

Property and Law Roundup

Purpose: For noting

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Summary

The regular round up of key developments affecting the legal services regulated by the CLC. This is a supplement to the weekly reports on the economy and housing market that are circulated to Council Members by the Chief Executive.

Recommendation

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

Relevant Regulatory Objectives

- 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

Financial impact

None arising from the paper, but information contained can help plan for future impacts.

Diversity and inclusion impact

None arising from the paper, but information contained may help identifying upcoming issues.

Communications requirements

This paper is posted on the CLC website.

Introduction

This is the regular update for Council on key developments in the economy, housing market, law and the legal sector. It builds on the information and insight provided weekly in the Chief Executive's update to Council.

Relevant CLC Principal Risks

Information in this paper could help inform the status and mitigation of the following risks.

PR1- Loss of significant practice fee income caused by depressed market conditions, practice churn or practice closure

PR2 - Unplanned increase in the cost of regulation to the point where expenditure exceeds income

PR6 - Not delivering on the CLC Strategy

PR7 - Practices are not able to secure Professional indemnity insurance or terms are unaffordable or unacceptable to the CLC

MODERNISATION AND DIGITISATION OF LEGAL SERVICES

The CLC took part in the Ministry of Justice Select Committee's separate enquiries into home buying and selling and the state of probate. Both enabled us to address opportunities to modernise and streamline processes in the consumer and public interest. Sadly, both enquiries were interrupted by the General Election. It is possible that the new committee, when constituted, will pick up this work, possibly as letters to the new Lord Chancellor.

Leasehold reform and a reinvigoration of commonhold are both welcome inclusions in the King's Speech, but the government has missed an opportunity to make further improvements to the homebuying and selling process by failing to introduce measures to regulate property agents and we hope this can be addressed. Regulation of estate agents and managing agents could be immensely helpful for improving the operation of the property market, making better use of housing stock, supporting growth and providing increased confidence to consumers.

The CLC is working with key organisations across the sector to pave the way to a better home buying and selling process that will benefit the nation and the new Digital Information and Smart Data Bill should support that work further.

The CLC will shortly be publishing material from industry round tables it has held recently on the transformation of home buying and selling (building on our 2020 discussion paper, [Conveyancing 2030](#)) and another held jointly with [Shieldpay](#) on alternatives to client account.

The well-publicised and widespread IT outages that affected the CHAPS payment system on 18th July and a wide range of organisations and sectors beginning on 19th July underline the need for care and security.

ECONOMIC OUTLOOK AND INTEREST RATES

PWC has published an updated Economic Outlook for the UK since the election.

They summarise the outlook as follows:

The new Labour Government is taking over the economy at a turning point, benefiting from the natural swings of the economic cycle as the worst of the current crisis is behind us. We project that headline inflation will hover around the 2% target throughout this year as services inflation normalises. The Bank of England is likely to start cutting rates in the summer. As monetary policy loosens, the economic outlook should improve further.

In our main scenario, we expect national output to grow by around 1% this year, 1.7% next year and even faster in 2026. One of the new government's top priorities is to kickstart economic growth with an aspirational goal of achieving the 'highest sustained growth in the G7'. Assuming this strictly translates to economic growth, rather than a more holistic measure of prosperity, our analysis shows that this has not been achieved in decades. In fact, based on current medium-term projections of economic activity across the G7, the UK is more likely to come in third place, behind the US and Canada. A significant factor driving this result is demographics; the UK is expected to see very limited growth in its working-age population over the next decade. Therefore, future growth must rely on increasing the capital stock of the UK economy and using existing resources more productively. Both of these are areas where the UK has struggled in its recent history.

However, there is an opportunity to establish a new model of inclusive growth. The rise of GenAI, and the opportunities it presents to apply it in our day-to-day working lives, and the urgent need to transition to net zero present a unique chance to drive this change. One key lever to get the ball rolling is to commit to an industrial strategy.

[You can read the full report here](#)

HOUSING MARKET

The office for National Statistics issued its latest data on the housing market in the UK on 17th July. It reports that:

- Average UK house prices increased by 2.2%, to £285,000 in the 12 months to May 2024 (provisional estimate), up from 1.3% (revised estimate) in the 12 months to April 2024.
- Average house prices increased in England to £302,000 (2.2%), in Wales to £216,000 (2.4%), and in Scotland to £191,000 (2.5%), in the 12 months to May 2024.

This has been interpreted as a sign of growing consumer confidence and the GfK consumer Confidence for June 2024 seems to bear that out.



Gentle improvement seems to be indicated, too, by the most recent [RICS Residential Market Survey](#), for June, published on 11th July:

- Buyer demand metric continues to sit in slightly negative territory
- National house prices are still seeing some downward pressure
- However, the outlook does appear to be brightening somewhat, with near-term sales expectations improving noticeably

The new government has of course committed to very ambitious housebuilding targets. If achieved, and the increase in supply has a downward effect on house prices, that could in turn have an effect, albeit probably temporary, on sale and purchase activity. But that is all in the future.