

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

Transformation of the home buying and selling process is vital in the interest of the individual homeowner and in the public interest. The new government has ambitious plans for the building of new homes, which will need to be transacted efficiently and well. A faster, less stressful and more secure process could also remove some of the barriers to moving house and thus mean that better use is made of existing housing stock by enabling people to move more easily to the appropriate accommodation for them and their families.

The CLC and others are seeking to engage with new minister on the transformation agenda. While much can be done by the industry itself, there are pockets of inertia or self-interest that have to be overcome and where government pressure and persuasion could be decisive.

The TA6 form is a key piece of the conveyancing infrastructure and the CLC has welcomed the consultation that is currently under way. It is to be hoped that the consultation will result in an approach that supports collaboration across the industry and healthy competition between the providers of conveyancing services on a level playing field.

ECONOMIC OUTLOOK AND INTEREST RATES

The Office for Budget Responsibility issued its [October forecast](#), providing context and background for the new government's first budget. It's GDP growth forecast for 2024 is 0.8% and 1.9% for 2025, falling to around 1.5% for 2026/27/28. This is somewhat lower than the longer term historical average.

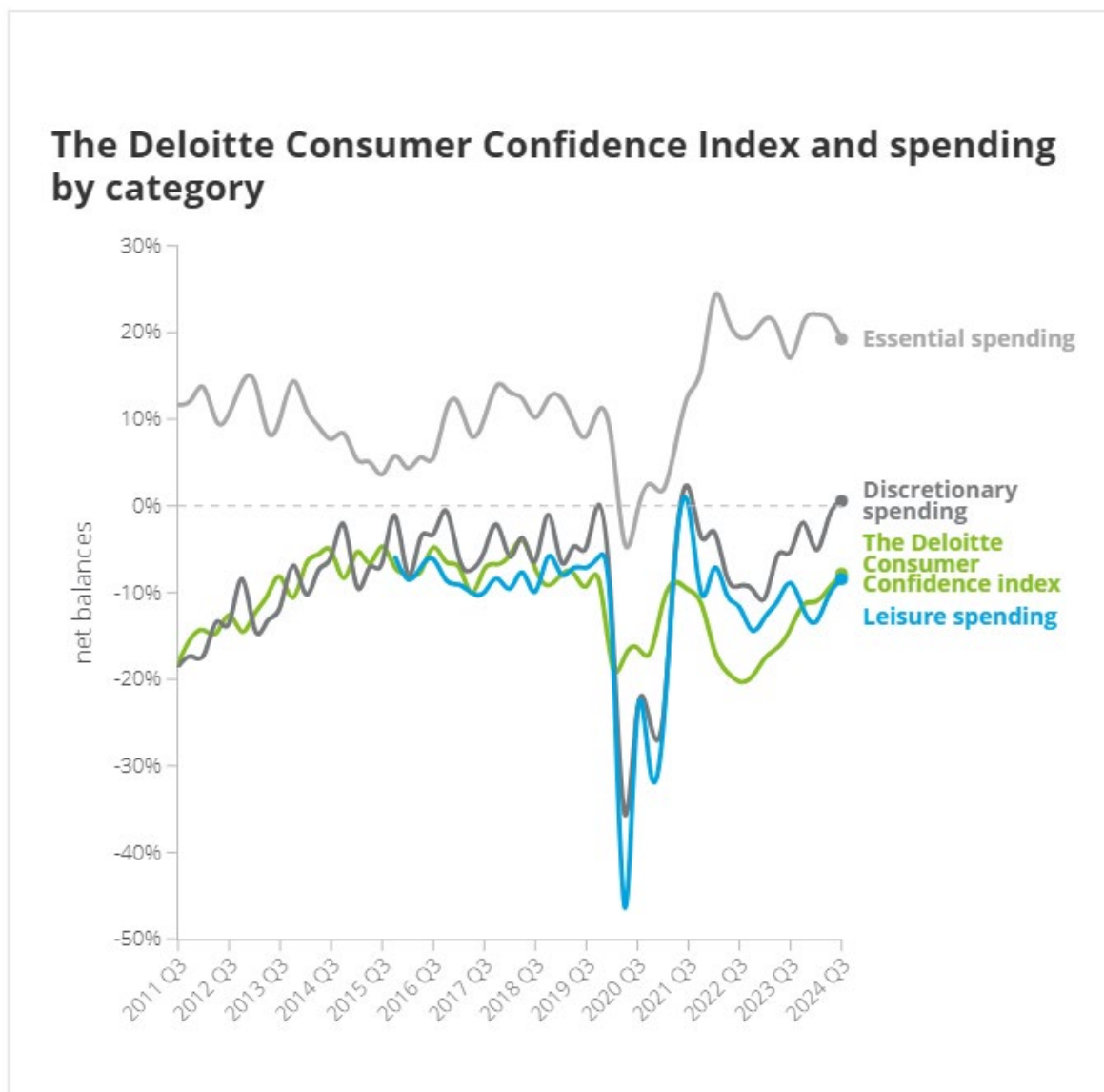
The Bank of England's Monetary Policy Committee will announce its next decision on the interest rate on 7th November. Commentary since the budget has suggested that it is now slightly less likely than before the budget that interest rates will be cut then.

CONSUMER CONFIDENCE

There is no data available to measure the wider public response to the budget measures yet.

Two measures of consumer confidence show some divergence.

Deloitte's Consumer Confidence Index for Q3 of 2024 shows a generally positive picture.



The Deloitte consumer confidence index rose (+1.7 percentage points) in Q3 2024 to -7.9%. Confidence is the highest in over five years and is back to pre-covid levels.

The improvement was driven by a significant jump in the 'children education and welfare' measure (+5 percentage points) to its highest level since Q3 2016 – it follows the government increasing free childcare.

There was also a significant improvement in 'job opportunities and career progression' (+2 percentage points) to its highest level since Q2 2019.

Consumer sentiment on the state of the UK economy dropped this quarter by five percentage points however the measure remains higher than a year ago.

Spending on essentials continues to fall especially in grocery, housing and transport due to lower inflation, while discretionary and leisure spending increase.

The GfK Consumer Confidence index for October 2024, is more negative in outlook:



According to GfK, consumer perceptions of the general economic situation over the last 12 months dropped five points to -42, although this remains 12 points better than in October 2023.

Expectations for the general economic situation over the next 12 months decreased by one point to -28, which is four points higher than the same period last year.

HOUSING MARKET

The Budget increased the Stamp Duty Land Tax (SDLT) Higher Rate for Additional Dwellings (HRAD) from 3% to 5% on top of the standard rate. This will likely prove a further disincentive to buy-to-let.

HMRC report that, in 2022-23, some 240,000 of the total 1m transactions in England and Wales attracted the higher rate of SDLT for additional dwellings, so this increase risks having a material impact on transaction volumes in the home buying and selling market.

It should be noted though that sales volumes this year have been running at slightly higher than the pre-pandemic years and significantly higher than 2023.