The PSD budget categories
The budget is described by income and cost type and also by functions and reported in this way for management control purposes.
- Regulation and firm conduct, sub-divided into registration areas such as audit and probate.
- Member discipline.
- Contracts and products.

Our financials
There are four main income and cost areas:
- income generated from regulatory registration and application fees and contract charges;
- levies on firms and individuals, to fund oversight organisations and compensation scheme arrangements;
- operating costs; and
- overheads including property, utilities and shared central systems, processes and functions.
PSD also receives fines and associated recovery of costs incurred.

The following year’s draft budget is produced for the June ICAEW Regulatory Board (IRB) meeting. The budget sets out the financial strategy, the principles related to income generation and underpins any fee and/or levy increase proposals for the IRB to review, change where applicable, and approve.
Oversight body activity, and therefore operating costs, continues to increase at the Financial Reporting Council (FRC), and levies on audit firms are rising accordingly.

While poorly behaving ICAEW member and firm numbers remain a small minority, the number of new annual complaint matters is holding at c900. A number of these cases can be highly complex and long running.

2023-2025

The financial planning and forecasting reflect a very busy, successful and ambitious department. There are risks, such as those related to the future of the regulatory environment, securing and retaining skills and staff and the short- and long-term cost of conduct investigations. There is also opportunity, including the potential for new and expanded areas of regulation, contract and collaborative work with fellow regulators and other bodies and those afforded by our suite of educational training films.

2023 regulatory fee increases recognise the harsh pressures of general cost and wage inflation, the challenges faced by smaller firms and the cost of regulation, and an ongoing commitment to cost reduction through continuous improvement, new systems and enhanced processes and wider virtual ways of working.

The 2023 budget and income and cost projections for 2024 and 2025 are considered pragmatic, particularly considering the economic environment and projections.

Mitigating actions, in relation to risks to achieving our financial strategy, have been put in place to secure appropriate future income in order to discharge the PSD’s regulatory duties. Progress, change and risks will be monitored regularly.

Financial plans, including programme and project proposals and business cases, will be reviewed by the IRB.

2024 budget and fee and levy proposals will be presented for review and approval mid-2023.