



Regulatory & Conduct Appointments Committee – activities 2021/2022

ROLE OF THE COMMITTEE

1. The Regulatory & Conduct Appointments Committee (“RACAC”) reports to the ICAEW Regulatory Board (IRB), which, in turn, oversees the work of ICAEW’s Professional Standards Department.
2. The RACAC is responsible, under powers delegated to it by the IRB, for dealing with all matters relating to the appointment, performance evaluations and remuneration of chairs and members of the IRB and the Professional Standards Committees and Reviewers of Complaints.
3. RACAC was created by the merger of the Regulatory Board Nomination Committee and the Professional Standards Appointments Committee. RACAC met for the first time in February 2021.

OPERATION OF THE COMMITTEE

4. RACAC’s terms of reference prescribe the creation of various panels to carry out its functions, including in relation to the appointment of the IRB Chair and IRB members plus committee chairs and vice-chairs.
5. For committee chair and vice chair interviews, interview panels comprise two RACAC members, with volunteers sought from available RACAC members and may also include the outgoing or current committee chair.
6. For interviews, panels will often convene in advance of the interviews to discuss practical arrangements for the interview, including the direction of questioning and when required to sift applications.
7. For committee appointments, where interviews are conducted by the Committee and Tribunals team, RACAC will confirm the appointments either in a meeting or as an out-of-meeting decision after reviewing a paper from the Committee and Tribunals team. RACAC may also take the opportunity to offer guidance to the Committee and Tribunals team on future recruitment, including succession planning and the committee profile.
8. RACAC met three times formally as a committee in 2021 (February, May, and December) and four times so far in 2022 (February, April, June, and August). Between meetings, RACAC may agree appointments out of committee.
9. RACAC members will also on occasion, observe IRB meetings. The chair attended one virtually when she was appointed and is attending December 2022 in person.

10. RACAC has been supported by its committee secretary Tracy Stanhope (until September 2022), who was also secretary to the IRB. With the assistance of her colleague Lynette, Tracy has planned meetings, arranged interview panels, supported those panels, and promoted the vacancies across ICAEW channels and externally. Robert Pragnell has served as interim secretary, and Sophie Hooper joined in late November 2022 will take over the function in early 2023.

CONSTITUTION OF THE COMMITTEE

4. The RACAC comprises six members as follows:

- a) The Chair
- b) Chair of the IRB (“IRB Chair”)
- c) Alternate Chair¹ of the IRB
- d) A lay member
- e) Two Chartered Accountant members of ICAEW

5. The current members of RACAC are:

Name	Role
Sara Nathan	Chair
Philip Nicol Gent	IRB Chair
Nick Parker	ICAEW member
David Matthews	ICAEW member
Anthony Pygram	IRB Alternate Chair
Bronwen Curtis	Lay member

6. During Michael Caplan’s term as IRB Chair, he and Steve Barrow (IRB Alternate Chair) were members of RACAC. When Jenny Watson was briefly IRB Chair, Philip Nicol-Gent joined RACAC as Vice Chair of the IRB. Having the IRB Chair and Alternate/Vice Chair as a member of RACAC provides a direct link between the IRB and RACAC.

APPOINTMENTS

IRB

IRB chair

7. RACAC decided at its first meeting in February 2021 to seek the involvement of an executive search agency to assist in the recruitment of the next IRB chair. After an informal tender process, Saxton Bampfylde were appointed. Saxton Bampfylde also provided advice and assistance in deciding on the level of remuneration to be offered to the new IRB chair.

¹ This is the Chair of IRB for legal services related matters, or if this is the same person as the Chair of the IRB, the Vice-Chair of IRB.

8. Saxton Bampfylde conducted a recruitment process and from its longlist, the IRB Chair Appointments Panel comprising Sara Nathan, David Matthews and Steve Barrow selected seven candidates to be interviewed.
9. Interviews for the new IRB chair were conducted in September 2021. Jenny Watson was selected by the panel and appointed IRB Chair, although other candidates were deemed appointable. Jenny was obliged to relinquish the role for personal reasons only a few weeks into her term, and RACAC subsequently offered the role of IRB Chair to Philip Nicol-Gent.

IRB members

10. Prior to the creation of RACAC, the Regulatory Board Nomination Committee had recruited three new members of the IRB, one ICAEW member and two lay members, appointed effective from 1 January 2021.
11. The next recruitment round for the IRB was paused pending the appointment of the new IRB Chair to enable the new chair to have input into the recruitment process. To enable this to happen smoothly, three of the existing IRB members (one lay and two ICAEW members) were asked to continue as members of the board until April 2022. Another ICAEW member was later asked to remain on the board until 31 December 2022.
12. A skills audit of the existing IRB members was carried out to identify any gaps in the IRB's skillset.
13. Recruitment for new IRB members was launched in spring 2022. Taking into account the skills audit of IRB members and the collection of diversity information about the IRB, the recruitment focussed on the following:
 - Encouraging women to apply
 - Filling identified skills gaps in marketing and communications, consumer issues, insurance and tax
 - Recruiting members who were lay for legal services
 - For ICAEW members – in practice or recently retired from practice
14. An interview panel comprising Sara Nathan, Philip Nicol-Gent and Nick Parker interviewed candidates in April 2022. Four new IRB members (2x lay, Annette Lovell and Claire McManus, 2 x ICAEW, Caroline Turnbull-Hall and Richard Thorpe) were appointed effective 1 May 2022. One member's appointment was delayed until June 2022 to allow her to transition from the Investigation Committee.
15. A further recruitment exercise took place in the autumn of 2022 to appoint a new ICAEW member. RACAC appointed Angela Foyle, who takes up her role from 1 January 2023

IRB alternate chair

16. Jenny Watson had been lay for both accountancy and legal services matters, so an Alternate Chair of the IRB was not required. Philip Nicol-Gent as IRB Chair, is not lay for legal services, and this required the appointment of an Alternate Chair. Informal soundings were taken of the eligible IRB members, and Anthony Pygram declared himself willing to be appointed Alternate Chair. At its meeting on 1 February 2022, RACAC appointed Anthony as Alternate Chair, effective immediately, for the duration of his term as a member of the IRB.

Committee appointments

RACAC interviews

17. In 2021 RACAC made the following appointments after conducting interviews:

- Appeal Committee chair (Agnus Withington)
- Appeal Committee vice chair (Leslie Cuthbert)
- Disciplinary Committee lay chairs x 4 (external candidates) (Andrew Harvey, Catherine Audcent, Sheleen McCormack and Wendy Yeadon)

18. For the Disciplinary Committee lay chairs, RACAC had initially interviewed internal candidates but decided not to make an appointment.

19. In 2022, RACAC made the following appointments after conducting interviews:

- Fitness Committee vice chair (Rachel Forster)
- Review Committee chair (Pamela Omerod) and 2 vice chairs (Ian Walker and Penny Griffith)
- Probate (Legal Services) Committee chair (Miranda Winram) and vice chair (Melisa D'Mello) (included internal and external candidates)

RACAC confirmations of appointments

20. In 2021, RACAC confirmed the following appointments/reappointments after recommendations from the Committee and Tribunals team:

Committee name	Appointments etc
Disciplinary Committee	Tribunal chair renewed for a second term
Insolvency Licensing Committee	1 new member was appointed, 2 members renewed for a second term
Investigation Committee	1 member renewed for a second term, Chair renewed for a third term ²
Investment Business Committee	2 new members were appointed, 1 member renewed for a second term
Practice Assurance Committee	1 new member was appointed, 2 members renewed for a second term
Probate Committee ³	Chair renewed for a third term, 3 members renewed for a third term, 1 member renewed for a second term

² Chair renewal for a third term was for a period of 2 years as RACAC remains uncomfortable with offering third terms to committee members and chairs. RACAC requested that the Committee and Tribunals team develop a succession plan for the IC chair role.

³ The confirmation of third terms for Probate Committee members was considered to be acceptable as the Probate Committee was to be refreshed as the Legal Services Committee in 2022 and a new chair and members would be appointed.

21. In 2022, RACAC confirmed the following appointments/reappointments after recommendations from the Committee and Tribunals team:

Committee name	Appointments etc
Appeal/Review Committee	5 new members, 8 members renewed for a second term
Audit Registration Committee	7 new members were appointed, 1 member renewed for a second term, Chair renewed for a second term
Disciplinary Committee	5 new members were appointed, 6 members renewed for a second term, committee Chair renewed for a second term
Insolvency Licensing Committee	4 new members were appointed, 1 member was renewed for a second term
Investigation Committee	10 new members appointed, 2 members renewed for a second term
Investment Business Committee	2 new members were appointed, 2 members renewed for a second term, Chair ⁴ renewed for a third term
Practice Assurance Committee	3 members renewed for a second term
Probate (Legal Services) Committee	3 new members appointed
Professional Indemnity Insurance Committee	5 new members appointed
Reviewers of Complaints	2 new reviewers appointed

Chartered Accountants Compensation Scheme (CACS) appointments

22. Appointments to the CACS committee and board are made by the company's shareholders. In view of this, RACAC considers its role in the process to be the approval of any appointment strategy rather than to approve individual appointments.

23. In June 2022, RACAC limited the extension of the terms of 3 members of the CACS committee/board to 31 December 2022. At its meeting in August 2022, RACAC approved a strategy to fill the CACS vacancies by approaching current members of other Professional Standards Committees. RACAC itself had previously suggested merging the CACS committee/board with another committee.

24. In December 2021, RACAC had refused to approve the appointment of a new chair of the CACS committee/board as the candidate was a member of another ICAEW committee, and the appointment was contrary to the Regulatory Appointments Policy. Recruitment is now underway.

⁴ This was considered an exceptional case as outside factors had prevented the chair from sitting for most of his second term and the vice chair had chaired the majority of the meetings

POLICY MATTERS

Paying chartered accountants

25. From its first meeting in February 2021, RACAC expressed the view that the policy of not paying Chartered Accountant members of most of the Professional Standards Committees and the IRB could have a negative effect on the recruitment of ICAEW members, particularly those from smaller practices.
26. RACAC requested that information on the payment policies of comparable institutions be collected and that the committee be provided with information on the financial impact of paying all ICAEW members.
27. The possibility of paying ICAEW members continued to be discussed at subsequent RACAC meetings during 2021 and 2022.
28. At its meeting in April 2022, RACAC welcomed the IRB's decision to increase the regulatory fees to fund payments to ICAEW members on the Professional Standards committee and the IRB, and to increase the current payments made to all committee members, committee chairs and IRB members by 10%. RACAC also noted the IRB's decision in principle that payments should be made to ICAEW members.
29. As remuneration policy is delegated to RACAC, RACAC decided to introduce payment for all ICAEW members of committees and the IRB, effective from 1 January 2023. RACAC also approved the 10% increase in the sums paid to all committee members and chairs and the members of the IRB.
30. RACAC agreed that a formal process should be put in place to agree future uplifts in the amount to be paid to board and committee members. As part of that process benchmark data should be obtained from other regulators (but not to include health regulators).
31. Encouraging ICAEW member applicants for both committees and the IRB remains a challenge and RACAC will monitor the impact of the introduction of payment on the level of interest from ICAEW members.

Diversity

32. Another area of focus for RACAC since its first meeting in February 2021 has been the collection of diversity information about current committee and IRB members and from candidates for committee/board vacancies.
33. Diversity information was collected from IRB members in late 2021 as part of an exercise conducted by ICAEW's Chief Executive's Office. RACAC reviewed the information collected and used it to inform the IRB recruitment in the spring of 2022. The recruitment specifically targeted women as an underrepresented group on the IRB.
34. Systems were put in place and diversity information was collected for the first time during the IRB recruitment in Spring 2022. RACAC will use this information to inform future recruitment exercises.
35. Information about the Professional Standards committee members was not collected as part of the exercise carried out by the Chief Executive's Office. Separate arrangements have been put in place to collect diversity information from current Professional Standards committee members and as part of the recruitment process. RACAC has welcomed these initiatives.

36. RACAC has offered suggestions on how to communicate recruitment exercises to underrepresented groups. As well as using ICAEW channels, IRB vacancies are now routinely advertised on Women on Boards and the language in the recruitment materials are gender de-coded.

Performance assessment

37. RACAC first considered a proposal for the performance assessment of committee members from the Committee and Tribunals team at its meeting in May 2021 and offered its feedback on what was being proposed.

38. Because the Committee and Tribunals team was planning an extensive committee recruitment exercise and the Head of Committees and Tribunals was about to take maternity leave, RACAC didn't press for progress on the performance assessment programme during 2021.

39. In 2022, a sub group of RACAC comprising Philip Nicol-Gent, Bronwen Curtis and David Matthews was set up to work with the Committee and Tribunals Team to finalise the development of the assessment process. Paul Brooks, the Investigation Committee chair was also invited to join the sub group to provide a practical perspective on what was being developed. In designing a process, RACAC has drawn heavily on Bronwen's extensive HR expertise.

40. A process was developed by the sub group, which has subsequently been shared with the committee chairs. The intention would be to mirror the committee process for the IRB. The RACAC chair and IRB Chair are discussing where responsibility for the performance assessment of committee chairs should most comfortably sit, given that the IRB observes committee meetings for its quality assurance programme.

Committee member/chair terms

41. After a request from the Committee and Tribunals team in May 2021, RACAC agreed the following:

- When a committee member is appointed as Chair or Vice Chair that a three-year term begins from the time of their appointment to this role.
- A renewal for a second term should also be available unless there are compelling reasons why a particular Chair or Vice Chair should not sit for a second term in this role.
- The policy will be backdated to all current Chairs and Vice Chairs.

42. RACAC's decided view is that third terms should not be offered to committee members and chairs (and by extension to IRB members and its chair) as a matter of routine, and that it would have to give detailed consideration to any request for a third term. The committee however, adopted a pragmatic and practical approach to any requests for a third term made during the COVID pandemic when recruitment was obviously more challenging.

Complaints against committee members

43. At its meeting in December 2021, RACAC considered an urgent request for guidance about an active complaint against a committee member.

44. On subsequently receiving further information about the specific instance, RACAC concluded that the contract for committee members should be amended so that it was incumbent on the committee member to recuse themselves for the duration of an investigation. If the committee member was unwilling to voluntarily recuse themselves then RACAC would consider suspending the committee member. In reaching this conclusion RACAC recognised that having a committee member recuse themselves could cause practical difficulties for the operation of the committees but was of the view that the public interest was better served by recusal, particularly if decisions could subsequently be challenged or criticised if the committee member subject to the investigation was present.
45. Such a clause has been included in the contract for the IRB chair – this being the first contract put in place since RACAC’s decision and will be included in other contracts too.
46. RACAC also recommended that a policy be developed for it to review, dealing with the issues that may arise should a committee member be subject to an investigation by ICAEW or otherwise.

RACAC terms of reference

52. RACAC has reviewed its own terms of reference and will be putting forward proposals for change at a future IRB meeting.
53. For practical reasons, RACAC has chosen not to convene the Regulatory & Conduct Committees Appointment Panel, which comprises the full RACAC committee, less either the IRB Chair or Alternate Chair and instead considers committee appointments as the full RACAC committee. Removing this panel from the terms of reference is one of the recommendations for change that will be proposed.

Author	Sara Nathan, Chair RACAC
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