

LIVERPOOL SOCIETY OF CHARTERED ACCOUNTANTS

AN EXPLANATION OF THE NEW “NETWORK”

Introduction

One of the resolutions being tabled at this Extraordinary General Meeting is to ask members to ratify a decision of the committee of the Liverpool Society of Chartered Accountants for a change in the mode of the operation of the Society and the formation of ICAEW Liverpool. This warrants an explanation as to what is happening and why the committee has reached that decision.

ICAEW Proposals

ICAEW appears to have been considering the status and governance of district societies for a considerable time and we have been advised that this has been in the context of considering governance matters generally. The matter came to a head last year and we, like all the other societies, were informed that we needed to adopt one of two models (to be strictly accurate, a small number of societies had already been piloting a version of the second model).

- “Independent society” – this would remain legally separate from ICAEW, although it would still benefit from funding and ICAEW resources would be provided under a service level agreement. The independent society would have to arrange its own insurance both for events and for assets (clearly this poses a challenge for any society with valuable regalia). It would also need to appoint its own data protection officer and devise its own data protection policies.
- “Network” – this becomes legally part of the ICAEW with the same level of funding. However, by being part of the ICAEW it automatically benefits from insurance and data protection policies and automatically enjoys the use of regional staff.

What we have resolved to do and why

The committee trusts it is apparent that we needed to choose one of these models; rejecting both or choosing neither would have been all but impossible and could not have been considered a reasonable course of action for any responsible committee. It would have been tantamount to completely separating from ICAEW. That would be financially disastrous, would dislocate us from the ICAEW’s support and indeed would run contrary to the core principles of our Memorandum of Association.

The Society’s instinctive preference was to adopt the Independent Society model and it did explore that. However, it became apparent that the governance and regulation associated with this was far too onerous and would have threatened to consume most of our limited financial and time resources, which again would be detrimental to our core purpose. There is also a concern about attracting new blood to the committee locally. What has been built over the last century and a half will die off if people are not willing to come forward and placing potentially burdensome governance responsibilities on them will not encourage participation.

Therefore, the committee has resolved to adopt the Network model. Members should be aware that this is what the vast majority of the other societies have chosen to do, for much the same reasons, it appears. The officers of the Society have however spent a considerable amount of time negotiating with ICAEW to come up with a rather unique solution to ensure that the name and legacy of the Liverpool Society is preserved in the change, respecting and upholding the very special role that our forebears played in the history of our profession. This is how we shall operate.

The overall principle is that the Society (together with its Chester & North Wales Branch) and the 1870 company limited by guarantee will continue to exist and the reserves will be ring-fenced. The regalia will also be retained. The Society will exist to preserve the name, history and heritage and to carry out some very limited functions (a strategy for managing the reserves will be devised). The title of President (and Deputy and Vice) will remain and the name of the Society will still be associated

with the annual dinner. Prizes will be awarded in the name of the Society and it will still be the Liverpool Society Golf Society (and the Chester and North Wales Golf Society for that matter) with the same historic trophy.

That aside, virtually all ongoing activities will be carried out via a body called "ICAEW Liverpool" (the Network). This will be legally part of the ICAEW. The Network will have a Board and a Chair. It is possible that, in the fullness of time, the committee of the Society and the Board of the Network will deviate, but for the foreseeable future the intention is (subject to each person agreeing) that the old committee and officers simply be grandfathered across. The Network will be funded by ICAEW (the funding in fact being more generous than at present) and will be supported by the ICAEW's regional team.

As to what activities the Network carry out, this will be formulated over time. The annual dinner (or rather dinners, since there is one in both Liverpool and Chester) will continue as long as they can be financially viable. Whilst we do not wish to rule out ever doing CPD, it will no longer be the core of what we do since there are many other providers now and members increasingly wish to consume it online via webinars. We are likely to be engaged in different activities and with different relationships. We will work to deliver the strategic themes of the ICAEW, but with a local emphasis.

Much of what we do will entail working with other local bodies, for example the Chamber of Commerce and Liverpool City Region Combined Authority. We cannot do everything on our own and indeed we consider it valuable that we have proper links with such organisations.

We think this is the only viable way forward. Indeed, the ICAEW's strategy and its desire to implement it across the country will not alter. The Network means that local volunteers (the old committee on day one) can constitute its Board and help shape what happens on the ground.

In short, your officers and committee consider what is proposed not only the best way of preserving the legacy and the name of the Liverpool Society, but also to ensure that local spirit and input by local members into local activities continues and that the best result for all our members can be delivered. We want that to happen right across our region, which of course is not just Liverpool, but also Chester, Cheshire, North Wales and parts of Lancashire.

The officers and committee of the Liverpool Society of Chartered Accountants ask members to endorse and support their decision.

The Liverpool Society of Chartered Accountants
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