



CLC Council Meeting
Thursday 22 July 2021
11.00 a.m. – 2.00 p.m.
Council for Licensed Conveyancers
A G E N D A

No	Item	Type of Paper	Lead
1.	Welcome, Introductions, Apologies for Absence		Chair
2.	Declarations of Interest	For recording	Chair
3.	Adjudication Panel Chair's Annual Report	Noting	AP Chair
4.	Minutes and Matters Arising a) Minutes of the meeting of the Council held on 29 April 2021 b) Minutes of the meeting of the Council held on 28 June 2021 c) Actions arising from previous meetings		Chair
5.	Chief Executive's Report	Noting	CEO
6.	Annual Review of Council Terms of Reference	Approval	CEO
7.	Business Plan 2021 – Progress	Review	DSER
8.	Professional Indemnity – Cyber Cover	Approval	DSER
9.	Principal Risk Register	Approval	DFO
10.	Watchlist and Interventions	Noting	DFO
11.	Regulatory Fee Setting	Approval	DFO
12.	Published Indicators and Metrics	Approval	DFO
13.	Committee Reports a) Audit and Risk Committee b) Appointments Committee	Noting & Approval	Audit and Risk Committee Chair Appointments Committee Chair

No	Item	Type of Paper	Lead
	c) Remuneration Committee	Noting	Remuneration Committee Chair
14.	Any Other Business		
15.	Dates of Next Council Meeting <ul style="list-style-type: none"> Thursday 11 November 2021 11.00 a.m. 	Noting	ALL

No	Information Items – for discussion on request. Please notify the Head of Executive Office in advance	Type of Paper	Lead
16.	Q2 Performance Outturn	Information	DFO
17.	Property and Law News Round Up	Information	DSER
18.	Council Workplan	Information	CEO

Key: CEO: Chief Executive
DFO: Director of Finance and Operations
DSER: Director of Strategy and External Relations
SMT: Senior Management Team

Declarations of Interest

Adjudication Panel Chair's Annual Report

**Council for Licensed Conveyancers
Minutes of the Council meeting held on
Thursday 29 April 2021
By video conference
11.00 a.m. – 12.50 p.m.**

Council Present

Dame Janet Paraskeva
Sarah Debney
Sheila Kumar
Teresa Perchard
Sally Szarka

Alan Cogbill
Milton James
Jenny Quirke
Andrea Pierce
Colin Wilby

In attendance

Ms. A. Cosens
Mr. J. Hinrichsen
Mr. S. Ward

Head of Executive Office
Director of Finance and Operations
Director of Strategy and External Relations

1. Welcome and Introductions and Declarations of Interest

No requests to discuss information items at 18-21 had been received.

2. Declarations of Interest

There were no declarations of interest.

3. Minutes and Matters Arising

a) Minutes of the meeting held on 27 January 2021

The Council **AGREED** that minutes of the meeting of the Council held on 27 January 2021 be approved as a correct record.

b) Minutes of the meeting held on 25 March 2021

The Council **AGREED** that the minutes of the meeting of the Council held on 25 March 2021 be approved as a correct record.

c) Actions arising from previous meetings

The Council reviewed actions arising from its previous meetings. Actions which had not been completed either featured on the Council agenda for its consideration or on the future work programme.

The Council was advised that:

- An assessment of practices' responses to the AML survey would be circulated shortly

- The Compensation Fund Working Group is drafting a recruitment brief for review of the Compensation Fund Operating Framework
- The Remuneration Committee had received a summary of the staff wellbeing survey at its last meeting, a report of which was included within the Committee Chair's report elsewhere on this agenda.

4. Chief Executive's Report

The Chief Executive introduced the report.

In addition to the updates contained within the report, the Council was advised:

- That the Council Chair had met with the Chair of the OLC on 14 April 2021. A note of the meeting had been provided to Teresa Perchard, who is representing the CLC on the OLC's Task Force, a meeting of which would be taking place later this afternoon
- The OLC's backlog of cases has doubled in the last 12 months and will take 5 years to clear if no additional action is taken
- The Director of Strategy and External Relations is discussing professional indemnity insurance with brokers and insurers and will keep the Council updated
- Following the Council's agreement, the CLC is consulting on the removal of Manager licenses in advance of the 2021 renewal round
- Subject to Government guidelines, the Senior Management Team is discussing a return to work plan for 21 June 2021
- The Nationwide Building Society has amended its panel management criteria and would be re-opening its panel to CLC-regulated firms that are not already members on 3 May 2021
- The CLC's performance management draft return to the CLC would be circulated to members for information.

The Council was advised that a post-Covid review of the Staff Handbook would consider more flexible working practice and for those roles which are not best undertaken from the office, some degree of home working would be encouraged. Subject to Government guidelines, it is anticipated that all staff will work from the office for 1-2 days per week.

It was noted that of 16 practice inspections which were undertaken in Quarter 1, 4 reports had not been received. The Council was informed that the turnaround for inspection reports is prompt. Inspections take account of the conveyancing portfolios, and are aware of insurers' concerns regarding investments in developments and newbuilds. The Council was advised that the inspection questionnaire also includes questions regarding cryptocurrencies, however it was noted that this represents legal tender. It was agreed to raise the attitude to cryptocurrency with insurers.

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

Action April/01: To circulate the draft LSB performance management return to members for information

Action April/02: To discuss cryptocurrencies with insurers

5. Education and Training Annual Report

The Chief Executive introduced the Education and Training Annual Report, which included an update on current developments following review at a Council Workshop on 12 November 2020.

The Council was advised that support from the profession is important for the continued provision of para legal qualifications, apprenticeships and technicians and that the Education and Communications Teams would welcome the assistance of professional members to promote the scheme.

The Council was informed that the technician register of students had been initiated in 2017 to recognise achievements and encourage progression to Level 6. However, in view of the relatively low level of take up, consideration would be given to discontinuing it.

The Council **NOTED** the Education and Training Annual Report.

6. Professional Indemnity – Cyber Cover Consultation

The Director of Strategy and External Relations introduced proposals for meeting requirements to affirm the extent of cyber cover within the CLC's minimum terms and conditions for professional indemnity insurance. It was confirmed that the proposals had been reviewed by external legal advisors.

The Council **NOTED**:

- (1) The proposed changes to the CLC's minimum terms and conditions for professional indemnity insurance; and
- (2) The plans to consult on the extent of cyber insurance cover.

7. Reserving Policy

At its Workshop on 11 March 2021, the Council had agreed that the CLC's reserves policies should be contained within a policy document. The Council was invited to consider a policy which included:

- The reason and principals behind the setting of the various reserves categories
- Creation of a market uncertainty reserve within the Practice Fund
- Clarifies the CLC's reserving policy and the reasons why excess reserves may be required.

The Council was advised that if approved, the key changes to the setting of reserves would be as follows:

- The practice minimum fund reserve will be calculated with reference to the approved budget for the financial year
- The establishment of a market uncertainty reserve within the Practice Fund will provision for any significant exposure identified within the Principal Risk Register
- Compensation Fund reserves will be clearly defined and quantified and their purpose clearly explained.

It was agreed to include the principle of a floating reserve and to recirculate the revised policy to members prior to finalisation

The Council:

(1) **AGREED** the proposed Reserving Policy (*as amended*)

(2) **NOTED** that the Reserving Policy would be included within the Practice Fee setting consultation.

Action April/03: To circulate the Reserving Policy (as amended) to members prior to finalisation.

8. License and Practice Fee Consultation Arrangements

The Director of Finance and Operations introduced the report which set out the proposed approach to the annual practice and licence fee consultation commencing in May 2021.

The Council was advised that the approach reflected the steps agreed by the Council at its Workshop on 11 March 2021:

- Consideration of the practice fee banding
- A separation of activity-based recharges and levies
- Amendment of fee rates to either completely or partially offset the separate activity-based recharge being proposed.

The Council was advised that a copy of the consultation would be sent to the LSB and it was confirmed that all responses would be published.

The Council supported the separation of recharges and levies from activity based, operational fees on the basis that this would drive improvements in complaints behaviour.

The detail of the proposed consultation was acknowledged. The Council was informed that separation into 3 smaller consultation documents was considered to lose impact. The communication would include fewer, specific questions and more open ended questions to encourage responses.

The Council **AGREED** the approach to the Licence and Practice Fee Consultation.

9. Equality Code Review

The Council was invited to review the draft revised Equality Code prior to a 3-month public consultation.

The Council was advised that the CLC does not currently have special interest groups and subject to the outcome of consultation, provisions may be added for employers to support participation in interest groups.

It was suggested that consideration be given to a requirement for practices to report all complaints of discrimination to the regulator.

The Council **AGREED** to consult on the proposed revisions to the Equality Code.

10. Delegation of Authority

The Council reviewed the Delegations of Authority which were last considered by the Council in January 2018. It was advised that the proposed Delegations, which have been updated to reflect staff changes, had not been considered by the Audit and Risk Committee.

The Council **AGREED** the Delegations of Authority.

11. Review of Financial Delegations

At the same time as the Delegations of Authority are reviewed by Council, the Revised Financial Delegations were included within the agenda. The Council was informed that the Chief Executive has the authority to incur expenditure in line with the approved budget.

The Council **NOTED** the revised Financial Delegations of Authority.

12. Principal Risk Register

The Director of Finance and Operations advised Council that the Principal Risk Register had been discussed and reviewed by the Senior Management Team and the Audit and Risk Committee at its meeting on 20 April 2021.

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

13. Watchlist and Interventions

The Director of Finance and Operations introduced the report.

The Chief Executive advised that she would respond to a query from Colin Wilby about one of the practices outside of the Council meeting.

The Council:

- (1) **NOTED** the Watchlist and Interventions report;
- (2) **AGREED** to thank Regulatory Supervision Managers for progressing disciplinary cases.

Action April/04: To thank Regulatory Supervision Managers for progressing disciplinary cases.

Action April/05: To respond to an enquiry about one of the practices on the Watchlist outside of the Council meeting.

14. Published Indicators and Metrics

The Council considered the indicators and metrics for Quarter 1 of the current year for publication.

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

Action: To publish the indicators and metrics.

15. Committee Chairs' Reports

15(a) *Audit and Risk Committee*

The Chair of the Audit and Risk Committee presented a summary of business considered by the Committee at its meeting on 20 April 2021. It was highlighted that the Committee had expressed its thanks to the Director of Finance and Operations and the team for making significant progress with review of Compensation Fund claims.

The Council was advised that the Committee had recommended that the methodology of the forthcoming Governance Review include observation of a Council meeting.

The Council:

- (1) **NOTED** the report of the Chair of the Audit and Risk Committee.
- (2) **AGREED** that the Audit Review of Governance include observation of a forthcoming Council meeting.

Action April/06: To thank staff for progress with Compensation Fund claims

Action April/07: To invite internal auditors to observe a forthcoming Council meeting as part of the Governance Review.

15(b) Appointments Committee

The Chair of the Appointments Committee presented a summary of business considered by the Committee at its meeting on 18 February 2021. The Council was informed that the Committee had agreed to recommend the offer a further four year appointment to lay member Colin Wilby.

The Council:

- (1) **NOTED** the report of the Chair of the Appointments Committee
- (2) **AGREED** to offer a further four year term of office to lay member Colin Wilby, up to 30 May 2025.

Action April/08 To offer a further four year term of office to Colin Wilby

15(c) Remuneration Committee

The Chair of the Remuneration Committee presented a summary of business considered by the Committee at its meeting on 19 February 2021. The Committee was advised that the Chief Executive's Office had undertaken a review of the Staff Handbook, which is undergoing a significant update.

The Council **NOTED** the report of the Chair of the Remuneration Committee.

16. Any Other Business

It was **AGREED** that subject to any guidelines in place at the time, the meeting of the Council on 11 November 2021 would be held in person, with an evening meeting on either the preceding or subsequent day.

Action April/09: to arrange a working meal and overnight accommodation for Council members in November 2021.

17. Dates of Forthcoming Council Meetings

- 22 July 2021, 11.00 a.m.
- 11 November 2021, 11.00 a.m.

INFORMATION ITEMS

18. Q1 Performance Outturn

The Council **NOTED** the Performance Outturn report for Q1, which had been reviewed and discussed in detail by the Audit and Risk Committee at its meeting on 20 April 2021.

19. Business Plan Progress

The Council **NOTED** progress against the Business Plan at the end of Q1.

20. Property and Law News Round Up

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

21. Council Workplan

The Council **NOTED** its forthcoming Workplan.

Council for Licensed Conveyancers
Minutes of the Council meeting held on
Monday 28 June 2021
4.30 p.m. – 6.00 p.m.
by teleconference

Council Present

Dame Janet Paraskeva (Chair)	Alan Cogbill
Sarah Debney	Milton James
Sheila Kumar	Andrea Pierce
Jenny Quirke	Colin Wilby
Sally Szarka	

CLC in attendance

Audrey Cosens	Head of Executive Office (<i>Minutes</i>)
Jason Hinrichsen	Director of Finance and Operations
Claire Richardson	Deputy Director of Authorisations and New Business

Apologies

Apologies for absence were received from Teresa Perchard

1. Welcome, Introductions, Declarations of Interest

Andrea Pierce declared an interest in item 2 below. The standard professional member declarations were also agreed.

The Council was reminded that item 2 is commercially confidential

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2.

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3. Any Other Business

There were no other items of business.

APPENDIX A

[Redacted]

[Redacted]

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Chief Executive's Report

Purpose: For noting
Author: Chief Executive

Summary

The Chief Executive's regular report to Council on current issues.

Recommendations

The Council is asked to note the contents of this paper.

Risk management

Where appropriate, risk is covered in each item contained in this report.

Financial impact

No negative financial impact on 2021 budget expenditure.

Diversity and inclusion impact

No diversity or inclusion impacts resulting from the contents of this paper.

Communications requirements

This report is an update for Council members only.

Publication status

Not for publication.

Annual Review of Council Terms of Reference

Purpose: For review

Author: Head of Executive Office

Approver: Chief Executive

1. Summary

- 1.1 In line with best practice, The Council reviews its Terms of Reference annually.
- 1.2 The Council's current Terms of Reference are attached at **Appendix A**.
- 1.3 No amendments are proposed by the Executive.

2. Recommendations

The Council is invited to review its Terms of Reference (**Appendix A**)

3. Risk management

- 3.1 The Council's responsibilities include the review of the CLC's risk management arrangements, which are reflected within its Terms of Reference.

4. Financial impact

- 4.1 There are no financial implications specific to this report.

5. Communications requirements

- 5.1 The Council's Terms of Reference are included within the Corporate Governance Framework.

Appendix A Council Terms of Reference

1. The conduct of business of the Council is governed by the Code of Conduct for Members of the Council for Licensed Conveyancers.

Membership

2. The Council will make appointments of Members to the Council, including the Council Chair, for a term of up to four years.
3. The Council will consist of a non-executive Lay Chair, 8 non-executive members and the Chief Executive.
4. The Lay members of the Council shall exceed the number of Licensed Conveyancer (or other Authorised person) Members as defined within the Regulations for the Appointment and Service of Council Members 2020.
5. Membership of the Council will be reviewed at the end of each Member's term of office with the possibility of re-appointment once only, for a further term of office of up to four years.

Reporting

6. The Council will report on its work to the CLC's stakeholders through an Annual Report which will be published each year.
7. As soon as is practicable minutes of each meeting will be circulated to members for noting.

Responsibilities

8. The responsibilities for the Council are set out in section 1 of the CLC's Corporate Governance Framework.

Review of Effectiveness

9. The Council will review its own effectiveness and terms of reference annually and implement any recommendations for change.
10. The Lay Chair of the Council will review annually the performance of Members. The Council's Appointments Committee will have regard to individual appraisals and a regular audit of skills needed when considering the reappointment or extension of terms of office for Council members in compliance with the CLC's Regulations for the Appointment and Service of Council Members 2020 (or as amended from time to time).
11. The Council's Appointments Committee will oversee an annual appraisal process for the Lay Chair of the Council that will be conducted by an independent adviser.

Authority

12. The Council is authorised to review or investigate any activity within its statutory powers.
13. The Council may require the Staff to carry out such additional activity as it deems appropriate within its terms of activity.
14. The Council may at its discretion appoint additional Council members within the limits set by the Administration of Justice Act 1985 schedule 3 on the understanding that all other provisions of the Regulations for the Appointment and Service of Council members 2020 are met.
15. The Council may delegate some of its powers as appropriate to members of Staff on the recommendation of the Chief Executive in accordance with a scheme of delegation.

Meetings

16. The Council shall meet at least twice a year. The Lay Chair of the Council may convene additional meetings when considered necessary.
17. A minimum of four Members of the Council including the Lay Chair must be present for the meeting to be quorate provided at least one Licensed Conveyancer (or other Authorised person) member is present and there is a lay majority.

2021 Business Plan Q2 Progress Update

Purpose: For noting

Author: Director of Strategy and External Relations

Approver: Chief Executive

Summary

This paper reports on progress against the 2021 business plan. The plan is now amended by Council on a rolling, quarterly basis.

Recommendations

Council is asked to note progress against the business plan at the end of Q2.

Risk management

The business plan contributes to the management of principal and operational risks.

Financial impact

This is covered in the financial outturn reporting.

Diversity and inclusion impact

The business plan includes measures to promote diversity and inclusion across the regulated community.

Communications requirements

The outturn of the business plan is reported after the end of the year in Annual Reports.

PROFESSIONAL INDEMNITY – CYBER COVER

Purpose:	For Approval
Author:	Director of Strategy and External Relations
Approver:	Chief Executive

Summary

The paper sets out the CLC's proposals for meeting requirements to affirm the extent of cyber cover in its minimum terms and conditions for professional indemnity insurance.

The paper provides a summary of all responses received during the pre-consultation and formal consultation period, and analysis of those responses.

Recommendations

Council is asked to note the summary and analysis of responses to the consultation on amendments to the CLC's Professional Indemnity Insurance (PII) Minimum Terms and Conditions to clarify cyber cover.

Council is asked to approve that the CLC will make an application to the LSB in August for approval of the amended MTCs.

Risk management

Our approach seeks to manage potential risks to consumer protection and the CLC's Compensation Fund.

Financial impact

There is no financial impact on the CLC arising from the proposals in this paper.

Diversity and inclusion impact

There do not appear to be any diversity and inclusion impacts arising from these proposals. A wider review of the PII scheme taking place in 2021 will include an assessment of whether any particular groups in the regulated community are disproportionately impacted by any aspects of PII.

Communications requirements

The CLC circulated the proposed amended MTCs to insurers, brokers, the PRA, Lloyd's and the Professional Reference Group for pre-consultation feedback. A formal public consultation then ran for six weeks and closed on 18 June 2021. This consultation was supported by direct communications with the regulated community and consumer representatives as well as promotion on the CLC's website and through PR channels.



Publication status of this paper

This paper is not for publication as the substance of its contents will be published as the CLC's submission to the Legal Services Board.

Principal Risk Register

Purpose: Approval
Author: Director of Finance and Operations
Approver: Chief Executive

Summary

This report details the principal risks of the CLC together with controls currently in place and further mitigating actions being taken to manage the risks.

Recommendations

The SMT recommends that Council approves the Principal Risk Register as recommended by the Audit and Risk Committee.

Risk management

The report is a key reporting document in CLC's risk management.

Financial impact

There is no financial impact in relation to this paper.

Diversity and inclusion impact

There is no impact on diversity or inclusion from this paper.

Communications requirements

This paper is for Council only.

Background

This is a regular report to Council updating on management's assessment of the principal risks.

Annexes

Annex A –Principal Risk Register
Annex B – Issue Log

CLC Watchlist & Interventions

Purpose:	Noting
Author:	Director of Finance and Operations
Approver:	Chief Executive

Summary

This is a regular Council paper which provides an update on the practices that have been assigned to the watchlist.

The CLC's aim is to ensure that it raises regulatory issues with a practice as early as possible to avoid the risk of a practice failing to meet its regulatory responsibilities. Where it concludes that issues with a practice are or may become significant, that practice is placed on the watchlist and is monitored intensively to mitigate risk to the consumer; risk of claims on that practice's professional indemnity insurance; and ultimately on the CLC's Compensation Fund. SMT review the watchlist on a weekly basis and by exception when necessary.

A progress update on the interventions that have taken place since the beginning of 2017 is also included.

Recommendations

Council is asked to review and note the paper.

Risk management

Active management and monitoring of practices placed on the watchlist enable the CLC to mitigate the risk of losses to consumers, claims against PII insurance policies and ultimately the Compensation Fund.

Financial impact

Failure of any practice may have a significant adverse impact on the consumer, the CLC and the profession.

Diversity and inclusion impact

There is no impact on diversity or inclusion.

Communications requirements

There are no communication requirements.

Publication

Not for publication.

Practice Fee & Compensation Fund Contributions for the period November 2021 to October 2022

Purpose:	Approval
Author:	Director of Finance and Operations
Approver:	Chief Executive

Summary

A proposal for the amendment of the CLC billing arrangements was presented to Council in April 2021. It was decided at that Council meeting that we would investigate whether it would be feasible to:

1. Increase the number of fee bandings
2. Bill the OLC charge independently of the CLC regulatory fees and introduce a user pays model.

The CLC has subsequently consulted on these proposals and modelled the impact of these changes based on the most recent turnovers declared by practices and the OLC estimates and usage data.

This paper sets out and proposes the implementation of the measures outlined above.

Recommendations

Council is asked to approve:

1. the amended turnover bands
2. the amendments to the Compensation Fund contribution rates for 2021-22
3. the separation of the OLC billing from the Practice Fee billing and the process proposed for the collection of the OLC costs
4. the amendment to the Practice Fund fee rates for 2021-22
5. that other licence and administration fees remain unchanged

Risk management

Inadequate recovery of operating costs would result in a reduction in reserve levels and in time put the CLC at risk of not being able to pay its bills as they become due. The CLC also

needs to take a careful long-term approach to fee setting to prevent volatility and uncertainty for the regulated community.

Financial impact

Any changes (or lack thereof) to the fee rates can have an impact on the financial viability of the CLC. In these uncertain times, the CLC needs to take a prudent approach to fee setting to ensure that any decisions taken now do not have any unintended consequences due to future economic instability.

Diversity and inclusion impact

In putting this proposal forward we understand that in line with the normal fee setting process the calculation of the fee will be done on a historic basis which may not be aligned to current practice revenue. There is no reason to believe that this will impact regulated individuals with protected characteristics differently than others.

Communications requirements

The fee rates and charges will be communicated to all practices at license renewal.

Publication

This paper is not for publication as the proposals agreed by the Council will be published as the CLC's submission to the LSB for approval and promoted widely to the regulated community.

Published Indicators and Metrics

Purpose:	Approval
Author:	Director of Finance and Operations
Approver:	Chief Executive

Summary

This is a regular report to Council which includes Indicators and metrics for the quarter just ended. Following Council approval this report will be published on the CLC website.

Recommendations

Council is asked to review and approve the attached report.

Risk management

The publication of metrics and indicators is one of the ways we demonstrate transparency and good governance.

Financial impact

There is no direct financial impact.

Diversity and inclusion impact

There is no impact on diversity or inclusion.

Communications requirements

There are no communication requirements.

Publication

The report is published on the CLC website quarterly after Council approval.



CLC Council Meeting

Audit and Risk Committee Chair's Report

Purpose: For Noting and Approval

Chair: Jenny Quirke

Summary

This report summarises the business considered at the Audit and Risk Committee at its meeting on 13 July 2021. (Appendix A).

Draft minutes of the Committee's meeting held on 20 April 2021 are included. (Appendix B)

Recommendations

Council is invited:

- (1) To note the report and to put any questions to the Chair.

Risk management/Financial Impact/and Diversity and Inclusion are considered in all Audit and Risk Committee discussions and decisions.

Communication and publication requirements

The report of the Chair of the Audit and Risk Committee and minutes of the meeting of the Audit and Risk Committee will not be published on the basis that they contain information which is: policy under development and intended for future publication; commercially confidential.

Appointments Committee Chair's Report



CLC Council Meeting

Remuneration Committee Chair's Report

Purpose: For Noting

Chair: Colin Wilby

Summary

This report summarises the business considered at the Remuneration Committee at its meeting on 11 May 2021.

Recommendations

Council is invited to note the report and to put any questions to the Chair.

Risk management/Financial Impact/and Diversity and Inclusion are considered in all Remuneration Committee discussions and decisions.

Communication and publication requirements

The report of the Chair of the Remuneration Committee and minutes of its meetings will not be published on the basis that they contain information which is: confidential; policy under development; intended for future publication.

Performance Pack Report – Q2 Out-turn

Purpose: Noting

Author: Director of Finance and Operations

Approver: Chief Executive

Summary

This report comprises of the following elements:

1. Out-turn – Overview of financial performance to 30 June 2021
2. Operational performance indicators
3. Human resources
4. Complaints against the CLC
5. Procurement
6. Projects

Recommendations

Council is asked to review and note the paper.

Risk management

There are no financial or operational issues identified in this report which need to be mitigated.

Financial impact

This paper reports of financial variances and does not in itself generate additional cost.

Diversity and inclusion impact

There is no impact on diversity or inclusion.

Communications requirements

The Audit and Risk Committee considered a version of this report at its meeting on 13 July 2021.



Publication

Not for publication in this form. A summary will be posted on the website.

PROPERTY AND LAW ROUNDUP

Purpose: For noting
Author: Director of Strategy and External Relations

Recommendations

The Council is asked to note the contents of this report.

Summary

The regular round up of key developments affecting the legal services regulated by the CLC.

Risk management

Information and insight compiled by the CLC informs the work of the staff and Council.

Financial impact

N/A

Diversity and inclusion impact

N/A

Communications requirements

N/A

Publication status of this paper

This paper is for publication.

PROPERTY AND LAW ROUNDUP

DIGITISATION

HM Land Registry introduced [electronic signatures](#) and [digital identity checking](#) as a quick response to lockdown restrictions. The take up of these and digital ID checking tools from established and new lawtech providers was fast and is clearly contributing to a quickening pace of digitisation of conveyancing processes in particular.

HM Land Registry's new [View My Applications](#) tool allows customers to quickly see the status of all their current applications on one screen. It sits alongside the [Digital Registration Service](#) that features automated error checking which helps customers ensure the correct information is provided in each application they submit. These are both key steps towards a changed registration process which will see draft revised register entries compiled and verified prior to completion for many transactions. This could provide yet more significant impetus to the digitisation of conveyancing services overall.

Work with MHCLG, DCMS, TechNation and the home Buying and Selling Group continues on the wider digitisation of legal services.

THE HOME BUYING AND SELLING MARKET

HMRC's latest UK monthly property transactions data (published 22nd June) shows that:

- the provisional seasonally adjusted estimate of UK residential transactions in May 2021 is 114,940, 138.2% higher than May 2020 and 3.9% lower than April 2021
- the provisional non-seasonally adjusted estimate of UK residential transactions in May 2021 is 103,100, 123.4% higher than May 2020 and 8.7% lower than April 2021

HMRC note that temporary increases to nil rate bands for UK residential property taxes and the coronavirus (COVID-19) pandemic have both produced significant uncertainties underlying seasonal trends since around April 2020. Seasonally adjusted statistics should therefore be treated with additional caution.

The deadlines for the land tax holidays caused very busy periods for conveyancers. The next deadline, in September is expected to be less challenging because smaller sums of money will be at stake.

Anecdotally, conveyancers have told us that our statements on managing the risks of the land tax holidays have been useful in countering unrealistic pressures from estate agents and buyers and sellers.

RICS Residential Market Survey

The June 2021 RICS UK Residential Survey results pointed to another solid month for activity across the sales market, even though indicators capturing new buyer demand have eased somewhat as the Stamp Duty holiday moved towards its tapered withdrawal.

With few new instructions coming onto the market, the excess of demand over supply continues to worsen and is driving a view that house prices will continue to grow, albeit more modestly in the London market than elsewhere.

Looking ahead, near term sales expectations are now signifying a broadly flat outlook in the three months ahead, with the latest net balance slipping to -4% from +8% last time out. Moreover, the twelve-month sales expectations series returned a net balance of -12% during June (down from -5% previously), suggesting the level of sales activity being conducted across the market in aggregate may now soften slightly over the year to come.

ECONOMIC OUTLOOK

KPMG Economic Outlook

In its June report, KPMG found that the short-term outlook for the economy is favourable. The vaccination programme was well underway and further easing of social distancing restrictions was expected and has now been announced. A combination of excess savings, pent-up demand and a range of government incentives should provide economic stimulus for the summer months. KPMG expect the economy to grow by 6.6% this year and by 5.4% in 2022, with a potential deceleration in growth thereafter, allowing the economy to reach its pre-COVID level by the first quarter of 2022.

KPMG expect unemployment to peak at 5.7% by the end of the year, as the furlough scheme ends and the majority of workers are reabsorbed by the labour market. They also say:

‘Rising cost pressures and the reversal of temporary tax cuts will cause inflation to rise this year, but spare capacity in the economy should see inflation moderating next year without the need for the Bank of England to raise interest rates before 2023. While public sector finances are set to improve relatively quickly, they have become more vulnerable to a rise in interest rates.’

	2020	2021	2022
GDP	-9.8	6.6	5.4
Consumer spending	-10.6	5.7	8.6
Investment	-8.8	8.0	6.6
Unemployment rate	4.5	5.1	5.3
Inflation	0.9	1.7	2.1
Base interest rate	0.1	0.1	0.1

Source: ONS, KPMG forecasts. Average % change on previous calendar year except for unemployment rate, which is average annual rate. Investment represents Gross Fixed Capital Formation, inflation measure used is the CPI and the unemployment measure is LFS. Interest rate represents level at the end of calendar year.

PWC Economic Outlook

Also reporting in July, PWC's expectations align generally with those of KPMG: 'We have upgraded our projections of annual UK GDP growth in 2021 and beyond. Under our 'slow recovery' and 'quick recovery' scenarios, the expected annual GDP growth rates range from around 6.5% to 7.2% in 2021, continuing to grow by 4.1% to 5.5% in 2022 before slowing down to about 1.2% and 1.9% in 2023. For 2021, the upward revision is around 3 percentage points, which is equivalent to every person in the UK being roughly £1,000 better off than initially anticipated. However, by the end of this year, we expect economic output to still stand at 1.5% and 0.2% below its pre-crisis levels under the two scenarios.'

OECD - United Kingdom Economic Snapshot, May 2021

The May report in the UK by the OECD is the only one to make significant mention of the Brexit effect on trade. Otherwise, it too aligns with KPMG and PWC's expectations:

'Strong GDP **growth of 7.2% in 2021** and **5.5% in 2022** is projected as a large share of the population is vaccinated and restrictions to economic activity are progressively eased. Growth is driven by a rebound of consumption, notably of services. GDP is expected to return to its pre-pandemic level in early 2022. However, increased border costs following the exit from the EU Single Market will continue to weigh on foreign trade. Unemployment is expected to peak at the end of 2021 as the Coronavirus Job Retention Scheme is withdrawn. Inflation is set to increase due to past increases in commodity prices and strong GDP growth, but should remain below the 2% inflation target.'

Council Work Plan 2021

Purpose	Noting
Author:	Head of Executive Office
Approver:	Chief Executive

Summary

At its meeting on 12 November 2020, the Council reviewed progress against Business Plan activities and agreed to adopt a 3-year rolling approach to Business Plan development.

The Council has previously agreed that the Council Workshop on 16 September 2021 will focus on the development of key Business Plan Activities and it is proposed to focus on the next steps in Professional Indemnity Insurance and the growth strategy.

Reports on the following will now be brought to the Council for consideration at its meeting on 11 November 2021 and are reflected within the attached Work Programme

- Level 2 Qualification
- Compensation Fund Operating Framework
- Review of Code of Conduct
- Licensing Framework
- Adjudication Panel Rules.

Recommendations

The Council is invited to note its forthcoming Work Plan.

Risk management

None for the purposes of this report. Risk implications will be discussed within individual reports.

Financial impact

None for the purposes of this report. Financial implications will be discussed within individual reports.

Diversity and inclusion impact

None for the purposes of this report. Diversity and inclusion implications will be discussed within individual reports.



Communications requirements

None for the purposes of this report.

Publication status

For publication.

Annual Cycle	27 January 2021 Council meeting	11 March 2021 Workshop	25 March 2021	29 April 2021 Council meeting Q1 Results	10 June 2021 Workshop	22 July 2021 Council meeting Q2 Results	16 September 2021 Workshop	11 November 2021 Council meeting Q3 Results	Issues for future discussion
Strategy and Planning				2021 Business Plan Update		2021 Business Plan Update	Professional Indemnity Insurance Growth Strategy	2022 Business Plan and Budget planning Quality Indicators – assessment of sector-wide pilot and next steps	
Performance and Risk	Management Report <ul style="list-style-type: none"> Q4 Performance Outturn Interventions and Watchlist Compensation Plan Business Plan 2020 outturn Property News Round Up Key Performance Indicators 2021 Budget Principal Risk Register Risk Management Policy CEO report			Management Report <ul style="list-style-type: none"> Q1 Budget Outturn Interventions and Watchlist Compensation fund Business Plan 2021 Progress Property News Round up Key Performance Indicators Principal Risk Register CEO report		Management Report <ul style="list-style-type: none"> Q2 Budget Outturn Interventions and Watchlist Compensation fund Business Plan 2021 progress Property News Round up Key Performance Indicators Principal Risk Register CEO report		Management Report <ul style="list-style-type: none"> Q3 Budget Outturn Interventions and Watchlist Compensation fund Business Plan 2021 progress Property News Round up Key Performance Indicators Principal Risk Register CEO report	
Governance	Annual Committee Chairs' reports		External Auditor's Report and Management Letter CLC Financial Statements 2020	Committee Chairs' reports Review of Delegations CLC Reserving Policy	Practice Fee Setting	Committee Chairs' reports Annual Review of Council Terms of Reference Annual Report – Adjudication Panel		Committee Chairs' reports Non-executive recruitment	<i>Council meeting format</i>
Regulatory Activity	Licensing Framework	Regulatory Fee Setting		Regulatory Fees – Consultation Equality Code		Regulatory Fee setting Professional Indemnity – Cyber Cover		ARR Results Review of Code of Conduct Compensation Fund Operating Framework Licensing Framework Adjudication Panel Rules - Review	
Ad Hoc Business Plan Items	Annual review of PR Professional Indemnity Insurance	Professional Indemnity Insurance		Annual Review of Education Professional Indemnity Insurance – Cyber Cover Consultation	PII			Staff Handbook post Covid review Annual evaluation of communications Professional Indemnity Insurance	