

MINUTES



ICAEW Regulatory Board

DATE & TIME:	10 February 2022
LOCATION:	Boardroom, Chartered Accountants' Hall
CHAIR:	Philip Nicol Gent
ALTERNATE CHAIR	Anthony Pygram
SECRETARY:	Tracy Stanhope

ATTENDEES	BOARD MEMBERS	STAFF
	Ann Wright	Duncan Wiggetts
	Anthony Pygram	Mathew Downton
	Asif Patel (until item 15)	Bob Pinder
	Jane Titley	Claire Phillips
	Jonathan Williams	Peter James
	Michael Sufrin	Robert Pragnell
	Parjinder Basra	
	Philip Nicol-Gent	
	Steve Barrow	
	Thomas Palm	
APOLOGIES	Andrew Goldsworthy	
OBSERVERS	None	

ITEM DETAILS

1. Welcome and apologies

The chair informed the IRB that Anthony Pygram had been appointed as the alternate chair of the IRB. The chair thanked Steve Barrow for his work as alternate chair.

It was noted that as Andrew Goldsworthy had sent his apologies for the meeting, there was parity of lay/non-lay at the meeting.

The status of the agenda papers was confirmed. All papers, with the exception of item 11(which was open) were confirmed as confidential.

2. Declarations of interest

There were no new declarations of interest.

3. To approve the minutes of the previous meeting held on 9 December 2021

The minutes of the meeting held on 9 December were approved by the IRB

The IRB also approved the confidential minute of its discussion of a matter covered by legal privilege.

4. Matters arising from the minutes not dealt with elsewhere

The IRB members asked that their thanks be passed to the staff in ITD and PSD who had helped in the setting up of their ICAEW email addresses

5. Review of action tracker

The IRB discussed the action tracker.

It was agreed that the tracker should be divided into actions which were to be completed and future actions. It was also recommended that actions should be given a proposed completion date rather than being marked as ongoing.

The following items should be added to the action tracker:

- The PSD/IRB annual report
- Consultation protocol
- Dates for the strategy day in autumn which could be combined with the additional QA meeting. It was also agreed that there should be a strategy meeting held before the departing board members leave to have the benefit of their experience.

6. Chair's report

The chair asked IRB members if there were any matters they wished to raise. The following matters were raised:

Silentnight

The IRB considered the ICAEW position on fine monies received from the Accountancy Scheme. It was clarified that the monies were managed by ICAEW not by PSD. The Chief Officer stated that he had communicated his view that the ICAEW Board should use the fine monies to improve standards, including the new approach to continuing professional development (CPD). It was agreed that the IRB chair should write to ICAEW Board supporting the use of the fine monies in this way.

Recruitment/succession planning

The chair advised the IRB that Andrew Goldsworthy had agreed extend his term as an IRB member until December 2022. Steve Barrow, Jane Titley and Mike Sufrin had also agreed to remain on the IRB until April 2022.

The chair informed the IRB that the recruitment of new members would seek to improve the representation of number of women on the board and address gaps identified in the skills audit. Applicants would also be sought who were able to bring experience in communications, tax or insurance to the IRB. The roles would be advertised shortly with interviews taking place in early April.

It was noted that a proposal to pay ICAEW members was included in the action tracker to be considered by the IRB at its April 2022 meeting.

Senior management recruitment

The Chief Officer informed the IRB that discussions were ongoing within PSD to fill the role internally from the current PSD senior management team.

Independence

The IRB noted that in the context of the Silentnight fine and proposals as regards insolvency regulation, the debate about increased independence for the regulatory function should be revisited.

The chair noted the following matters as part of his report:

He had met with Michael Izza was due to meet with Julia Penny, the deputy president. Meetings with the oversight regulators would be arranged. He planned to meet with committee chairs and would be particularly interested to hear their views of the pros and cons of physical versus virtual meetings. He also intended to meet with the regulated population via the district societies or otherwise, the Big 4 and local chambers of commerce. He would also review the action list compiled by his predecessor.

7. Chief Officer Update

The IRB noted the update.

The IRB asked that its thanks be passed to the QAD team for a successful year.

The Chief Officer provided an update on finance and the BST project. For finance, 2021 had been a successful year, registrations and renewals had remained strong and budget was on target. The BST project would go live on 25 March 2022. Any serious defects would be fixed in advance of the March date. The existing system PRO would continue for the time being, with workarounds being put in place. There remained a risk of an impact on PSD, in terms of the time taken to process registrations.

It was agreed that the IRB chair should write to Michael Izza expressing the IRB's concerns about the BST project.

8. Response to “*The future of insolvency regulation*” government consultation

The Chief Officer introduced this item.

The Chief Officer informed the IRB that since the paper was prepared, a response had been received from Lord Callanan, who had indicated he was not available and suggested instead a meeting with the Insolvency Service.

The IRB considered the issues set out in the paper and there followed a wide-ranging discussion. The discussion included challenges faced by ICAEW including staff retention linked to uncertainty caused by the consultation document, reputational risk in continuing as an insolvency regulator, the lack of an evidence base in the consultation document and the conflicts potentially created by the government acting as a regulator of insolvency practitioners and as the Official Receiver.

The IRB:

- a) Expressed its support for the steps being taken to respond to address short-term risks created by the publication of the proposals in terms of staff retention
- b) Expressed its support for the intended direction of the response to the proposals, including resisting the creation of a government regulator and rebutting the views expressed in the consultation paper;

- c) Ann Wright, Jonathan Williams and Steve Barrow agreed to act as a sub group to review the final drafts of the response, and
- d) Supported the continuation of discussions with the other RPBs on a counter-proposal. The IRB's strongly held view was that only the creation of a separate legal entity to act as the insolvency regulator was likely to satisfy the government. It was agreed that the IRB chair should write to ICAEW Board expressing the IRB's view that setting up a separate legal entity was necessary. The creation of a separate legal entity was the IRB's preferred option.

9. Confidential item

The IRB convened in private session to discuss a confidential matter.

10 Risk sub-committee update

The risk sub committee provided an update to the IRB, including feedback from their meeting with Internal Audit. As a first step, it was agreed that there should be liaison between the Audit Committee chair and the risk sub committee/IRB in the first instance.

The IRB considered interactions between the work of Internal Audit, the reviews carried out by the oversight regulators and the delegated powers reviews and the level of comfort which could be obtained from these various sources. There was also a discussion around aged complaints, the progress that had been made to reduce the number of aged complaints and the reduction in the number of cases per case manager.

The IRB:

- Agreed the terms of reference for the subgroup
- Noted the content of the risk register, and
- Agreed that the IRB would be provided with the dashboard at its meetings, three times a year.

It was also agreed that the Chief Officer would provide feedback on the risk register to identify any operational matters.

11 Quality assurance programme update

The secretary introduced this item.

The IRB discussed whether any additional actions were required to quality assure the hearing committees. During the discussion, it was agreed that a report should be provided by RACAC on its activities and statistical information from the Committee and Tribunals Team – these actions to be included on the action tracker/forward planner with a date for completion. The IRB agreed that with the addition of this further information, no further actions were necessary as part of the quality assurance of the hearing committees. The IRB also approved the quality assurance plan be uploaded into Diligent with a note of the actions arising from their quality assurance meeting in September 2021.

The chair noted that he would meet with the Alternate Chair and other IRB members should any wish to participate to discuss the interaction between the IRB and RACAC.

12 Update on Disciplinary Bye Laws overhaul project

The IRB discussed the matters included in the update provided regarding the progress of the disciplinary bye law (DBL) project.

The IRB:

- a) noted work carried out on the project since its meeting in December 2021, and the launch of the two-stage public consultation;
- b) noted and endorsed the policy decisions taken in relation to Part 2 – 5 of the draft Regulatory Handbook;
- c) approved the draft DBLs for submission to the ICAEW Council for approval in March 2022
- d) delegated authority to the IRB DBLs Sub-group to agree any further minor or drafting changes that may be required to the DBLs prior to submission to Council following feedback from the consultation or Counsel;
- e) approved the proposed amendments to the IRB's Terms of Reference to reflect the governance changes that have been agreed previously for the disciplinary and fitness to practise regulations
- f) delegated authority to the IRB Chair to agree any minor or drafting changes that may be required to the Terms of Reference prior to their submission to Council in March.

The IRB also agreed to ICAEW members being requested to re-approve the Charter and DBL changes at the Special Meeting on 7 June this year. This would mean postponing the introduction of the new framework until October 2022 but was considered to a prudent course of action, given there was the risk of a more substantial delay depending on the outcome of the consultation process.

In reaching its decision the IRB took into account the following:

- That changes could be required to the draft as a result of the consultation process and it was not possible at this stage to gauge the level or significance of the changes which would be required;
- Making changes could impact on the approval timetable and delay IRB approval of the IDRs until its June 2022 meeting;
- Privy Council could view the 2021 resolution as stale if the IDRs were not approved by the IRB until June 2022;
- If the resolution was considered stale the next opportunity to obtain ICAEW member approval would be the June 2023 special meeting which would lead to a significant delay in implementation;
- ICAEW members may consider it a little odd to be asked to vote on what was effectively the same resolution in 2021 and 2022.

13 Probate Compensation Scheme

This item was chaired by Anthony Pygram as alternate chair.

The IRB noted that insurance cover for the Probate Compensation Scheme will expire on 30 September 2022. The IRB agreed to the proposal to explore a self-insurance model. In parallel, PSD's advisers Marsh continued to explore avenues to obtain cover from the market. A further paper would be brought to the IRB at its April 2022 meeting.

The IRB was informed that any joint working arrangements with other legal services regulators (as suggested by the LSB) would have to be considered very carefully due to the different risk profiles of other regulators. The IRB also discussed the level of funds in the scheme, the nature of the scheme rules and the potential impact of a large claim on the fund.

It was noted that PSD's insurance advisers Marsh had offered to provide a brief training session for the IRB at its April 2022 meeting.

14 LSB consultation on 'ongoing competence'

15 This item was chaired by Anthony Pygram as alternate chair. Robert Pragnell and Peter James joined the meeting for the discussion of this item.

It was noted during the discussion that greater emphasis should be placed on the enhanced role of the Practice Assurance Committee and its sanctioning powers. It was also noted that if the proposals were implemented as proposed by the LSB, it would not create significant extra work for ICAEW.

It was agreed that the Legal Services sub group would provide the final sign off for the consultation response, via Steve Barrow as its chair.

16 Regulatory Developments

The IRB noted the paper.

The IRB chair requested that the spreadsheet which accompanied the paper be continued as a living document and kept updated to inform the IRB's thinking in future.

Peter James informed the IRB, that the left field item on RICS, raised some interesting issues about separation and that he would share his own traffic light analysis via the Reading Room.

Peter also informed the IRB that the FRC had issued a consultation on its budget. The membership side of ICAEW was planning to respond with input from PSD.

17 Left field

As part of the left field item, the IRB noted the following:

- RICS – i) the public criticism of professional surveyors and ii) the conflicts within the RICS board leading to the removal of 4 board members, who were reinstated after an external review by a QC.
- Cost of living increases and the impacts on behaviour.
- Criticism of economic regulators and whether they had been looking in the right areas.
- The culture within PSD

18 AOB

Steve Barrow informed the IRB that it was proposed that the Legal Service Strategy Group would be starting work on the legal services strategy with a view to consulting in March/April and bringing the strategy back to the IRB in June 2022. The IRB agreed to this.

19 Dates of future meetings:

2022

Thursday 21 April

Thursday 9 June
Thursday 4 August
Thursday 6 October
Thursday 8 December