

NORTHERN SOCIETY OF CHARTERED ACCOUNTANTS PROPOSAL TO BECOME AN ICAEW NETWORK

The Northern Society of Chartered Accountants is currently a local independent District Society. They are one of 22 across the UK. Over the years, district societies and ICAEW have worked closely together to promote the interests of members and the wider aims of the Institute.

The societies are not homogeneous in composition; the majority are unincorporated associations (with some being Limited Companies) and there is currently no standardised way of working for them all to follow. The perception amongst the membership and external parties, however, is that the societies are interlinked with ICAEW and that actions taken, liabilities incurred, and contracts entered into by the Societies are done so with the approval of and/or on behalf of the ICAEW. This perception is further reinforced by joint branding and communications etc.

Given the above, in 2019 a review was undertaken to assess whether the existing arrangements remained appropriate. The review concluded that the current structures/entities should remodel to reflect changes in legislation as, in their current form, societies, volunteers and the Institute were potentially exposed to unnecessary operational (such as risk management, insurance and data protection issues all of which would need to be locally managed in the current structure), reputational and financial risk.

In response to the recommendations of the review, it was agreed to establish a new structure - the District Societies Local Communities Pilot (now referred to as ICAEW Local Networks) - which would enable societies to engage with and support members in a way which significantly reduced the burden on volunteers, and which minimised the reputational and operational risk to all parties.

The new structure offers a clear and formalised relationship which enables ICAEW staff to continue to support the operational and governance aspects of the society. Remaining an independent society would effectively mean the need to operate outside of ICAEW support. Further, as well as mitigating risks, a transition will better enable succession of volunteers and ensures that the time volunteers have is focused on contact time with members and doing what our local groups do best, which is to deliver ICAEW strategy at a local level. It also allows for best practice across networks to be shared and ensuring consistency of offering to members locally.

The new Network, managed by a local Network Board, will operate in a similar fashion to the existing society committee, including those activities currently operated by our branches. Networks are intended as an improved way of organising regional activities going forward, but the change of structure is in no way intended to change the substance of what is done – namely, working with ICAEW for the benefit of local members.

There is a clear and existing precedent for this model as ICAEW Scotland has always been part of ICAEW and has never been an independent group. It has operated successfully for over 20 years in precisely the same way as proposed under the Networks model.

It should be noted that the overall majority of the Societies support the change, and some signed up to become early adopters of this change from 1 January 2023. The vast majority of the remaining societies are proposing to transition into the model by 31 December 2023 (with many transitioning mid-2023).

The Northern Society of Chartered Accountants is in favour of the above changes (as agreed both at General Committee level and by the President and current officers) and the motion to be voted on at the EGM is for the Society to become a new ICAEW Northern Network if passed by a simple majority vote. Due to the increased risks and the burden of remaining as an independent society outlined above, none of the current office holders would continue in post should transition not be approved.

It should be noted that the existing District Society will not be dissolved and will continue to exist in a “shell” or legacy form. It will adopt an amended constitution which changes the Objects of the Society to the following: “to hold and manage reserves (whilst they remain) in a way that furthers the principal object of the ICAEW which is to advance the theory and practice of accountancy”.

The legacy DS will be run by a committee of trustees, with a President and Deputy President. The trustees will decide how legacy reserves should be used with appropriate reserves policy, and the Society will remain independent of ICAEW.