

# Strategy and 2015 Business Plan



The Specialist  
**Property Law**  
Regulator

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## **The CLC is the specialist property law regulator. Our strategy is to**

- **Focus on core activities and appropriate, value for money regulation to deliver high standards of practice and consumer protection**
- **Maximise the benefits of our specialist approach to regulation of specialist lawyers**
- **Engage in developing the future of legal services regulation so that the benefits of the specialist approach are retained in any future framework**

# Foreword

**Anna Bradley, Chair**

The profession of Licensed Conveyancer and the CLC as its new, independent regulator, were created nearly 30 years ago. The intention was to break a monopoly in the provision of conveyancing services and to deliver benefits to consumers and businesses through improved and enhanced provision of legal services at more competitive prices.

Conveyancing and probate services are surely the most commonly-accessed legal services and have an impact on the lives of the greater part of the population as they manage the transfer of personal assets at key moments in their lives. So getting consumer protection right and supporting a flourishing supplier base are vital.

The CLC is proud of its impact on the legal services market and regulation. Since it was established by the Access to Justice Act 1985, the CLC

- has introduced competition and real consumer choice into the conveyancing market which has driven down prices without sacrificing quality.

- has developed an approach to regulation that fosters innovation and growth in consumer-focused delivery of vital legal services.
- was the first regulator to regulate entities and the first to allow non-lawyer ownership of those entities.
- was the first regulator to downsize the council itself and establish a lay chair;
- has developed and managed routes to qualification as a Licensed Conveyancer that are open and accessible and have fostered a diverse profession.

It is the CLC's specialist approach to regulating property law services that has enabled it to support innovation, competition and growth while protecting consumers. The Council therefore intends to continue to explore and develop the strengths of that specialised approach, just as we did when we extended our scope to regulate the provision of probate services. We believe specialist regulation represents an important and successful alternative that should continue within any future structural framework for legal services regulation.

Since the appointment of Sheila Kumar as Chief Executive, the CLC has undertaken a thorough review of its work. We have adopted a strategy that builds on the considerable strengths of the specialized approach to regulation that has underpinned the success of the CLC over the last three decades and which will serve consumers and those we regulate well.

You can find out more about our strategy, and the background to our thinking, in the rest of this document. At the end you will find our business plan for 2015.



# OUR VISION, MISSION AND VALUES



## Our vision

The CLC works to maximise the benefits of our specialist model of legal services regulation ensuring that its strengths continue to benefit consumers and the legal services market and providing a model for the future regulation of legal services.

## Our mission

The CLC's mission is to deliver effective regulation of specialist property lawyers that

protects consumers and fosters competition and innovation in the provision of legal services. This continues our original purpose as

## Our values

The CLC is an independent regulator with no institutional links to bodies representing legal professionals. That independence of policy and action and our founding mission have guided us to six core values.

- 1. Integrity:** Acting professionally and being accountable in all that we do
- 2. Effectiveness:** Providing reliable and recognised qualifications and maintaining the standards of competence and professional conduct in the regulated community in the interests of consumers

- 3. Expertise:** Delivering and promoting better practice in partnership with licence holders, regulated entities and key stakeholders
- 4. Innovation:** Continuously looking for new and innovative ways to protect consumers and the public and to support students, licence holders and regulated entities, employers, partners, and other stakeholders
- 5. Inclusiveness:** Constantly improving our organisation as both a regulator and an employer, recognising that everyone, whatever their circumstances, should be able to develop and exploit their talents.
- 6. Communication:** Encouraging open, clear, productive and valuable communication between ourselves and everyone with whom we come into contact.



# THE REGULATORY FRAMEWORK



The CLC is an independent Approved Regulator under the Legal Services Act 2007. This independence sets us apart from the larger regulators of legal services which are each part of representative bodies for lawyers. Like them though, we are overseen by the Legal Services Board which assesses the performance of each of the front line regulators and ensure that we live up to the eight statutory regulatory objectives.

Because of its founding mission and purpose, the CLC was well-placed to embrace the liberalising, competitive and consumer-focus agenda of the Legal Services Act 2007 that is encapsulated in those eight objectives. But some obstacles remain in the way of us being able to realise fully the potential of the Act and to give the practices we regulate the full range of freedom that would support even greater change and innovation in the delivery of legal services. We continue to work with the Legal Services Board and Ministry of Justice to remove those obstacles.

## The regulatory objectives:

- a) protecting and promoting the public interest;**
- b) supporting the constitutional principle of the rule of law;**
- c) improving access to justice;**
- d) protecting and promoting the interests of consumers;**
- e) promoting competition in the provision of services;**
- f) encouraging an independent, strong, diverse and effective legal profession;**
- g) increasing public understanding of the citizen's legal rights and duties;**
- h) promoting and maintaining adherence to the professional principles.**



# THE POLICY ENVIRONMENT



## Slow change

The Legal Services Act 2007 has been slower to deliver change than many people expected and has not yet had the far-reaching liberalising impact on the market that its architects had intended. Legal services providers have generally not changed their business models radically and external investment has been slow coming into the sector. The 'regulatory competition' that was expected as a result of the Act has not been a strong effect as yet, not least because a number of obstacles remain to legal services providers changing regulator. We are working with the Legal Services Board, our oversight regulator, to try to address those obstacles.

## Legal Education and Training Review

The review recommendations of relevance to the CLC related to the setting of clear 'day one outcomes' based on analysis of the occupation – this was a timely steer as we came to review the routes to qualification as a Licensed Conveyancer and the CLC's overall framework for education. As 2014 comes to an end we are preparing to launch exciting new routes to qualification as a Licensed Conveyancer, Conveyancing Technician and Probate Practitioner through apprenticeship and classroom and distance learning routes.

## Improving the regulatory framework

We used a consultation by the Ministry of Justice over the summer of 2013 to set out our priorities for reform. The Government decided not to take forward its review of legal services regulation so we are pleased that the Legal Services Board has picked up on a number of our priorities as it leads joint work across the sector to make progress on improving the regulatory framework. We are especially pleased that financial protection arrangements, the issues arising from the patchwork nature of the scope of legal services regulation and the rationalization of the regulatory objectives are to be part of that joint work.



# THE MARKET PLACE



## Concerns about fraud

Concerns about mortgage fraud have resulted in several initiatives which can in some ways be seen as duplicating the work of front line regulators such as the CLC:

- There has been a growth in what might be termed quasi-regulatory schemes such as the Conveyancing Quality Scheme and others that blur the lines between regulation and representation of lawyers
- Panel management schemes are emerging
- The Law Society is implementing an online conveyancing portal that will enshrine protocols and processes across all transactions taking place through the portal in addition to managing identity checks

We are providing information to some of these scheme operators to reduce burdens on the regulated community and in line with our desire to minimize duplication of regulatory or quasi-regulatory activity.

## Support from the lending community

The lending community has been and remains very positive about the community of lawyers and entities regulated by the CLC. HSBC has recently opened access to its mortgage panel to all CLC

regulated entities. This is an excellent vote of confidence in the CLC's approach to regulation and standards of CLC Lawyers. We continue to work with other lenders to ensure that CLC Lawyers face no restrictions in terms of market access.

## The impact of the economic recovery

As the recovery began to be felt in 2013, conveyancing firms were beginning to experience a shortage of qualified conveyancers because so many had fallen out of the profession following the downturn in 2007/8. This is a pressure that has been felt by other professions in the property sector such as surveyors. This presented a challenge to the CLC because it is currently the education provider and awarder of the qualification and needed to attract more students into the pipeline to becoming a Licensed Conveyancer; something that we have done successfully through raising the profile of the qualification and marketing a career as a CLC Lawyer to school-leavers and law graduates.

The community regulated by the CLC recovered from the downturn faster than the overall market. The aggregate turnover of CLC-regulated entities began to recover sooner and faster than the numbers of transactions in the overall market place would have led us to expect. This led to a focus on ensuring that as workloads

increased, standards of supervision and delivery were not compromised.

We have also seen considerable consolidation in the conveyancing market and while the probate market remains very fragmented, we expect it to follow the pattern of conveyancing in the coming years. As the businesses we regulate become larger, the risks arising from failures become greater along with the potential impact on the work and resources of the CLC.

## Information and Communications Technology

Advances in IT and communications (ICT) have had a major impact on how conveyancing and probate services can be delivered. Services delivered remotely and through highly automated processes require a slightly different regulatory approach than traditional high street practices.

## Consumer Expectation

Consumer expectations have also evolved rapidly, in part because of the wider advances in ICT which have driven down costs of services and improved accessibility and the speed of delivery. The new standards that consumers expect for almost all services they purchase put practices under new pressures. In addition, we are seeing the growth of comparison websites for legal services that demand information about lawyers that is arguably best provided by regulators, who hold the definitive information.

# DEVELOPING THE CLC'S STRATEGY



In considering the regulatory model for the CLC, the Council has focused on the strengths that lie in specialisation. The tailored approach to regulation, the understanding and management of specific risks and the support for innovation and growth alongside consumer protection are what differentiate the CLC from other legal sector regulators.

It is clear from our discussions with those we currently regulate - as well as lawyers considering transferring their practices into regulation by the CLC - that our model of specialist regulation is hugely appreciated. The Council believes that there are very considerable benefits to specialisation and hopes that, whatever the future of regulation of legal services, the specialist approach to regulation and consumer protection can be retained and applied in other areas.

Our focus on property law services in conveyancing and probate matches the focus of our regulated community, meeting their needs and the needs of their clients in a tailored and highly effective way.

We also support practices to achieve compliance with our requirements in a way that enables the development of strong businesses. We do not simply police compliance but support conveyancers in achieving good practice in an outcomes-focused framework. We take a risk-based approach to regulatory activity and when necessary we act swiftly to protect the client and the public interest.

Accordingly, the Council agreed that the CLC should maintain its specialised approach and build on its strengths. When it secures the power to regulate lawyers other than Licensed Conveyancers it will be for the delivery of conveyancing and probate services as well as related property law services that the regulated community may wish to offer to clients. A next step might be to add litigation in respect of property matters.

## The CLC's strategy

- **Focus on core activities and appropriate, value for money regulation to deliver high standards of practice and consumer protection**
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*'We do not simply police compliance but support conveyancers in achieving good practice in an outcomes-focused framework.'*

# BUSINESS PLAN

## OBJECTIVES 2015



### OBJECTIVE 1

To gather high quality intelligence and respond quickly to emerging risks

- a. Begin in 2015 a fundamental review of the CLC's regulatory arrangements for completion in 2016
- b. Establish effective new function of information management to pull together, analyse and share all information and intelligence to improve quality/targeting of CLC operations
- c. Embed use of Regulatory Risk Assessment Tool
- d. Inquiry into the financial viability of regulated firms
- e. Follow up on 2014 consumer focus groups
- f. Carry out a full programme of monitoring visits to firms, prioritised in line with risk assessment
- g. Timely handling of conduct complaints against CLC Lawyers and feeding intelligence that emerges into risk register
- h. Ensure that disciplinary procedures are carried out in a timely manner to ensure consumer protection and use the full range of sanctions available in a proportionate manner

- i. Publish disciplinary and regulatory activity information in line with the CLC's policy in a timely manner
- j. Undertake Annual Regulatory Return exercise to explore:
  - a. data about firms that could be used to better inform consumers
  - b. actions arising from diversity profiling
  - c. issues around financial viability of firms

### OBJECTIVE 2

To ensure that the CLC's specialist approach is understood and appreciated by policy and market place stakeholders

- a. Communications and marketing to promote the strengths of specialisation
- b. Complete a self-assessment for submission to the LSB that sets out clearly the approach and achievements of the CLC
- c. Hold a stakeholder event in Westminster to mark the 30th anniversary of the legislation establishing the CLC
- d. Review and amend AML requirements

### OBJECTIVE 3

To have in place financial protection arrangements that are effective in protecting consumers and the operations of the CLC

- a. Review CLC financial protection arrangements
  - I. Determine new arrangements for a Master Policy
  - II. Determine new arrangements for the Compensation Fund
- b. Work for sector-wide arrangements that level the playing field through the LSB-led project

#### **OBJECTIVE 4**

To have open channels of communication with stakeholders in government and other regulators and good engagement with the regulated community

**a.** SMT to meet regularly with:

- Senior MoJ officials
- Senior representatives of other regulators

**b.** Meet new Ministers and Opposition spokespeople following the general election

**c.** Engage with and influence the Chair-level Working Group run by the MoJ and LSB

**d.** Programme of regular communication with the regulated community

#### **OBJECTIVE 5**

To have a sustainable and resilient organisational structure

**a.** Undertake a reorganisation of the CLC staff structures

**b.** Demonstrate improved organisational resilience to the Council

**c.** Determine and implement a new model for the delivery of education and training

**d.** Review Adjudication Panel framework and appointments

#### **OBJECTIVE 6**

To support innovation and flexibility in the delivery of legal services through value for money regulation

**a.** Launch apprenticeships and other routes to new qualifications in conveyancing and probate

**b.** Prepare to issue stand-alone licences

**c.** Determine and implement a new framework for practice fees

#### **OBJECTIVE 7**

Optimise the efficiency and value for money of the CLC's operations

**a.** Complete the archiving project to reduce storage and retrieval costs

**b.** Review the premises strategy and secure Council's approval

**c.** Review the functions of the CLC to assess which non-core functions need to be carried out by the CLC

**d.** Complete implementation of CRM with Phase 2 – adding new licence, monitoring and student management

**e.** Extend website functionality to enhance offering to regulated community and big users of CLC data

**f.** Streamline licence application and renewal processes to ensure a proportionate approach that increases efficiency

**g.** New applications processed efficiently

**h.** Licence renewal process completed efficiently

**i.** Review regulatory operations

**j.** Develop and meet SLAs for delivery of services, management of correspondence





We welcome feedback on our Business Plan.  
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