



# *Probate authorising and licensing fees 2018 - approval request*

## EXECUTIVE SUMMARY

1. The Professional Standards (PS) probate financial target follows the self-financing, sometimes called 'user pays', principle i.e. firm registration fees are set at a level where income is expected to cover applicable costs. This principle is adopted in all areas of PS regulation and assurance.
2. The probate budget and financial strategy addresses the challenge of estimating future firm volumes for registration, expectations from the oversight bodies, short and long term compensation scheme funding, return of original investment and, crucially, of providing sufficient resources in order to; carry out statutory and regulatory functions, deliver a range of services, such as quality assurance and conduct, and to address potential changes in the relevant regulatory and legal environment.

To note, there is no budget subsidy to probate activities from ICAEW membership subscriptions, member practising certificate fees or other areas of regulation.

3. Probate budgeted income is sourced from firm registration fees and a levy. The registration income is calculated to cover for example the expected operational costs including staffing, office and project costs and an allocation of ICAEW overhead. The levy income is used to source funding for the operation and building of a compensation scheme fund and the associated annual insurance.
4. After support from the ICAEW probate committee of a small fee increase, the purpose of this paper (assessed under section 51 of the Legal Services Act) is to propose for approval to the Legal Services Board(LSB):

A 1% increase in firm registration authorising and licensing fees. This reflects the strong financial results to date, the impact of inflation which increases general operating and overhead costs, and staff wage inflation estimated at 2% for 2018.

There is no proposed increase for the firm levy amount. This is because progress against a fully funded compensation scheme target is good and insurance costs are adequately covered at the current level of levy.

## RECOMMENDATION:

5. That the LSB approves the 1.0% fee increase recommendation.

## Probate registration fees

6. Example fee changes are illustrated below based on the 1.0% increase recommendation:

	2017 fee	2018 fee
<b>Authorised firm</b>		
Single principal, 1 office	£350	£353
2-5 principals, 1 office	£610	£616
<b>Licensed firm</b>		
Single principal, 1 office	£350	£353
6-9 principals, 2-10 offices	£9,900	£9,999

7. Based on a forecast and estimated profile of firms including their size (number of principals and offices), and growth in authorisation/licensing from 1 January 2017 to 2018, registration income for 2018 is expected to be c£400k, with a further c£250k income generated from the levy in order to fund the ongoing establishment and operation of the compensation scheme and its associated insurance.
8. An annual financial summary of actual results is published on the ICAEW website.

## Probate Committee terms of reference

9. The Probate Committee, with approval from the LSB, can set the level of regulatory fee and levy.
10. The proposal to increase fees for 2018 by 1% has been shared with the ICAEW Regulatory Board(IRB) but noted that the decision on the increase rests with the Probate Committee and the LSB.
11. Were a future proposed increase in probate fee or levy be above wage inflation it is recommended the ICAEW Probate Committee also consult with the IRB as part of the approval process.

## Timing and communication

12. The changes in fees would be effective from 1 January 2018.
13. A reference to the fees scale is included on probate fee pro-forma invoices which are prepared for distribution in November.
14. The new fee scales will be placed on the ICEAW website in November 2017.  
Terms and conditions in relation to payment are also available at [icaew.com](http://icaew.com)

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