



# Regulatory Developments

## STATUS

1. The report is open, but the appendices are considered confidential and certain sensitive paragraphs are also redacted in blue.

## EXECUTIVE SUMMARY

2. This paper highlights recent news stories and other developments in professional services regulation that may be of interest to the IRB. There is a summary of consultations and consultation feedback in the **Appendix**, however the main body of this report outlines particular items of topical interest.
3. This document discusses the following in more detail:
  - a) HMRC consultation on regulation of the tax market
  - b) Audit fees for listed companies grow 75%
  - c) FRC review of systemic barriers to entry in audit market
  - d) FRC plans overhaul of stewardship code
  - e) Government plan to tackle local audit backlog
  - f) FRC supports proposals to tackle local audit backlog
  - g) Press coverage on accountability of regulators
  - h) LSB announces new chair of the Legal Services Consumer Panel
  - i) LSB budget for Axiom Ince review
  - j) LSB report on ethics and misuse of NDAs
  - k) LSB reshaping legal services conference
  - l) HMCTS criticism by Justice Committee
  - m) Probate delays impact charity sector
  - n) Research shows professionals experience discriminatory behaviour

## RECOMMENDATIONS

4. The IRB is asked to consider whether any of these developments could be of relevance to ICAEW's own regulatory activities and whether it wishes PSD senior management to follow up any of the developments noted here. The appendix is for note, but the board may ask questions of staff where further information is required.
5. The IRB is asked to approve the classification of the paper as open and identify where redaction may be appropriate, as has been highlighted in green. Also agree to the non-disclosure of the appendices.

## HMRC CONSULTATION ON REGULATION OF THE TAX MARKET

Raising standards in the tax advice market: strengthening the regulatory framework and improving registration - GOV.UK ([www.gov.uk](http://www.gov.uk))

6. The long awaited consultation from HMRC on potential regulation of the tax market was mentioned by the Chancellor in his Spring budget statement on 6 March, and the consultation document was published shortly thereafter.
7. The government is exploring options to raise standards in the tax advice market through a strengthened regulatory framework. The consultation also proposes a requirement for tax advisers to register with HMRC, if they wish to interact with HMRC on a client's behalf.
8. The UK tax advice market is not subject to any form of regulation. Almost anyone can start providing tax advice and services to clients. They can do so with limited or no oversight if they are not a member of a professional body. HMRC estimates that there are 85,000 tax advisers assisting 12 million taxpayers. Previous HMRC statistics suggest that about 35% of this figure comprises unaffiliated agents, (not affiliated to any professional body). In other words, about a third of tax advisers by number are not subject to any oversight, although the proportion of the unaffiliated sector by value is likely to be considerably lower than 35%.
9. The consultation sets out the three possible approaches to strengthening the framework. Option 1 is mandatory membership of a recognised professional body. Professional bodies would monitor and enforce standards and raise those standards where necessary. This would be achieved through:
  - Recognition of professional bodies to act as a supervisor on the basis that they set acceptable minimum professional standards for their members and have adequate processes to monitor and enforce their members' adherence with those standards. This could be assessed by a government body or an otherwise agreed supervisory body.
  - A mandatory requirement that tax practitioners are a member of a recognised professional body.
10. Option 2 is a joint HMRC-industry enforcement to monitor and raise market standards. Under this so-called hybrid approach, tax practitioners in scope of the regulatory framework would be required to either become and remain a member of a recognised professional body or be supervised by HMRC. HMRC would take a greater role in maintaining and raising standards of unaffiliated tax practitioners. HMRC comments in the consultation document that it recognises HMRC taking on a strong supervisory role of tax practitioner professional standards whilst administering the tax system could create a conflict of interest.
11. Option 3 is regulation by a government body that sets, monitors, enforces and raises standards in the market. This approach would see the introduction of a new independent regulator or an expanded remit of an existing regulator to regulate all tax practitioners. A single independent regulator would provide consistency across the market. Having an independent body would avoid potential conflicts of interest arising from HMRC acting as a

regulator (as in Option 2). It would also avoid a potential race to the bottom, which could occur under the first two options.

12. The government's preference is clearly for mandatory membership of a recognised professional body. However, the government considers that it may be necessary to **introduce formal oversight of professional bodies for their supervision of tax advice and services**. This would be to ensure:
  - professional bodies set sufficiently robust requirements for their members, maintain standards and enforce requirements;
  - professional bodies accepted as supervisors continue to maintain the required standards; and
  - new bodies with lesser standards cannot enter the market or act as a shelter for substandard or unscrupulous tax practitioners.
13. In principle, the adoption of the above oversight steps sounds like regulation in all but name. As to which professional bodies would have a supervisory role in such a regime, the proposal suggests specifying a set of standards rather than a 'white list' of acceptable bodies. For example, those bodies recognised as supervisors under the anti-money laundering regulations.
14. The government proposes to exclude groups of tax practitioners who interact with HMRC that are already subject to statutory regulation where this regulation extends to the provision of tax advice or services. This includes those in regulated professions such as legal services, insolvency, audit, licensed conveyancers, and independent financial advisers. However, it is not clear whether regulation of these sectors does extend to the provision of tax advice and services in the manner envisaged by the government. It is also unclear how a body like ICAEW which is regulated by the Legal Services Board would be treated under these proposals.
15. To minimise burdens on the sector, the government proposes that any regulation is applied at the firm level. To ensure firms are complying, the government will require the controller or controllers of the firm (for example, the principal or director) to be a member of a professional body and to be accountable for ensuring their staff are complying with professional standards.
16. The consultation also proposes strengthening existing controls on access to HMRC's services. The government proposes to mandate the registration for all tax practitioners operating in a professional capacity who wish to interact with HMRC. To minimise the administrative burden of mandated registration on professional tax practitioners, HMRC will improve its registration processes by introducing streamlined, automated processes. These checks will be performed at the point of registration and periodically after registration to ensure ongoing compliance. HMRC will introduce a single agent registration service that will allow a tax practitioner to register for all relevant services
17. The consultation also includes as Annex C, some interesting data on the results of random enquiry programmes in three sectors:
  - R&D tax credit claims sector;
  - small business corporation tax sector; and
  - self-employed in the self assessment sector.

18. The data highlights several areas which would benefit from further research, including:
- the performance of affiliated agents is better than no agent or an unaffiliated agent, but not by as much as might be expected in terms of numbers. However, in terms of potential tax gap, it is much better; and
  - the performance of unaffiliated agents appears often to be worse, both in actual numbers and the potential tax gap.

[REDACTED]

19. Legislation will need to be introduced to require all tax practitioners to register with HMRC and to set out the criteria they must satisfy. In addition, HMRC will need to build a new registration system. Indicative timing suggests this could be implemented by 2028.

20. In terms of mandatory professional body membership, legislation will be required. There would need to be a transitional period to give currently unaffiliated tax advisers the opportunity to become a member of a professional body. The suggestion is that this could be at least three years. It looks unlikely that any enhanced regulatory regime would be up and running before the end of the decade.

21. [REDACTED]

22. [REDACTED]

23. The consultation closes on 29 May 2024. Regulatory Policy is working with the Tax Faculty on formulating ICAEW's policy position on the proposals and producing a consultation response. While the proposed response is likely to be an ICAEW as a whole response rather than there being a separate PSD/IRB response, the IRB may wish to consider whether it wishes to appoint one or two members to review the final draft of the consultation response given that the deadline is before the next IRB meeting which is scheduled on 30 May.

## AUDIT FEES FOR UK LISTED COMPANIES UP 75%

### [Audit fees for UK-listed companies up 75% since 2018, study finds \(ft.com\)](#)

24. The Financial Times reported that a lack of competition in Britain's audit market and a regulatory drive for better quality have pushed up fees for London-listed companies by 75 per cent over the past five years, according to a new report. The average cost of an audit for a public company in the UK jumped from £397,000 in 2017-18 to £694,000 in 2022-23, according to research by the Quoted Companies Alliance, which represents small and medium-sized businesses. The QCA said in its report that the 75 per cent rise was driven by a dearth of competition in the UK audit market, extra financial reporting requirements and auditing standards, and accounting firms seeking to boost the profitability of their audit arms.
25. The Big Four audit 98 of the FTSE 100 companies, and 84 percent of the FTSE 250.  
[REDACTED]

26. The QCA found that between 2018 and 2023, average audit fees on the London Stock Exchange's main market jumped from £733,000 to £1.28mn. On Aim, average fees rose from £130,000 to £228,300 over the same period, while on the smaller Aquis Exchange, fees increased from £55,000 to £90,000. The surge in fees has also coincided with the Financial Reporting Council, the UK audit watchdog, increasing enforcement over poor quality audits and demanding that firms improve their work after a slew of corporate scandals. Richard Moriarty, the FRC's new chief executive, said in November that his priority was to ensure high-quality audits and boost "public trust and confidence" in the sector, and signalled that he was relaxed about the Big Four remaining dominant. In 2022, FRC chair Sir Jan du Plessis said that if he were a company's chief financial officer, the audit fee "is the last place that I would look to cut costs".

## FRC TAKES SYSTEMIC LOOK AT BARRIERS TO COMPETITION IN UK AUDIT MARKET

[frc-takes-systemic-look-at-barriers-to-competition-in-uk-audit-market](#)

27. The FRC has published a summary of key findings and potential actions from research it commissioned into barriers to entry and growth faced by audit firms in the UK. The report highlighted capacity constraints, recruitment and retention challenges, alongside regulatory requirements, as the main obstacles for smaller firms looking to expand their presence - especially in audits of public interest entities (PIEs).
28. To promote greater competition and choice in the audit market, the FRC has highlighted the importance of a collaborative, cross-system approach involving the regulator, audit firms, professional accounting bodies, and government. The FRC itself has already launched initiatives like Scalebox to help smaller firms understand regulatory standards and grow their PIE audit capabilities.
29. Audit firms are encouraged to prioritise cultures that better support their staff, including training and resources, while professional accounting bodies should continue efforts to attract new talent into the profession and maintain high auditing standards. Government can also play a role with policies that encourage competition and innovation in the audit market. Mark Babington, Executive Director of Regulatory Standards at the FRC, said: "While ensuring high standards of audit quality is paramount, a resilient, competitive audit market is crucial for upholding the UK's status as a leading financial centre and protecting the public interest. The research makes clear that tackling the barriers to audit firm growth requires a co-ordinated approach to foster an environment that supports sustainable growth at all audit firms, greater capacity and choice in the market while maintaining high standards."
30. The FRC plans to conduct further market studies to deepen understanding of audit market dynamics from a resilience perspective.

## FRC PLANS OVERHAUL OF STEWARDSHIP CODE

<https://www.accountancydaily.co/frc-plans-overhaul-stewardship-code>

31. The FRC has launched a fundamental review of the UK Stewardship Code 2020 to ensure it is fit for purpose and does not promote short-termism. As part of the review process, the FRC is seeking views from all stakeholders on whether the Code is being used by asset managers, asset owners and other signatories in a way that drives better stewardship outcomes, and promotes transparency and accountability.
32. The FRC has to be mindful of the government's push to reduce regulatory barriers to growth, which saw recent changes to the Corporate Governance Code watered down. Richard Moriarty, CEO of the FRC said: 'The Code was last revised in 2019 and a revision was due to take place in 2024. Following feedback received during the 2023 consultation to the Corporate Governance Code, it's clear that now is an opportune moment for a fundamental review process to ensure that the principles of the Code are still driving the right stewardship outcomes for investors while not unduly contributing to reporting burdens.'
33. The review will focus on the extent to which the Code:
- supports long term value creation through appropriate investor-issuer engagement that drives issuers' prospects and performance;
  - creates reporting burdens on issuers as well as Code signatories; and
  - has led to any unintended consequences, such as short-termism in targets and outlook for issuers.
34. The review will kick off with targeted outreach, focused around the four main groups affected by the Code's principles and application – issuers, asset managers, asset owners and service providers. The outcome of these discussions will shape the public consultation, which is planned to launch after the 2024 AGM voting season during the summer months. The revised Code is likely to be published in early 2025.
35. The current Code will operate as usual throughout the review process, with existing signatories required to submit their renewal application to remain a signatory. Once the revised Code is updated, the FRC will set out a clear implementation pathway and ensure the effective date allows current signatories sufficient time to respond to any changes.
36. There are currently 273 signatories to the Code, representing £43.3 trillion assets under management. This includes 188 asset managers, 66 asset owners and 19 service providers. Approximately one third of the total assets under management of signatories are invested in both UK and global listed equity and two thirds in other asset classes. Other assets include fixed income, private equity, real estate and infrastructure and others. The significant international interest in the Code is reflected by the two fifths of signatories who are headquartered outside of the UK.

## GOVERNMENT PLAN TO TACKLE LOCAL AUDIT BACKLOG

### [Government's plan to tackle local audit backlog in England | ICAEW](#)

37. The Department for Levelling Up, Housing and Communities (DLUHC) is [consulting](#) on proposed legislative changes that would force local authorities to publish their audited



financial statements by specific deadlines, even if their auditors aren't yet satisfied with them. [REDACTED]

38. The proposed changes to the Accounts and Audit Regulations 2015 (AAR 2015) that regulate audited financial statements for local authorities in England are part of a series of measures to clear a backlog of 771 overdue audits as at 31 December 2023. The first phase of the proposals will require larger local authorities to finalise all their outstanding audited financial statements by 30 September 2024, bringing audits up-to-date for financial years 2015/16 through 2022/23. For the most recent financial year ending 31 March 2023, this will be 18 months after the balance sheet date.
39. Phase two relates to the current and future financial years, and proposes gradually shortening the statutory deadline for audited financial statements until it aligns with what was previously a target date for publication of eight months after the year-end, as follows:
  - 2023/24: 31 May 2025 (14 months)
  - 2024/25: 31 March 2026 (12 months)
  - 2025/26: 31 January 2027 (10 months)
  - 2026/27: 30 November 2027 (8 months)
  - 2027/28: 30 November 2028 (8 months)
40. If confirmed, these proposals would require external auditors to complete their audits even if they have been unable to obtain sufficient appropriate audit evidence in time. This would result in an auditor having to issue a modified opinion, either through qualification or through issuing a disclaimer of opinion.
41. Parallel proposals have also been launched by the National Audit Office, which is consulting on consequential changes to the Code of Audit Practice. The CIPFA LASAAC Board will also consult shortly on related changes to the Code of Practice for Local Authority Accounting
42. As the rules currently stand, local authorities can issue a delay notice if an audit has not been completed by the target date set by central government. The proposed amendment would mean that local authorities will need to publish their audited financial statements including any modifications that may be necessary to the audit opinion. In a statement, DLUHC said: "This consultation seeks views on amending the Accounts and Audit Regulations 2015 as part of a package of cross-system measures to clear the backlog and put the system on a sustainable footing."
43. Only 1% of English councils - that is five out of 467 – managed to get their 2022/23 financial statements signed off by the 30 November 2023 target date. Some local authorities still have unaudited accounts going back as far as the 2017/18 financial year. Worryingly, delays are prevalent across local authorities who have issued s114 'bankruptcy' notices: all seven councils who have issued such a notice since 2020 have delays in publishing audited financial statements of at least three years. They include Slough, one of ten public bodies with five years of unaudited accounts, and Woking, Croydon, Nottingham and Thurrock, who are each missing four years of audits. This highlights a key risk of financial issues going undetected at local authorities as a result of the delays.

44. ICAEW has called for reform to make the accounts more understandable and used more effectively in holding local authorities to account. It also says investment in finance teams is needed alongside better governance and improvements to accounting processes and controls, and steps to expand capacity in the local audit market.

45. DLUHC's consultation is to run for four weeks and closed on 7 March 2024.

## **FRC SUPPORTS CONSULTATION ON PROPOSALS TO TACKLE LOCAL AUDIT BACKLOG**

### [FRC supports consultation on proposals to tackle local audit backlog](#)

46. The FRC is supporting the Department for Levelling Up, Housing and Communities to engage stakeholders on a consultation, aimed at tackling the backlog in local audit and reporting. The four-week consultation will gather views on legislative changes to the Accounts and Audit Regulations 2015, specifically looking at 'Backstop' Proposals for financial years 2015/2016 to 2022/2023 and 2023/2024 - 2027/2028.

47. The National Audit Office have also launched a consultation seeking views on changes to the Code of Audit Practice, which sets out how local auditors in England meet their responsibilities under the Local Audit and Accountability Act 2014. A joint statement from system partners, which explains the package of measures and how the various elements are intended to interact, has also been published today. The package consists of three phases:

- Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 30 September 2024.
- Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
- Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

48. These consultations represent a coordinated effort by the whole system to address the systemic issues facing local authority audits and reporting. Sarah Rapson, FRC Executive Director of Supervision said: "Timely and transparent financial reporting and audits are vital for accountability and effective decision making in local government. The concerning backlog of unaudited accounts undermines this, so we must act decisively to bring the system back to a standard the public deserves."

## **PRESS COVERAGE ON ACCOUNTABILITY OF REGULATORS**

### **The Times: Regulators need less politics and more accountability, say peers**

49. Britain must overhaul its oversight of regulators, a parliamentary committee has warned after it highlighted problems including alleged political interference and a "vacuum in accountability". The House of Lords' industry and regulators committee said it had heard



“concerns from some quarters about increasing politicisation of regulation”. There was a perception that certain executives at regulators had been appointed “on account of their political loyalty rather than their experience and capability”.

50. The committee also warned that regulators’ accountability to parliament was insufficient. “We heard that parliamentary scrutiny tends to be reactive and piecemeal, rather than systematic and routine,” it said. This was leading to a “growing vacuum in regulatory accountability”. It called for the creation of a new statutory body “to advise and support parliament and its committees in holding regulators to account on a much more systematic and thorough basis”.
51. Regulators including the Competitions and Markets Authority, the Financial Conduct Authority, Ofgem and the Bank of England provided evidence to the inquiry. It was commissioned after a series of regulatory failures, such as the FCA’s mishandling of the £237 million London Capital & Finance investment scandal. The country has about 90 regulators and the Lords noted that they “wield significant power and influence over the UK’s economy and everyday life”.
52. The committee said there were “growing concerns about the functioning of the three-way relationship between the regulators, the government and parliament, particularly the role and performance of regulators, their independence and their accountability”. The report identified several issues, including regulators not having a “sufficiently clear job to do”, and it said that the government and parliament must not “overload” regulators with objectives. Certain regulators did not have the resources they needed to effectively carry out their functions, the report warned. It said regulatory boards should be given the power to “seek guidance from the government where they feel they do not have sufficient clarity on how to make decisions that involve political or distributional trade-offs”.
53. The committee’s other recommendations included allowing select committees to play a greater role in scrutinising senior regulatory appointments to provide greater confidence in their independence. Lord Hollick, the chairman of the committee, said: “If the integrity and legitimacy of the UK’s regulatory system is to be preserved, the findings and recommendations in our report must be addressed by the government, regulators and parliament.”

## LEGAL SERVICES BOARD ANNOUNCES NEW CHAIR OF THE LEGAL SERVICES CONSUMER PANEL

<https://www.lawgazette.co.uk/news/ex-mckinsey-consultant-to-chair-consumer-panel/5118959.article>

Management consultant to take helm of Legal Services Consumer Panel - Legal Futures  
Tom Hayhoe appointed TDB Chair | Tax Adviser ([taxadvisermagazine.com](http://taxadvisermagazine.com))

54. A former McKinsey management consultant, Tom Hayhoe has been appointed the new chair of the Legal Services Consumer Panel (LSCP). He will succeed current two-term chair Sarah Chambers on 1 May 2024.

55. The LSCP, was created by the Legal Services Act 2007 and is an independent arm of the Legal Services Board (LSB). It is tasked with providing advice to the LSB based on the needs of consumers of legal services. LSB board chair Alan Kershaw said: “We look forward to benefiting from Tom’s broad experience and knowledge and working with him in the public interest to ensure legal services better meet the needs of people who need them.
56. Hayhoe’s current appointments as Chair include from February 2024, a position chairing the Taxation Disciplinary Board and an appointment as the first permanent Chair of Jersey's Health Advisory Board. He is also panel chair of the Association of Chartered Certified Accountants, hearing professional regulation cases and an external assessor for the College of Policing.
57. Prior to this, Mr Hayhoe worked in retail and his executive experience includes a former appointment as a fitness to practice panel chair at the Nursing and Midwifery Council. He served as a non-executive director of NHS bodies before becoming chair of two NHS Trusts. He stood as a parliamentary candidate for the SDP in the 1987 general election.
58. Mr Hayhoe [blogs about the Escondido Framework](#), which he describes as “an alternative way of thinking about the theory of the firm, organisations, and political economy”. Hayhoe said: *‘I am looking forward to applying my experience addressing the needs of consumers and representing the interests of the public to the important work of the Legal Services Consumer Panel.’*

## LSB REVEALS INITIAL BUDGET ESTIMATE FOR AXIOM INCE REVIEW

<https://www.lawgazette.co.uk/news/lsb-reveals-initial-budget-estimate-for-axiom-ince-review/5118942.article>

[Axiom Ince closed by SRA following months of turmoil—Legal Business | Russell-Cooke](#)

59. Board papers released by the LSB reveal an initial £60,000 has been allocated to investigate the Solicitors Regulation Authority’s (SRA) actions over the collapse of national shipping law firm Axiom Ince. The sum has been approved for the current financial year and costs will be met by contributions from the profession. A report is due this spring.
60. Northern Ireland firm Carson McDowell is undertaking the review, with £10,000 being spent on the matter in January. The LSB said it will ‘closely liaise’ with the firm over the next two months to monitor legal spending. The LSB has said it wants to establish the ‘adequacy, efficiency, and effectiveness’ of the SRA’s actions in the lead-up to Axiom being intervened into in October 2023.
61. Axiom had expanded rapidly acquiring 200 firms in distress, including insurance firm, Plexus Legal and in April 2023, the much larger firm, Ince & Co. Three months later SRA investigators visited the firm and two weeks after three directors were suspended. The SRA intervened into their practices six weeks later, on grounds of dishonesty. Finally, on 3 October 2023, the SRA intervened into Axiom Ince with immediate effect.
62. Under SRA authorisation rules, when a firm is acquired, it must provide details of the authorised bodies which have taken over its practice. Concerns have been raised that the

SRA missed red flags as a relatively small firm made such large acquisitions very quickly, suggesting a potential lack of regulatory scrutiny. Axiom grew from a firm with less than 200 employees to one with around 1,500, within a 3-month period.

63. More than £60m is believed to be missing from Axiom Ince's client account and the funds are alleged to have been used to acquire Ince, Plexus and other properties. There are limited financial assets and former clients will have to apply to the SRA's discretionary compensation fund. According to the SRA's compensation fund annual report, accumulated funds on 31 October 2021 were £50.6m. The Serious Fraud Office announced in November that it was also conducting a criminal investigation, with seven individuals arrested and various sites searched.

64. The SRA have also been criticised for initially only intervening into the practices of those directors suspected of dishonesty rather than the whole firm. [REDACTED]

## LSB REPORT FOCUSES ON ETHICS AND THE MISUSE OF NDAS

[Employment: Lawyers and the misuse of non-disclosure agreements | Law Gazette](#)  
[Campaign group calls on lawyers to join push for NDA law reform - Legal Futures](#)

65. In February, the LSB published its report on the misuse of non-disclosure agreements (NDAs). It focuses on the conduct of lawyers and forms part of the LSB's Reshaping Legal Services strategy, which centres on the delivery of high-quality legal advice with strong professional ethics. It follows the LSB's call for evidence last year, which received 103 formal responses.

66. The LSB is interested in the role of legal professionals constructing and using NDAs while ensuring ethical professional conduct. Their most widespread misuse is in settlement agreements in employment matters. The report highlights the following issues:

- unacceptable time pressure placed on employees to sign NDAs
- NDAs presented as standard clauses but a failure to explain their impact
- a lack of sensitivity when advising vulnerable individuals
- individuals feeling that they have no option, but to sign an NDA and regretting it
- instances where the terms and effects of the NDA have not been properly explained.

67. The LSB intends to investigate further and will categorise types of unethical behaviour before considering how regulation can address these issues. However, while welcoming the research, co-founder of campaign group, 'Can't Buy My Silence,' Zelda Perkins, said 'victims need action, not more reviews' and urged the legal sector and the government to make decisive reforms.

## LSB RESHAPING LEGAL SERVICES CONFERENCE 2024

[Firms reported for oppressive "pre-emptive" NDAs imposed on actors - Legal Futures](#)  
[Post Office victim and SRA chief urge lawyers to call out colleagues - Legal Futures](#)

68. Consumer focused regulation, the rule of law and ethics were key themes at the LSB's Reshaping Legal Services conference held on 7 March 2024. A panel speaker there also highlighted that actors have been forced to sign pre-emptive NDAs or risk not getting auditions. There was agreement on the panel that while regulation could help firms act ethically, culture in firms was more important.
69. Other speakers included former sub-postmaster, Lee Castleton, who featured in ITV's drama, *Mr Bates vs The Post Office*. He argued that colleagues have an individual responsibility to call out or report improper behaviour. Paul Philip, CEO of the SRA noted that culture in law firms often leads to solicitors acting as hired guns to get the outcome clients want while having too little respect for the rule of law.
70. Richard Moorhead, professor of law and legal ethics at Exeter University, and a leading commentator on the post office scandal, said his research showed that "*lawyers, and transactional lawyers in particular, tend towards a minimalistic or apathetic attitude to ethics – not always but often enough for it to be a concern for us*". He said elements of the conduct probably came within the professional rules. "*That poses a really interesting, important challenge to the regulators.*" Professor Vaughan added that a common failing among practitioners was "a lack of reflection" beyond client needs and demands.
71. [REDACTED]
72. [REDACTED]
73. [REDACTED]

## HMCTS REDUCED OPERATING HOURS CRITICISED BY JUSTICE COMMITTEE AND LAW SOCIETY

[MoJ mandarin refuses to say if criminal lawyers will get "the full 15%" - Legal Futures](#)  
[Probate helpline opening hours cut for 12 weeks – what you need to know - Which? News](#)

74. During a Justice Select Committee (committee) session in March about the operation of the Ministry of Justice (MoJ), solicitor MP James Daly accused the MoJ of "losing control" over a "terrible" Probate Service. The comment was in response to news that HMCTS has reduced its helpline hours for 12 weeks.
75. HMCTS reduced its helpline operating hours from February 14, and it will now operate from 9am–1pm Monday to Friday for the next 12 weeks. This is to ensure applications are processed quickly during a period of increased demand in the winter months. It is a similar strategy taken by HMRC, who reduced its helpline service in the lead-up to the January self-assessment deadline.
76. This change was also criticised by Law Society President, Nick Emmerson who argued: "*HMCTS must ensure there is a strong workforce with the required knowledge and expertise to handle both digital and paper applications. Without a new level of staffing, the change in*

*probate enquiry line opening hours will be in vain and our members' clients will continue to suffer.'*

77. The Regulatory Policy team participated in a HMCTS user group in which these changes were discussed. The user group includes representatives from charities, STEP, and the Law Society. While the potential impact on probate users was recognised, it was accepted that this was necessary to ensure current applications are not adversely affected by the winter peak.

## PROBATE DELAYS IMPACT THE CHARITY SECTOR AND BEQUESTS FOR VITAL RESEARCH

[Probate delays threaten vital services, UK charities warn \(ft.com\)](#)

78. Further submissions to the committee's inquiry into probate delays have been reported in the press. Responses from large charities highlight the broader impact of HMCTS delays with grants of probate. It was reported that data from the Institute of Legacy Management (ILM) showed that the backlog stood at more than 52,000 at the end of last year, compared with fewer than 1,000 in 2012.

79. Charities have become highly dependent on bequests from estates, as values of assets have risen, helping them offset pressure on general donations due to the cost-of-living crisis. About £800mn in funds due to charities are awaiting a probate grant, according to estimates from the ILM and Remember a Charity. Charities warned that delays denied timely access to a crucial source of funding worth hundreds of millions of pounds putting vital services and research in jeopardy.

80. Cancer Research UK, whose largest source of income last year at £261m was from gifts in wills, said delays had a 'detrimental impact' on the charity and 'life-saving research'. It believes that £34m of its income is currently being held up and had 'frustratingly hindered charitable activity'. The Royal Society for the Prevention of Cruelty to Animals receive about £90m from about 2,500 legacies each year, 60% of its annual income. They said delays have a huge impact on the charity and the sector and they do not believe the service has the necessary resources or expertise to deal with applications.

81. Estate agents also warned that extensive delays have caused some property sales to collapse as buyers give up on sellers who lack the legal authority to complete. ICAEW also reported that grieving families risk interest payments on inheritance tax in some cases since the levy is due within six months of death. Matthew Lagden, CEO of the ILM, said they "used to advise members to expect an 18-month gap between death and the receipt of a gift" but, because of probate problems and other hold ups now advise that it takes 24 to 36 months.

82. Nick Goodwin, of HMCTS, told the Commons Justice Select committee in March: "*The performance is being turned around. I do accept it has not been good enough.*" In a further statement HMCTS said: "We know how important donations left in wills are for charities and we are taking unprecedented steps to speed up the process. These are working and resulted in record numbers of grants being issued in the final three months of 2023."

83. [REDACTED]

## RESEARCH IDENTIFIES LEGAL AND ACCOUNTANCY PROFESSIONALS EXPERIENCE DISCRIMINATORY BEHAVIOUR

84. Researchers from the Young Foundation gathered responses from over 7,290 professionals across the UK on behalf of 12 professional membership and regulatory bodies including ICAS. The [research](#) 'Beyond Buzzwords,' included responses from over 600 chartered legal executives and ACCA regulated accountants. The report's recommendations for regulatory bodies includes putting equality, diversity, and inclusion (EDI) at the heart of what it means to be a professional by reframing it as "non-negotiable" and integral to all decision-making. This includes ensuring members are not granted accreditation without core competencies around EDI.
85. The research found that more than seven out of 10 professionals experienced "discriminatory or exclusionary behaviour in the workplace" in the past five years. However, researchers identified that progress was stalling on EDI, with over a fifth (22%) of respondents believing it received "too much focus" compared to other issues. Researchers said that while most professionals were supportive of the principles of EDI, there was "widespread scepticism" about the capacity of EDI initiatives to deliver meaningful change.
86. The top barriers were affordability of training or qualifications and "a lack of networks" with people already working in the profession. These were followed by a lack of role models or mentors and worries about "fitting in" when belonging to a minority. A large majority of professionals, 72%, said they had "personally experienced" discriminatory or exclusionary behaviour at work, with those with "marginalised characteristics" much more likely to report it
87. Seventy-three per cent said they had experienced barriers to progression in their careers. The consequences of this discrimination or exclusion were most often changing jobs, "mental health conditions" or not pursuing opportunities like promotions or training. A lead researcher commented: *"The findings highlight the critical role of professional and regulatory bodies as agents of change. The organisations driving this research together represent more than 750,000 UK workers, and they possess the influence, expertise, and networks to raise standards and drive progress on EDI through training, guidelines, and support for members."*

<b>Author</b>	Sophie Wales, Head of Regulatory Affairs and Policy
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