

**By email only**

Duncan Wiggetts  
Executive Director, Professional Standards  
ICAEW  
[Duncan.Wiggetts@icaew.com](mailto:Duncan.Wiggetts@icaew.com)



Legal Services Board  
3<sup>rd</sup> Floor, The Rookery  
2 Dyott Street  
London  
WC1A 1DE

T 020 7271 0050

[www.legalservicesboard.org.uk](http://www.legalservicesboard.org.uk)

30 September 2021

Dear Duncan

**2021 Annual Regulatory Performance Assessment**

As part of our ongoing monitoring of regulators' performance against the regulatory standards and outcomes, we will be conducting our annual performance assessment in November. This letter explains the process and timelines, which should reflect relationship management discussions, and sets out the information that we will require from the ICAEW.

*Scope*

Our annual assessment will consider:

- Progress towards meeting any outcomes currently graded as 'not met',
- General performance in relation to the regulatory performance standards and outcomes and any issues that have arisen since our 2020 annual assessment.
- Regulators' approaches to the following aspects of transparency that in our [2020 report](#) (paragraph 42) we said we would be focusing on in 2021:
  - regulatory bodies actively taking account of the regulatory objectives in the Act in carrying out their work, in decision-making and performance monitoring processes; and actively explaining and demonstrating how this occurs.
  - regulatory bodies ensuring that information published on websites is up to date, whether it concerns policies and guidance or disciplinary actions.
  - regulatory bodies demonstrating a commitment to public accountability and transparency in respect of decision-making and how Boards hold Executives to account.

- How regulators have taken account of the [findings of our targeted review](#) of the BSB's performance against the Well-led standard, which we published in July 2021.

### *Information request*

For our assessment we will require a report from you setting out:

- The steps you have taken to meet the actions set out in our last assessment against outcomes RA2, A5 and WL3 including responses to the specific questions set out in the attached Annex.
- Our specific requests for information in relation to outcome A1 (See Annex to this letter)
- The ICAEW's approach to the aspects of transparency set out above
- How the ICAEW have taken account of the findings of the LSB's targeted review of the BSB's performance against the Well-led standard and the actions that you have taken, particularly in respect of governance and consumer engagement.

When preparing your report, in line with the Well-led standard and your Board's role in monitoring the ICAEW's performance, we would be happy for you to use information in the form that you have already provided to your Board, supplemented by any additional information needed to deal with our specific points.

Please provide us with your response to this information request by **29 October 2021**.

In addition to the information that you provide, our assessment of the ICAEW's performance will take account of information that the LSB has gathered since our last annual assessment in November 2020. This will include our contacts with the ICAEW, such as relationship management meetings, CEO and Board-level meetings, applications that the ICAEW has submitted to us for approval, any information the ICAEW may have provided since the last assessment round and information from other sources including publicly available material.

### *Next steps*

We will consider the ICAEW's response alongside the information we have already gathered and update our assessment and action plan. In doing so, as we have in previous reviews, we will work with you to agree any new actions and milestones. We will ensure that you have time to fact-check our final assessment before publication in December.

### *Update on actions on Diversity and Inclusion (D&I) outcomes*

[Our Guidance for legal services regulators on encouraging a diverse workforce \(February 2017\)](#) noted that we would be monitoring regulators performance on equality and diversity actions annually. We last sought an update in June 2020. This

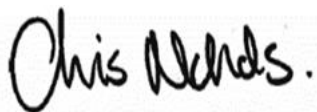
year, rather than commissioning a separate update from the ICAEW we thought it more efficient to include an update request within the annual performance assessment progress update. Please provide a short summary of the actions you have taken this year to meet the outcomes in our D&I guidance and the three expectations you reported on in June 2020 on demonstrating:

- a. An understanding of the composition of their regulated community;
- b. An understanding of the barriers to entry and progression within the regulated community, and a programme of activity to mitigate those barriers with measures in place to evaluate effectiveness; and
- c. Measures in place to understand any differential impact on protected characteristics within their disciplinary/enforcement procedures.

This information will provide an up-to-date view on the actions and activities carried out by regulatory bodies and will inform our current work programme, including our plans to work more collaboratively across all regulators. For the avoidance of doubt, I confirm that we will not be reporting on your performance against the D&I outcomes in our annual performance assessment.

If you have any questions about the assessment process or the requests for information set out in this letter and its annex, please either contact me or your relationship manager.

Yours sincerely

A handwritten signature in black ink that reads "Chris Nichols." The signature is written in a cursive, slightly slanted style.

Chris Nichols  
Director, Policy and Regulation

## **Annex: Information request for ICAEW**

### **Specific questions relating to outcomes**

#### **Outcome RA2**

##### **Question:**

In our 2020 assessment we asked ICAEW ‘to review its internal procedures to ensure that all future applications provide adequate evidence to support the proposed changes.’ This was based on issues encountered with previous applications to the LSB. During 2021, we have received six applications (2019 Byelaws, Disciplinary Committee Regulations, Cyber Security and PCF as well as Exemption Directions on PII and Committee Regulations) from the ICAEW. As communicated through these assessment processes, we have continued to encounter difficulties in assessing the applications and evidence presented to justify the proposed changes. We have needed to seek further evidence to support the applications and there has been issues with timely engagement and communication with us. We have not been provided with confirmation that ICAEW has carried out an internal review to lead to an improvement in the quality of the applications for changes to statutory decisions.

Please provide evidence on how the ICAEW has reviewed its internal procedures to ensure that all future applications provide adequate evidence to support proposed changes to regulatory arrangements.

#### **Outcome A1**

##### **Question:**

During relationship management meetings we have discussed outcome A1. At the May 2021 meeting ICAEW committed to review how it assures itself around objective A1 when it develops regulatory arrangements for the administration of Oaths. We understand that ICAEW is currently developing these regulatory arrangements.

Please set out the steps that ICAEW is taking to review how it meets outcome A1 when putting in place regulatory arrangements for the administration of oaths.

#### **Outcome A5**

##### **Question:**

We note the steps that ICAEW has taken to provide consumers with information on the disciplinary status of probate practitioners, however, the changes still do not provide ease of access from your register.

Please set out the steps (including timescales) that ICAEW is taking to add information from the disciplinary register to the 'Find a Chartered Accountant' register, so that the information is accessible to those who are seeking it.

### **Outcome WL3**

#### **Question:**

We were encouraged by your recent IRB Annual report and other upgrades to your website to enhance transparency. However, we are disappointed in the report from your recent relationship management meeting on the expected length of time required to fulfil your commitment to publish papers in support of decision-making by the IRB.

Please set out the steps, including timescales, ICAEW is taking to publish papers in line with the new ICAEW transparency policy.

### **Transparency matters**

**Question:** Please explain how you:

- actively take account of the regulatory objectives in the Act in carrying out your work, in your decision-making and performance monitoring processes; and actively explain and demonstrate how this occurs.
- ensure that information published on your websites is up to date, whether it concerns your policies and guidance or disciplinary actions.
- demonstrate a commitment to public accountability and transparency in respect of your decision-making and how your Board hold your Executive to account.

### **Consideration of LSB targeted review of BSB performance against the Well-led Standard**

**Question:** Please explain how you have taken account of the findings of the LSB's targeted review of the BSB's performance against the Well-led standard, particularly in respect of governance and consumer engagement.