# ICAEW APPLICATION FOR APPROVAL OF THE PRACTISING CERTIFICATE FEES TO BE APPLIED IN 2027

27 AUGUST 2026

## SUMMARY AND OVERVIEW

1. This section provides a summary and information relating to the proposed Practising Certificate Fee (PCF) application.

2. PCF income funds the approved regulator's role as defined by the Legal Services Act 2007 and funds the 'permitted purposes' s51(4).

3. ICAEW's Regulation and Conduct (R&C) is a small regulator with the equivalent of 5 staff and c0.3% of the Reserved Legal Services 'persons authorised' community.

4. R&C's function is to support the interests of consumers and the public; governance, registration, authorisation, supervision and assurance, enforcement, projects and research, and Legal Choices/Legal Services Board (LSB)/Legal Ombudsman (LeO) funding.

5. 100% of PCF income is focused on activities that directly protect consumers and the public; fee income is directed toward maintaining and improving the protections available to users of legal services. All expenditure is for permitted purposes.

6. The Legal Services reserve is £330k - equivalent to six months of operating costs - an amount available from general ICAEW reserves to preserve regulatory continuity.

7. The proposed feescale for 2027

**AUTHORISED FIRM**

| Principals | Offices 1 | Offices 2-10 | Offices 11+ | |
|---|---|---|---|---|
| Sole | 439 | 779 | 1,366 | +1% |
| 2 - 5 | 779 | 1,366 | 2,400 | +1% |
| 6 - 9 | 1,407 | 2,472 | 4,336 | +1% |
| 10 - 50 | 2,472 | 4,336 | 7,610 | +1% |
| 51+ | 4,944 | 8,676 | 15,223 | +1% |

**LICENSED FIRM**

| Principals | Offices 1 | Offices 2-10 | Offices 11+ | |
|---|---|---|---|---|
| Sole | 439 | 779 | 1,366 | +1% |
| 2 - 5 | 1,555 | 4,097 | 9,598 | +1% |
| 6 - 9 | 2,813 | 7,414 | 17,351 | +1% |
| 10 - 50 | 4,944 | 13,013 | 30,442 | +1% |
| 51+ | 9,886 | 26,028 | 60,887 | +1% |

8. ICAEW has considered the diversity report findings, consultation responses, equality impact assessments, wider stakeholder feedback, and analysis of licence and authorisation resignations. Having found no evidence of adverse equality or consumer impact, ICAEW requests approval to proceed with the proposed 1% increase in practising certificate fees for all firms from 2027.

9. The proposed 1% increase balances affordability with the need to maintain effective regulation, consumer protection and public confidence in the legal services framework.

**How R&C would continue to operate if the application is not agreed within the timeframe?**

10. In such a situation e.g., where funding was not available through registration fees as ICAEW entered 2027, and while negotiations were ongoing with the Legal Services Board (LSB), to fund its operations ICAEW would draw on its reserves.

11. As per reserves policy, ICAEW has adequate reserved legal services regulatory reserves in place to meet 6 months of operating costs.

12. The wider organisation has further reserves which could be called on in an exceptional situation to forward fund and secure the ongoing delivery and continued operation of probate and oaths regulation.

**Addressing expectations from the previous decision notice**

13.

| Previous expectation | Action | Section/location | Status |
|---|---|---|---|
| Compensation scheme separation | Nil scheme details in PCF application | Budget | Complete |
| Reserves transparency | £330k<br>Nil PCF surplus | Reserves | Complete |
| Consultation awareness | Targeted<br>11 responses | Appendix 4 | Ongoing monitoring |
| Regulatory effectiveness | Dashboard enhanced LSC reporting | Performance | Ongoing |

14. LSB's decision notice action:
*a) ensure that future practising fee applications relate only to the collection of practising fees, as defined in section 51(1) of the Act, and do not therefore include within their expenditure, contributions to the ICAEW compensation scheme, which are separately approved under part 3 of Schedule 4 to the Act.*

15. This application does not contain details of the compensation scheme contributions.

*b) provide a specific reserves figure for its reserved legal activities to provide better transparency to its regulated community regarding the reserves it holds that are derived from practising fees paid for the purpose of being authorised to carry out reserved legal activities.*

16. ICAEW has adequate reserved legal services regulatory reserves in place to meet 6 months of operating costs i.e., an amount available from general ICAEW reserves, not derived from PCF. Budgeted operating costs are shown below at £660k. 6 months (50%) of £660k is £330k.

17. For avoidance of doubt, no compensation scheme contribution, insurance premium or scheme administration cost is included in the proposed PCF or the £660,000 expenditure budget submitted for approval.

*c) engage with its regulated community to understand more about its awareness of the practising fees consultation and its reasons for not responding to it.*

18. We recognise the previous low consultation response rate. We have updated our approach this year and this has resulted in a material increase to 11 responses (prior year 2 responses). We supplement the consultation with targeted follow-up messages to regulated firms and other stakeholders to increase awareness, avoid barriers to participation, and communicate how the PCF-funded activity is addressing the risks that matter most to consumers and the public.

19. ICAEW has not sought to infer individual reasons for non-response; we will continue to test awareness through normal firm-engagement channels and adapt future communications where identifiable barriers arise.

*d) work towards meeting the expectations for it set out in the LSB's most recent Regulatory Performance Assessment, including how it evaluates the effectiveness of its regulated legal services activities.*

20. ICAEW has worked towards meeting the expectations and evaluates effectiveness through progress to achieving targeted outcomes and key performance measures.

**Strategic objectives and priorities for the practising fee year**

*21.* Strategic priorities

| Strategic Priority | Strategic Theme | Objectives Supported |
|---|---|---|
| 1. Risk-Based Oversight & Confidence<br>Enhance risk-based supervision, early identification of issues, swift action on non-compliance. | Stronger Confidence: Reassures public via robust enforcement<br>Fairer Outcomes: Timely interventions protect consumers from harm. | Protecting & promoting public interest<br>Protecting & promoting consumer interests<br>Upholding professional principles |
| 2. Deliver Meaningful Policy Outcomes<br>Focus on impactful policy measures that benefit consumers and the profession. | Fairer Outcomes: Improve diversity & inclusion, close gaps in consumer protection<br>Better Services: Encourage innovation & quality<br>Stronger Confidence: Emphasise professional ethics & competence. | Public understanding of legal rights<br>Encouraging an independent, strong, diverse profession<br>Protecting consumers & promoting competition Improving access to justice<br>Supporting rule of law |
| 3. Shape Future Regulatory Framework<br>Proactively engage in sector reforms, collaboratively adapt to emerging needs | Better Services: Adapt regulation to enable innovation/competition<br>Fairer Outcomes: Extend oversight or protections where needed to address gaps. | Promoting an independent, effective legal profession<br>Promoting competition in legal services<br>Protecting & promoting public interest (ensuring appropriate regulatory scope). |
| 4. Enable Regulatory Excellence & Innovation<br>Invest in ICAEW's own capabilities, transparency, and continuous improvement. | Stronger Confidence: High-performing regulator fosters trust<br>Better Services: Efficient, tech-enabled regulation benefits public & profession. | Protecting public interest<br>Upholding professional principles<br>Promoting consumer interests. |

22. PCF-funded activity is directed to outcomes that matter to consumers and the public: identification of risk, timely intervention, transparent information, effective complaints and enforcement, and high service quality. R&C assesses delivery through focused indicators covering application and records-change timeliness, monitoring-review completion and firm feedback, complaints and enforcement timeliness, use of consumer-facing information and educational materials, and stakeholder feedback.

23. A central objective of our programme is to improve consumer outcomes through higher standards of competence, ethics, transparency and accessibility. We monitor the effectiveness of recent competence and CPD reforms, support ethical decision-making through guidance and training, and promote a diverse and inclusive profession that better reflects the communities it serves.

24. Consumers benefit from accessible regulatory information, including our public register, and greater transparency. Through ongoing participation in initiatives such as Legal Choices, we help consumers make informed decisions, understand their rights, and access effective redress where things go wrong.

25. We assess whether PCF-funded activity is delivering public benefit against a set of reported key performance indicators. For major initiatives, we will publish evaluation updates explaining what changed, what improved, and what's next.

26. R&C contributes to a modern and responsive regulatory framework that protects consumers as legal services evolve. We engage constructively with the LSB, Ministry of Justice and other regulators to address emerging risks, regulatory gaps and developments such as artificial intelligence and new service delivery models. By supporting evidence-based reform and coordinated regulatory responses, we will help ensure that innovation improves access, quality and affordability without compromising consumer protection. This forward-looking approach is designed to maintain public confidence and ensure the regulatory framework remains effective in meeting future consumer needs.

27. Given R&C's role as a regulator of firms, rather than a direct provider of legal services, and the nature of probate services where direct engagement with consumers may not always be appropriate or representative R&C's assessment of impact largely focuses on whether its regulatory arrangements are operating effectively to protect consumers, maintain public confidence and support the regulatory objectives.

28. We use complaints data, annual returns, monitoring findings, and stakeholder feedback to assess impact and to identify where new delivery models - including AI-enabled services - create risks to service quality, transparency, affordability, or access. Where risk is identified, we respond through targeted guidance, supervision, and/or rule proposals and explain the consumer benefit expected from that intervention.

29. To maximise our impact, we continue investing in regulatory capability, data, technology and transparency. Enhanced analytics and digital systems will improve our ability to identify risks, target regulatory activity and evaluate outcomes, ensuring resources are used efficiently for the greatest public benefit. We continue to openly communicate our work and publish evidence of the impact of key initiatives, demonstrating how regulatory interventions improve consumer protection, service quality and public confidence. Through continuous evaluation and improvement, ICAEW ensures its regulatory activities remain effective, accountable and focused on delivering positive outcomes for consumers and the wider public.

## 30. FINANCIAL PERFORMANCE 2026

| £ | 2026 Forecast | | 2026 Budget |
|---|---|---|---|
| **Income** | **667,987** | | **650,690** |
| Regulatory fees | 623,987 | | 609,284 |
| Regulatory penalties and ombudsman | 44,000 | | 41,406 |
| **Expenditure** | **(654,460)** | | **(637,310)** |
| Staff and overheads | (503,000) | 76.9% | (499,834) |
| Legal Services Committee | (13,000) | 2.0% | (10,000) |
| LSB and Ombudsman | (45,000) | 6.9% | (40,000) |
| Legal Choices c7% share | (21,000) | 3.2% | (21,000) |
| Projects incl consultations and RIS | (56,000) | 8.6% | (51,347) |
| Office | (1,450) | 0.2% | (1,500) |
| Design, web, comms, surveys | (14,000) | 2.1% | (12,306) |
| QAD review travel | (1,010) | 0.2% | (1,323) |
| **Surplus (final year return on investment)** | **13,527** | | **13,380** |

31. All expenditure supports the interests of consumers and the public.

32. In 2026, policy, governance, and change work supported clearer rules, stronger independent oversight, and more transparent consumer information. In 2027, to inform our approach to supervision and education, we will continue to monitor this work in terms of transparency and consumer choice.

33. We collaborate with fellow regulators and maintain our support for the Legal Choices website and centralised register of firms and individuals.

34. Our programme of consultation and communication and engagements remains extensive. We share updates through our website, *Regulation & Conduct News*, *Probate News*, webinars, and our LinkedIn channel which now has over 14,000 followers. We consult widely and have seen strong engagement with our educational materials and guidance.

35. Monitoring our outcomes against targets, we maintain high standards of work in firm registration, records change management, annual returns, and quality assurance and CPD supervision. Applications and records change are processed within target timeframes. Annual return data underpins the quality assurance risk modelling and compliance assurance. Scheduled firm reviews inform quality assessments and the reviews are independently quality and value evaluated.
More details are provided in the published annual probate and oaths monitoring report and the annual Regulation and Conduct report.

36. Work on compliance and complaint handling is delivered to a high standard. Compliance efforts include robust financial management and timely submission of change applications to the LSB.

37. Consumers can provide feedback to us through our helplines, public consultations, via their firms and directly to us using functionality available on our website.

38. ICAEW continues to invest in its systems, including the ongoing upgrades, workflow development and enhancements to the VisualFiles application and case management system.

**Financial variances: 2026 forecast vs 2026 budget**

39. Staff and Projects: There has been an increased requirement for staff time, including senior personnel, to support policy and engagement activities, particularly those related to LSB initiatives, liaison efforts, and governance change management. Compliance work has also been slightly higher than in previous years. 2026 has once again been a busy year for projects and work with the LSB, and with the Ministry of Justice. This has also included work related to governance, support to our firms, central registers, core systems, and development of supporting guidance and resources.

40. Board and committee: Increased costs related to the handover of responsibilities from ICAEW Regulation and Conduct Board (IRCB), the wider remit, establishment and extended meetings for Legal Services Committee (LSC).

41. Ombudsman: Costs reflect the number of complaints addressed by the ombudsman and result in a charge to the regulator.

42. Communication: Costs slightly higher due to paid online promotional activity, as related to the annual reports and consultations and preparation for the diversity survey in 2027 under new supplier arrangements.

## 43. FULL YEAR 2026 FORECAST COMPARED TO BUDGET 2027

| £ | 2026 Forecast | | 2027 Budget |
|---|---|---|---|
| **Income** | **667,987** | | **660,744** |
| Regulatory fees | 623,987 | | 630,744 |
| Regulatory penalties and ombudsman | 44,000 | | 30,000 |
| **Expenditure** | **(654,460)** | | **(660,744)** |
| Staff and overheads | (503,000) | 76.9% | (517,744) |
| Legal Services Committee | (13,000) | 2.0% | (12,000) |
| LSB and Ombudsman | (45,000) | 6.9% | (26,000) |
| Legal Choices c7% share | (21,000) | 3.2% | (22,000) |
| Projects incl consultations and RIS | (56,000) | 8.6% | (67,500) |
| Office | (1,450) | 0.2% | (1,500) |
| Design, web, comms, surveys | (14,000) | 2.1% | (12,500) |
| QAD review travel | (1,010) | 0.2% | (1,500) |
| **Surplus / Break-even** | **13,527** | | **(0)** |

44. R&C is expected to operate within budget, reprioritising where/when necessary, should unexpected needs arise in the year. R&C does not anticipate a requirement to draw from reserves for project, investigations or any other activity.

45. 2027 registration income is increasing in the main due to the 1% increase in fees. In year applications, as per trend, and mix of firms across the feescale are in the most part expected to offset a fall in total registrations.

46. **100% of the PCF, the regulatory funding above through firm specific feescales, will be allocated to regulatory body permitted purposes.**

47. 2026 was an exceptional year for ombudsman complaint costs and these costs passed on to the firms involved. Staff and project costs reflect wage inflation and an increase in resource largely to meet changing governance and other LSB requirements. Travel reflects inflation and new mileage allowances.

## 48. BUDGET 2027 AND PROGRAMME OF ACTIVITIES

| £ | 2027 budget | | |
|---|---|---|---|
| Staff and overheads | (517,744) | | 78.4% |
| Legal Services Committee | (12,000) | | 1.8% |
| LSB and Ombudsman | (26,000) | | 3.9% |
| Legal Choices c7% share | (22,000) | | 3.3% |
| Projects incl consultations, RIS, diversity | (67,500) | | 10.2% |
| Office | (1,500) | | 0.2% |
| Design, web, comms, surveys | (12,500) | | 1.9% |
| QAD review travel | (1,500) | (660,744) | 0.2% |
| | | | |
| Regulatory, policy and engagement | (224,653) | | 34% |
| Registration and supervision | (185,008) | | 28% |
| Discipline and conduct | (19,822) | | 3% |
| Governance | (105,719) | | 16% |
| Education, research and projects | (125,541) | (660,744) | 19% |
| | | | |
| Reserves (6 months of operating costs) | | 330,372 | |

49. To further the interests of consumers and the public, R&C undertakes permitted activities as set out in the Legal Services Act 2007, with particular focus on:
4a Accreditation, education and training of applicable persons…including:
    a. the maintaining and raising of professional standards; and
    b. the giving of practical support, and advice about practice management
4g - increasing public understanding of the citizen's legal rights and duties.

50. More than 90% of PCF income supports ongoing regulatory delivery. Shared-service overheads are limited to £56k (8.5% of operating costs and apportioned on staff cost basis), which helps preserve resources for frontline supervision, complaints and enforcement handling, public-facing information, and oversight obligations. We explain this allocation transparently so fee-payers can judge whether the proposed cost is proportionate to the consumer and public protections delivered.

51. The annual cost budget includes:
Funding of Legal Services Board (2.2% of operating cost)
Funding of the Solicitors Regulation Authority operated, Legal Choices website (3.3% of operating cost)

52. As a small regulator with c5 full-time equivalent staff and 0.3% of the Reserved Legal Services 'persons authorised' community, R&C's operational actions focus largely on core and vital regulatory functions as described in the activities analysis:

53. Regulatory policy and engagement work helps ensure that ICAEW's rules, guidance, and regulatory arrangements continue to address the risks that matter most to consumers and the public. This includes maintaining the regulatory framework, engaging with LSB and government on changes to regulatory arrangements, contributing to sector-wide initiatives such as Legal Choices and shared registers, and strengthening the evidence base through consultation, consumer insight, and market research. In practical terms, that means policy work is not just about maintaining rules; it is about making sure the framework remains clear, current, transparent, and responsive to issues such as consumer understanding, service transparency, diversity, and technological change. That outcome-led approach supports stronger confidence in regulated providers, fairer outcomes and protection for consumers, and better-informed public choice.

54. Registration, authorisation, and supervision activity is central to consumer protection because it determines who may provide reserved legal services and how risks are identified before they become consumer harm. R&C's plan provides for continued processing of applications, renewals, and firm changes against LSB-approved criteria, alongside risk-based monitoring of firms, including early review of newly accredited firms and targeted action where concerns arise. The activity plan also commits to strengthening data-driven supervision by combining intelligence from annual returns, complaints, and external sources. The practical public-interest benefit is clear: only competent and suitable firms remain authorised; emerging problems are identified earlier; and supervision becomes more targeted, timely, and proportionate, helping to prevent harm rather than merely reacting after it occurs.

55. Discipline and conduct work protects the public by providing a credible route for investigating misconduct, taking proportionate enforcement action, and signalling clearly that poor standards will have consequences. R&C's materials describe a clear complaints and disciplinary framework, supported by investigation, committee, and legal capability, with transparency through publication of outcomes and continued refinement of sanctions guidance and enforcement processes. Although complaint volumes are relatively low, the planned activity is still important: it maintains deterrence, supports confidence that concerns will be handled rigorously and independently, and creates a feedback loop so that lessons from cases inform future guidance and preventative action. For consumers and the public, the value lies not only in sanctions when things go wrong, but also in using enforcement insight to reduce repeat issues and raise standards across the wider market.

56. Governance, transparency, and accountability are also core public-interest activities because they make regulatory decision-making more visible, more independent, and easier to scrutinise. R&C's plan includes continued oversight by independent governance bodies, publication of minutes and reports, quarterly risk review and mitigating actions, performance dashboards, annual reporting, and consumer-facing information about who is regulated and what that means in practice. Those activities matter because they improve confidence that regulatory decisions are being made fairly, independently, and in the public interest, while also helping consumers understand the protections that come with using an ICAEW-regulated provider. Where financial protection arrangements are relevant, ICAEW's governance work supports consumer confidence and resilience.

57. Education, communication, change, and systems improvement complete the program by helping firms meet standards in practice and by improving access, inclusion, and service quality over time. R&C's plans include guidance, webinars, articles, digital communications, operational reports, and change projects that support continuous improvement across the legal services community. The activity plan also links this work to ongoing competence, diversity data collection, inclusive access, digital exclusion research, support for vulnerable consumers, and responsible innovation, including better data tools and technology-enabled regulation. The benefit for consumers is practical and observable: better informed firms, clearer client information, more accessible services, improved consistency in service quality, and a regulatory approach that can adapt as risks and consumer needs evolve.

58. Taken together, the proposed PCF-funded activity is intended to deliver measurable public benefit, not simply regulatory process. R&C's materials already identify the types of impact that can be observed and reported: timely application handling, completion of monitoring reviews, complaint and enforcement timeliness, publication of guidance and regulatory decisions, use of consumer and firm feedback, engagement with consumer-facing content, diversity reporting, and broader indicators of service quality and confidence. In short, R&C's proposed use of PCF income is directed toward a focused program of frontline regulation that protects consumers from harm, improves transparency and confidence, supports fair access and better services, and provides a clear basis on which the public benefits of regulatory activity can be demonstrated.

59. These priorities focus PCF-funded activity on the areas where regulation has the greatest positive impact on consumers and the public: identifying and addressing risks earlier, improving the quality and transparency of services, and ensuring that regulatory action leads to demonstrable improvements in outcomes and confidence.

**Equality impact analysis**

60. In the interests of consumers and the public, all probate and oaths registered firms and their staff are required to complete equality and diversity information on registration and then biennially. This comprehensive dataset facilitates detailed equality impact assessments and insight.

61. EDI questions are also included in the budget and fees consultation. R&C review consultation responses in a wider context and this helps better understand the impacts of the PCF change on the regulated community. Further information is shown below and in appendix 1, 2 and 4.

62. R&C has reflected on the analysis, and we are satisfied that there is no adverse equality impact. We remain curious and encourage firm representatives, consumers and members of the public to contact us with their views.

63. A consumer feedback section appears on the 'register of firms' web page.

**Reserves**

64. ICAEW has its own reserves policy and risk management framework. The policy:

    “ICAEW reserves policies ensure that reserves are set at a level equivalent to six months of expenditure through the income statement and for cash and investment balances to be at least sufficient to cover six months of annual expected gross cash expenditure. Reserves are considered to be at a healthy level and exceed the minimum required level under the policy at the end of the year”
    The balance at the end of 2025 was in accordance with this reserves policy.

65. The reserves position is reviewed and approved annually in terms of both target and policy as part of the annual ICAEW financial statements signed off by ICAEW audit committee and ICAEW Board. Adequate reserves are in place and are not considered excessive. Further details are shown in appendix 3.

66. A delineation of reserves in the ICAEW Ltd accounts is not possible due to materiality i.e. the reserves related to probate and oaths are too small in the context of total ICAEW group reserves.

67. ICAEW has no accumulated reserve generated from legal-services practising-fee surpluses. Under ICAEW’s group reserves framework, £330,000 - equivalent to six months of the £660,000 legal-services operating budget - is available to maintain regulatory continuity if PCF income is temporarily unavailable.

**Actions taken after informal discussions with the LSB on this application**

68. ICAEW have not submitted the application in draft for review. The format and content have been informed by the summary of expectations from the previous decision notice.

# FINANCIAL INFORMATION

**2027 proposed PCF fees for authorised and licensed firms**

70. With consideration given to fairness, proportionality and equality, the probate and oaths registration fees reflect the required budget for the activities shown above and the structure and scale of the firm.

71. The feescale document, which appears on ICAEW.com, includes a link to the consultation, explains the fees payable and encourages further feedback in relation to equality and protected characteristics.

72. The 2027 fee proposal is underpinned by;
The financial forecast for 2026,
Budget 2027 approved for the division by the IRCB, for probate and oaths by the LSC, and
A rolling forecast approach which continually looks to the future.

73. Year on year change in registration fees due to the 1% increase

**AUTHORISED FIRM**

| | Offices | | | |
|---|---|---|---|---|
| Principals | 1 | 2-10 | 11+ | |
| Sole | 4 | 8 | 14 | +1% |
| 2 - 5 | 8 | 14 | 24 | +1% |
| 6 - 9 | 14 | 24 | 43 | +1% |
| 10 - 50 | 24 | 43 | 75 | +1% |
| 51+ | 49 | 86 | 151 | +1% |

**LICENSED FIRM**

| | Offices | | | |
|---|---|---|---|---|
| Principals | 1 | 2-10 | 11+ | |
| Sole | 4 | 8 | 14 | +1% |
| 2 - 5 | 15 | 41 | 95 | +1% |
| 6 - 9 | 28 | 73 | 172 | +1% |
| 10 - 50 | 49 | 129 | 301 | +1% |
| 51+ | 98 | 258 | 603 | +1% |

74. As at July 2026 there were 301 firms registered for probate and oaths.
Our analysis indicates that this number will fall for 2027 to 282 firms for the start of 2027; smaller firms leaving registration with a limited loss of income. Our trend analysis shows that new firms register during the year.
Budget and fee assumptions are based on the starting point below for volume of registered firms and that further registrations and new income will appear during the year e.g., 301 less 19 small firm withdrawals, start the year with 282 registrations plus an estimated 17 in year registrations across the feescale.

**AUTHORISED FIRM**

| | Offices | | | |
|---|---|---|---|---|
| Principals | 1 | 2-10 | 10+ | Total |
| Sole | 48 | 2 | | 50 |
| 2 - 5 | 49 | 7 | | 56 |
| 6 - 9 | | | | |
| 10 - 50 | | | | |
| 50+ | | | | |
| Total | 97 | 9 | - | 106 |

**LICENSED FIRM**

| | Offices | | | |
|---|---|---|---|---|
| Principals | 1 | 2-10 | 10+ | Total |
| Sole | 22 | - | | 22 |
| 2 - 5 | 79 | 6 | | 85 |
| 6 - 9 | 39 | 4 | | 43 |
| 10 - 50 | 15 | 9 | | 24 |
| 50+ | - | 2 | | 2 |
| Total | 155 | 21 | - | 176 |
| | | | | 282 |

As highlighted, most authorised and licensed firms have 1 office and 9 or fewer principals i.e., they are at the smaller end of the feescale.

## Equality impact analysis

75. Diversity and inclusion is a key pillar of ICAEW's strategy. ICAEW offers a range of equality, diversity and inclusion content, from topical articles to professional

resources to help individuals and businesses thrive. ICAEW also offers a D&I community for sharing best practice and good ideas. https://www.icaew.com/insights/diversity-and-inclusion

76. The budget and fees consultation, available on icaew.com and as promoted in our news emails and LinkedIn account, illustrates our efforts in taking responsibility for determining the impact of the current level and structure of fees on those who pay it and identifying as to whether there are any differential impacts on groups or on those with protected characteristics.

77. In terms of the recent PCF consultation, there was one anonymous comment about diversity “scale back on the diversity aspect – it’s intrusive and leads to discrimination”. No evidence or examples were shared to support the comment.

78. No other comments mentioned protected characteristics, equality or diversity.

79. Equality impact assessments are shown in appendix 1 and 2.

80. Equality related feedback opportunities from firms are many:
    The visit/review programme including annual returns
    Communication/engagement channels
    Consultations
    Webinars
    Representative committees
    Application process
    Annual registration renewals process; and
    When firms leave us.

81. During 2026, outside of the fees and budget consultation, we did not hear of concerns from the regulated community about self-financing, budget, fees charged, or adverse impacts related to diversity or protected characteristics.

**The registration fees are presented in a formal scale document**

82. A draft feescale for 2027 is shown below i.e., how the PCF information is to be presented to the regulated community including clearly identifying the budgeted cost of the Legal Service Board and Office for Legal Complaints.

83. This registration fee structure was set in 2014 as a component of ICAEW’s application to the LSB to become an approved regulator and licensing authority for probate activities. ICAEW adopted the following principles to guide fee setting:
    To be consistent and stable to ensure that there is confidence year on year in terms of what is to be paid by those registered,
    To secure a predictable income to meet regulatory costs,
    To be simple and fair to payers, structuring the scales in a way that represents the operation and ability to pay,
    To be practical and efficient in administration and calculation, billing and cash collection, built on available data as a component of a registration record.

84. This published feescale sits alongside a range of information and which also includes details of the benefits of regulation and ‘what your fee pays for’ (see also appendix 5).

# 2027 probate and oaths fees

ICAEW

Probate and oaths administration (ie, (reserved) legal services) annual fees are made up of two parts:

- registration fee; and
- compensation scheme levy.

### Legal services registration fee

ICAEW consulted for 4 weeks with firms on fee levels for 2027. Taking the responses and firm representative feedback, equality impacts, economic circumstances and regulatory requirements into account, and in discussion and with approval from the ICAEW Regulatory Board, there will be a 1% increase in all authorisation/licensing registration fees. The compensation scheme levy is reduced by 95%.

The legal services annual registration fees fund the following activities:

- application, registration and records change management;
- policy, education and communication;
- monitoring;
- conduct; and
- projects and other support and administrative functions and activities.

An annual fund of £26,000 (3.9% of operating costs) is included in the budget to cover Legal Services Board and Office for Legal Complaints operating costs. These costs are therefore a component of the registration fees.

Where a complaint is received and found (chargeable) by the Legal Ombudsman, any costs passed to ICAEW will be treated as to be recovered from the firm in addition to the registration fee.

Firms that register with us between 1 October and 31 December pay 50% of the registration fee for the first year.

### Equality and protected characteristics

If you or anyone in your firm is adversely impacted by these fees/levy please contact our regulatory support team. Your response will inform our ongoing impact assessments.

### To calculate your firm's fee

If a principal is also to be an affiliate, please count them twice in the fee calculation – once as a principal and once as an affiliate.

Combine the number of principals (including employee authorised individuals and affiliates) and the number of offices from which legal services work will be undertaken.

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### Major restructures including where external investment is being introduced to an existing firm

A specific fee, based on the complexities of the change and transaction, in the range £20–£50k is chargeable for this exceptional registration work and a further fee may be required for the recharge of any external to ICAEW legal advice.

### Change of legal type

The 'incorporation' fee is for any firm that changes legal type. For example, a sole practice becoming a limited company, or partnership changing to an LLP. This fee payable is in addition to the firm's annual licence fee; it is a one-off processing fee that's non-refundable if, for any reason, the change of legal form does not go ahead. The fee is calculated at £500 per firm, for a firm with a single registration, or £500 per service if a firm has multiple services (eg, a firm registered for probate and holding a DPB licence will pay 2 x £500).

## FEE SCALES

### Registration fees for authorised firms

| Number of principals and authorised individuals + number of legal services affiliates | 1 office | 2 - 10 offices | 11+ offices |
|---|---|---|---|
| | £ | £ | £ |
| 1 | 439 | 779 | 1,366 |
| 2 – 5 | 779 | 1,366 | 2,400 |
| 6 – 9 | 1,407 | 2,472 | 4,336 |
| 10 – 50 | 2,472 | 4,336 | 7,610 |
| 51+ | 4,944 | 8,676 | 15,223 |

### Registration fees for licensed firms

| Number of principals and authorised individuals + number of legal services affiliates | 1 office | 2 - 10 offices | 11+ offices |
|---|---|---|---|
| | £ | £ | £ |
| 1 | 439 | 779 | 1,366 |
| 2 – 5 | 1,555 | 4,097 | 9,598 |
| 6 - 9 | 2,813 | 7,414 | 17,351 |
| 10 - 50 | 4,944 | 13,013 | 30,442 |
| 51+ | 9,886 | 26,028 | 60,887 |

### Legal services compensation scheme levy

This is an annual levy that covers the cost of the compensation scheme and provides funds for potential claims.

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### To calculate the levy

If a principal is also to be an affiliate, you should count them twice in the fee calculation – once as a principal and once as an affiliate.

Combine the number of principals (including employee authorised individuals and affiliates) and the number of offices from which legal services work will be undertaken.

### Legal services compensation scheme levy for authorised firms

| Number of principals and authorised individuals + number of legal services affiliates | 1 office | 2 - 10 offices | 11+ offices |
|---|---|---|---|
| | £ | £ | £ |
| 1 | 5 | 7 | 10 |
| 2 - 5 | 7 | 10 | 13 |
| 6 - 9 | 10 | 13 | 18 |
| 10-50 | 13 | 18 | 25 |
| 51+ | 27 | 36 | 49 |

### Legal services compensation scheme levy for licensed firms

| Number of principals and authorised individuals + number of legal services affiliates | 1 office | 2-10 offices | 11+ offices |
|---|---|---|---|
| | £ | £ | £ |
| 1 | 5 | 7 | 10 |
| 2 - 5 | 14 | 29 | 53 |
| 6 - 9 | 19 | 40 | 72 |
| 10 - 50 | 27 | 54 | 98 |
| 51+ | 53 | 108 | 196 |

### DBS checks for new applications/change of HoLP or HoFA

A disclosure and barring service (DBS) check is required for:

- the head of legal practice (HoLP);
- the head of finance and administration (HoFA); and
- any non-authorised owner of a licensed firm.

The fee for this check is £59.98 per person, per attempt. This is not an annual fee.

## PAYMENT

The legal services licence fee is payable on 1 January 2027. Failure to pay may result in your firm's legal services registration being withdrawn. New applicants are required to pay when applying for their registration.

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**2027 budgeted income sensitivity**

85. The main budgetary risk relates to variation in income.

86. If the fee increase were not applied, registration income is estimated to reduce by £6k

87. If registrations were to fall, the estimated impact on income is shown below:
    By 10 firms (3.5% of population) lost income estimated as £21k
    By 20 firms (7.1% of population) lost income estimated as £44k
    By 35 firms (12.4% of population) lost income estimated as £78k

88. Mitigating actions:
    Income is forecast on a rolling basis – regular reviews – to ensure that there is a 'no surprises' financial environment.
    Evaluate new in-year registrations which may offset any withdrawals.
    Cost management measures, if required, can be put into action
    ICAEW reserves policy ensures that there is appropriate financial strength and depth to fund ongoing operations and investments.

**Looking ahead**

89. It is anticipated that core resource will at least need to be maintained in 2027, reflecting on the work patterns in 2026, to meet:
    The LSB's expectations including as related to registers, consultations and change applications and consumer protections and support
    IRCB's ambition and refreshed strategy and business plan, and
    To provide a full range of functions.
    **Considering feedback from small firms, and reflecting inflationary and pay cost increases, a 1% fee increase is recommended for all firms.**

**Financial and operational governance**

90. The IRCB is responsible for the regulatory and conduct functions i.e., the work of R&C and its committees. This structure provides separation from the other activities of ICAEW i.e., the regulatory role is independent of its representative role, it is managed by the Regulation and Conduct division. The regulatory function acts to protect consumers and works in the public interest by ensuring members, firms and affiliates are competent and act with integrity.

91. The IRCB and LSC ensure that the processes that underpin the department's licensing and conduct activities work effectively and efficiently, that its operational targets support its strategy and they review progress against the plan and other internal and external targets.

92. The R&C senior management team are accountable for performance against regulatory targets and quality of deliverables and outcomes, transparency and consistency. In particular, in relation to regulatory objectives, budget and fees, priorities and prioritisation, and operational plans and actions which result in a positive outcome.

93. Any shared ICAEW operational costs, which are charged through overheads, are analysed by the Regulation and Conduct Finance Director for value and are reviewed annually.

### Medium term priorities and associated costs

94. Financial and operational experience in recent years, financial analysis and projections shown in the forecast and budget analysis indicate that Probate and Oaths firm registration fees, and any associated fee increases, are planned to be sufficient to fund the full cost of regulation.

95. Historically there has been no plan or need for financial subsidies. There is no expected need for such subsidies in the future.

96. R&C has and plans to allocate sufficient resources to carry out the functions described above.

### Probate function set-up costs

97. Establishing ICAEW as a probate regulator: Progress on the return on investment in terms of the initial set-up costs completes in 2026.

## Budget and PCF consultation (see also appendix 4)

98. A consultation on the budget and fees was operated with relevant stakeholders such as authorised persons and firms. The consultation ran from 13 July to 14 August 2026.

### Taking the regulated community's views into account

99. Comments have been carefully considered and taken into account. Where queries were raised these will be followed up with the individuals involved.

### Equality related conclusion

100. Consultation response volumes were low and are not sufficient to infer support or absence of adverse impact. We have therefore treated consultation responses as one input alongside other data and information.

### Budget and PCF related consultation conclusion

101. The consultation generated 732 LinkedIn impressions and 16 engagements, and an open rate of 50% on emails. These are not treated as evidence of support or absence of concern.

102. There were 11 formal responses. ICAEW has therefore assessed the proposal alongside withdrawal data, equality monitoring, direct engagement, and feedback received through regulatory channels. On that broader evidence base, no adverse equality or consumer-impact issue has been identified.

103. The volume of responses is not considered representative of the community. However, the data and comments received are useful and informative. Appendix 4 provides further analysis and reflection.

### Impact assessments

104. The aim of the equality impact assessments is to ensure that the Regulation and Conduct Division's approach to the PCF does not have a disproportionate / adverse impact on those with protected characteristics.

105. After a time of reflection, the responses were carefully considered in context; As described above, in terms of the IRCB strategy and targets, the requirements set out in the Act, LSB strategic themes and required actions to meet objectives, and resulting and required operational activities.

106. Equality impact assessments identified that the budget and fee increase proposals were relevant to the regulated community which includes those with protected and other characteristics.

107. An impact assessment was carried out for both fees (appendix 1) and budget (appendix 2). After careful consideration of consultation responses, alongside the diversity reporting analysis and reporting, our deep practical knowledge because of regular contact with our regulated community, feedback in various forms and analysis of those firms who have decided to leave our registration, we conclude:

a. Budget impact: Neutral
b. Fee increase impact: Neutral

108. Nothing has been discovered in terms of any adverse impact on persons with any of the protected or other characteristics.

109. We further challenged ourselves:
Is it possible that the current level of PCF could discriminate or unfairly disadvantage members of the regulated community? Our conclusion was No
Is it possible that the proposed level of PCF could discriminate or unfairly disadvantage members of the regulated community? Our conclusion was No
Is it possible that the proposed budget could discriminate or unfairly disadvantage members of the regulated community? Our conclusion was No
Is it possible that the current level of PCF could be biased towards one or more groups? Our conclusion was No
Is it possible that the proposed level of PCF could be biased towards one or more groups? Our conclusion was No
Is it possible that the proposed budget could be biased towards one or more groups? Our conclusion was No

**How the proposed PCF may potentially impact on various groups**

110. In setting the level of the practising fee and budget R&C carefully considered the impact of the fee on the community, the impact of the level of the fee e.g., on size, scale and set-up of a regulated firm, and on the conduct of legal services by authorised persons and/or the impact of any significant circumstance/event.

111. The PCF feescale recognises the difference in size of operation across the regulated community and addresses economic pressures in that smaller and less complex firms pay less than those firms with e.g., higher earning potential, on a higher band.

112. Only 1 of 14 voluntary withdrawals of registrations in 2026 related to “Fees and regulatory burden too high”. Most withdrawals related to “No longer required”, “Acquisition / Merger” or “retirement”. None mentioned equality or equality issues.

113. As a result of these findings, and the further details and analysis above, no further action was taken to amend the proposed increase.

**Context: Diversity analysis and understanding of our community**

114. The full diversity report and infographic summary is available on ICAEW.com https://www.icaew.com/regulation/probate-services/support-for-probate-accredited-firms/probate-diversity-data-collection

115. The next diversity report will be published in September 2027.

## TRANSPARENCY OF PCF INFORMATION TO RELEVANT AUTHORISED PERSONS

116. Information has and will be provided to those who pay the fee:
Accessible through the fee consultation (icaew.com website),
Further details are included in ‘what your fee pays for’ (website)
The probate and oaths fee scale is published on icaew.com/probate (a draft feescale is shown in this application and the final version published on the website), and
Through the registration renewal invoice (target send date in late November 2026 for January 2027).

## COMPLIANCE STATEMENT

117. I certify that the information provided in this application is accurate and complete to the best of our knowledge and I have taken reasonable steps to ensure that the application complies with the Rules.

Contact name for the application:
Matthew Downton, R&C Director of Finance, Operations and Projects

## SUPPORTING DOCUMENTS AND FURTHER EVIDENCE AND MATERIAL

Appendix list

Appendix 1 Equality impact assessment fee increase
Strategic theme: Stronger confidence, fairer outcomes

Appendix 2 Equality impact assessment budget
Strategic theme: Stronger confidence, fairer outcomes

Appendix 3 Reserves policy
Strategic theme: Stronger confidence, fairer outcomes

Appendix 4 Budget and Fees Consultation
Strategic theme: Better services

Appendix 5 What your fee pays for
Strategic theme: Better services, stronger confidence, fairer outcomes

 

## Appendix 1

### Equality impact assessment - fee increase
### Strategic theme: Stronger confidence, fairer outcomes

| EQUALITY IMPACT ASSESSMENT: Diversity, equality, inclusion | Probate fee change and budget 2027 | IMPACT Relevant | Neutral | Positive | Negative | EVIDENCE |
|---|---|---|---|---|---|---|
| PROTECTED CHARACTERISTICS | | | | | | |
| DISABILITY | Physical | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Mental | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Seen | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Unseen | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| MARRIAGE OR CIVIL PARTNERSHIP | Marriage | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Civil partnership | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| PREGNANCY AND MATERNITY | Pregnancy | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Maternity | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| RACE | Race | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Colour | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Nationality/citizenship | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Ethnic origin | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | National origin | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| RELIGION OR BELIEF | Christian | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Sikh | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Muslim/Islam | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Hindu | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Buddhist | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Jewish | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Lack of religion | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Other, with a clear structure and belief system | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| SEXUAL ORIENTATION | Attraction to: | | | | | |
| | Own sex | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Opposite sex | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Both sexes | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| SEX (GENDER) | Woman | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Man | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| GENDER REASSIGNMENT | Transsexual person | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| AGE | Specific age | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Age range | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| OTHER CHARACTERISTICS | | | | | | |
| FIRM SIZE TYPE | Sole practitioner | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Scale of firm | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Type of firm | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| INDIVIDUALS WITHIN A FIRM | Employees | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Owners | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| | Equal opportunity | ✓ | ✓ | | | Consultation, firm visit feedback, withdrawal feedback |
| INCLUSION | Other | n/a | n/a | | | |
| DIVERSITY | Other | n/a | n/a | | | |
| FEE / BUDGET RELATED | | | | | | |
| | Is it possible that the proposed level of PCF could discriminate or unfairly disadvantage members of the regulated community? | No | | | | As part of the initial application for ICAEW to become a regulator (authorising and supervisory body) as assessed by the LSB, and ongoing and based on feedback from firms both though formal consultation and in more direct contact, the fees are charged as much as possible to be fair and to avoid discrimination. There is no single PCF for the community, the fees are structured to avoid unfairly disadvantaging firms and individuals. |
| | Bias towards one or more groups? | No | | | | Feescale structure reviewed and considered appropriate<br>Reviewed in light of diversity survey results |
| | Barriers or impact identified but having considered all options carefully, there appear to be no other proportionate ways to achieve the policy aims in the programme of activity but by charging this level of PCF. | Yes | | | | Fee impact on smaller firms carefully considered. |
| | Adapted PCF to eliminate bias | Yes | | | | As per answer above |

### Fee and Budget equality related conclusion
Promotion of the consultation was direct, extensive, utilising channels with excellent engagement, proactive and clear. Most firms did not respond to the consultation.

### A fee change results in voluntary withdrawal of licence?

Of the firms who voluntarily withdraw their registrations during the year none were due to an adverse impact to protected characteristics.

Of the 14 withdrawals this year, only 1 related to fee levels. The remainder related to retirement, acquisition/incorporation/restructure and licence not needed. Withdrawal reasons will continue to be monitored.

This information informs the structure of our feescale and any proposed change to that structure, increase or decrease in registration fees.

# Equality impact assessment budget
# Strategic theme: Stronger confidence, fairer outcomes

| PROTECTED CHARACTERISTIC | | IMPACT Relevant | Neutral | Positive | Negative | |
|---|---|---|---|---|---|---|
| DISABILITY | Physical | ✓ | ✓ | | | Consultation |
| | Mental | ✓ | ✓ | | | Consultation |
| | Seen | ✓ | ✓ | | | Consultation |
| | Unseen | ✓ | ✓ | | | Consultation |
| MARRIAGE OR CIVIL PARTNERSHIP | Marriage | ✓ | ✓ | | | Consultation |
| | Civil partnership | ✓ | ✓ | | | Consultation |
| PREGNANCY AND MATERNITY | Pregnancy | ✓ | ✓ | | | Consultation |
| | Maternity | ✓ | ✓ | | | Consultation |
| RACE | Race | ✓ | ✓ | | | Consultation |
| | Colour | ✓ | ✓ | | | Consultation |
| | Nationality/citizenship | ✓ | ✓ | | | Consultation |
| | Ethnic origin | ✓ | ✓ | | | Consultation |
| | National origin | ✓ | ✓ | | | Consultation |
| RELIGION OR BELIEF | Christian | ✓ | ✓ | | | Consultation |
| | Sikh | ✓ | ✓ | | | Consultation |
| | Muslim/Islam | ✓ | ✓ | | | Consultation |
| | Hindu | ✓ | ✓ | | | Consultation |
| | Buddhist | ✓ | ✓ | | | Consultation |
| | Jewish | ✓ | ✓ | | | Consultation |
| | Lack of religion | ✓ | ✓ | | | Consultation |
| | Other, with a clear structure and belief system | ✓ | ✓ | | | Consultation |
| SEXUAL ORIENTATION | Attraction to: | | | | | |
| | Own sex | ✓ | ✓ | | | Consultation |
| | Opposite sex | ✓ | ✓ | | | Consultation |
| | Both sexes | ✓ | ✓ | | | Consultation |
| SEX (GENDER) | Woman | ✓ | ✓ | | | Consultation |
| | Man | ✓ | ✓ | | | Consultation |
| GENDER REASSIGNMENT | Transsexual person | ✓ | ✓ | | | Consultation |
| AGE | Specific age | ✓ | ✓ | | | Consultation |
| | Age range | ✓ | ✓ | | | Consultation |
| FEE / BUDGET RELATED | | | | | | |
| | Is it possible that the proposed level of PCF could discriminate or unfairly disadvantage members of the regulated community? | No | | | | As part of the initial application for ICAEW to become a regulator (authorising and supervisory body) as assessed by the LSB, and ongoing and based on feedback from firms both though formal consultation and in more direct contact, the fees are charged as much as possible to be fair and to avoid discrimination. There is no single PCF charge, the fees are structured to avoid unfairly disadvantaging firms and individuals. |
| | Bias towards one or more groups? | No | | | | |
| | Barriers or impact identified but having considered all options carefully, there appear to be no other proportionate ways to achieve the policy aims in the programme of activity but by charging this level of PCF. | Yes | | | | Fee impact on smaller firms carefully considered. |
| | Adapted PCF to eliminate bias | Yes | | | | As per answer above |

**Appendix 3**

**Reserves policy**
**Strategic theme: Stronger confidence, fairer outcomes**

**ICAEW's financial statements include the stated minimum reserves policy:**

"Our reserves policies ensure that ICAEW reserves are set at a level sufficient to cover both short-term requirements and longer-term investment needs:
• reserves should be set at a level equivalent to at least six months of expenditure through the income statement; and
• cash and investment balances should be sufficient to cover at least six months of annual budgeted/forecast gross cash expenditure."

**This policy approach and strategy?**

Protects the regulatory functions, including probate, 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.

**How will the Regulation and Conduct Division achieve its reserves target?**
The target is already met with an appropriate level of historic reserves well established as indicated and reported by the ICAEW financial statements.

**Mitigation for potential calls on reserves?**
The Regulation and Conduct Division, as a multi-disciplined regulator and with separate commercial activities, has built and contributed beyond target to ICAEW reserves. This position provides great strength and depth both in mitigation and in terms of e.g., any large case investigation or requirement for investment.
Potential mitigation also relates to R&C's interaction with ICAEW's risk and resilience management process.

**Review of the policy?**

The ICAEW policy is reviewed and approved annually in terms of both target and to policy as part of the annual ICAEW financial statements sign off by ICAEW audit committee and board.

Excerpt from [ICAEW Financial Statements 2025]

# GROUP STATEMENT OF CHANGES TO RESERVES
**for the year ended 31 December 2025**

| | Revaluation reserve £m | Accumulated fund £m | Other reserves £m | Charitable trusts £m | Total £m |
|---|---|---|---|---|---|
| **Reserves at 1 January 2024** | **13.2** | **147.9** | **5.2** | **16.8** | **183.1** |
| Net result after tax | - | 5.7 | 0.2 | 1.5 | 7.4 |
| Other comprehensive income | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | |
| Revaluation of property, plant and equipment | (0.3) | - | - | - | (0.3) |
| Actuarial gains recognised in year on defined benefit pension scheme | - | 0.1 | - | - | 0.1 |
| Deferred tax arising on above items | - | 0.1 | - | - | 0.1 |
| Total other comprehensive expense | **(0.3)** | **0.2** | **-** | **-** | **(0.1)** |
| Total comprehensive income | (0.3) | 5.9 | 0.2 | 1.5 | 7.3 |
| **Reserves at 31 December 2024** | **12.9** | **153.8** | **5.4** | **18.3** | **190.4** |
| **Reserves at 1 January 2025** | **12.9** | **153.8** | **5.4** | **18.3** | **190.4** |
| Net result after tax | - | 0.9 | - | 1.1 | 2.0 |
| Other comprehensive income | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | |
| Revaluation of property, plant and equipment | 1.8 | - | - | - | 1.8 |
| Actuarial losses recognised in year on defined benefit pension scheme | - | (4.9) | - | - | (4.9) |
| Deferred tax arising on above items | - | 0.1 | - | - | 0.1 |
| Total other comprehensive expense | **1.8** | **(4.8)** | **-** | **-** | **(3.0)** |
| Total comprehensive expense | 1.8 | (3.9) | - | 1.1 | (1.0) |
| **Reserves at 31 December 2025** | **14.7** | **149.9** | **5.4** | **19.4** | **189.4** |

**Appendix 4**

**Consultation Responses**
**Strategic theme: Stronger confidence, fairer outcomes**

11 responses in total to the fees and budget consultation.

Do you agree that ICAEW's 2027 probate and oaths fee scales are reasonable and appropriate?

| YES | 7 | NO | 3 | N/A | 1 |
|---|---|---|---|---|---|

Comments:
*Yes it is good that it is less than inflation*
*Seems fair in these times*
*Reasonable for sole trader*
*Anonymous: I'd prefer a cut but costs have to be covered! It's just hard to get probate work because of lack of awareness.*
*I do not agree that partners who are ICAEW affiliated such as ACCA partners are counted twice. once as a partner & once as an affiliate how is that fair? This can put a small firm in a high bracket.*
[Response: ICAEW's fee structure was approved as part of the original application to become an approved regulator and is designed to provide a fair and proportionate contribution towards regulatory costs. Unlike some other regulators, ICAEW incorporates affiliates within the practising fee model rather than applying separate affiliate charges. We recognise the concern raised and will continue to keep the structure under review as part of our periodic assessment of fee fairness and proportionality]
*Anonymous: The service I have recently received from the ICAEW probate team has been very poor.*
[Response: We are disappointed to hear this feedback. ICAEW is committed to providing a high-quality service and support to regulated firms. While feedback from firms is generally positive, we recognise that individual experiences can vary and will seek to understand and learn from concerns where they are raised. Firms have access to a range of support, guidance, educational resources and engagement opportunities that extend beyond the core regulatory requirements]
*Although the limited increase is welcome - the fees are still very high and we struggle to absorb them in what is a limited portfolio of work.*
*Not value for money - I have not gained one client in two years after all the effort to gain this.*
*More clarity is required as exact costs on each firm*
[Response: ICAEW's role is to regulate probate and oaths services in the public interest rather than to generate work for individual firms. The fees support activities including authorisation, supervision, complaints handling, enforcement, consumer information, regulatory policy, governance and contributions to sector-wide initiatives such as Legal Choices. We recognise the importance of transparency and have continued to expand the information available on what fees fund, including details of budgeted costs, regulatory activities and the basis of the fee scale. We will continue to look for opportunities to improve the clarity of this information]

The responses reflect a range of views on fee levels, service quality and value for money. While some respondents considered the proposed 1% increase reasonable, others highlighted affordability concerns or sought greater transparency. These views have been considered alongside consultation results, withdrawal data, equality impact assessments and wider stakeholder feedback. No evidence was identified that would indicate an adverse equality or consumer protection impact arising from the proposed fee increase.

Do you agree with ICAEW's proposed budget for 2027?

| | | | | | |
|---|---|---|---|---|---|
| YES | 9 | NO | 1 | N/A | 1 |

Comments:
*I do believe the levels of service reflect the budget.*
*Anonymous: Staffing costs look very high considering how little activity/support we see!*
*Notary - Very Important*

A consultation response will be published on our website. Our team will follow-up with those who have indicated no or who have submitted a comment or idea.

ICAEW has assessed the PCF proposal alongside withdrawal data, equality monitoring, direct engagement, and feedback received through regulatory channels. On that broader evidence, no adverse equality or consumer-impact issues have been identified.

The volume of responses is not considered representative of the community. However, the data and comments received are useful and informative.

# Appendix 5

## What your fee pays for
## Strategic theme: Better services, stronger confidence, fairer outcomes

PROFESSIONAL STANDARDS DEPARTMENT

**WHAT YOUR PROBATE FEE PAYS FOR**

icaew.com/probate

CONTENTS






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

Each year c.40% of total expenditure related to staff costs is on the legal services compensation scheme and insurance. 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 team 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
- New service: The Administration of Oaths
- Monitoring
- Conduct
- Projects and other support

### COMPENSATION SCHEME LEVY

ICAEW established a Legal Services Compensation Scheme under the requirements of the Legal Services Act 2007. In accordance with paragraph 2.2 of the Legal Services 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. The compensation scheme was last reviewed in 2025 - no changes were proposed to the scheme.

### APPLICATION AND REGISTRATION

An element of your fee is allocated to two staff members within ICAEW's Regulatory Practice team 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 Legal Services Committee.

Access further details on the application process

## POLICY AND EDUCATION

The Regulatory Policy team is responsible for developing ICAEW's regulatory policy and engagement with government bodies, oversight regulators and other professional bodies. The team is dedicated to horizon scanning, assisting the IRB and PSD leadership and ensuring that the current and future regulations are fit for purpose.

The team works closely with government, other RLS regulators and ICAEW's oversight bodies to help implement the law.

A portion of registration fees is attributed to the work of the policy team who are responsible for areas such as the legal services regulations, applications for new reserved activities, liaison with the LSB SRA (Legal Choices) team and periodic assessments of our training provider Mercia, professional indemnity insurance reviews, CPD Regulations, and understanding and explaining changes in the law and regulatory requirements. The latest review of our training provider

## NEW SERVICE: THE ADMINISTRATION OF OATHS

From autumn 2025 (subject to approval by the LSB) firms will be able to choose to administer oaths as an additional revenue stream. There will be no separate regulatory fee for those firms who wish to do so. Training will be provided via our training partner Mercia.

## 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 the annual registration 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;~~
- identify and address ~~issues;~~
- identify and address common pitfalls; and
- comply with the laws and regulations, standards and codes that apply to them including as related to CPD.

Within QAD, there is a director, senior manager, manager and a team of ten 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 Legal Services Committee, the IRB and the LSB.




## CONDUCT

Included in your annual fee are external costs to cover the LSB and Office for Legal Complaints (OLC). Annual funding of £34k (note that the OLC levy is expected to increase significantly in 2026) is included in the budget to cover these costs and are therefore a component funded through your registration fees.

Internally, the 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.
Your fees also fund the operation of a dedicated and formally appointed, Legal Services Committee. The Legal Services 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 including the chair are able to claim a meeting attendance fee.

## 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 innovative 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 staff. This includes a finance function and projects team.

Finance look after credit control, budgets and forecasts. They also manage the annual regulatory fee, levy and conduct related fines payment collection.

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

There are four staff members who help with a range of communications and information shared with our probate firms, including facilitating webinars and publishing content on LinkedIn and our website such as our probate support pages. The team also run pay per click social media awareness campaigns to promote accountants' eligibility to support with probate work and Google ad campaigns. These Google ad campaigns signpost the ICAEW probate register and consumer resources such as the ICAEW executors guide to audiences performing searches that indicate they are looking for support on how to get started with probate or they are looking for professional help with probate.

With the help of all the departments, projects and initiatives such as diversity data collection and reporting 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;
- consumer resources for you to share with your ~~clients;~~
- 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;
- marketing information including the ICAEW probate accredited logo; and
- a future practitioner probate workshop.

These initiatives add value to the accredited population and provide additional tools for you to service your clients.

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
- ICAEW Regulatory and Conduct LinkedIn channel and monthly newsletter
- Regulatory e-newsletter – 'Regulation and Conduct News'

## FEES CONSULTATIONS

We consult each summer on the following year's fee scales. All such communications and input are signposted to you in Probate News, Regulation & Conduct News and via other ICAEW communication channels such as our dedicated LinkedIn channel (and newsletter), PracticeWire and ICAEW Daily.