

Enable, Evaluate and Enforce

RESERVED LEGAL SERVICES BUSINESS PLAN 2021 - 2022

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Foreword

Steve Barrow, Alternate Chair (Legal Services), ICAEW Regulatory Board

ICAEW is an independent regulator with oversight responsibility in the role as an approved regulator under The Legal Services Act 2007. Working with the Legal Services Board (LSB) our strategic priorities and operational focus are driven by the requirements of the Act and the LSB's themes of fairer outcomes, stronger confidence and better services.

As an experienced and multi-faceted regulator, we recognise the opportunity for a 'win win' situation for legal services regulation through the insights and learnings from regulatory activities in relation to audit, insolvency, investment business, accountancy and anti-money laundering. This assists us strategically and operationally, enabling us to develop an all-round highly professional and effective regulatory platform for legal services. This works both ways too, as a number of the initiatives led by the LSB have helped inform and advance our other regulatory activities.

Coronavirus has, of course, changed the way we work and live, and our thoughts are with those individuals and families who have suffered as a result of the virus. The pandemic has caused real harm; ICAEW and our registered firms are committed to providing support and help to consumers and companies through this time and in the future.

We also recognise there are unprecedented challenges facing ICAEW firms and members. However, we continue to expect the highest professional standards.

The ICAEW Regulatory Board (IRB) has experienced another busy year of intense activity, with much valuable debate and decision making, that I am sure will continue throughout 2021 and into 2022.

In recent months, the board has welcomed new members Anthony Pygram, Jonathan Williams and Parjinder Basra who bring further excellent knowledge, diversity and insight.

The IRB is committed to improving transparency and, together with other initiatives, has therefore concentrated efforts on the publication of an enhanced annual report and making board agendas, papers and minutes available online at [icaew.com/irb](https://www.icaew.com/irb).

As a digitally advanced operation, ICAEW's Professional Standards Department (PSD) was able to respond quickly to the challenges of lockdown, moving seamlessly to virtual ways of working and adopting new technologies. Members of the IRB are pleased with the progress made, as well as the huge and flexible commitment from PSD's executive leadership and staff, and believe that we are well placed to face the challenges ahead.

This business plan describes what ICAEW does in relation to the regulation of reserved legal services, and how this aligns with our values, our work with the LSB and our statutory duties. The plan also describes how we intend to continue to improve this regulation, to educate and inform and encourage actions in the best interests of the consumer.

'Our operational focus is driven by the Legal Services Act and the LSB's themes of stronger confidence, better services and fairer outcomes'.

Introduction

Duncan Wiggetts, Chief Officer Professional Standards Department

I am pleased to introduce the Reserved Legal Services Business Plan for 2021-22.

The operational and governance changes that we have achieved recently are truly transformational. I am proud and appreciative of the efforts and achievements of our teams, the IRB, probate committee and our external stakeholders. We've had to work very hard in recent times and I'm pleased to see that our ambition and commitment remains and, if anything, is re-energised for this business plan period.

We continue to prioritise our core, day-to-day regulatory work which includes registration and authorisation, education, quality assurance and conduct. While meeting our key targets and transforming into a home-based organisation during lockdowns, we've carried on with the development of our central IT system, updated our website and created new and dedicated regulatory channels of communication. We have made available a fully searchable [disciplinary findings database](#) and, very recently, the IRB has agreed with a proposal to enhance transparency further through publishing not only minutes of their meetings but also the agenda and papers.

We are delighted to be able to carry on with our support and promotion of the [Legal Choices](#) website and we will continue to respond to the needs and ideas of consumer groups. We look forward to ongoing discussions to inform our future plans and actions.

Diversity is integral to the performance of PSD, and with social mobility and diversity forming a key part of the ICAEW Strategy for the next 10 years, greater focus is due to be given to this area in 2021. Our approach is strengthened by the appointment of a Diversity and Inclusion Manager (March 2021) whose services will be available to Professional Standards to develop regulatory and staff policies.

The biennial diversity monitoring of all probate regulated firms took place in March 2021 and a report will be issued in the summer analysing the key findings and benchmarking against prior years and SRA data. The tools for this exercise will be made more widely available to other ICAEW accountancy firms later in the year and promoted to aid them in any monitoring exercise they wish to undertake.

Our 2022 budget reflects our prudent and practical approach to financial management. Income from regulatory fees is budgeted to be £565k. We contribute £54k to ICAEW shared services and £30k to the operation of [Legal Choices](#).

In all that we do, I urge readers - don't wait for a consultation, we'd very much like to hear your views. We are curious and committed to engaging with a diverse range of views and to open dialogue. We've established a strong operational and financial foundation and I and my team look forward to another successful plan period.

If you do wish to contact us, you can email us at professionalstandards@icaew.com

Regulatory landscape

The landscape for regulation sets part of the agenda for PSD during 2021 and 2022. During 2020 we undertook a series of changes in our governance structures that brought it into line with the metrics sought by the LSB under their internal governance rules (IGRs). The changes included the formation of a separate appointments process which saw Sara Nathan OBE appointed as an independent chair of the new Regulatory and Conduct Appointments Committee. The new committee initiated some appointments late in 2020. It will fully develop its approach and secretariat during 2021.

In December 2020 the Competition and Markets Authority published an update to their 2016 report on the Legal Services Market. The 2020 report found that the progress on their 2016 recommendations had been positive but slow, and a further series of recommendations issued. These will be taken forward by the LSB in 2021 and PSD will respond to these as appropriate. It is anticipated that these recommendations may prove, as with those of 2016, to be challenging to apply in a multi-disciplinary environment where legal services overlap with accountancy services without some recognition of the Hampton principles.

In April 2020 ICAEW was approved by statutory instrument as a regulator of oaths. The adaptation of regulations for this new service, delayed in 2020 due to the implementation of the IGRs and changes in staff resource, will be implemented during the course of 2021. In addition, the appropriateness of application to be an approved regulator and licensing authority for further reserved services is being investigated.



Governance

The IRB continues to oversee the operations of PSD. During 2020 the board met five times, once in person and four times virtually. The IRB's 2020 [Annual Report](#) set out the role and achievements of the board in 2020.

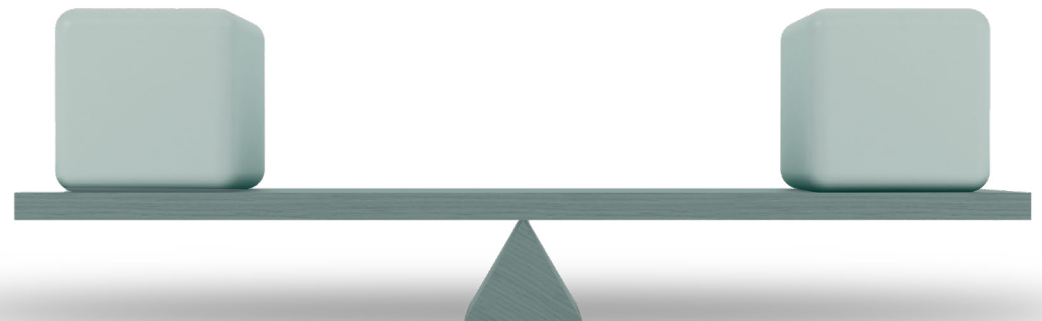
In April 2020 the IRB agreed to a number of changes in its governance structure, partly to address the new requirements of the LSB's internal governance rules. The board considers these changes enable the department to meet the independence requirements of all the statutory areas it regulates and provides a strong public interest remit in also applying this to the voluntary area of accountancy.

The IRB considers matters of legal services policy. These are chaired by a non-legally qualified person for lay purposes. Recent policy matter reviews include probate firm transparency of services, diversity reporting and engagement with other legal regulators in the sponsorship of [Legal Choices](#).

The IRB has a standing sub-group 'Project Light' which has been reviewing aspects of transparency around the board's and department's activities. The Project Light group is fully supportive of the LSB's drive for greater transparency. It has undertaken a complex review given the range of activities covered by the IRB across five statutory and accountancy oversight arrangements, some of which are cross-cutting. The Project Light group is committed to finding a practical way of meeting the LSB's requirement for better arrangements.

The new lay chair of the Regulatory and Conduct Appointment's Committee, Sara Nathan OBE, [intends to further address the balance of diversity](#) of membership within the IRB and the regulatory and disciplinary committees, not just within the context of the protected characteristics but in the type of firm and regional representation. The appointments process will be modified during 2021 to draw from a wider audience.

Budget proposals for the next calendar year will be put before the IRB in June.



Professional Standards Department strategy

PSD's aspiration is to be great; achieve excellent results, distinctive impact and lasting durability. This recognises that greatness is an enduring and dynamic change process, not an end point.

We act with integrity, creating effective partnerships with organisations and communities worldwide to ensure the highest technical, professional and ethical standards. Not only do we fulfil our Royal Charter objectives, we are also highly proactive in reviewing and adapting our own structure and processes to comply with and to anticipate rapid and significant changes in the regulatory landscape.

Part of our aspiration includes challenging targets and work delivered to high standards achieved through three ways of working – agility, innovation and collaboration. PSD staff are seen as key to these achievements bringing life to the strategy, their values and their identity and managing risk.

Our strategy is to work in the public interest and ensure firms and individuals continue to maintain high standards of practice and professional conduct.

Our *Strategy in to Action* document and animation clearly defines the roles and activities of the department and the people that work within it. Our mission is to strengthen trust and protect the public by enabling, evaluating and enforcing the highest standards in the profession. [See Appendix E](#)

ICAEW values are applied in achieving our strategic objectives:

- Insight – understanding what is going on.
- Initiative – knowing what to do.
- Integrity – taking ownership, caring and doing the right thing.

The department collaborates with other stakeholders and also contributes to market and member-facing services which are a key part of facilitating its regulatory objectives.



Reserved legal services medium-term strategy

THE LEGAL SERVICES BOARD'S STRATEGIC THEMES

Supporting the LSB's strategic themes to strengthen trust and protect the public by enabling, evaluating and enforcing the highest standards in the profession. In doing so we ensure our firms, members and students uphold the highest standards and act in the public interest. Our medium-term plan has these objectives at its heart.









FAIRER OUTCOMES - giving consumers the information and tools they need to drive stronger competition, creating the right conditions for providers - including those yet to enter the market - to redesign legal services that respond to their needs. It also entails regulators fostering responsible innovation that commands the trust of both the public and legal professionals. - this includes widening public access to advice and support and ensuring that no one has a worse outcome or quality of service due to their background or life circumstances. The sector must also build a more inclusive culture which enables anyone to enter the law and achieve their full career potential. Of both the public and legal professionals.














STRONGER CONFIDENCE - resolving long-standing questions around the scope of regulation and broadening access to redress. It also requires regulators to put the right mechanisms in place so that legal professionals deliver consistently competent and ethical legal services.



BETTER SERVICES - giving consumers the information and tools they need to drive stronger competition, creating the right conditions for providers - including those yet to enter the market - to redesign legal services that respond to their needs. It also entails regulators fostering responsible innovation that commands the trust of both the public and legal professionals.





| | STRATEGY AND OBJECTIVES | STRATEGIC THEME(S) | OPERATIONAL DELIVERY |
|---|---|--|--|
| Ensure the Professional Standards Department is best set up to deliver legal services regulation | | | |
| 1 | Ensure that ICAEW is an effective and efficient regulator of reserved legal services activities undertaken by authorised and licensed firms, by: | Stronger Confidence  | <ul style="list-style-type: none"> - IRB approval of a reserved legal services strategy. - Meeting LSB operational targets within reason. - Analysis of work and cost impact of the revised internal governance rules. |
| 1a | Ensuring there are appropriate systems in place to support the functions of policy making, application/registration, education, monitoring, conduct, related projects and other administration; | Stronger Confidence  | <ul style="list-style-type: none"> - Recruitment of a regulatory committee (evolving from the Probate Committee) that has the breadth of experience necessary for a wider legal services regulatory role. |
| 1b | Ensuring the corresponding PSD structure and overarching governance arrangements remain fit for purpose; | Stronger Confidence  | <ul style="list-style-type: none"> - Recruitment of a regulatory committee (evolving from the Probate Committee) that has the breadth of experience necessary for a wider legal services regulatory role. - Ongoing commitment to and compliance with the internal governance rules. - See also Appendix A. |
| 1c | Ensuring legal services regulation is adequately resourced; | Stronger Confidence  | <ul style="list-style-type: none"> - Recruitment of a new Policy Manager has taken place. - Expansion of the PSD communications team to facilitate the increase in communications resulting from its new communication channels. See Appendix F. This will also help to enable the increase in transparency, consultations and consumer feedback mechanisms. |
| 1d | Continuing to implement and develop systems for the collection and analysis of key indicators and relevant data that provide for the evaluation of the performance of this regulatory function; | Stronger Confidence  Better Services  | <ul style="list-style-type: none"> - Commitment to culture change and a learning environment. - Support business systems transformation. - Further phase of development in terms of engagement with our firms. |

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| 1e | Addressing matters arising from the LSB's performance assessments; | <p>Stronger Confidence</p>  <p>Better Services</p>  | <p>Publishing disciplinary decisions.</p> <ul style="list-style-type: none"> - See icaew.com/disciplinarydatabase The database is linked to 'Find a Chartered Accountant' and the prospect of merging the two databases will be explored with the representative side of ICAEW. Promotion of the database will run across ICAEW's social media channels to raise consumer awareness. |
| | | <p>Stronger Confidence</p>  <p>Better Services</p>  | <p>Publishing board minutes and papers.</p> <ul style="list-style-type: none"> - Find a practical way of meeting the LSB's requirement for better transparency through publication of its board papers and minutes. |
| | | <p>Stronger Confidence</p>  <p>Better Services</p>  | <p>Organising documentation for approval of regulation changes.</p> <ul style="list-style-type: none"> - Review internal procedures to ensure that all future applications provide adequate evidence to support proposed changes. - Review and develop a consultation policy and communications platform to support it. |
| 1f | Developing a long-term strategy for effective oversight of reserved legal services as regulated by ICAEW. | <p>Stronger Confidence</p>  <p>Better Services</p>  | <ul style="list-style-type: none"> - Recruitment of a regulatory committee (evolving from the Probate Committee) that has the breadth of experience necessary for a wider legal services regulatory role. - Review the remit of regulated services to legal instruments and evaluating the prospects for advocacy. - Respond to any propositions by the LSB/MoJ to extend or remove the categories of reserved service. - Moderate the boundaries between legal services and accountancy. |


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| 2 | To ensure the quality of legal services work being undertaken by authorised and licensed firms, through conducting and acting upon sufficient high quality performance assessments as to identify good practice worth sharing, identify required improvements and take appropriate action where poor performance is established. | Better Services  | <ul style="list-style-type: none"> - Where themes and common pitfalls are identified, continue to publish guidance for our firms. - Continue to monitor compliance with the Probate Regulations by accredited firms through quality assurance reviews. - Continue to monitor firms' experience of monitoring reviews and publish the results of these surveys. - Continue to thoroughly investigate complaints and hold members and firms accountable where standards fall short. |
| 3 | To implement regulations to enable the introduction of the reserved legal service of administration of oaths. | Better Services  | <ul style="list-style-type: none"> - Draft the regulations, establish the application process, considerations for ongoing monitoring and enforcement. |
| 4 | To monitor the provision of reserved legal services in order to identify and address any required education or training needs. | Better Services  | <ul style="list-style-type: none"> - Monitoring in this area is a component of our quality assurance process. - Continue to monitor complaints in order to identify compliance issues and further need for training. |


Improve transparency and ensure effective communications

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| 5 | To ensure that there is effective communication. | Stronger Confidence  | <ul style="list-style-type: none"> - Continue to closely review communication results to drive improvements see Appendix F. - Develop a trusted and valued relationship with the LSB. |
| 5a | Maintain active and effective channels of communication with authorised and licensed firms to facilitate, for example, the dissemination of regulatory information and best practice; and | Better Services  | <ul style="list-style-type: none"> - Communications project to refresh and broaden the public-facing area of the website. - Marketing aimed at increasing new firm applications. - Updates to the 'How to apply' section of our website to help firms more easily understand the requirements. - Continue to closely review communication results to drive improvements see Appendix F. |


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| <p>5b</p> | <p>Ensure sufficient consultation with stakeholders on relevant matters, such as proposed changes to applicable rules and regulations.</p> | <p>Better Services</p>  | <ul style="list-style-type: none"> - Review and develop a consultation policy and communications platform to support it. - Changes to the Disciplinary Bye-laws: consultation and liaison with the LSB. - Changes to PII Minimum Approved Wording policy: consultation and liaison with the LSB. - Fees and equality impact consultation. - IRB legal services strategy consultation. |
| <p>6</p> | <p>To introduce a change in regulation if required to improve price and service transparency at firms we supervise.</p> | <p>Fairer Outcomes</p>  | <ul style="list-style-type: none"> - Website research, subsequent review and a decision on next steps by the IRB. - Communications campaign to promote any change to the regulations. |
| <p>7</p> | <p>To promote ICAEW's engagement with the consumers of legal services undertaken by authorised and licensed firms, together with innovations in those services, and develop consumer feedback mechanisms.</p> | <p>Fairer Outcomes</p>  | <ul style="list-style-type: none"> - Collaborate with the LSB regarding a single digital register and market led digital comparison tools. |
| <p>8</p> | <p>To support and promote Legal Choices and other legal services educational platforms to increase access to the legal services market.</p> | <p>Better Services</p>  | <ul style="list-style-type: none"> - Continue to highlight to consumer advice organisations that accountants offer probate services with a request for them to update their communication materials accordingly. - Promote these platforms to our firms and a wider audience via our new regulatory communication channels and main ICAEW corporate channels. |

Contribute to a more inclusive culture

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| <p>9</p> | <p>To explore possible areas for collaboration with the LSB and other frontline legal services regulators with a view to the advancement of the regulation of reserved legal services in the public interest.</p> | <p>Better Services</p>  | <ul style="list-style-type: none"> - Support innovation by registered firms and allowing sandboxes for experimentation. - Collaborate with the LSB re single digital register and market-led digital comparison tools. |
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| <p>10</p> | <p>To explore possible areas for collaboration with the LSB and other frontline legal services regulators with a view to the advancement of the regulation of reserved legal services in the public interest.</p> | <p>Better Services</p>  | <ul style="list-style-type: none"> - Review our statutory guidance and build diversity and inclusion in the coming years into our regulatory performance framework. - Analyse the results of the 2021 probate diversity survey and identify actions and reporting. Promote the findings to probate firms and other stakeholders. - Provide and promote wider access to the probate diversity survey online tool to enable firms we regulate for other services to report on the diversity of their employees. - The chair of the Regulatory and Conduct Appointments Committee is working to broaden representation within our regulatory and disciplinary committees. - Modification of the appointments process during 2021 to draw from a wider audience. |
| <p>11</p> | <p>Assess the equality impact of our actions and policies.</p> | <p>Fairer Outcomes</p>  | <ul style="list-style-type: none"> - Increase communication to our firms to highlight guidance regarding citizens in vulnerable circumstances. - Consult with firms on the impact that our budget and any fee increase might have on their firm or less well off or vulnerable clients. |

Promote collaboration

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| <p>12</p> | <p>To keep under review the future shape of reserved legal services as they could be delivered by ICAEW members / member firms.</p> | <p>Better Services</p>  | <ul style="list-style-type: none"> - The Professional Standards Executive will support the IRB with this regular review. - Support innovation by registered firms and allow sandboxes for experimentation. - Collaborate with the LSB on a single digital register and market-led digital comparison tools. - Work where possible with other regulators on areas for joint development. - Convene and co-produce work on matters including: approaches to design and evaluation of interventions; collation and use of data; and the lived experience of legal professionals. |
|------------------|---|--|--|

While the strategy sets out the medium-term operational steps of the department, it does not address the day-to-day challenges that are currently being addressed as a consequence of COVID-19 and the evolution of policy where PSD has to be agile and responsive to the needs that arise.

Coronavirus response

During 2020 we responded to the challenges posed by the virus to industry, to the profession and to our staff and their families.

We continue to be in regular contact with government and oversight bodies and act as a vital channel of information to facilitate government policy and aid practitioners. PSD is part of the communication process and at the same time seeks to uphold the quality of standards and consumer protection inherent in our regulatory responsibilities. This is being accomplished with tact and firmness.

Under current arrangements staff continue to work effectively from home. Staff are only travelling in to the office in exceptional cases, where there is a clear business or personal need.

Staff have been consulted on the strengths and disadvantages of working from home with a view to determining a strategy for hybrid home/office working once restrictions are lifted. The results of this consultation will inform work patterns for the second half of the year.

OPERATIONAL CHANGES DUE TO COVID-19

Applications

Applications are no longer accepted by post, only by email. In addition, only electronic payments are accepted. Time extensions to respond to information requests will be given, provided it is clear a firm is experiencing difficulties as a result of the impact of COVID-19 or government restrictions. Firms are being asked to advise why they need extra time and alternative arrangements discussed with them. An advisory to this effect is placed on the [ICAEW website](#).

Quality assurance monitoring

Following government guidance on social distancing, we are aiming to return to onsite monitoring reviews from 1 September 2021 (provided the government's roadmap dates do not change). Onsite reviews will be subject to agreement by the firms. In the meantime, monitoring visits continue to be scheduled as desk-based reviews.

The Quality Assurance team plans its reviews based on risk and cyclical requirements. Reviews are scheduled to ensure we maintain our cyclical reviews with regard to the risk profile of our accredited firms ([See Appendix C](#)).

Professional conduct and complaints

Complaints received before the first lockdown created by COVID-19 are continuing through the normal process. While it is in the public interest (and also in the interests of members and firms) that investigations are concluded as quickly as possible, **we are taking a proportionate approach**. Additional time for responses is being provided if it is clear the subject of the complaint is experiencing difficulties as a result of the impact of COVID-19 or government restrictions.

Disciplinary tribunals were suspended in 2020 until September when virtual tribunals started sitting. This involves either the member or firm consenting to this mode of hearing, or when a decision is taken at a case management hearing that it is appropriate, fair and in the public interest to hold the hearing remotely.

Sanctions hearings may continue to take place. These will be by telephone or video conference.

Risks

Revised risk assessments have been prepared for 2021 and shared with the IRB. In addition to COVID-19, key areas are:

- relationship between the oversight body and regulator;
- change factors leading to a material fall in registered firms;
- corporate or individual firm failure;
- legal challenge to disciplinary process;
- change requirements, such as a new core system, drawing on PSD staff time; and
- IT systems disruption.

Risk responses have been developed for each of these scenarios. The IRB also oversees and discusses risk, impact and mitigating actions.

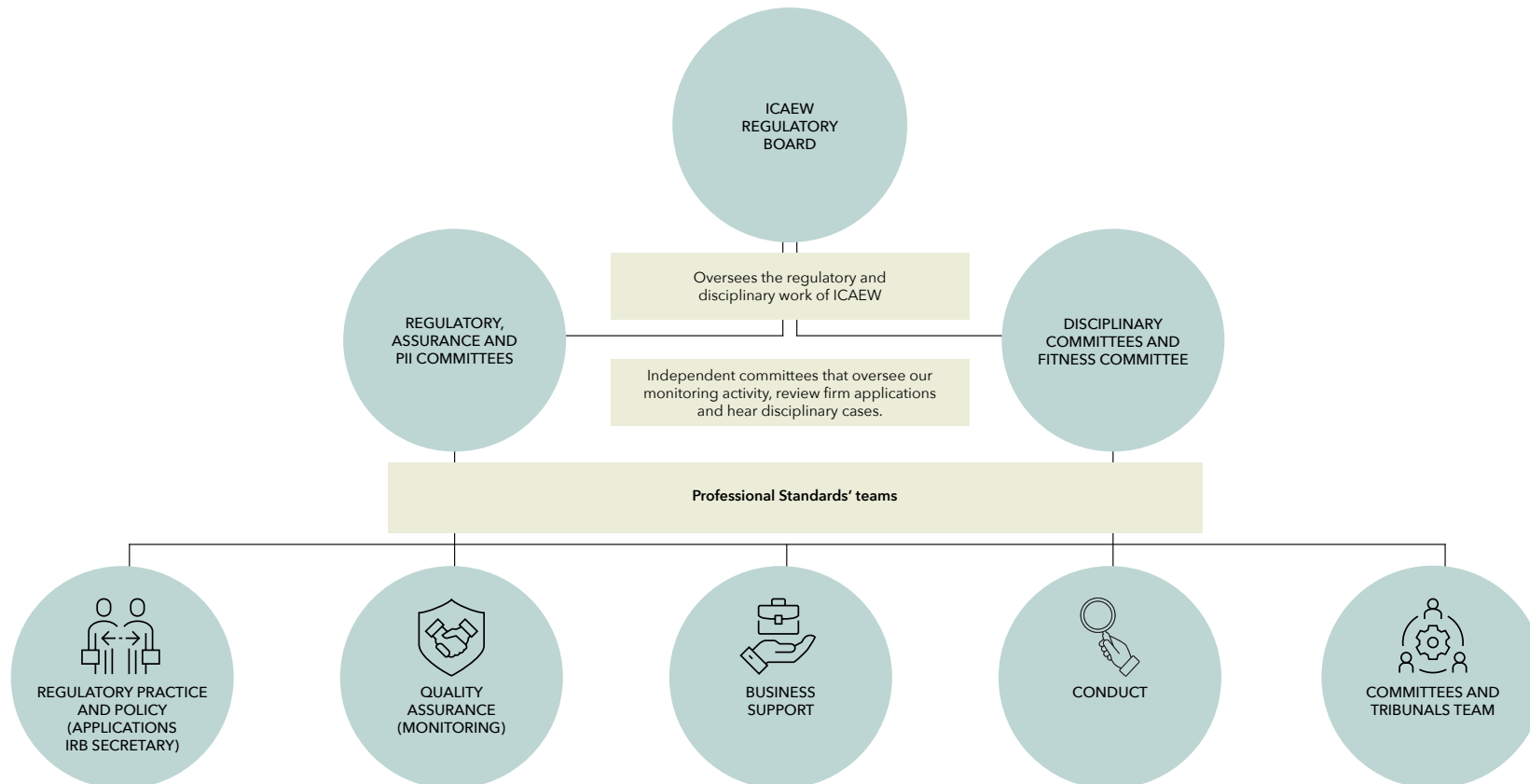


Appendix A: PSD structure

The IRB is responsible for the regulatory and disciplinary functions ie, the work of PSD and its committees. This structure provides separation from the other activities of ICAEW.

The IRB ensures that the processes that underpin the department’s licensing and conduct activities work effectively and efficiently, that its operational targets support its strategy and that it reviews progress against the operational plan and other internal and external targets that are set.

The IRB has 12 members including a lay chair, and has an equal number of lay and non-lay members. All are appointed using an independent selection process.



Appendix B: What your fee pays for

Note Appendix B was published [here on the ICAEW website](#) in March 2021.

ICAEW supports the Legal Services Board's (LSB)'s initiative to be transparent around professional fees.

Summarised below is what the annual probate fee pays for and highlights the value and benefits of being an ICAEW accredited probate firm.

OVERVIEW

ICAEW publishes annual [Probate financial](#) and [monitoring reports](#). The reports show a year-on-year increase in the number of ICAEW Probate accredited firms and authorised individuals. The financial report provides a high-level expenditure analysis.

In 2020, 46% of total expenditure was on the probate compensation scheme and insurance. The second largest expense (39%) related to staff costs. ICAEW has 4.2 full time equivalent employees working in the area of probate. ICAEW does not have a dedicated 'probate department' and probate-related functions are carried out by staff across the Professional Standards Department of ICAEW. For example, staff within the Regulatory Practice Group not only register and license members and non-members for probate, but also deal with applications for other ICAEW regulated areas such as audit, insolvency and investment business.

To provide a more in-depth analysis, this report covers how your annual fees fund the following ICAEW probate operations:

- Compensation scheme levy
- Application and registration
- Policy and education
- Monitoring
- Conduct
- Projects and other support

COMPENSATION SCHEME LEVY

ICAEW established a Probate Compensation Scheme under the requirements of the Legal Services Act 2007. In accordance with paragraph 2.2 of the [Probate Compensation Scheme](#) Regulations, an accredited probate firm must pay the levy as decided by ICAEW. The levy covers the cost of the compensation scheme and provides funds for potential claims.

APPLICATION AND REGISTRATION

An element of your fee is allocated to two staff members within the Regulatory Practice Group for:

- dealing with general enquiries and providing general support around the application process;
- processing new applications, including probate affiliate applications;
- updating firms' details for changes;
- ongoing renewal of fees; and
- the preparation of reports for the probate committee.

Further details on the application process can be found at: [How to apply and application forms | ICAEW](#).

POLICY AND EDUCATION

The Regulatory Policy team looks after the current and future regulations that our members and firms are governed by. It works with government and ICAEW's oversight bodies to help implement the law. Some of your fee is apportioned to the cost of policy staff in liaising with the LSB and collaborating with other legal services regulatory oversight bodies to help shape and implement laws and regulations.

The policy team is responsible for areas such as the probate regulations, applications for new reserved activities, activities around diversity and inclusion and monitoring of transparency around pricing and service provision.

MONITORING

ICAEW's annual monitoring report provides an overview of the number of accredited firms, the number of monitoring visits we carry out each year and a high-level summary of the issues found by the Quality Assurance Department (QAD) on its reviews. A portion of your fee is attributed to the work of QAD, that helps preserve the highest professional standards of member firms by monitoring their compliance with applicable laws, regulations and standards and their adherence to the Code of Ethics.

QAD helps firms to:

- establish appropriate systems, controls and procedures;
- run their probate practices effectively; and
- comply with the laws and regulations, standards and codes that apply to them.

Within QAD, there is a Director, Senior Manager, Manager and a team of six trained and experienced reviewers that carry out monitoring reviews on a risk-based cycle to our probate accredited firm population. The work of this department is overseen by the Probate Committee, the IRB and the LSB.

CONDUCT

Included in your annual fee are external costs to cover the LSB and Office for Legal Complaints. Annual funding of £16k is included in the budget to cover these costs and are therefore a component funded through your registration fees.

Internally, the Professional Conduct department is responsible for ICAEW's investigation and disciplinary functions. Staff within this department investigate all complaints, including any in relation to probate accredited firms. If a complaint is found proved a range of disciplinary sanctions is possible. You can find further details at: [Guidance on Sanctions and fixed penalty process | ICAEW](#).

Your fees also fund the operation of a dedicated and formally appointed, Probate Committee. The Probate Committee is ultimately responsible for ICAEW's legal services regulatory tasks including applications, licensing and monitoring, together with appropriate regulatory enforcement measures. This committee meets up to six times a year. Committee members, who are non-chartered accountants, receive a meeting allowance of £350/meeting. The chair of the committee receives an allowance of £700/meeting. Total allowance paid to the chair in 2020 was £2,800.

PROJECTS AND OTHER SUPPORT

A part of your fee inevitably gets allocated against other projects in relation to ICAEW's probate operations. Such initiatives are largely driven by our existing team staff costs and an expected cost of operations each year. These initiatives and improvement activities do not stop, they are a core component of what we do.

The business support team is a central department which produces the operational plan and supports the work of all Professional Standards departments. This includes a finance function and projects team.

Finance look after credit control, budgets and forecasts. They also manage the annual regulatory fee, levy collections and disciplinary fines.

The projects team ensures that we continuously improve as a regulator to maintain, develop and support highest standards of practice across our accredited firm population.

There are two staff members who help with marketing and communications to our probate firms, including publishing content on our website such as, [Probate News](#).

With the help of all the departments, projects and initiatives such as [diversity data collection and reporting](#) and [price and service transparency](#) are areas that your fee helps to keep us, as your regulator, at the fore of regulatory requirements and best practice guidance.

Other support includes articles and webinars on:

- [the benefits of probate accreditation](#);
- [how to make the most of a probate licence](#);
- how ICAEW probate accredited firms are making a success of this area, with case studies from [sole practitioners](#), [tax accountants](#) and [general practices expanding their current client service offering](#); and
- a [future practitioner probate workshop](#).

These initiatives add value to our probate accredited population and provide additional tools for you to service your clients in the area of probate.

Our website content is regularly updated, you can find more information at:

- [Probate helpsheets and resources](#)
- [CPD for probate](#)
- [FAQs about ongoing eligibility to carry out probate work](#)

New for 2021, to strengthen ICAEW's communication externally, we are introducing:

- ICAEW Regulatory and Conduct LinkedIn channel
- Regulatory e-newsletter - *Regulatory and Conduct News*

FEES CONSULTATION FOR 2022

We will be consulting on our 2022 fee levels in the summer of 2021. All communications and input will be signposted to you in *Probate News* and via our new communication channels.

Appendix C: 2020 Results

PROBATE MONITORING 2020

PROBATE ACCREDITED FIRMS

as @ 31.12.20
 Active - 339 (2019: 315)
 Accreditations in the year - 38 (2019: 45)
 Cessations in the year - 14 (2019: 34)

CESSATIONS

Restructured (9)
 No longer requires accreditation/no probate work (3)
 Firm ceased (2)

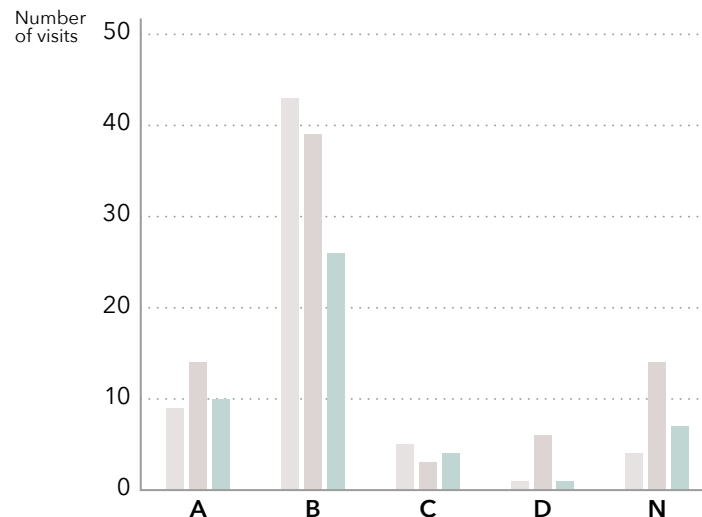
VISIT APPROACH

We aim to visit firms within the first 24 months of accreditation, however if they have not done any probate work by that date, we extend the cut off to 30 months. We visited 46 (95.83%) (2019 - 58 (76.3%)) firms within the first 30 months of accreditation.

VISIT NUMBERS

2020 48 (2.9% of PA visits undertaken)
 2019 76 (3.6%)
 2018 62 (2.8%)

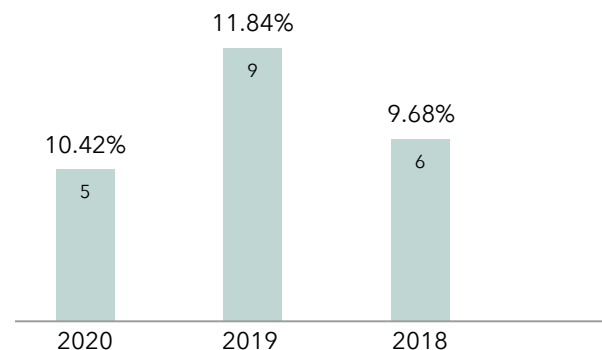
VISIT OUTCOMES



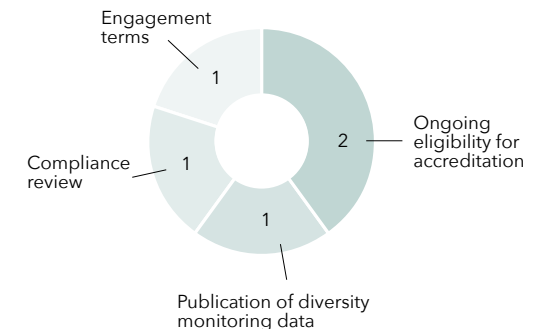
VISIT GRADES

- A** no instances of non-compliance
- B** some non-compliance but the firm’s responses address the matters raised
- C** some follow-up action needed
- D** detailed report to Probate Committee
- N** firm doesn’t have any probate work

% OF VISITS REQUIRING FOLLOW-UP



2020 MATTERS REQUIRING FOLLOW-UP

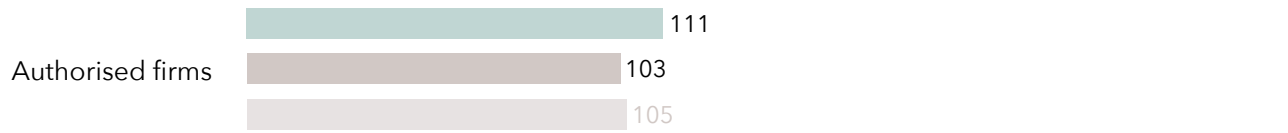
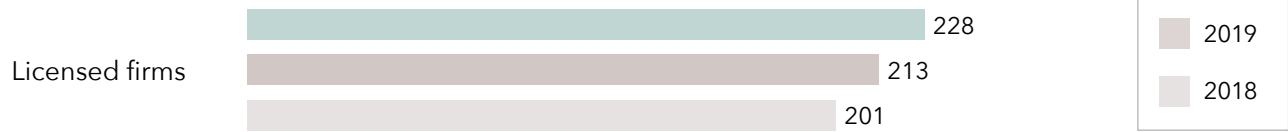


PROBATE 2020 FINANCIAL REPORT

TARGETS

| | | |
|--|------|---|
| Probate function is self-financing | 2020 | ✓ |
| Meet/beat target funding for the compensation scheme | | ✓ |
| Financial surplus funds initial investment | | ✓ |
| ICAEW reserves meet authorising/licensing body requirement | | ✓ |

REGISTRATION STATISTICS



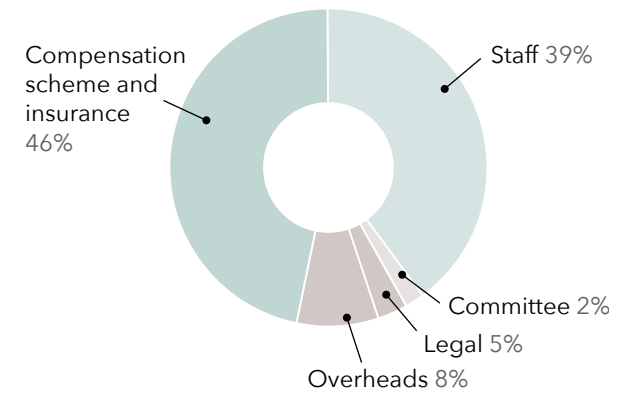
Financial notes

- Total income includes levies for the compensation scheme. • Total expenditure includes transfers to the compensation scheme. • 2020 net result represents the targeted return over time of the initial investment funding. • Committee members who are non-chartered accountants receive a meeting allowance of £350/meeting. • The chair of the committee receives an allowance of £700/meeting. Total allowance paid to the chair in 2020 was £2,800.
- FTE: Full time equivalent. • Further financial information is available as part of the ICAEW financial statements and annual report.

FINANCIAL ANALYSIS



EXPENDITURE ANALYSIS



Appendix D: Financials

PROPOSED 2022 BUDGET

| £ | 2022 Budget | |
|--|---------------|-----------|
| Income: Regulatory penalties | 5,000 | |
| Income: Regulatory fees | 565,227 | 570,227 |
| Income: Levy | 88,687 | |
| Cost: Levy | (88,687) | 0 |
| Cost: Committee/board | (37,339) | |
| Cost: Insurance | (62,860) | |
| Cost: Other | (12,551) | |
| Cost: Staff | (381,958) | |
| Cost: Strategic projects | (61,500) | (556,208) |
| Surplus: Return on start-up costs | 14,019 | |

| Return on investment | £k | £k |
|--|-------|-------|
| Application and set-up costs | (170) | (170) |
| P&L surplus | | |
| 2017 | 23 | |
| 2018 | 15 | |
| 2019 | 15 | |
| 2020 | 17 | |
| 2021 forecast | 14 | |
| 2022 budgeted | 14 | 98 |
| Outstanding to be returned in future years | | 72 |

| £ cost of operations analysis | 2022 Budget | |
|----------------------------------|-----------------|-----------|
| Staff | (381,958) | |
| Committee | (37,339) | |
| Comp scheme insurance | (62,860) | |
| Projects incl. Legal Choices | (61,500) | |
| Design and surveys | (7,771) | |
| QAD review travel | (3,035) | |
| Office | (1,745) | (556,208) |
| | Activity | |
| Regulatory policy and engagement | 31% | (172,424) |
| Registration and supervision | 25% | (139,052) |
| Discipline and conduct | 7% | (38,935) |
| Governance and insurance | 22% | (122,366) |
| Education, research and projects | 15% | (83,431) |

| £ including comp scheme levy | 2022 Budget | |
|--|---------------|----------------|
| Registration fees (+5% 2022) | 565,227 | 85.8% |
| QAD review travel | 88,687 | 13.5% |
| Office | 5,000 | (658,914) 0.8% |
| | | |
| Staff | (381,958) | 59.2% |
| Committee | (37,339) | 5.8% |
| Comp scheme levy transfer | (88,687) | 13.8% |
| Comp scheme insurance | (62,860) | 9.7% |
| Projects incl. Legal Choices | (61,500) | 9.5% |
| Design and surveys | (7,771) | 1.2% |
| QAD review travel | (3,035) | 0.5% |
| Office | (1,745) | (644,895) 0.3% |
| | | |
| Surplus: Return on start-up costs | 14,019 | |

[ICAEW 2020 operating and financial results are available here](#)

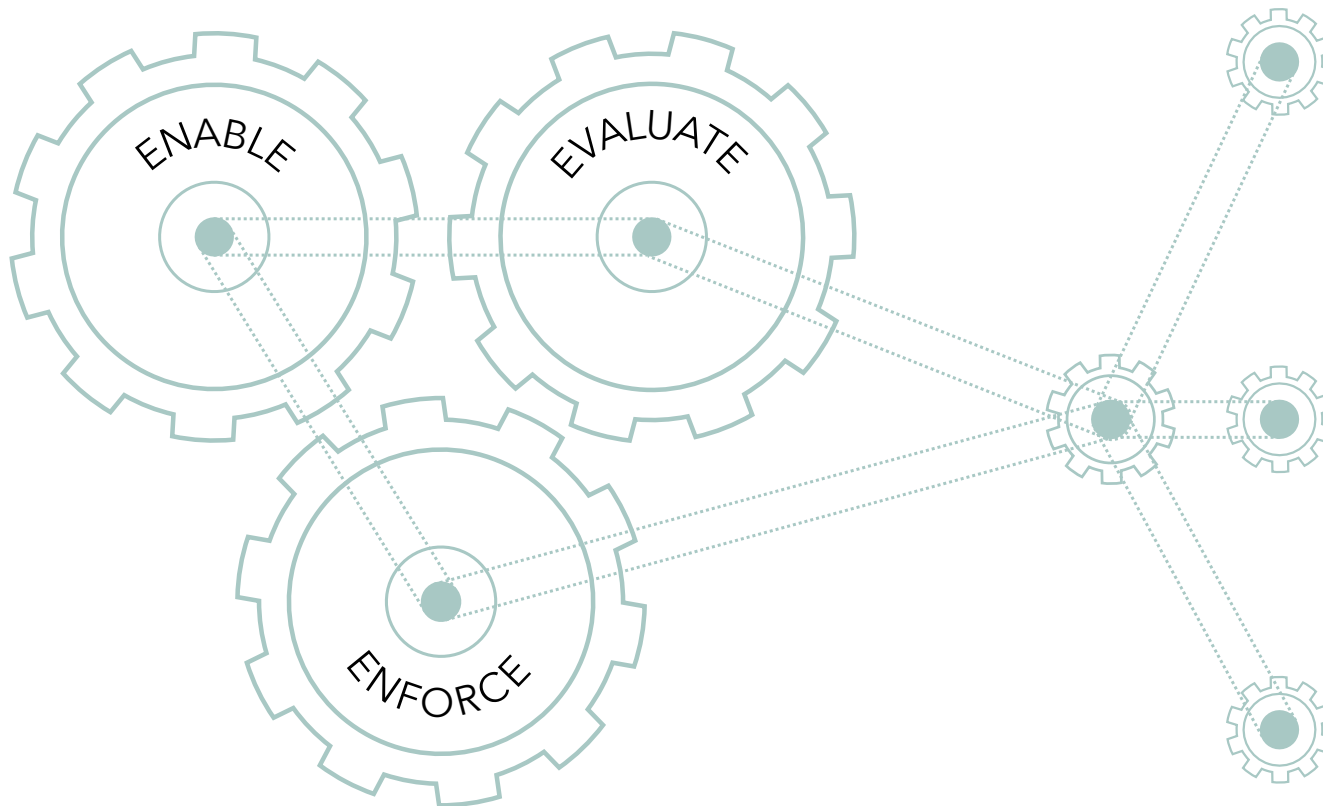
RESERVES POLICY

The policy is as reflected in the ICAEW annual financial statements ‘reserves should be set at a level equivalent to between three and six months of expenditure through the income statement and cash and investment balances should be at least sufficient to cover between three and six months of annual budgeted/forecast gross cash expenditure’.

This is to protect the regulatory function from any short-term financial anomalies or, should ICAEW decide to withdraw from an area of regulation, to allow for a properly funded handover period.

Appendix E: PS strategy into action

Our department fulfils its mission through 3E's

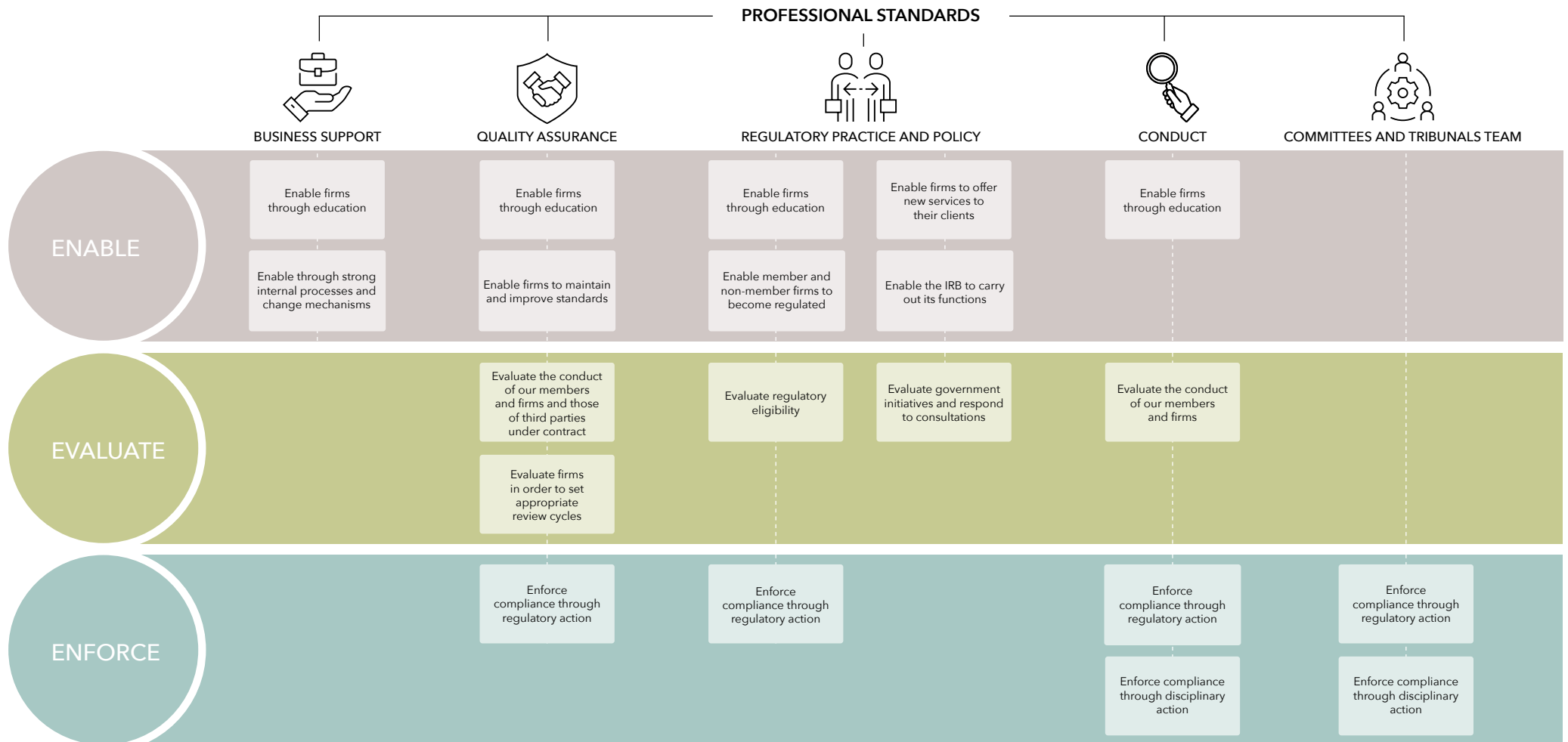


OUR MISSION IS TO:
STRENGTHEN TRUST AND
PROTECT THE PUBLIC BY

ENABLING,
EVALUATING AND
ENFORCING THE HIGHEST
STANDARDS IN THE PROFESSION

In fulfilling the 3E's we ensure our firms, members¹ and students uphold the highest standards and act in the public interest

¹ Includes affiliates



Appendix F: communications and engagement

AS ABOVE, KEY COMMUNICATIONS OBJECTIVES FOR 2021/22 INCLUDE

- Promote the new **Regulation and Conduct LinkedIn page** to our firms and a wider audience according to the communication plan.
- Promote the new **Regulatory & Conduct News** to increase its audience according to the communication plan.
- Continue to promote an increase in price and service transparency.
- Promote and encourage responses to ICAEW regulatory consultations.
- Communicate the 2021 probate diversity survey results.
- Promote the probate diversity survey tool to non-probate firms.
- Continue to promote the message that accountants can carry out probate work.
- Continue to monitor and achieve increases in email open and engagement rates through continuous testing.
- Website updates including:
 - an expanded consumer section of the site; and
 - updates to the 'How to apply' section to enable firms considering applying for probate registration to more easily find the information they need.

2020 COMMUNICATIONS RESULTS

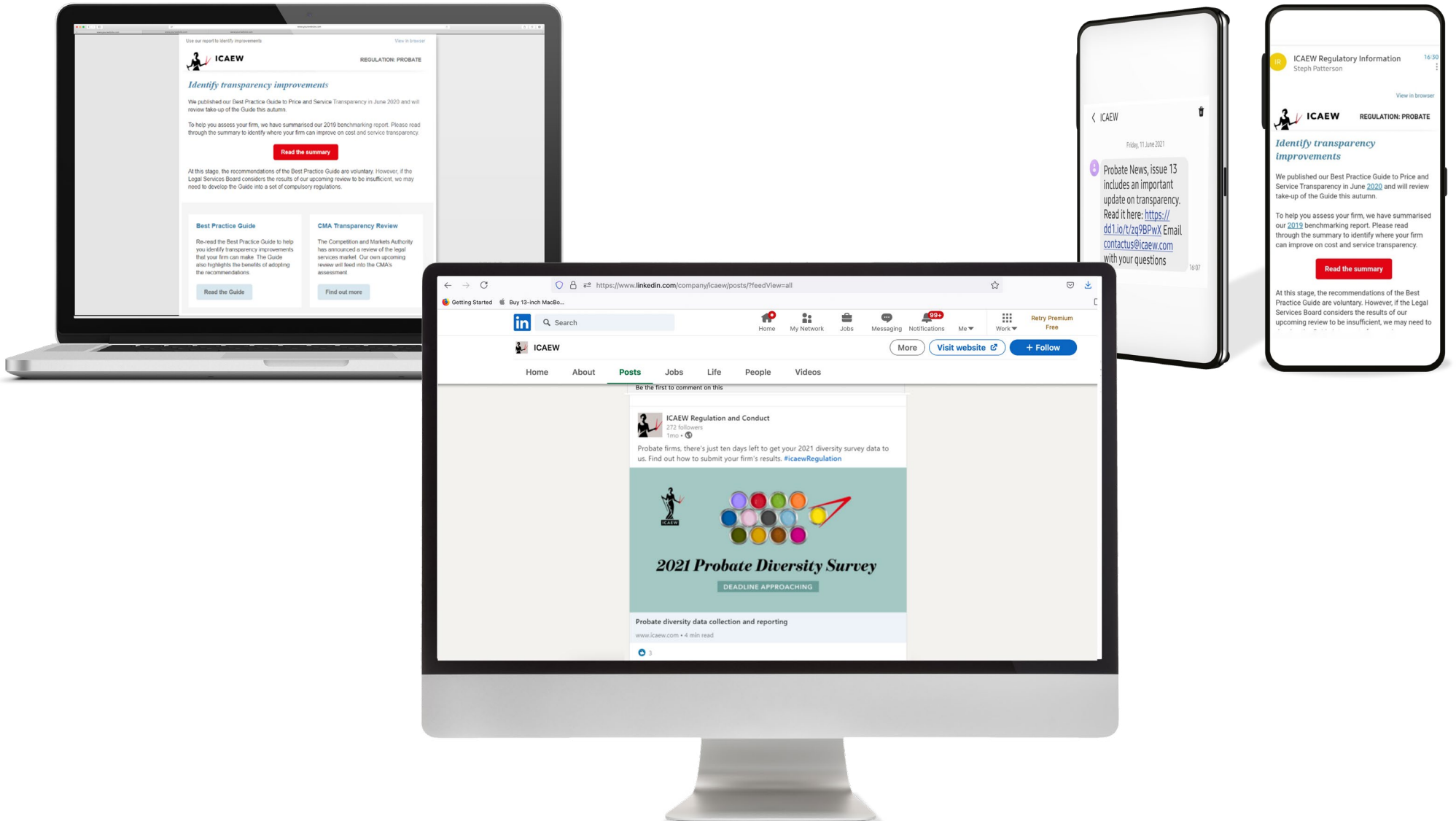
| | 2020 RESULTS (%) | 2019 RESULTS (%) | + / - (%) |
|----------------------------------|------------------|------------------|-----------|
| Open rate (%) | 53 | 48 | +5 |
| Unique clicks | 23 | 18 | +5 |
| Click to open or engagement rate | 42 | 35 | +7 |
| Emails sent (campaigns) | 164,846 (43) | 85,238 (24) | +94 |

PROBATE EMAIL CAMPAIGN RESULTS

| | OPENS (%) | ENGAGEMENT (%) | TOTAL SENT | CAMPAIGNS |
|------|-----------|----------------|------------|-----------|
| 2020 | 51 | 46* | 2,658 | 9 |
| 2016 | 35 | 67 | 728 | 3 |

*considered a high engagement rate as volume of campaigns has increased versus 2016.

COMMUNICATIONS EXAMPLES



Our role as a world-leading improvement regulator

We protect the public interest by making sure ICAEW's firms, members, students and affiliates maintain the highest standards of professional competency and conduct.

ICAEW's regulatory and disciplinary roles are separated from ICAEW's other activities so that we can monitor, support or take steps to ensure change if standards are not met. These roles are carried out by the Professional Standards Department and overseen by the independent ICAEW Regulatory Board (IRB).

Our role is to:

- authorise ICAEW firms, members and affiliates to undertake work regulated by law: audit, local audit, investment business, insolvency and probate;
- support the highest professional standards in general accountancy practice through our Practice Assurance scheme;
- provide robust anti-money laundering supervision and monitoring;
- monitor ICAEW firms and insolvency practitioners to ensure they operate correctly and to the highest standards;
- investigate complaints and hold ICAEW firms and members to account where they fall short of standards;
- respond and comment on proposed changes to the law and regulation; and
- educate through guidance and advice to help stakeholders comply with laws, regulations and professional standards.

ICAEW's regulatory and disciplinary roles are separated from ICAEW's other activities so that we can monitor, support or take steps to ensure change if standards are not met. These roles are carried out by the Professional Standards Department and overseen by the independent ICAEW Regulatory Board (IRB).

Chartered accountants are talented, ethical and committed professionals. There are more than 1.8m chartered accountants and students in the world, and more than 187,800 of them are members and students of ICAEW. All of the top 100 global brands employ chartered accountants.*

Founded in 1880, ICAEW has a long history of serving the public interest and we continue to work with governments, regulators and business leaders globally. And, as a world-leading improvement regulator, we supervise and monitor over 12,000 firms, holding them, and all ICAEW members and students, to the highest standards of professional competency and conduct.

We promote inclusivity, diversity and fairness and we give talented professionals the skills and values they need to build resilient businesses, economies and societies, while ensuring our planet's resources are managed sustainably.

ICAEW is the first major professional body to be carbon neutral, demonstrating our commitment to tackle climate change and supporting UN Sustainable Development Goal 13.

We are proud to be a founding member of Chartered Accountants Worldwide, a network of 750,000 members across 190 countries which promotes the expertise and skills of chartered accountants around the world.

We believe that chartered accountancy can be a force for positive change. By sharing our insight, expertise and understanding we can help to create sustainable economies and a better future for all.

www.charteredaccountantsworldwide.com
www.globalaccountingalliance.com

ICAEW

Chartered Accountants' Hall
Moorgate Place
London
EC2R 6EA
UK

T +44 (0)1908 248 250
E contactus@icaew.com
icaew.com/probate

* Source: CAW, 2020 - Interbrand, Best Global Brands 2019

