision Team and then a Deputy Director. Among other things, this assures consistency and proportionality as well as ensuring that learning from the process is shared effectively among colleagues and panel inspectors.

Any instances of non-compliance with the CLC's Handbook or legislation (such as anti-money laundering (AML) or sanctions implementation) must be corrected within a short timetable agreed between the firm and the CLC. The implementation and monitoring of actions arising from a report is managed by the Regulatory Supervision Team.

MANAGED COMPLIANCE



Disciplinary action may follow in proportion to the seriousness of the non-compliance found or if the firm fails to cooperate with the CLC. This action is on a range to ensure proportionality, but no instance of non-compliance is left unremediated. Of course, immediate action may also be required if there is an imminent risk to consumers or if actual harm has already occurred. Again, proportionate disciplinary action may follow the immediate steps to protect consumers.

One of the brokers to the CLC's Professional Indemnity Insurance (PII) scheme has recently stated publicly that CLC-regulated firms are able to secure PII for premium rates of around half those of SRA-regulated firms with conveyancing operations. This is significant proof of the effectiveness of the CLC's approach.

LEADERSHIP

Foreword:

**DAME JANET
PARASKEVA DBE PC**



I am proud to lead the non-executive governing body of the Council for Licensed Conveyancers.

We are a tight and effective team with a majority of lay members (non-lawyers) and the benefit of some hugely experienced practitioner members.

Those members have been recruited with a diversity of professional experience and personal backgrounds that enriches our approach and protects us from falling into groupthink.

Our role of course is to advise the executive team and to hold them to account for the work of the organisation. This we do formally at quarterly meetings of the Council where we decide policy issues and scrutinise operational reporting. We provide challenge in both areas. There is a fifth formal meeting each year to scrutinise and approve the independently audited Annual Financial Statements on the recommendation of the Audit and Risk Committee. The Council can also meet ad hoc at short notice if needed.

Less formally, at workshop sessions, the executive team can use the Council to work through knotty or novel challenges in a frank and open way. This allows the exploration of new approaches at an early stage that can be further developed and tested with our Consumer Reference Group, Professional Reference Group, other regulators and stakeholders and through open consultation.

The accountability provided through the Council I chair has to be transmitted onward to maintain the confidence of stakeholders, other regulators, oversight regulators such as the Legal Services Board and Office for Professional Body AML Supervision (OPBAS), the Government and Parliament and, vitally, clients and the wider public. We have also established a Professional Reference Group and Consumer Reference Group to advise and scrutinise our work.

LEADERSHIP

Foreword:

DAME JANET
PARASKEVA DBE PC



The CLC prides itself on its high degree of transparency in its work developing and implementing regulatory policy and taking disciplinary action. We publish, for example;

- Annual business plans
- Information on funding the business plan and how the funds are collected – transparency on this point has been enhanced by the separation of the costs of the Office for Legal Complaints /Legal Ombudsman (OLC/LeO) from the CLC’s own operational budget
- Quarterly Key Performance Indicator reports
- Annual Financial Statements
- Annual Reports
- An annual report on our Anti-Money Laundering work
- Council meeting Agendas and supporting papers
- Minutes of Council meetings
- A Chair’s Blog following each Council meeting
- Formal and informal consultations on policy proposals
- Analysis of the consultation process and responses
- The results of applications for rule changes to the CLC
- Revised rules with guidance for their implementation
- Disciplinary decisions – published in full and with a high-level summary and with links from the online register
- Reports on stakeholder perceptions of the CLC
- Findings of diversity surveys of the CLC and the regulated community
- Reports on research we have carried out

Through these publications, the regulated community and any interested observer is able to understand and engage with the policy development process, the regulatory approach, the detail of our assessment of risk in the regulated community, the outcomes of our enforcement and discipline work, and the detail of our AML work. If the information they need has not been published, we will usually be able to provide it in response to a request.

This Annual Report is being launched at an open event attended by members of the regulated community and other stakeholders. I hope that will increase engagement with this report as well as with our other publications and contribute to the confidence that we know the CLC enjoys across the sector and beyond.

LEADERSHIP

Introduction:

SHEILA KUMAR



In her foreword, Dame Janet has focused on the accountability that the Council provides to the wider world about the work of the CLC. My regular discussions with Dame Janet and updates to the Council as a whole, as well as the various governance meetings are an active demonstration of full participation and robust challenge from the non-executive team on the Council. I am grateful to the Council for their ongoing engagement and commitment to ensuring the CLC is the best regulator it can be.

As Chief Executive, it is natural that I should focus in this report on the delivery of our mission to protect the consumers of specialist conveyancing and probate services and to promote competition and innovation in the consumer and public interest.

Every year the CLC carries out its core processes of consumer protection. These include:

- Controlling participation in the regulated community to manage who may deliver the reserved legal services of conveyancing and probate. This is done through the licence application and renewal processes.

- Setting and maintaining standards through its Handbook, Guidance and our managed compliance approach to supervision that is set out in detail in this report.
- Monitoring compliance closely, taking enforcement and disciplinary action where necessary and proportionate.
- Ensuring consumer protection through the effective operation of a Professional Indemnity Insurance scheme and management of a Compensation Fund on behalf of the regulated community.
- Ensuring compliance with the law around money laundering and international sanctions to help tackle crime and terrorism.
- Contributing to work across the sector to maintain and enhance standards and improve legal services in the public and client interest. This is through fora such as those run by HM Land Registry and HMRC, conferences and workshops run by representative bodies and suppliers to lawyers, industry groups such as the Home Buying and Selling Group and Digital Property Market Steering Group, LawTech UK's Regulatory

Response Unit and the Department for Science, Industry and Technology's work on ID standards, for example.

- A programme of rigorous, independent internal audit across of a range of the CLC's functions.

Each of these vital areas of work is the subject of detailed reporting below. In addition, 2023 saw significant progress on a range of major developmental projects that are fundamental to the operation of the CLC. Here is a list of just some of those.

- Review and enhancement of our internal risk registers of regulated entities and an AML-specific risk register.
- We continued to enhance our Anti-Money Laundering activities and work to ensure compliance with the sanctions regime.

LEADERSHIP

Introduction:

SHEILA KUMAR



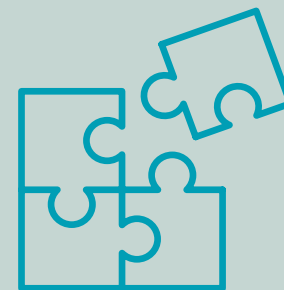
- We brought our database in-house and on to a platform that is more flexible to meet our particular data and process needs as well as helping us enhancing the online register of the regulated community.
 - The new online register was completed on the back of the new database and is operating smoothly.
 - Completion of a review of the CLC's Ethical Principles and the Code of Conduct. Once the change is approved by the Legal Services Board, this revised Code of Conduct will be the basis for a rolling review of the Handbook of rules and guidance for the regulated community.
 - Further progress to ensure the stability and sustainability of the Compensation Fund, work that will be completed in 2024.
 - Completion of a major overhaul of the rules of the independent Adjudication Panel, which will be passed to the Legal Services Board for approval in early 2024.
 - We have progressed a very different and constructive new approach to ensuring the ongoing competence of the regulated community that will be brought into operation in 2024.
 - The pipeline of new CLC-qualified lawyers continues to grow.
 - We completed joint research with other regulators on consumer use of quality indicators to choose a lawyer. Actions to take forward that learning are in the business plan for 2024.
- Much of this is necessarily careful work. It needs to be informed by research and data analysis, as well as formal and informal consultation of relevant stakeholders. We also benefit from the input of the Professional Reference Group and the Consumer Reference Group.
- Further unplanned work was needed at short notice to respond to third party initiatives that would impact on the CLC's work and regulated community such as legislation in relation to the certification of Lasting Powers of Attorney and the inquiry by the Justice Select Committee into the regulation of legal services.
- Alongside all of that, we have completed two major external assurance exercises in addition to our own rigorous assurance and audit processes. The first being the annual Regulatory Performance Assessment of all front-line regulators by oversight

regulator the Legal Services Board. The second was the periodic inspection by the Office for Professional Body AML Supervision (OPBAS). Both take considerable time and resource and both surface constructive learning for any organisation.

Finally, we were pleased to learn, through some SRA research into public understanding of legal services regulation, that 18% of respondents reported being aware of the CLC and that figure is significantly higher (at 25%) among respondents that had used a legal services provider in the last two years. This is another example of the CLC punching above its weight, a point we make elsewhere in this report.

I hope that you find this report informative and useful. We are always happy to hear from anyone in the legal and property sectors and beyond with any questions, which we will always do our best to answer.

INFRASTRUCTURE



“Rigorous oversight and accountability to high standards.”



INFRASTRUCTURE



Governance

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](#) which are both published on the CLC website.

The Council is responsible for approving the budget and has delegated some financial responsibilities to the executive team.

Our Corporate Governance Framework has been developed with consideration of the Financial Reporting Council's Code of Corporate Governance and is reviewed annually in the light of evolving best practice.

The CLC maintains a public [Register of Council Members and Senior Management Team members' Interests](#) on our website. In line with

the Standard Principles of Public Life, Council Members and members of the Senior Management Team (SMT) are required to disclose direct or indirect pecuniary or other interests which may influence or have the appearance of influencing their judgement. The Council is supported in its work by the Audit and Risk Committee (which includes an independent external member), the Remuneration Committee and the Appointments Committee. Committee Chairs are drawn from the lay Council members. Members and staff are also required to report any relevant hospitality received.

External Audit

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, and means that the CLC is meeting a standard, including independent validation of our organisation, which is much higher than is required for an organisation of our type and size, we see it as a framework for good governance. Our Annual Financial Statements are published on our [website](#) and which includes the external auditors' report.

Internal Audit

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 fifth 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 and to the Council.

During 2023, the following internal audits took place:

- Licensing of New Practices
- Governance - Complaints
- Professional Disciplinary Processes
- Governance – Publication Policy

Each one found that there was 'Substantial Assurance' in the area examined. This is the highest level of assurance that can be identified under the scheme.

In addition, there was a follow-up audit of management actions arising from past internal audits, which found 'reasonable progress'.

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INFRASTRUCTURE



Data management

As the CLC is a data controller, it is required under the General Data Protection Regulations to ensure the security and confidentiality of data processed on behalf of the public and employees. In line with the CLC's Data Protection Breach Policy, any identified personal data breaches are reported to the Data Protection Officer, who maintains a record of reported breaches and action taken in mitigation, which is reported to our Audit and Risk Committee.

Data breaches

Five data breaches were reported to the Audit and Risk Committee in 2023. None required a report to the Information Commissioner's Office. Each breach was at a low level and was able to be contained. Staff error was able to be remediated quickly in each case. Steps have been taken to mitigate the risk of similar breaches happening in future. Refresher training has already been completed by all staff in 2024.

Governance personnel

Council members 2023

There were no changes of Council membership during 2023. The Members were.

Dame Janet Paraskeva

Lay Chair of the Council

Alan Cogbill

Lay Member of the Council

Sarah Debney

Professional Member of the Council

Milton James

Lay Member of the Council

Victoria MacGregor

Lay Member of the Council

Sarah Ryan

Professional Member of the Council

Sheila Kumar

Chief Executive (an ex officio member of the Council)

Jenny Quirke

Lay Member of the Council

Sally Szarka

Professional Member of the Council

Colin Wilby

Lay Member of the Council

Council Members are appointed on the basis of their skills and professional backgrounds to deliver accountability for the work of the CLC, assurance on the delivery of the regulatory objectives and business plan and constructive challenge to the executive team across all areas of policy and operations. Biographies of current Council members are available on the CLC's website.

Audit and Risk Committee

The Audit and Risk Committee (ARC) supports the Council's responsibilities in risk, control, governance and associated assurance. During 2023, we wished goodbye to Independent Audit and Risk Committee member Richard Cryer, whose term of office ended in January 2023. We are grateful for his services to the CLC since 2016. We also welcomed Independent Audit and Risk Committee member Julie Parker, whose term of office commenced in January 2023.

..... INFRASTRUCTURE



Committee Membership in 2023

Jenny Quirke
Lay Chair

Richard Cryer
Independent member
(up to 18 January 2023)

Sarah Debney
Professional member

Victoria MacGregor
Lay Member

Julie Parker
Independent Member
(from 19 January 2023)

Sarah Ryan
Professional Member

Remuneration Committee

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

Committee Membership in 2023

Colin Wilby
Lay Chair

Alan Cogbill
Lay member

Milton James
Lay member

Sally Szarka
Professional member

Appointments Committee

The Appointments Committee is responsible for appointment of Non-Executive Directors, the Chief Executive, Adjudication Panel members and, where required other senior staff.

Committee Membership 2023

Dame Janet Paraskeva
Lay Chair

Sarah Debney
Professional member

Colin Wilby
Lay member

Transparency of our governance

The Legal Services Board (LSB) carries out an annual assessment of each frontline regulator's performance against a framework set by the LSB. In its 2022 assessment, published in January 2023, the LSB asked the CLC to look at how it might make some of its decision-making even more transparent.

Chair's blog

Since the beginning of 2022, the CLC has published online a bulletin in the form of a blog by the Chair of the Council about the proceedings of each formal Council meeting. This is published within a week of each meeting. The blog is then circulated in the next regular e-newsletter and it is often the most read item in the newsletter. During 2023, that blog has been expanded to be more detailed and contains links out the published Council agenda pack and other relevant documents.

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INFRASTRUCTURE



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Publication of Council agenda papers and minutes

The CLC publishes the agenda and papers for each formal meeting of Council. The papers are now published in their entirety unless an exemption in the CLC's Publication Policy applies. In those cases, the standard cover sheet that all papers include is published. That cover paper includes a summary of the full paper that allows the reader to understand the purpose of the paper and its relation to the Regulatory Objectives.

Minutes of formal Council meetings are published immediately following their agreement by Council and are published on the CLC's webpage dedicated to Council proceedings.

In 2023, the CLC implemented further changes to the arrangements for Council meetings. Anyone may now request a copy of a paper that is not already published in full on the CLC's website. Anyone may also apply to attend a Council meeting for a particular item or items. In 2023 we began to produce more detailed minutes of formal Council meetings to provide greater background to the

decisions taken and actions agreed on the basis of the papers submitted.

These changes are reflected in the current version of the [Publication Policy](#) that was agreed by Council in December 2022.

The Publication Policy was the subject of an independent internal audit in 2023 which found 'substantial assurance' that the CLC is implementing the policy effectively. The Policy will be reviewed again by the Council at its first formal meeting of 2024, on 1 February.

The Senior Management Team and colleagues

The Chief Executive Officer, Sheila Kumar, is responsible for the day-to-day management of the CLC, for implementing the policy decisions of the Council and for ensuring that the CLC undertakes its operations within the budget approved by the Council. Sheila's biography, and those of the Jason Hinrichsen, Director of Finance and Operations and Stephen Ward, Director of Strategy and External Relations, are available on the [CLC's website](#).

At the end of 2023, the CLC had a total of 17 staff. All those staff work solely on regulating the individual lawyers and the practices within the CLC's community. Not being linked formally to a representative body nor having been carved out of one, the CLC's focus on consumer protection is clear and sharp.

The Council and the Remuneration Committee follow an approach aimed at attracting and retaining the best staff and look to a remuneration and benefits package that enables this. Staff turnover is at a low rate although there is annual change in the make-up of the staff group. The Council is pleased that the CLC achieves stability in a high-performing group.

INFRASTRUCTURE



Finances

The financial arrangements of the CLC are set out in detail in the Annual Financial Statements that are published each April. These cover the previous calendar year, as does this report on the CLC's wider work. Below is an overview of how the CLC is financed and how that was managed during 2023.

A great deal more detail will be available in our externally audited Annual Financial Statements for 2023, which will be published in April. In the meantime, you can see the [Annual Financial Statements for 2022 and previous years](#).

Financing Regulation

In 2023, the CLC's operating costs for delivering regulation amounted to £2,505,527. The CLC's work is entirely regulatory and includes the investigation of conduct complaints against the CLC-regulated lawyers and practices.

In common with other similar organisations, staff costs make up the largest part of the CLC's budget. In 2020 we streamlined staffing provision, moving to more outsourced expert support from PR and web professionals and specialist legal advice. This provides flexible resourcing that helps to manage costs alongside a premises strategy that keeps office costs down.

The CLC is funded by the individuals and entities it regulates. The practice fee contribution rates for practices together with individual license fees and other administration charges are reviewed annually to ensure that revenue collected through these charges are sufficient to cover the forecast expenditure for the next financial year. The Council of the CLC reviews the forecast and, if necessary,

makes changes to fee rates and or expenditure to ensure there is sufficient resources available to the CLC to execute its statutory responsibilities.

Since 2016, sound costs management and the reduction of reserve to a more reasonable level allowed us to reduce the practice fee contribution rates by 61% and our Compensation Fund contributions by 60%. In 2023, the impact of inflation on our staff and our costs could not be ignored the Council decided, following consultation, to implement a 10% increase in practice fee rates. The price of an individual licence and Compensation Fund contribution rates were unchanged, however. The new rates were implemented at the beginning of the new licence year, on 1 November 2023.

The work we have done in previous years to implement a cost effective, scalable and flexible regulatory model means the increase will have only a small impact on an individual practice but taken together will enable us to continue to be the regulator we need to be.

INFRASTRUCTURE



Financing Service Complaints

Service Complaints about all regulated legal service providers are handled by the Office for Legal Complaints (OLC) and its operational arm the Legal Ombudsman (LeO).

The share of the costs of OLC/LeO apportioned to practices regulated by the CLC in 2023 was £982,475. This was for the OLC year 2022-23. This puts the cost per case at in excess of £2,600.

This is a pass-through cost as it is collected by the CLC from practices on the basis of the actual cost.

The CLC recharges the Legal Ombudsman cost to regulated practices through the OLC Levy. The OLC levy has two components:

1. An availability fee which is set at 70% of the total OLC cost and allocated to practices based on the proportion of their Practice Fee charge to the total Practice Fee collected. (Some of the cases that we are charged for relate to closed practices (48 cases). The cost of these cases is added to the total availability cost and allocated to all practices.)
2. A usage fee comprising of 30% of the OLC cost. Only practices that have had cases accepted by the OLC for investigation in the previous three years will pay any usage fee. Only 40% of CLC-regulated practices have had one or more cases accepted by the Legal Ombudsman during the three years used to calculate the levy.

Financing Redress

The CLC also manages a Compensation Fund as a fund of last resort for clients who have suffered a loss at the hands of a CLC-regulated practice. The total operating cost of the Compensation Fund in 2023 was £475,122. It has reserves at a level set by the Audit and Risk Committee of the CLC and the governing Council. It is funded by the regulated community through a levy on regulated entities that is calculated based on their annual turnover.

EXTERNAL ENGAGEMENT



“Using our
unique platform.”

EXTERNAL ENGAGEMENT



Engagement

A unique platform

The CLC is unique among the legal sector regulators in several ways.

- Because of its scale and specialisation it is in particularly frequent and close contact with its regulated community.
- Our Regulatory Supervision Team has deep insight into each of the entities that they manage.
- Managed compliance is an approach that prevents risk crystallising into consumer harm.
- The experience of our Chair and our Chief Executive includes close involvement with the process that established the current regulatory framework; the Clementi Review, the Legal Services Act 2007, and the establishment of what would become the Solicitors Regulation Authority.

This puts the CLC in a particular place in the regulatory landscape which means that we punch above our weight in many forums because of the authority with which we can speak on issues from the transformation of home buying and selling, to the implementation of the 2007 Act in a changed world.

In 2023 there were some notable occasions on which the CLC provided its unique perspective, from responses to consultations on some very significant issues for the legal sector to the Justice Select Committee's inquiry, in late 2023, into the regulation of legal services.

CLC Responses to third-party consultations in 2023.

December 2023

[CLC Response to OLC Consultation on its Draft 2024-27 Strategy and 2024/25 Business Plan and Budget](#)

November 2023

[CLC Response to the LSB Consultation on draft section 112 Requirements, Guidance and policy statement for approved regulators in relation to first-tier complaints](#)

October 2023

[CLC Response to LSB Consultation on Draft Guidance on Promotion of Technology and Innovation](#)

September 2023

[CLC Response to HM Treasury Consultation Reform of the Anti-Money Laundering and Counter Terrorism Financing Supervisory Regime](#)

September 2023

[CLC submission to CMA call for evidence on unregulated legal services](#)

February 2023

[LSB Consultation on its Budget and Business Plan for 2023-24](#)

EXTERNAL ENGAGEMENT



Justice Select Committee Inquiry into the Regulation of Legal Services

The CLC's written evidence to the Justice Select Committee has been published on the Committee's [website](#).

The CLC made two submissions to the inquiry:

- [Initial submission](#) (November 2023)
- [Submission following up on points made in oral evidence sessions](#) (December 2023)

In making submissions to the inquiry, and in a meeting with the Chair of the Select Committee, we were anxious to ensure that the intention of the Legal Services Act 2007 (the Act) was not confused in the oral evidence sessions. In common with others providing evidence, the CLC believes that the Act is working broadly as intended.

As time passes, it is very important that the sector continues to focus closely on the Regulatory Objectives set out in the Act, and that includes in the way that the regulatory framework develops and operates. A consumer-focus and the principles of Better Regulation underpin how we must all operate, from the Legal Services Board outward to the front line regulators. That is why, in our submissions, we argue for proportionality in oversight regulation as well as front line regulation.

At time of writing, we await the Justice Committee's report with interest and look ahead to its inquiry into probate, prompted by delays at the Probate Registry.

Engaging with the sector

The CLC issues a e-newsletter at least monthly and sometimes more frequently where needed. These contain updates from the CLC on key issues and of course are an important means of distributing Advisory Notes, updated guidance and requests for responses to consultation.

The newsletter also provides updates from third parties such as an HMRC, HM Land Registry, the Home Buying and Selling Group and Digital Property Market Steering Group as well as professional indemnity insurers, providers of legal education and others.

The newsletter audience is highly engaged and we see high open rates between 50% and 60%, significantly outperforming the legal sector benchmark provided by MailChimp, which hosts our newsletter.

CLC representatives take part in a wide variety of industry forums, with an increasing emphasis on the transformation of home buying and selling, because this is an area of work that has the potential to deliver very significant improvements for the consumer, the property market and the UK economy. That is why we have become a member of the Digital Property Market Steering Group (DPMSG) and are committed in our 2024 business plan to supporting the transformation of the sector.

EXTERNAL ENGAGEMENT



The CLC also organises face to face events with the sector, including in-person compliance roadshows, webinars on topics such as revised guidance or consultations on evolving policy and we run an annual round table discussion on the evolution of conveyancing.

In 2023, CLC representatives made presentations or joined panels at the following third-party events:

- Society of Licensed Conveyancers Annual Conference
- DPMSG launch conference
- Digital Conveyancing Summit
- The Legal Software Suppliers Association AGM
- Liverpool Law Society Conveyancing Conference
- Law Society Gazette PII Round Table

Working through the media

In total, the CLC featured in 112 pieces of media coverage in 2023, which averages nine pieces a month and there is an overview of that coverage below. It aims to reach both the regulated community and its stakeholders as well as consumers of CLC-regulated services.

January saw six pieces of coverage appearing in the media. All but one of these pieces was driven by a release which was drafted and sent to media following the Prevention v Enforcement panel event hosted in November 2022. A full write-up of the event was also provided and published on the CLC website, which resulted in strong engagement on social media.

February saw nine pieces of coverage appear in the media. Five pieces, including the Law Society Gazette came from a press release based on the CLC's response to the Legal Services Board's (LSB) business plan. The tweet posted about this, was the best performing tweet of Q1 with an engagement rate of 5.2% (see social media section for further details on engagement rates). Other coverage in February focused on PII, the Chief Executive's speech at

the annual Conveyancing Association conference and the LSB's assessment of legal regulators.

In March a meeting was arranged with Monidipa Fouzder of the *Law Society Gazette* with the Chair of Council and the Chief Executive to coincide with National Conveyancing Week and following this an opinion piece appeared in the publication highlighting the CLC's specialist approach to regulation. There was also coverage in *FE News* in an article that looked at alternative routes to qualification in the legal sector.

In June our work on demonstrating the CLC's role in working with others on developing the conveyancing and probate process to improve client outcomes took centre stage with the release of a joint report with the SRA and CILEX Regulation on quality indicators. The managed closure of Alexander Grace was also a feature of the coverage in June.

Additionally, a letter was submitted on behalf of the Chief Executive and published by the *Law Society Gazette* in response to its feature on the conveyancing market which painted an overly negative picture.

EXTERNAL ENGAGEMENT



The CLC annual Risk Agenda launched in August, highlighting breaches of undertakings, anti-money laundering, conflicts of interest, sanctions, the Accounts Code and complaints handling as posing the greatest risks to firms currently. In addition to widespread media coverage in *Today's Conveyancer*, *Legal Futures*, *Inside Conveyancing*, *The Negotiator* and *Estate Agent Today*, the Risk Agenda was also highlighted as an example of best practice by the Legal Services Board in their most recent regulatory performance assessment report.

In mid-August, the launch of the consultation of practicing fee rate changes was covered by *Solicitors Journal*, *Today's Conveyancer*, *Mortgage Solutions*, *Inside Conveyancing* and *Property Wire*.

November's coverage was driven in the main by a statement issued by CLC on social media regarding the CTS cyber incident. The incident had consequences on exchanges and completions. The comment, initially aimed at conveyancers who might be affected the incident, was picked up by 14 media outlets including two pieces published by the *BBC* and a piece in *This Is Money (Daily Mail)* which highlight consumer interest in the matter.

As part of our objective to highlight the benefits to employers of the CLC qualification, November saw a case study appear in *The Times* looking at alternative paths to legal careers. The participant was a conveyancer from CLC regulated firm AConveyancing who had recently completed her CLC qualification.

Other notable stories that month came from three press releases on the Code of Conduct consultation, the director of finance and operations' speech at the SLC conference, and on the annual roundtable look at the evolution of the home buying and selling process. All were well received by media garnering a total of 12 pieces of coverage.

In addition to the above, throughout the year we maintained our long-standing relationships with both *What Mortgage* (consumer-facing) and *Mortgage Finance Gazette* (sector-facing) submitting nine and six articles respectively. In late 2023 we began addressing a new audience through regulator articles and advertising in *First Time Buyer* magazine.

EXTERNAL ENGAGEMENT



Social Media

We post regularly about CLC activity and industry news on X (formerly Twitter) and LinkedIn.

We have seen increasing engagement across both channels. Over the last 12 months, we have seen the following improvements:

LinkedIn

1,125 new followers (to 6,476), a 21% increase, well above the target of 4%, with an average engagement rate of 3.6% (industry average is 0.35%, with 2% considered good). The engagement rate is the sum of the number of interactions, clicks, and new followers acquired, divided by the number of impressions the post receives.

There have also been the following highlights over 2023:

- 1,230 reactions – an increase of 12% on 2022
- 136 posts
- 136,167 impressions (the number of times people have seen the posts)
- 4,139 link clicks from posts (these are primarily links to the CLC website, but also to other sites such as Land Registry, LawCare, Gov.uk etc)

X (formerly known as Twitter)

A 1.5% increase in new followers to 1,585 and 8,765 tweet impressions, an increase of 254%.

A total of 109 tweets over the course of the year, averaging two per week. Posts are, on average, well read with an average engagement rate of 0.3%; the median benchmark for the industry is 0.045%.

Consumer engagement strategy

The CLC's consumer engagement strategy has eight main strands:

- Data provision: Through the CLC's searchable online register of the regulated community. Data from the CLC's register is also pulled through onto the 'Help my trust my legal advisor' tool on the [Legal Choices](#) website (the public legal education website run jointly by the front line regulators. We also make it available to digital comparison tools to add to their own databases. We are working with other regulators on the development of a single digital register of all legal service providers to be hosted on Legal Choices.

- Reaching potential consumers of conveyancing services in a timely way through articles in What Mortgage magazine and, since late 2023, [First Time Buyer](#) magazine.
- Ensuring that Legal Choices content on conveyancing and probate services is accurate and up to date. The CLC also provides content to drive social media activity on those topics and raise consumer awareness of Legal Choices.
- Requiring regulated practices to make clear that they are regulated by the CLC and how consumers can make complaints. See this website for example.
- The Secure Badge programme which the CLC pioneered in the legal sector to further raise the profile of regulation with consumers of legal services. It also allows consumers to verify the status of a website purporting to be run by a CLC-regulated practice.

EXTERNAL ENGAGEMENT



- Dedicated web content on the CLC's own site for consumers, with guidance on choosing a lawyer and providing guides to probate and buying and selling homes on the CLC website and contributing to the government's own guide to buying and selling a house.
- Seeking advice and insight from the Consumer Reference Group on policy development.
- Research into digital exclusion, beginning on 2024, jointly with the Bar Standards Board and CILEx Regulation.

The Consumer Reference Group

Also in 2022, the CLC asked former Council Member and experienced consumer advocate Teresa Perchard to establish and lead a new Consumer Reference Group to inform the work of the CLC in the development and application of regulatory policy.

Ms Perchard brought together the following consumer experts:

- Jason Chapman, Office for Legal Complaints (OLC)
- Peter Hart, National Consumer Federation
- Paula Higgins, Chief Executive, Homeowners Alliance
- Mark McLaren, independent Consumer Advocate (also a non-Exec Director of The Property Ombudsman and until recently a member of the Legal Services Consumer Panel)
- Sebastian O'Kelly, Leasehold Knowledge Partnership

The CRG met for the first time on 4 November 2022 to discuss potential revisions to the Ethical Principles and CLC's future strategy objectives. In 2023 it met twice, each time with a significant agenda of work.

6 March 2023

To discuss potential revisions to the **Code of Conduct** in light of changes to the Ethical Principles, the group provided challenges to the CLC on the adequacy of obligations to protect consumers where a lawyer is acting for both sides. In addition to reviewing all aspects of the Code of Conduct it was suggested greater clarity was given to obligations to advise clients on fees/charges, learning from Ombudsman case decisions where this was a common problem.

12 July 2023

To discuss the research on **Quality Indicators** and how CLC, and the other regulators might move forward to develop comparable information and choice tools for consumers and reviewed/discussed CLC's revised Guidance for lawyers on **Acting for Both Sides**.

EXTERNAL ENGAGEMENT



In October 2023, the Council received a report from Teresa Perchard about the first year of work of the CRG, which she summarised thus:

"I believe members have provided really good challenge to CLC in the discussions and Stephen [Ward, Director of Strategy and External Relations] has been very good at being open to those challenges and coming back to the group with feedback on how the CLC has taken on board or considered points made by members."

"The discussion of Quality Indicators research was particularly notable in bringing some issues to the attention of CLC from members who have significant relevant knowledge of online rating tools. I do believe the meetings/discussions have enhanced CLC's engagement with consumer advocates on some fairly important topics like ethical principles and code of conduct revisions over the last year. It has also offered a time efficient way for the members to contribute to and influence CLC policy and thinking."

Following the report on the CRG's first year, the Council confirmed its continuation and it will provide annual reports to the Council.

The CLC's Professional Reference Group

The CLC has for some years run a reference group made up of conveyancing and probate practitioners it regulates. The group provides informal feedback, generally at an early stage, on the technical aspects of new policies, in particular. This helps the CLC to develop approaches that will have the intended effect in practice.

The group has been convened by a former Council Member, Alex Clarke since its inception. The Group is consulted by email circulation, online meetings and in-person meetings as appropriate.

In 2023 this Group was especially helpful in developing the revised guidance on managing conflicts of interest when a single practice is acting on both sides of a transaction. This is a service that can be significantly helpful to clients in some circumstances but comes with significant risks that must be managed carefully.

Securing more responses to our own consultations

All regulators face challenges securing external input to policy consultations. That was one of the drivers for establishing our Professional Reference Group and Consumer Reference Group. Both of those have enriched our policy development work on both strategic and technical issues.

In 2022, the CLC began to issue simplified questionnaires alongside full consultation documents. This was first implemented for the consultation on changes to the Adjudication Panel Rules and has been used for the consultations on changes to the Equality Code, Ethical Principles and Regulatory Fees.

We continued that successful practice in 2023 in consultations on Continuing Professional Development, Regulatory Fee-Setting, and changes to the Code of Conduct. Each of these has seen higher levels of engagement than we would have expected prior to the use of the simplified questionnaires.

THE REGULATED COMMUNITY



“ A growing community of thriving specialist lawyers and practices. ”

THE REGULATED COMMUNITY



The Regulated Community

The CLC regulates both individuals and practices. All of those we regulate are specialists in their field of probate and/or conveyancing. They are Authorised Persons under the Legal Services Act 2007.

- **Conveyancing** is the name for carrying out all the actions needed to transfer the ownership of a piece of land. This includes researching any information about the property that might make it an unsuitable or risky purchase and ensuring that the buyer can make a fully informed decision.

- **Probate** is the legal authority to deal with a deceased person's estate, and probate lawyers ensure that the estate is fully identified, will find anyone who is entitled to receive money or assets from the estate and ensure that the terms of the will left by the deceased (if it exists) are respected. The CLC's aim is that these lawyers and the specialist practices they establish and work in should thrive. The country must have a diverse and healthy legal sector to meet its needs. Conveyancing and probate are the most used legal services and clients, and the public must have confidence in them. Our assisted compliance approach to regulation helps ensure that client protection standards are high, and that legal practices and careers can flourish. Lenders, insurers and clients are recognising the benefits of specialism as a key mitigation against risk and that too is helping CLC-regulated firms to grow.

THE REGULATED COMMUNITY



Individual Licence Holders

Practices have been reporting since at least 2008 that they face challenges finding enough qualified conveyancers and probate practitioners. In recent years, the independent providers of education to CLC qualifications have worked with the CLC to increase the pipeline of newly-qualified CLC lawyers.

In addition, we have seen significant numbers of FCILEX conveyancing specialists transfer into CLC regulation since autumn 2021, when there began to be confusion and doubt about the future regulation of CILEX lawyers.

The table below shows the numbers of individual licence holders as at 31 December 2023. The total of 1,825 is up from 1,638 at the end of 2022. That is an increase of 11.5% in the year.

Total Turnover under regulation

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 between the global financial crisis and 2022, we saw some firms under CLC regulation increase their turnover very significantly.

This growth has taken place with practice numbers remaining fairly stable, although with some churn within that as firms open, close or merge. By 2020 turnover under CLC regulation was £277m. That was almost three times greater than 2009/10 when the industry had recovered from the crisis and the year to April 2021 saw an astonishing

further 26% growth in turnover to £349m. In 2022, the annual turnover of all firms under CLC regulation held at the new, much increased level, of £346m.

However, 2021 and 2022 saw the inflation rate rise rapidly and approach 10%, in autumn 2022. In late 2021, the Bank of England began increasing the interest rate in an attempt to bring inflation back down to its target level of 2%.

The inflation rate began to fall later in 2022 and continued in 2023 and the central bank interest rate has been steady at 5.25% since August 2023.

While interest rates are not high taken in the longer historical perspective, they are of course hugely above the less than 1% level that had come to be perceived as the new normal amongst most first-time buyers in particular.

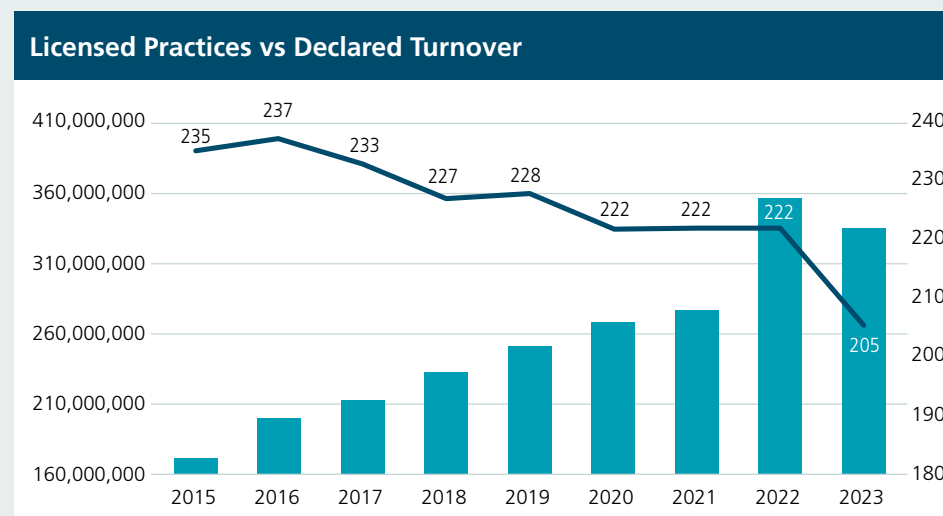
Individual Licence Holders	Employed	Manager	Total
Probate	12	7	19
Conveyancing	1,479	257	1,736
Probate & Conveyancing	41	29	70
Total	1,532	293	1,825

THE REGULATED COMMUNITY



Comparatively high interest rates and general economic uncertainty coming hard on the heels of exceptional levels of activity in the housing market during the pandemic years have triggered a downturn in home buying and selling in 2023. That downturn may be characterised as a return to more usual levels of activity.

Indeed, we can see from the chart below that the turnover reported as the basis of billing for the regulatory year 2023-24 is somewhat reduced, by 6%) from the high of the previous year, However, the 2024 figure seems broadly in line with the trend rate of growth since 2016, with the figure in 2023 being an outlier.



Year	Declared Turnover	% Change
2020	251,286,999	7.67%
2021	276,731,009	10.13%
2022	356,392,690	28.79%
2023	335,023,066	(6.00%)

SETTING STANDARDS



“ High standards
for entry and
ongoing competence
and practice.”



SETTING STANDARDS



Education

Education to qualifications that pave the way to apply for an individual licence from the CLC as a Licensed Conveyancer or as a Probate Practitioner is delivered by independent providers and assessed under the oversight of the Scottish Qualifications Authority (SQA,) an Ofqual (Office of Qualifications and Examinations Regulation) body.

In 2022 and 2023 the arrangements have been under review. We have also been reviewing our arrangements for assessing ongoing competence (formerly referred to as CPD).

Ensuring arrangements for the oversight and delivery of CLC qualifications are effective

The CLC completed a review of the provision of education to CLC qualifications at the beginning of 2023 and began negotiations with the Scottish Qualifications Authority (SQA) shortly thereafter, concluding the process in Q3.

A detailed unit development plan and vetting processes for the revised courses has been agreed. Funding for new digitised Student Handbooks also agreed. SQA targeted resource has been

allocated and work commenced in November 2023. The target date for the revised units and handbooks to be ready for the market is 1 September 2024.

Ongoing Competence

Work has been under way for some time on a major project to revise the CLC's approach to managing standards of ongoing competence. It was put on hold in 2021 pending work by the LSB to develop its own expectations in this area.

In 2022 we launched a consultation on a proposed new approach. That consultation was timed to take place after the LSB issued its statutory statement of policy on ongoing competence, in July 2022. The CLC's prior work was largely aligned with that statement and the consultation closed in early 2023.

The consultation set out proposals that have been welcomed to:

1. Introduce more meaningful risk/competency direction and increase the levels of mandatory evidence and reporting requirements for individual licence holders, to enable us to assess profession-wide levels of

competence (and identify individual legal professionals that are failing to meet the standards of competence identified).

2. Provide quantitative and qualitative data that will help us to assess profession-wide levels of competence, understand the competence of individual non-legally qualified professionals with key accountabilities within practices, and identify practices that are failing to meet the standards of competence identified.
3. Help practices align their organisational wide training and development and risk management processes into a coherent on-going compliance and competence strategy that will help protect consumers and reduce the regulatory burden.
4. Introduce a mandatory practice-level responsibility for ongoing competence, to improve the overall risk management and performance of CLC practices.

SETTING STANDARDS



This revised approach will:

- a. move away from an hours-based approach and move towards an activity and outcomes based approach;
- b. include a fixed mix of externally assessed and informally assessed activity;
- c. introduce a regulated entity responsibility for ongoing competence, to improve the overall risk management and performance of CLC practices, which will apply to:

- Individual CLC Licence Holders
- Heads of Legal Practice
- Heads of Finance and Administration
- Money Laundering Reporting Officers
- Complaints Handling leads (these are described differently in different practices)
- Directors/Partners/Members/Sole Practitioners.

The expectations relating each of the groups above will be:

- Tailored to the needs of their roles, and moderated when one individual holds multiple roles;
- Their duties as defined in regulation; and
- Their responsibilities for the supervision of the delivery of legal services and/or management of the business.

In 2023, the CLC undertook extensive preparatory work for the introduction of this new approach, developing guidance for practitioners. Subject to approval by the LSB, the new approach will be promoted over the course of 2024 and will come into force on 1 November 2024, so that reporting against it will inform licence renewal in 2025.

The CLC's Handbook

The Handbook brings together all of the Codes, Frameworks and Guidance that set out the CLC's regulatory standards and expectations of the regulated community.

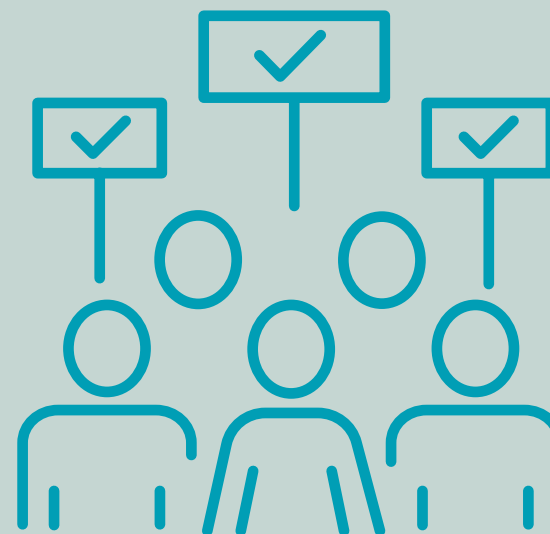
The Handbook is under constant review. In 2023, the major change has been the review of the Code of Conduct following wide consultation in 2022 on new Ethical Principles.

A consultation at the end of 2023 on the updated Code of Conduct, which builds on those principles and guides the ethical delivery of conveyancing and probate.

The consultation responses were supportive of the CLC's proposals and a rule-change submission to the Legal Services Board is in preparation. We are also planning roadshows and webinars to support the implementation of the new Code of Conduct.

There will be consequential changes to other elements of the Handbook and other amendments over the course of 2024 and 2025. These will be the subject of further consultation with stakeholders.

PROTECTING CONSUMERS



“Managed
Compliance stops
risk crystallising
into harm.”



PROTECTING CONSUMERS



Managed Compliance

Council for Licensed Conveyancers (CLC) is the specialist conveyancing and probate regulator. Everything we do is to deliver our fundamental purpose, which is the protection of the client and public interest. Our core functions are to:

- Protect consumers
- Ensure public trust and confidence in conveyancing and probate practitioners thereby ensuring their smooth functioning
- Achieve our regulatory objectives – therefore meeting the mandate set out for the CLC in the 1985 Administration of Justice Act which created the new profession of Licensed Conveyancers to provide competition and choice in legal services
- Provide a consumer focussed approach to the delivery of conveyancing and probate services

We do this through ensuring that:

- The most ethical and advantageous outcome for the client is achieved
- Our overriding principles are applied appropriately and consistently by individuals and practices
- Our codes are followed
- That laws pertinent to the legal transaction are adhered to by the individual or practice

Consumers, the general public and the regulated community want to see that any wrongdoing by individuals and practices regulated by the CLC is taken seriously and that appropriate enforcement and sanctions are applied.

CLC's approach to its regulatory mandate is unique – in that we use a managed compliance model. The responsibility is always on the regulated professional to ensure that they are working in the best interests of their clients. CLC aims to have a regulatory framework that enables firms to deliver the best outcomes for those clients. It is agile and takes a forward look to how regulation needs to develop and not only keep pace but be in advance of change.

But we also aim, through this approach, to prevent potential harm to consumers by identifying breaches of the rules and rectifying any problem before there is any consumer detriment.

The CLC will always try to work with regulated individuals and practices to ensure that they are compliant with the CLC principles, codes and associated laws. CLC practices, through this approach, recognise the benefit of frankness and candour – averting more severe action where there is a true wish to remediate and agreement to a risk based, time bound plan to do so.

Of course, depending on the seriousness of the compliance failure, if there is persistent non-compliance or actual consumer harm occurs, then we have to move to our formal sanctioning tools to secure rapid compliance or to take steps to remove the risk to consumers by intervening in a practice or suspending or removing an individual licence. Whether we become aware of compliance failings through our monitoring of a practice or individual self-reporting our first objective, wherever possible, is to agree a plan to achieve a swift return to compliance.

PROTECTING CONSUMERS



This is an approach to regulation that might be called 'high-touch' because of the close oversight of practices. It is a zero-tolerance approach too, because we require any instance of non-compliance with our regulations of the law to be remediated within an agreed time frame.

However, it is both proportionate, risk-based and targeted, and is very effective in ensuring that practices are meeting the CLC's expectations effectively.

If those we regulate are not open and cooperative with us though, we will not be able to help them avoid consumer harm, and they will be much more likely to find themselves facing disciplinary action.

Monitoring

CLC has a range of monitoring tools at its disposal. These tools are used for general routine monitoring of practices regulated by the CLC as well as targeted reviews of specific risk areas. The tools available to the CLC include:

- Routine monitoring inspections (performed on a rolling basis independent of risk assessment)
- Targeted inspections based on intelligence or risk factors. The inspection may focus on specific areas or cover all codes
- Annual accounts report review which helps highlight any account code breaches
- Client account bank reconciliation reviews – conducted periodically and randomly and used to identify issues with client monies
- Annual Regulatory Return response reviews – (an important data-gathering exercise to inform risk profiling) monitoring based on unexpected responses or trends identified in the data
- Complaints data – complaints received are followed up and may lead to additional monitoring
- Regulatory intelligence from other regulators is always investigated
- Desk based file reviews are used to identify the application of codes, specifically AML related
- OLC case data and referrals is reviewed and trends or concerning practice is followed up with practices

The monitoring inspection programme is the core of our supervision activity. Because these inspections cover all the CLC codes, it gives us a good sense of compliance trends in practices over time. This helps inform other monitoring interventions as well as guidance and support to the regulatory community.

We undertook 41 monitoring inspections in 2023. 36 of those were routine inspections based on the risk profile of the practice and five were targeted inspections in response to intelligence received about those practices. These were undertaken by CLC staff and by panel inspectors working to the same procedures.

PROTECTING CONSUMERS



Intelligence gathering, whistleblowing and information sharing

As has already been explained, the CLC has deep insight into the practices it regulates through the monitoring and inspection process, through data collection about the work and management of those practices in the Annual Regulatory Return and through Thematic Reviews and ad hoc surveys.

We have Memoranda of Understanding with the other legal services regulators and HMRC on the sharing of information and intelligence. This will generally relate to information about regulated individuals or entities and the information may be shared in both directions. We also take part in intelligence-sharing networks established by law enforcement agencies and others in the property sector.

The CLC also has a published whistleblowing policy which we promote periodically to ensure awareness among the regulated community.

The information and intelligence that we receive through these surveys, networks and bipartisan agreements as well as from conduct complaints we receive about CLC practice are useful in understanding the wider risk outlook affecting the sector regulated by the CLC and its clients. They also help maintain the risk register of the regulated entities and may lead directly to regulatory action.

Enforcement

The CLC has a wide range of mechanisms to create the platform for adherence to its designated standards, expressed through rules and guidance.

These rules and guidance are reviewed periodically to ensure alignment with best regulatory practice, new legislation or environmental changes. Recent examples include anti-money laundering, fraud protection, cyber-risk and sanctions. They may also reflect statements of regulatory practice from oversight bodies or emerging risks such as buyer funded developments.

We also take advantage of other levers which can be used to improve specific behaviours – a recent example is the introduction of a user element

to recharging the levy paid to the Office of Legal Complaints which has improved awareness of complaints handling and added an incentive to lower the number of complaints referred to the Ombudsman.

The first step in most regulatory matters – except where immediate action is required, in response to actual harm having already occurred or there being an immediate threat to clients – is the managed compliance described above. This means the CLC works with the practice to bring it back into line within a reasonable timeframe.

That timeframe is limited and requires a firm commitment by practices to put things right to a deadline agreed with their Regulatory Supervision Manager. Years of experience of the managed compliance approach means we are now making more use of the other powers we have, such as warning letters and Enforcement Determination Decisions, to speed up the process where firms are not moving quickly enough. It is a more calibrated approach that delivers the consumer protection more quickly and proportionately than a referral to the Adjudication Panel could

PROTECTING CONSUMERS



In parallel with managed compliance or following it, the CLC has a range of tools it can deploy to secure compliance where that is not being achieved in a timely manner or to sanction.

These begin with the administrative tools that can be used by the executive of the CLC without recourse to the independent Adjudication Panel. They are sanctions that the CLC has developed in response to lower-level breaches and which improve the breadth of the remedies available to the CLC within our regulatory powers.

Notice Letter

Breaches of the principles, codes and laws may not be sufficiently serious to warrant formal sanctions but it is important that they are accurately recorded on the practice record. Notice letters are used when the CLC wishes to formally make a practice or individual aware that their action(s) or behaviour is not acceptable. The existence of a notice letter is also an indicator for formal sanction for a further breach.

Informal Reprimand

A reprimand is a formal letter to a practice that informs them of the serious nature of a breach and puts them on further notice of action if it reoccurs. A reprimand is a public warning letter that is published on the CLC website and linked to the practices record.

Undertaking

An undertaking is a formal and legally enforceable pledge or promise to do something or to refrain from so doing. In certain circumstances, the CLC and one or more individuals may agree an undertaking to take or cease to take particular action. Depending on the nature of the undertaking it may be published.

PROTECTING CONSUMERS



Sanctions without referral to the Adjudication Panel are likely to be appropriate if the matter at issue is:

- An Isolated incident
- First incident of type
- There is a technical breach but no risk of harm to consumers
- Low risk of repeat
- Self-reported
- Action has already been taken to remediate and compliance has been secured

There are however times when further actions may become necessary. The CLC will consider asking the independent Adjudication Panel to impose sanctions. There is more information on the Adjudication Panel below.

In such cases the CLC brings allegations to the Adjudication Panel for consideration. That will be carried out by the Regulatory Supervision Team and at times may involve the support of panel legal advisors.

We will take matters to the Adjudication Panel for disciplinary action when any of the following circumstances apply:

- Persistent breaches of the CLC's overriding principals or codes
- Negligence
- Non-compliance through unawareness of CLC codes and legal obligations
- Dishonesty
- Actual harm or loss to consumers
- Not implementing compliance plans
- Repeat occurrences of low-level breaches
- A need to protect consumers
- Previous imposition of sanctions
- Reputational damage to the profession
- Intentional breaches
- Unwillingness to comply
- Lack of understanding of seriousness
- Attempt to conceal incident or behaviour
- Public sanction being required to deter behaviour of others

The purpose of taking further action is to:

- Protect the consumer
- To help foster and build trust by the public in conveyancing and probate practices by ensuring wrongdoing is acted on in a transparent, robust and proportionate way
- Ensure that high professional standards are met
- To maintain the quality of service provided to the public
- Deter others from similar behaviour
- Prevent recurrence of the behaviour

These sanctions must be imposed either by the Adjudication Panel under the Administration of Justice Act 1985 (AJA) or the Courts and Legal Services Act 1990 (CLSA) or by the CLC under the provisions of the Legal Services Act 2007 (LSA).

PROTECTING CONSUMERS



Sanctions

There is a range of sanctions available to the Adjudication Panel including:

- termination of a licence
- revocation of licence
- permanent disqualification
- disqualification for a period of time
- conditions on licence which restrict the work that can be carried out or the way the way the work is carried out
- suspension of licence
- formal reprimand
- financial sanction

More detail of these higher level sanctions available to the CLC and the Adjudication Panel can be found in the CLC Handbook.

All such sanctions are publicised on the CLC's [website](#).

Interventions and managed close downs

The CLC has the power under statute to resolve to close a practice when breaches are so significant that the thresholds for intervention in the legislation are met.

Whereas often there is a process of escalation through the enforcement tools, intervention may happen as a direct result of regulatory intelligence if the tests are met.

The CLC intervened into two practices during 2023. In each case, the intervention was necessary to protect clients' interests.

When the CLC intervenes into a practice, our first concern is to ensure that live matters can continue with the minimum possible delay. We have standing agreements with other legal services providers to take forward such matters. Clients of course also have the option to instruct a lawyer of their choice.

Post-intervention work is monitored closely by the Senior Management Team to ensure that client interest is protected and that any necessary disciplinary action is taken against

those regulated individuals who managed the intervened practice and other regulated individuals who may bear responsibility for the potential or actual harm that occurred to clients.

Oversight

Disciplinary interventions are an important aspect of the regulatory process. Disciplinary action can have significant cost and reputational ramifications and it is important that the senior management team is kept informed of developments once the regulatory decision has been taken. Cases are logged and tracked through the disciplinary tracker. There are regular reviews of the disciplinary tracker by the senior executives.

Further the non-executive Council of the CLC receives regular reports at its quarterly meetings (and by exception if needed) against a range of indicators through reporting on key performance indicators. These are also published on the CLC website.

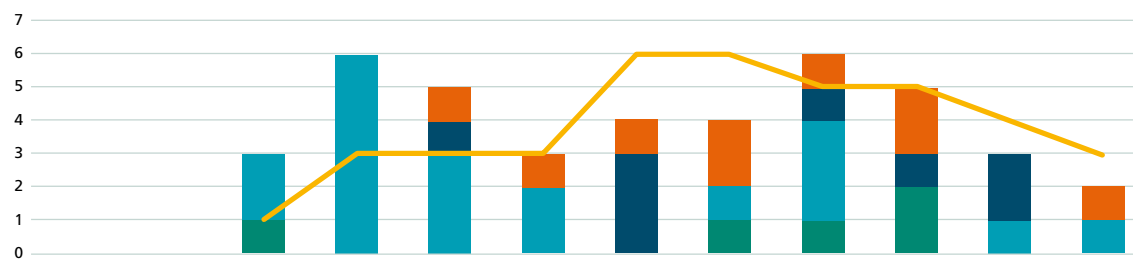
PROTECTING CONSUMERS



Inspections in 2023

The 41 Inspections conducted in the year are summarised by type below:

Practice Inspection



	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
New practice inspection					1	1	1	2	1	2		1
Re-inspections					1	2	2		1	1	2	
Routine inspections (risk based)			2	6	3		1	1	3		1	1
Targeted visit			1					1	1	2		
Budgeted visit			1	3	3	3	6	6	5	5	4	3

PROTECTING CONSUMERS



Inspection findings

The three-year compliance trend is summarised in the table below. The assessment of a practice as 'compliant, generally compliant or non-compliant' is the assessment at the point of completion of the inspection report.

The CLC has a zero tolerance approach to non-compliance. Following an inspection, each practice is required to agree with their Regulatory Supervision Manager an Action Plan with a short timetable for return to compliance in all areas.

As explained above, returning to compliance in line with the Action Plan is a requirement. There could still be disciplinary action flowing from the non-compliance, depending on the nature and scale of the risk it created.

Outcome of completed inspections				
	2021	2021	2022	2023
Compliant	2	1	13	1
Generally compliant	24	29	24	21
Non-compliant	26	18	20	14
Total	52	48	57	36
Compliant	4%	2%	23%	3%
Generally compliant	46%	60%	42%	58%
Non-compliant	50%	38%	35%	39%
Total	100%	100%	100%	100%

The table below summarises the number of practice inspections undertaken against the budget plan for the year.

Inspection plan	Q1	Q2	Q3	Q4	Total
Budgeted inspections	1	9	16	13	39
Actual inspections	3	14	14	10	41
Variance	2	5	-2	-3	2

PROTECTING CONSUMERS



The table below summarises the type and outcome of inspection completed during 2023.

Inspection summary	January	February	March	April	May	June	July	August	September	October	November	December	Total
Routine inspections (risk based)			2	6	3		1	1	3		1	1	18
Targeted Inspections (intelligence based)			1					1	1	2			5
Re-inspections					1	2	2		1	1	2		9
New practice inspection					1	1	1	2	1	2		1	9
Total	-	-	3	6	5	3	4	4	6	5	3	2	41
Overall Compliant				1							#	#	1
Overall Generally Compliant			1	3	2	3	1	2	5	3		1	21
Overall Non-Compliant			2	2	2		3	2	1	2			14

- Reports for these periods are still being finalised and have not been included in the table

PROTECTING CONSUMERS



The table below shows the breakdown of the compliance categories where inspection reports are rated as non compliant.

Compliance level: Non-compliant					
Inspection Report Category	Incidence of non-compliance				
	2019	2020	2021	2022	2023
AML & CTF Code	33	22	14	27	17
Accounts Code	15	7	2	8	3
Conflicts of Interest Code	8	8	2	4	4
File Review Purchase	7	7	4	10	7
Disclosure of Profits & Advantages Code	9	4	3	4	-
Standard Documents	10	3	-	6	8
File Review Sale	6	4	7	3	3
Management & Supervision Code	6	2	2	3	1
Complaints Code	2	3	1	2	3
File Review Will	4	1	-	-	1
Financial analysis	2	-	-	-	-
File Review Probate	-	-	-	-	2
File Review Remortgage	-	-	-	-	-

PROTECTING CONSUMERS



A breakdown of the common findings in relation to these the three main categories where inspections find non-compliance.

Inspection Report Category	Common Findings
AML & CTF Code (including file review purchases)	<ul style="list-style-type: none"> • AML policy and procedures not updated. • AML and CTF training required for MLRO and staff. • No record of AML and CTF training undertaken by MLRO and staff. • No practice wide risk assessment. • Inconsistent approach to AML checks. • Limited / ad hoc documentation on risk assessment.
Standard documents Accounts Code	<ul style="list-style-type: none"> • Missing Terms of engagement provisions (FCA wording, Compensation Fund wording, blind copying other practices T&C's, interest payment arrangements, complaints & transparency information) • Bank reconciliations not prepared regularly. • Unpresented items on bank reconciliations. • Updating matter listing.
Conflicts of Interest Code	<ul style="list-style-type: none"> • Practice acting on both sides of a transaction. • Inadequate wording in Conflicts of Interest Policy. • Client not informed of the relevant conflict issues and risks and unable to provide informed written consent.

PROTECTING CONSUMERS



The status of accountants' reports received for the 2016 to 2023 financial years are summarised below:

Accounts Report	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Received - late	51	72	60	73	76	46	32	15
Received - on time	175	158	157	133	124	177	189	125
Not received - overdue	0	0	0	0	0	1	0	3
Not Received - closed	3	16	10	14	3	6	0	5
Not yet due	0	0	0	0	0	0	0	79
Total reports expected	229	247	227	220	221	230	221	227
Qualified reports	64	61	55	36	30	15	20	13
Qualified rate (received)	28%	27%	25%	17%	15%	7%	9%	6%

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

The most common reasons for qualifications include:

- Bank reconciliations prepared late or incorrectly, and bookkeeping errors
- Receipt and payment made from client account in contravention of the accounts code
- Issues with the office side of the client account
- Issues with the sample of reconciliation statements selected.

PROTECTING CONSUMERS



Complaints

The table below includes an analysis of complaints, received by the CLC against practices, to 31 December 2023. The CLC takes complaints very seriously as potential sources of intelligence about problems withing the regulated community. We log all complaints received to ensure that the matter is properly captured and followed up. We

also track overall trends in the substance of complaints and look closely at practices that generate a high volume of complaints.

Conduct complaints are referred to the practice's Regulatory Supervision Manager (RSM) for further investigation and are taken very seriously as a source of intelligence and insight into individual practices and the wider market.

Accounts Report	Q4					Completed YTD				
	<30 days	31-90 days	91-180 days	180+ days	Total	<30 days	31-90 days	91-180 days	180+ days	Total
Conduct	26				26	81	25	8	4	118
Third party					-					-
Service	8	1			9	56	10	3		69
Not Regulated					-					-
Negilgence					-					-
Total	34	1	-	0	35	137	35	11	4	187
% of total (cumulative)	97%	100%	100%	100%		73%	92%	98%	100%	
KPI	40%	60%	100%			40%	60%	100%		

PROTECTING CONSUMERS



Disciplinary

The table below reflects the disciplinary cases in progress and concluded as at December 2023 as well as the time elapsed (under investigation) or time taken to finalise (completed).

Disciplinary Cases	1-3 Months	4-6 Months	7-12 Months	13-24 Months	25-36 Months	>36 Months	YTD Q2 2023
Under Investigation							
Conduct	2		3	1		3	9
Failure to comply with codes		3	4	2		1	10
Shortage on client accounts							
Total	2	3	7	3	-	4	19
Completed							
Conduct	1		2	6	3		12
Failure to comply with codes			1	1	1		3
Shortage on client accounts							
Total	1	-	3	7	4	-	15
Outcome of Completed cases							
Cased proved			1	3	3		7
Case not proved							
No action taken	1		2	3	1		7
Notice Letter				1			1
Other							
Total	1	-	3	7	4	-	15

PROTECTING CONSUMERS



Professional Indemnity Insurance

In 2021 and 2022 the CLC undertook a thorough review of the Professional Indemnity Insurance (PII) arrangements for the regulated community. Against the background of a challenging market for PII in all sectors, our aim was to secure consumer protection and enhance the practical operation of the PII process.

We were pleased to be able to retain run-off cover for six years, free at the point of the practice's closure. We also introduced changes to the operation of the scheme to make it more manageable for practices.

The full new measures come into effect for the first time for PII renewal in July 2023. While the market was still challenging at the time, the new approach ran more smoothly than in the past and we expect that improvement to continue in 2024. Every practice that wanted to renew its cover was able to do so.

A broker to the CLC's scheme confirmed publicly in late 2023 that CLC-regulated entities generally enjoy lower PII premiums than conveyancing practices under other regulation. This is a testament to the CLC's compliance regime as well as to the PII arrangements.



ADJUDICATION PANEL



“ An independent
Panel hearing serious
disciplinary cases. ”



ADJUDICATION PANEL



The Adjudication Panel considers allegations of misconduct against Licensed Conveyancers and hears appeals against regulatory decisions. It makes its decisions independently from the CLC. The Chair provides an annual report to the Council of the CLC. The most recent, covering the year from August 2022-July 2023 is available [on our website](#).

The chair convenes a panel for each hearing from amongst the larger group of Panel members. Membership of the Panel was increased in 2022. It includes nine Lay and Licensed Conveyancer (professional) members and a Lay Chair, all of whom are independent of the CLC.

The decisions of the Adjudication Panel are [published on the CLC website](#) at the end of any appeal period. They are also indicated against the online record of any individual or practice along with a link to the full decision. Any disciplinary determination made against an individual or firm will remain listed on the CLC website for the duration of any suspension, disqualification, or other sanction, subject to a minimum of two years from the date of publication.

The Panel sat on six occasions for a total of 19 days in 2023.

Membership of the Adjudication Panel in 2023 was as follows:

Victoria Goodfellow
Lay Chair

Paul Brooks
Lay member

Catherine Fewings
Professional member

Rachel Forster M.B.E.
Lay member

Andrew Hudson
Lay Member

John Jones
Professional Member

Isobel Leaviss
Lay Member

Robert McKellar
Professional Member

Helen Riley
Lay Member

Gillian Seager
Lay Member

Carolyn Tetlow
Lay Member

In 2022, we consulted on revisions to the Adjudication Panel rules to make procedures more transparent and clearer. Further development work continued in 2023 and the updated Rules will be submitted to the Legal Services Board for approval in early 2024.



ECONOMIC CRIME



“Tackling the funding of crime and terrorism.”

ECONOMIC CRIME



Anti-money laundering (AML)

The CLC's third [Anti-Money Laundering Report](#) was published in 2023 setting out the critical work undertaken during 2022-23. This is a statutory report that goes into considerable detail.

Money laundering facilitates some of the most harmful crimes in the UK and abroad and enables them to become more profitable. This occurs on an industrial scale and permeates many sectors of society.

In July 2023, the CLC issued an updated [Sector Risk assessment](#). In that, we underline that;

- conveyancing (the majority of the services that the CLC regulates),
- operation of a client account (as all CLC-regulated firms do),
- trust and company services (which some CLC-regulated entities provide),

are all high risk activities in relation to money laundering.

This means that all CLC-regulated entities present a high risk of money laundering. Within that, the CLC is able to take a differentiated approach, based on our detailed knowledge of each regulated entity. This enables us to categorise each entity as high, medium or low risk within that overall rating of high risk. This in turn helps target the CLC's work effectively.

As key participants in a range of legal checks and activities (including but not limited to property transactions) the conveyancers and practices we regulate have a core role in ensuring these proceeds of crime are identified and reported appropriately.

To achieve this the CLC has developed an Anti-Money Laundering & Combating Terrorist Financing Code supported by guidance and comprehensive toolkits which are focused on mitigating the risks seen in conveyancing transactions.

Our suite of AML specific monitoring activities includes desk-based reviews, onsite inspections, investigations and surveys.

Our inspections, which are our primary monitoring tool, provide a comprehensive picture of a practice's compliance against all of the CLC's codes. Following the inspection, practices are rated as compliant, generally compliant, or non-compliant both overall and in relation to AML specifically.

With respect to AML, the CLC adopts the approach that a non-compliant finding for AML will render the entire report to be non-compliant unless there are exceptional circumstances in place.

This approach reflects the importance that we place on AML and the need to ensure that money laundering is tackled in the UK. Previously the CLC was undertaking inspections on a three-year cycle for every practice. After a review of this approach in 2022 we adopted a new risk-based approach which means that we are focussing our resources on the most high-risk practices.

ECONOMIC CRIME



It is important to note that RSM's also meet new practices within the first six months of operation and carry out an inspection in their first year irrespective of risk level. Inspections are also tailored to the size of the practice in that larger practices may be subject to a different monitoring process owing to their size. It is important to note that desk-based reviews of a practice's policies and procedures take place as a precursor to an inspection, and therefore form part of our onsite inspections framework.

We have the power to apply disciplinary and/or financial sanctions ourselves or, in more serious cases, by referral to our independent Adjudication Panel. The data derived from the above processes is captured by a stand-alone AML Risk Register which sits alongside our general risk register for each regulated entity.

From our close and frequent interaction with the sector we are aware that there is a very large majority who want to adhere to AML requirements and uphold their reputation, and that of the profession, while protecting consumers. However - as in every single sector - there is a small group that do not meet the standards we expect. Our focus remains on identifying and dealing with

such practices, to maintain confidence in the profession as well as the rule of law and the administration of justice and in the wider public interest. As such we continue to take our work as an AML supervisor very seriously.

AML is a key focus area and the CLC has allocated significant resources to AML activities. This is together with having a dedicated money laundering reporting officer and deputy in post to meet our obligations to both identify and report suspicions of money laundering to the National Crime Agency (NCA.) In line with all our regulatory activity, AML is an area where our work has evolved to understand potential gaps and risks. That is why we ran a significant thematic review over 2023 looking and Trust and Company Service Provision. There is more on that below.

In addition, the CLC remains committed to continued close engagement and information-sharing with the regulated community, government agencies, legal (and other) sector regulators, financial services providers (informally and through formal networks) and consumers to tackle crime and to protect clients and citizens.



ECONOMIC CRIME



Trusts and Company Service Providers (TCSPs) – Thematic Review

In terms of supporting our wider compliance work, and as part of a gap analysis (to help to assess risks fully), the CLC has undertaken a Thematic Review of all CLC regulated practices. The aim of this analysis was to understand the nature and extent of the TCSP work being undertaken by CLC practices, which will assist in informing our ongoing AML monitoring programme. As part of the review, we analysed the risks of CLC practices acting as trustees and/or assisting in or setting up trusts, which in our view is the relevant work captured under the 2017 AML regulations. A questionnaire specific to trusts was sent out to CLC practices in September 2022 and then seven practices were selected for further follow-up work over 2023 which included file reviews and the production of individual reports.

A report has now been published setting out the findings of the Thematic Review and the next steps the CLC will take. The findings will also be discussed with OPBAS.

OPBAS Inspection

In September 2023, the Office for Professional Body AML Supervision (OPBAS) undertook an inspection of the CLC. It inspects all Professional Body Supervisors periodically, last inspecting the CLC in 2019.

Preparing materials and giving interviews for this inspection, as well as commenting on the report was something to which the CLC devoted considerable staff resource to in the second half of the year.

That was important, because as well as assuring OPBAS of the standards of our supervision, it is an opportunity to take advice and comment from the oversight body on what further steps might be open to us as a regulator.

The resulting inspection report was very positive and provided prompts for an Action Plan for those further steps that we are putting into effect in 2024 and beyond.

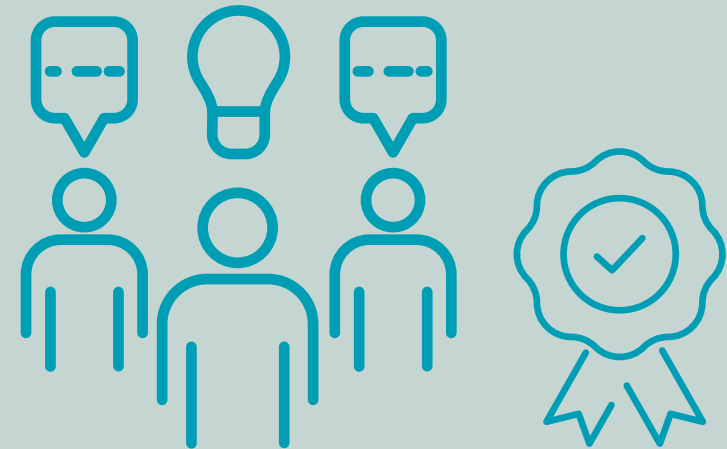
Sanctions

The advent of the war in Ukraine in February 2022, saw the British Government impose new sanctions on individuals and companies linked with Russia and Belarus. We acted quickly to provide a comprehensive Advisory Note to the regulated community. That Note is kept updated as the situation evolves, primarily through changes to the countries or individuals on the list.

While the focus has largely remained on Russia and Belarus, we have taken the opportunity to frequently remind our regulated community of their requirements. We have also reminded them that the sanctions regime has global reach and that sanctions often go hand in hand with economic crime, anti-money laundering and cyber risks.

In common with all other areas of compliance, the performance of regulated entities in relation to sanctions is reviewed as a mainstream element of our monitoring and inspection process.

STRATEGIC INITIATIVES



.....

This section covers items from the 2023 Business Plan that are not already covered in this report. These include vital projects as well as core routine work aiming to change and improve conveyancing and probate in the consumer interest or to make the CLC's regulation meet better the Regulatory Objectives and Better Regulation Principles.

The business plan with an end-of-year commentary appears below as an annex to this report.

This report is arranged according to the CLC strategic objective to which a business plan item most contributes.

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STRATEGIC INITIATIVES

1. Quality



1. Promote quality in legal services

A. The CLC should promote all aspects of improvement in the practice of conveyancing and probate, whether legislative, process change or it-driven to improve client outcomes.

Contributing to the transformation of conveyancing processes

As the specialist regulator of conveyancing, the CLC has a particular role to play in the effort across the entire property sector to transform the home buying and selling process and the transfer of commercial property.

The current process takes far longer than in other, comparable developed nations and the conveyancing process is a key contributor to that timeline. Partly as a result of extended timelines, but also in part because of the limited information about a property on which sale is agreed, the UK also has high proportions of transactions falling through rather than completing. This comes at a financial, time and emotional cost to consumers.

The CLC has long been engaged with the Home Buying and Selling Group (HBSG) that brings together the professionals that delivery property transfer from estate agents through to removal companies. In 2023, we came together with others in the legal and finance sectors to identify concrete steps that we can take to ensure that the transformation of home buying and selling can be delivered. HM Land Registry convened the Digital Property Market Steering Group (DPMSG) bringing together:

- The Law Society
- Conveyancing Association
- Council for Licensed Conveyancers
- The Society of Licensed Conveyancers
- Solicitors Regulation Authority
- Royal Institution of Chartered Surveyors
- Chartered Institute of Legal Executives (CILEX)
- CILEx Regulation
- Council of Property Search Organisations
- Propertymark

- Building Societies Association
- UK Finance

CLC representatives spoke on a panel and ran a workshop at the launch conference for the sector in September 2023. Since then, we have worked to develop a timetable for delivery by DPMSG that we will be reporting against over the next year.

The CLC has committed significant resource to this effort in 2024 and beyond. We see our role as:

- Identifying and removing an unnecessary regulatory barriers to change.
- Positively fostering innovation in the delivery of conveyancing.
- Ensuring that future processes represent an improvement in service and a reduction in risk to clients.
- Ensuring the regulated community understands the how change is happening and is likely to happen and what they can do to take advantage of it for their clients.

In 2023 we did a great deal to promote the DPMSG agenda. In 2024, the focus will turn to delivery of that work.

STRATEGIC INITIATIVES



Probate – improve probate services

While there is much legal sector focus on transforming conveyancing, we know that probate services are facing difficulties arising principally from:

- Delays at the Probate Registry.
- Poor will-writing, particularly in the unregulated sector.

In 2023 we carried out a repeat of our 2021 'State of Probate Survey' which found familiar problems facing CLC-regulated Probate Practitioners. We have published the findings and have begun work to engage with the Probate Registry to explore ways to work together to help address some of the challenges and to raise standards in the sector.

Promote Customer Charter

In 2019, following consultation, the CLC revised its Customer Charter. The Customer Charter was originally developed as a public legal education tool 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 clients.

Work began in 2023 to undertake a further refresh with insight from the Consumer Reference Group. This will take place in 2024 and the Charter will be promoted again following the completion of that refresh.

Promote inclusion and diversity in the regulated community and the provision of legal services

The chief element of the CLC's work here in 2023 was to undertake a new diversity monitoring exercise of the regulated community and the CLC itself. The findings of that survey will be published in early 2024. It found that, although the CLC-regulated community is a diverse one, with a very diverse entry and participation, the challenges of progression to senior roles persist for women and people from ethnic minority backgrounds.

The CLC intends to undertake qualitative research in 2024 to probe the barriers to progress in more detail and scope action that the regulator can take to drive change.

STRATEGIC INITIATIVES



B. Revised ethical standards should underpin work to drive quality and compliance and assist in the disciplinary process.

Code of Conduct Review

In 2022, the CLC revised the Ethical Principles that underpin the Code of Conduct in consultation with legal education experts, practitioners and through an open consultation. In 2023, the work continued to review the Code of Conduct itself in line with those revised Ethical Principles.

A consultation on the revised Code closed on 8 January 2024 and the CLC is preparing an application for a rule change to the Legal Services Board (LSB) following the Council meeting of 1 February.

The new Code of Conduct is much improved, being more clearly drafted and setting out in greater detail the standards that the CLC expects the regulated community to meet, which are slightly more exacting than what they replace.

Two areas in particular are changing significantly:

- Know Your Client – where we see a broadening of the responsibility to understand clients in the round and be able to meet their needs, not simply to be sure of their identity
- Equality and Diversity – where the Code requires more positive action by CLC-regulated lawyers to ensure that they are meeting high standards of inclusion in the workplace and in the provision of legal services.

Following approval by the LSB, there will be some immediate consequential changes to be made to other elements of the Handbook. Work is also underway on a rolling review of the various Codes and Frameworks that make up the Handbook.

Defining proportional approach – setting thresholds for action

This was an exercise by the monitoring and enforcement team to codify the processes that the CLC follows in deciding when to take enforcement or disciplinary action and how. This was set out in the report [Routes to Enforcement and Report on Activity in 2022](#) published in July 2023.

STRATEGIC INITIATIVES

2. Consumer Protection



2. Exploit the CLC's unique approach, insight and relationship with the regulated community to further improve consumer protection

Licensing Framework Review

A great deal of work has been done by the CLC to scope the feasibility of aligning the licensing (and licence renewal) process for Recognised Bodies and Alternative Business Structures. There have been discussion with the Council about the possibility of a three-year licence period.

There are some legislative barriers to full alignment and a need to clarify routes of appeal against licensing decision.

This work will be returned to later in 2024 once the related Ongoing Competence provisions have been fully implemented.

Quality Indicators Pilot

The CLC participated in joint research with the Solicitors Regulation Authority (SRA) and CILEx Regulation (CRL) that began in 2021 and ran over several months, into late 2022. We wanted to test approaches that legal service regulators might consider in the future to ensure the availability and accessibility of comparable information continues to increase.

Nine review websites and comparison websites took part in the pilot, alongside 70 law firms, completing actions and providing their views and feedback to us as we went along.

More than 6,000 members of the public participated in the pilot's consumer research projects. We also worked with other organisations, professional bodies, and website providers to capture their perspectives.

We saw enthusiasm and strong levels of interest from consumers in a number of legal service quality indicators, including online reviews and star ratings in particular. Consumers were interested in legal service comparison websites, and ways to find out more about them.

Review websites reported increased numbers of legal service providers and consumers engaging with their platforms. This was supported by targeted work from each of the regulators taking part in the research helping to build that engagement.

We explored barriers that currently inhibit trusted sources of information about legal services from being accessed more widely as a quality indicator by the public. This included data such as Legal Ombudsman decisions.

We also heard about significant benefits that some legal service providers are experiencing from quality indicators, alongside concerns about risks raised by other providers.

We evaluated the evidence we gathered to consider actions that legal service regulators might take going forwards to positively influence quality indicators and their accessibility to consumers.

Those actions were set out in the report that was published in June 2023. Since then, each regulator has been consulting internally on next steps. The CLC's business plan for 2024 sets out how it plans to take this work forward.

STRATEGIC INITIATIVES



Implement revised Compensation Fund

Since 2021, the CLC has been reviewing its Compensation Fund arrangements.

The CLC manages the Compensation Fund on behalf of the regulated community. The fund is provisioned by an annual levy on regulated entities, based on the turnover of each.

It is a fund of last resort for clients who have suffered a loss at the hands of a CLC-regulated practice, the practice has closed and the period of extended professional indemnity insurance (PII) cover is expired (after six years) or the claim does not come under the PII terms. Payment of claims is at the discretion of the CLC.

The majority of claims are administered by the executive of the CLC and are reported to the Council each quarter. Where novel or complex issues arise, the Council may be asked to take part in the decision-making process.

The executive have been working with a Council Member to revised the operating framework of the Fund to make it easier for claimants to understand eligibility and to protect the fund so that it is sustainable for the future and that meritorious claims can be met.

That process is almost complete, and the new arrangements will be subject to approval by the LSB.

STRATEGIC INITIATIVES



Reducing referrals to the Legal Ombudsman

As a proportion of transactions undertaken, the numbers of referrals of client complaints to the second tier, the Legal Ombudsman (LeO), may not seem high, at 327 in the most recent year.

However, with 40% of CLC-regulated firms originating no complaints to LeO in the last three years, and on the basis of data from LeO, it is clear that a small number of firms generate disproportionate numbers of complaints.

We introduced a 'polluter pays' element to contributions to LeO's costs in 2020. This was intended to incentivise those firms with high levels of second-tier complaints to prioritise reducing those referrals. In 2022, the CLC's Independent Adjudication Panel made a disciplinary finding against an entity and its principals relating to failings in relation to the Complaints Code. We have also provided tailored training to relevant entities in the past. It has not been possible to repeat that in 2023 but we hope that LeO will be able to work with us again in 2024.

In the meantime, we have responded to the LSB's consultation on revised rules and guidance on first tier complaints in November. In that, we pointed out some trends that we have seen in the data on second tier complaints against CLC-regulated entities.

Looking at the data for CLC-regulated practices, in the last two full years of 21/22 and 22/23, the number of complaints received went up considerably compared to previous years, as did the number of enquiries closed before being accepted.

At the same time, there has been very significant growth in the numbers of complaints dismissed because an Ombudsman determined that a reasonable offer had been declined. These now make up 77% of Ombudsman decisions on CLC cases. This may indicate that the LeO system is taking in too many complaints that require very little consideration – because the time elapsed on most of them is recorded as 0 (or even negative) days. We are seeking clarification on the meaning of those figures.

The number of Ombudsman Final Decisions has decreased marginally, and the number of practices being charged a case fee is decreasing. At the same time, the number of cases with agreed outcomes seems to be trending downwards. Alongside that, the number of remedies requiring zero additional payment to complainants is decreasing.

Taken together, this seems to indicate improving complaints handling practice at first tier despite increasing numbers of cases being accepted by LeO. The CLC will continue its work to support this improvement.

STRATEGIC INITIATIVES

3. Specialist Regulation



3. Benefit clients by reducing the unit cost of regulation by the CLC and bringing the CLC's specialist regulation of conveyancing and probate to bear on a larger part of the market

Growing the CLC's Regulated Community

The CLC has an ambition to increase the volume of specialist conveyancing and probate work under its regulation. This is because we believe that our model of regulation works well to deliver consumer protection, due in no small part to our specialisation.

A good example is the recent case of a cyber-attack on a supplier to legal service providers, which affected only one CLC-regulated practice directly, but many other conveyancing firms across the sector. The CLC was the first organisation to issue advice to its regulated community on our expectations in relation to protecting clients' interests in the face of disruption to exchanges and completions. We issued that advice on the same day. The next regulator to

react did so some four weeks after the incident began.

Entry to CLC regulation is not automatic whether you are an individual, a start-up provider of legal services or an established practice looking to move conveyancing and/or probate services into CLC regulation.

Most individuals will qualify for entry by achieving the SQA qualifications at Level 6 and meeting the experience requirements. We also apply 'fit and proper' tests to ensure that individuals will meet the ethical standards we set.

Our strict entry criteria mean that far fewer potential new entities make it into CLC regulation than express an interest. We require new practices to be fully compliant on day one and visit within the first six months of operation to ensure that compliance is being maintained.

In 2022 and 2023 we have seen over 150 FCILEx Fellows specialised in conveyancing or probate move into CLC regulation because of their concerns about the future of CILEx Regulation. Again, that transfer is not automatic, but subject to demonstrating that our standards are met.

The CLC wishes to grow so that the unit cost of regulation is reduced and so the burden on the consumer and we will continue to work to that end.

Data hygiene and enhanced IT security

The CLC handles a great deal of personally sensitive and commercially confidential data about the regulated community and its clients. In 2023, we have therefore completed significant upgrades to our IT security, moving to new, more secure platforms, bringing our database in-house and enhancing data protection training to mitigate risks.

2024 AND BEYOND



The Council of the CLC will consider the final budget and business plan for 2024 at the 1 February meeting, the first formal Council meeting of the year.

The business plan will build on the significant achievements of 2023 and earlier years, but it is very much forward-looking as the prospect of significant change and improvement in the delivery of conveyancing and probate services becomes very real.

The CLC's founding mission to introduce innovation and competition means that we have a strong mandate, as well as the wish, to do all that we can to support the transformation of home buying and selling and take what lessons we can over to the delivery of probate. This is in the interests of clients and in the wider public interest too as well as being helpful to the property market and thus the wider economy.

Key items in the 2024 business plan include:

- Continuing to deliver high standards of consumer protection through managed compliance
- The beginning of a rolling review of the Handbook and Guidance – this follows the review of the Ethical Principles and Code of Conduct
- Work to take forward the findings of the Quality Indicators Pilot that reported in 2023
- The implementation of new frameworks for the Compensation Fund and the Adjudication Panel
- The launch of new arrangements for Ongoing Competence
- Further action to improve complaints handling at first tier
- Supporting the transformation of the conveyancing process in the consumer interest
- Further work to address barriers to inclusion in the regulated community and particularly career progression
- Recruitment of new Lay Members to Council.

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2023 Business Plan – Progress Report End of Year 2023

Key

DFO – Director of Finance and Operations

DSER – Director of Strategy and External Relations

DDL – Deputy Director of Licensing

The Regulatory Objectives (Legal Services Act 2007)

1. Protecting and promoting the public interest
2. Supporting the constitutional principle of the rule of law
3. Improving access to justice
4. Protecting and promoting the interests of consumers
5. Promoting competition in the provision of services
6. Encouraging an independent, strong, diverse and effective legal profession
7. Increasing public understanding of the citizen's legal rights and duties
8. Promoting and maintaining adherence (by authorised persons) to the professional principles

Strategic Objectives

1. Promote quality in legal services
 - a. The CLC should promote all aspects of improvement in the practice of conveyancing and probate, whether legislative, process change or it-driven to improve client outcomes.
 - b. Revised ethical standards should underpin work to drive quality and compliance and assist in the disciplinary process.
2. Exploit the CLC's unique approach, insight and relationship with the regulated community to further improve consumer protection
3. Benefit clients by reducing the unit cost of regulation by the CLC and bringing the CLC's specialist regulation of conveyancing and probate to bear on a larger part of the market

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2023 Business Plan

Ref	Activity	Regulatory Objective	Strategic Objective	Commentary on outturn
1	Code of Conduct Review – based on revised Ethical Principles and informed by monitoring, inspection and enforcement work	1, 2, 4, 6, 8	1a, 1b, 2, 3	<p>The consultation period was extended to 8th January 2024, but this has not impacted the original timetable. Council is being asked at the 1 February meeting to sign off on a final version of the revised Code of Conduct for submission to the LSB for approval.</p> <p>We expect to be able to bring the new Code of Conduct into force on 1 May 2024. Work to achieve that is included in the 2024 Business Plan.</p>
2	Licensing Framework Review – to secure as much alignment and simplification as possible	2, 3	2, 3	<p>The critical review of progress has been completed and the principle of a three-year licence period has been explored with Council. This element of reform will be carried out when the new arrangements for maintaining ongoing competence of individual lawyers has been implemented.</p> <p>Further work has identified that some clarification is needed on lines of appeal to the Adjudication Panel and General Regulatory Chamber.</p> <p>This work is included in the 2024 Business Plan.</p>
3	Growth: Ensure we have compelling promotional materials	1, 4, 5, 6	2, 3	<p>Much work has been achieved on this, including significant evolution of the lexicon the LCC uses to describe its unique approach. The inquiry into the regulation of legal services also prompted new articulations by the CLC of its view of the landscape and concerns about issues such as the titles given or proposed for CILEx lawyers.</p> <p>This will continue in the 2024 Business Plan.</p>

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Ref	Activity	Regulatory Objective	Strategic Objective	Commentary on outturn
4	Growth: Market CLC qualifications to employers	4, 5, 6	2, 3	New Employer case studies are now on the website to complement the student case studies. This rolling work will continue into 2024, including potential activity in National Conveyancing Week (March 2024).
5	Promote lessons of the Quality Indicators Pilot	1, 4, 5, 6, 7	1a, 2	At the Council workshop on 19th October, Council agreed that the implementation of actions from the report could be carried out by the CLC without coordination with other regulators. That work is now underway, and is captured in the 2024 Business Plan and is expected to carry on into 2025 and possibly beyond.
6	Support development of a single digital register for the legal sector	1, 3, 4, 5,	1a	The LSB has indicated that it is content with the approach proposed by the front line regulators, who are now working to adapt the 'help me trust my lawyer' search tool on the Legal Choices Website. This is the fastest and best value option for meeting the CMA's expectation that there should be a single register of all regulated lawyers. Ongoing work is captured in the 2024 Business Plan.
7	Implement revised Compensation Fund	1, 3, 4,	2, 3	This is a complex area and has required significant senior management and Council Member time as well as external legal support. Legal advice has slowed down work on this. Continued work appears in the 2024 Business Plan.

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Ref	Activity	Regulatory Objective	Strategic Objective	Commentary on outturn
8	Finalise and implement revised Adjudication Panel Rules	4, 5, 6	2, 3	<p>Another very large piece of work. We undertook a review of the full pack of new rules to assure progress and identify any final gaps and to take account of questions raised by the LSB in its informal review of a draft submission.</p> <p>The proposed new rules will be provided to Council for approval before submission to the LSB in early 2024.</p>
9	Seek to reduce referrals to LeO	1, 4, 6	1a, 1b, 2	<p>The CLC responded to the LSB's consultation on revised rules and guidance on first tier complaints in November. A related meeting of a 'Coalition of Stakeholders' (including the CLC) to examine the issues around complaints handling has been scheduled for January. In our response to LeO's consultation on its business plan, we have underlined the need for their cooperation to develop training for practices. We hope this will be possible in 2024.</p>
9a	Support development of a single digital register for the legal sector	1, 3, 4, 5	1a	<p>Council decided not to change the OLC fee split ratio this year. This was included in the regulatory fees submission to the LSB. The question will be considered annually as part of the fee-setting exercise.</p>
10	Reassess risk profile of all regulated entities	1, 4, 8	1a, 1b, 2	<p>A new, more detailed and sophisticated risk register launched in November.</p> <p>At the moment, there are no plans to communicate risk ratings to individual practices.</p>

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Ref	Activity	Regulatory Objective	Strategic Objective	Commentary on outturn
10a	Refresh AML risk assessments	1, 4, 8	1a, 1b, 2	The register is in place and is being maintained and enhanced through monitoring.
11	Ensure arrangements for the oversight and delivery of CLC qualifications are effective	1, 4, 5, 6, 8	1a, 2, 3	<p>Consultation on review of the revised qualifications is complete. Providers and trade bodies have participated. The review timetable was adjusted to accommodate an unexpected mapping exercise which was needed against the knowledge, skills, and behaviours of the revised apprenticeship standard. This exercise concluded at the end of September 2023,</p> <p>SQA is drafting a development. We expect to be able to report on this plan in early 2024.</p> <p>Promotional work with providers has been focused on mapping stepping on points to the CLC qualification from the new CILEx CPQ, and SRA SQE1. Following the first year's performance of the CPQ and SQE1 – drop off rate data shows probable advantage in targeting these students.</p> <p>No appetite was found from providers to engage in a model that did not include SQA, or another Awarding Body. Training providers have made considerable investment in staff, resource and marketing on the current product and see a move away from this as disruptive and not cost effective to them. A change could result in a loss of providers.</p> <p>Approaches to ancillary awarding bodies in the property sector, such as Property Mark were not fruitful.</p>

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Ref	Activity	Regulatory Objective	Strategic Objective	Commentary on outturn
12	Promote Consumer Charter	1, 4, 5, 6, 7, 8	1a, 1b, 2	This work was reprioritised in a Q1 review of the business plan. However, a slew of important third party consultations, the RPA process and the Justice Select Committee inquiry diverted resources. The intention in 2024 is to ask the Consumer Reference and Professional Reference Groups to review the Charter and for a revised version to be launched in the course of 2024 and is included in the 2024 business plan.
13	Contribute to the transformation of conveyancing processes	1, 3, 4, 5, 6, 7, 8	1a, 1b, 2, 3	Participation in various forums – HBSG, DPMSG, the ID pilot governance and promoting the transformation agenda by speaking at third party events, is considerable. However, it is necessary to advance the agenda and smooth the way to adoption of new ways of working and new tools. The 2024 Business Plan reflects the potential benefits to consumers of progress in this area.
13	Improve probate services			The State of Probate survey found very significant issues in the sector. At its workshop on 19th October, the Council asked that a future workshop be arranged to review probate in the round to set the direction for CLC activity and preparation is in hand, including attempts to secure engagement from officials at the Probate Registry.

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Ref	Activity	Regulatory Objective	Strategic Objective	Commentary on outturn
14	Promote inclusion and diversity in the regulated community and the provision of legal services	1, 2, 4, 6, 8	1a, 1b, 2	<p>A detailed report on the CLC's EDI work was submitted to the LSB in May 2023.</p> <p>The results of the survey of the regulated community have been provided by the research agency. While there are variations from past surveys, the main challenges of career progression for female and minority ethnic lawyers clearly remain. This information will help shape next steps in 2024, including possible qualitative research to try to identify more closely the cause of those challenges.</p>
15	Ensure effective contribution to combating economic crime	1, 3, 4, 5, 6, 7, 8	1a, 1b, 2, 3	<p>Sanctions information on the CLC's website has been updated as necessary and promoted through the newsletter.</p> <p>The report to HM Treasury was submitted to deadline and was the culmination of a great deal of work at Deputy Director and SMT level. The same was true of our published annual report on AML work.</p> <p>The OPBAS inspection took place and follow-up material has been provided. This is significant oversight of the CLC that arguably duplicates reporting to HM Treasury. However, it has resulted in useful suggestions for action to continue to develop our already very effective work.</p> <p>We have responded to the HM Treasury consultation on the future supervision of AML and await further work from government on that.</p> <p>The TCSP thematic review has been completed.</p>

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Ref	Activity	Regulatory Objective	Strategic Objective	Commentary on outturn
15b NEW	Prepare CLC responses to developing policy			<p>Over the course of 2023, the CLC submitted the following responses to third party consultations. Each of these represents considerable work.</p> <p>December 2023 – CLC Response to OLC Consultation on its Draft 2024-27 Strategy and 2024/25 Business Plan and Budget</p> <p>November 2023 – CLC Response to the LSB Consultation on draft section 112 Requirements, Guidance and policy statement for approved regulators in relation to first-tier complaints</p> <p>October 2023 – CLC Response to LSB Consultation on Draft Guidance on Promotion of Technology and Innovation</p> <p>September 2023 – CLC Response to HM Treasury Consultation Reform of the Anti-Money Laundering and Counter Terrorism Financing Supervisory Regime</p> <p>September 2023 CLC submission to CMA call for evidence on unregulated legal services</p> <p>February 2023 – LSB Consultation on its Budget and Business Plan for 2023-24</p> <p>We also provided views to the LSB on its proposal for monitoring compliance with the new regulatory objective on economic crime and made two submissions to the Justice Select Committee.</p> <p>The work with the Select Committee consumed significant senior management time but was a valuable projection of the CLC's unique insight and expertise.</p>

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Ref	Activity	Regulatory Objective	Strategic Objective	Commentary on outturn
16	Set fee rates for the year beginning November 2023	1, 4, 5, 6	2, 3	Following Council's decision in July and consultation, the LSB approved the CLC's proposed fee rates for the licence year 2023/24.
17	Continue to extend the transparency of CLC operations	1, 7, 8	1b, 2	<p>The Annual Report has now been published. Largely complete. The proposed AGM will take place for the first time in Q1 2024.</p> <p>Newsletters and consultations continue to engage effectively, securing high open rates around 55-60%. The Chair's blog of Council meetings is routinely the most clicked item in any newsletter in which it appears.</p> <p>The internal audit of the Publication Policy was positive. The annual review of the policy will take place at the 1 February Council meeting.</p> <p>There is an annual oral report to the Council on the impact of communications at the first meeting each year.</p>
18	Monitor operation of PII market and effectiveness of actual provision	1, 4, 5, 6	1a, 1b, 2, 3	<p>Claire Richardson undertook monitoring of the PII renewal process. Changes agreed by the Council in 2022 contributed to an improved renewal round in 2023.</p> <p>Autumn/Winter meetings with brokers and insurers have taken place and there is now another round of discussions under way in preparation for the 2024 renewal round.</p>

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Ref	Activity	Regulatory Objective	Strategic Objective	Commentary on outturn
19	Deliver effective monitoring and inspection processes	1, 4, 8	1b, 2	<p>This work was completed in Q2.</p> <p>Thematic reviews will largely be shaped by Regulatory return data which is being analysed in Q3 and will be used in reviews.</p> <p>We have captured our AML processes in a policy document that will be reviewed annually and updated as necessary.</p> <p>Steps are already under way in response to findings from the TCSP research.</p> <p>The annual inspection programme was completed on schedule and training for external inspectors was also completed.</p>
19a	Defining proportional approach – setting thresholds for action	1, 7, 8	1b, 2	<p>A report on disciplinary action in Q1 and Q2 of 2023 was published in July 2023. A full-year update is included in the Annual Report to be published in February 2024.</p>
20	Review sanctions to ensure they meet the regulatory objectives of the CLC	1, 4, 8	1b, 2	<p>The timetable has moved to allow this work to benefit from the Q3 report from the Chair of the Adjudication Panel.</p> <p>Ongoing work is captured in the 2024 Business Plan.</p>
21	Ongoing Competence	1, 2, 4, 5, 6, 8	1a, 1b, 2	<p>Policy and operational work is under way to launch the new approach for the licence year 2024/25. This is captured in the 2024 Business Plans. This represents the culmination of a great deal of internal thinking, consultation with experts and practitioners.</p>
22	Extend probate-focused activity	1, 4, 5, 8	1a, 1b	<p>This will follow the findings of the State of Probate survey.</p> <p>A workshop discussion on probate is included in the 2024 council workplan.</p>

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Ref	Activity	Regulatory Objective	Strategic Objective	Commentary on outturn
23	Enhance employer brand to support recruitment and retention in a competitive market	All	1a, 3	<p>The CLC undertakes regular benchmarking and reviews policies and benefits for competitiveness. The Council and Remuneration Committee set reward for 2023/24 in Q4. Organisational Design is kept under review, most recently by the SMT in July.</p> <p>Revised staffing for 2024 was taken account of in budget planning and the fee submission to the LSB.</p> <p>A new Head of Policy and Regulatory Standards was appointed in late 2023 and has begun working with the CLC.</p>
24	Face to face events with the regulated community	All	1a, 1b, 2, 3	<p>In September we held a roundtable of practitioners, tech providers and other stakeholders. The report is published here.</p> <p>We held four face to face workshops with practitioners in London, Bristol, Leeds and Liverpool in November.</p> <p>We have had significant speaking slots at a range of third party conferences and events including:</p> <ul style="list-style-type: none"> • Society of Licensed Conveyancers Annual Conference • DPMSG launch conference • Digital Conveyancing Summit • The Legal Software Suppliers Association AGM <p>We also take part in regular forums that also include members of the regulated community such as the Home Buying and Selling Group, HMRC SDLT Working Together Steering Group and HM Land Registry Forum.</p>

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Ref	Activity	Regulatory Objective	Strategic Objective	Commentary on outturn
24a	Consider holding a conference			<p>We are holding a half day conference and AGM on 1st February. We will review that and plan further activity for 2024.</p> <p>We have had major speaking slots at a range of events for the regulated community, as listed above and run our won compliance roadshows.</p>
25	Review accommodation provision	-	3	Completed at the end of June 2023. New premises are proving to be better suited to the CLC's needs as well as delivering economies.
26	Website maintenance and review	1, 3, 4, 5, 7, 8	2, 3	<p>This has been reprioritised as part of the Q1 review, but elements of improvement have already been delivered.</p> <p>Day to day maintenance is ongoing.</p>
27	Data hygiene and security	All	2, 3	<p>Data security has been improved by the steps reported in 28, below.</p> <p>All-staff training has taken place in Q4.</p> <p>The Data Protection Officer (DPO) and a colleague from the Licensing Team undertook ongoing competence training in October 2023, and incorporated current issues and best practice within the staff training in Q4.</p> <p>Training for all staff is included in the 2024 business plan.</p>
28	Enhanced IT security	All	2, 3	<p>The CLC has made a more significant change by moving to Microsoft Sharepoint and Azure (cloud platform).</p> <p>We are introducing multi-factor authentication for log-on.</p>
29	Managing conflicts of interest when acting for both sides in a transaction	4, 8	1a, 1b, 2	This was completed to timetable.

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Ref	Activity	Regulatory Objective	Strategic Objective	Commentary on outturn
30	Consumer Reference Group (CRG)	1, 4, 7, 8	1b, 2	The CRG is proving very valuable as a way to secure consumer perspectives on the CLC's work. There was a report to council by the CRG chair and Council took a decision on at its October meeting to continue the operation of the CRG following a successful first year.
31	Complete database development	1, 4, 5, 7	1, 2, 3	The database has been completed and is now feeding the online register, meaning that the CLC no longer uses the old database.
32	Regulatory Performance Assessment	Reports on actions against all Objectives	Reports on actions against all Objectives	This was a particularly resource-intensive exercise in 2023. The 2024 RPA will be a fuller one, run on the basis of a new framework so will be at least as significant. The evidence was submitted on time. We received a draft assessment for comment in November to which we have responded in detail. We await publication of the final reports on all front line regulators, expected before the end of January 2024.



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