

Meeting: Practitioners' Network Panel

Location: Virtual meeting

Date: 22 August 2024 – 11.00 AM

PRESENT

Carl Reader (Chair), Eriona Bajrakurtaj (Vice Chair), Alex Black, Anthony Brice, Lee Brocklehurst, Steve Collings, Bethan Evans, Adrian Harris, Peter Jarman, David Nicholls, Graham Parker, James Slatter, Gavin Spencer, Sach Yadav, James Lizars and Gillian McCreadie.

APOLOGIES

Rachael Ball, Alistair Barlow, Barry Gill, Greg Houston, Nick Le Huray, Situl Raithatha and Aidan Tucker.

IN ATTENDANCE

Glenn Collins (Head of Policy, Technical & Strategic Engagement, ACCA UK), Melanie Venes (Sectors & Communities Lead, ACCA UK), Lloyd Powell (Strategic Engagement Lead, ACCA UK), Gemma Gathercole (Strategic Engagement Lead, ACCA UK), Stephen Connelly (Sectors & Communities Manager, ACCA UK) and Pat Delbridge (Sectors & Communities Mgr, ACCA UK).

1. MEMBER ADVISORY COMMITTEE (MAC)

The Panel noted the notes from the June meeting of ACCA UK's Member Advisory Committee which is made up of the Chairs and Vice-Chairs of all the UK sector panels and UK representatives of the International Assembly. MAC meets quarterly and will next meet in early September.

2. MARKET INTELLIGENCE

AI PRODUCT ECOSYSTEM

ACCA is interested in feedback from members about AI both for its own research reports in this area but also to engage with the Government on best practice frameworks around AI. In particular, ACCA would like responses to this question:

How mature would you say the current AI product ecosystem is to do the following - using this key:

High: please could you name your (or if you're willing your competitors!) products that do this

Low/Med: AI can do in principle, but hasn't really taken off as a product

Not applicable: Doesn't make sense to use AI. Please could you clarify why.

1. Maintaining/updating GL

2. Preparing statements under a given standard eg US GAAP or IFRS

3. Taking statements prepared under one standard eg US GAAP and converting to another eg IFRS

PRIVATE EQUITY

Firm issues such as control, shareholding, and directorship control are largely dealt with under the IFAC code and also under FRC but can lead to issues with registration where Private Equity (PE) is involved.

The Panel raised the following points around PE:

- There are different reasons for selling to PE – it can be because additional expertise is needed rather than directors retiring
- Practice owners will want to sell their practices for as much as possible – the more potential buyers there are, the greater the value of the business should be. We should not deter PE from getting involved in accountancy
- The price for accountancy practices is still very low compared to IFAs – possibly partly due to the restrictions placed on accountancy practices by their professional bodies
- IFAC and FRC's requirements of 51% control by an RI for a practice that is eligible to carry out audit prevented a merger between two practices that wanted to have 50/50 control. It was suggested that memorandum and articles of association as well as casting votes could be utilised as mechanisms to meet the control requirements without requiring FRC approval
- Gross referring fees (GRF) is not an accurate indicator of the value of a business yet there are many in the profession who are of the opinion that they have built value in a business purely on the basis of GRF multiples, or conversely, they undervalue their business on that basis. The market is seeing a shift towards EBITDA multiples instead of GRF multiples, but the practitioner community may not have caught up with that and may still look at GRF multiples
- Some agents are still pushing for multiples of 1.1 to 1.3 on non-digitalised practices which is unrealistic. These practices want to get out before MTD becomes mandatory and without PE mopping up these practices, there could be a big problem in the profession in the future
- There can be a mismatch on expectations because brokers are not priming sellers for the fact that EBIT needs to be reconstituted for the value of the input that the practitioners put into the practice
- What will happen when the first failed liquidity event occurs – the first time a PE company cannot shift a practice on or raise another fund or there's a disposal below the purchase price, etc. What will the impact be on the wider practitioner landscape if we have another Tenon or Vantis?
- What is the impact of PE on succession planning and the next tier of people that are going to run the practice – PE has no interest in running practices but the sale of equity into PE is likely to put off the succession of people coming through because they realise that they will never be able to own or run that firm in the same way that partners or directors of old could
- Many PE companies are now talking about growth shares for employees
- The target driven PE model is based on turnover and the next flip, and that has an impact on our ethical code and the ethics by which we are all governed
- There is a need to distinguish between audit firms with their specific independence requirements and non-audit firms in any consultation around regulation.

The Panel would welcome consultations around regulation, and additionally across other areas that would also look at education around practice value and information about preparing for sale. The area is evolving quickly with a lot of activity and huge sums of money

coming in as well as capital going out. The ramifications of the first failure should be looked at, and we need to keep the attractiveness of the profession up to keep people coming into it.

HMRC SERVICE LEVELS

ACCA has issued its most recent survey on HMRC service levels. The latest set of results show a worsening position around HMRC service levels with many members indicating that those service levels did further impact on productivity, efficiency and growth for businesses. ACCA will present these research findings to the Financial Secretary to the Treasury (FST). ACCA has already been engaging with the FST, the Chancellor and others on a number of these areas as part of its ongoing policy work with them. ACCA is highlighting its concerns around some of those fundamental services that need to be established as it has seen a drop off in some of those services levels from HMRC, both digital and interactions which have significant effects.

The more members that complete the survey, the more impactful ACCA's representations can be.

Panel members reported:

- Deterioration on some basic services such as requesting a VAT number or a UTR number which takes months and then penalties are applied for not having done things that require a UTR number for example.
- One panel member has seen a slight improvement on enquiries in recent months with a shift from online Teams enquiries to in-person meetings with the business owner which moves enquiries along faster
- Clients are becoming increasingly frustrated not only with HMRC but also practices – recently some have been demanding to speak to more senior staff including partners because they want to complain about the tax staff when it is the fault of HMRC and not the tax staff that problems cannot be resolved
- More senior practice staff that are familiar with the HMRC Charter and their rights under it are able to be more assertive when dealing with HMRC and are more likely to make progress than junior staff. However, it is expensive for a practice to have a senior manager sitting on hold to HMRC for up to an hour at a time
- Practice staff are exasperated with dealing with the agent helpline – even when a 64-8 is in place, HMRC is very cagey on sharing information
- One practice has escalated at least 20 clients to complaint level – the deadline for those complaints has been and gone and HMRC still will not resolve the problems
- Service levels, particularly over the past three months, have gone completely off the cliff edge. If HMRC will not even look at complaints, then where do practices go to resolve problems?
- The damage to firm reputation and staff morale is very worrying
- The quality of HMRC staff is deteriorating in more and more areas – a lack of industry knowledge and the experience to be able to understand even basic operations in certain sectors is resulting in unnecessary objections and delays to tax refunds for example.

The Panel was encouraged to send any specific examples of poor HMRC service through to ACCA.

SPRING BUDGET

The Panel shared its concerns about the October Budget:

- Small business owners are concerned about losing entrepreneurs relief or taper relief
- Government-backed lending is needed and should be protected
- Clarification on employees versus workers versus self-employed – particularly in relation to the gig economy – would be welcome
- The VAT threshold should be raised further as there is a real reluctance from entrepreneurs to take that next big step to push over the current VAT threshold which is stunting growth
- Insolvency practitioners are being approached by clients asking for a solvent liquidation and a distribution as quickly as possible because they fear losing their tax reliefs in the Budget. This behaviour over Budget uncertainty hasn't been seen in ten years.

A much bigger spending review is likely to take place early next year.

3. SUPPORT FOR PRACTITIONERS

The Panel noted current and upcoming support for ACCA practitioners:

The autumn series of free technical webinars for practitioners is now confirmed and open for registration:

- How to deal with HMRC nudge letters and information requests - 8 October – presented by Phil Berwick of Berwick Tax Ltd
- MTD for Income Tax: An Update and practical guide - 16 October – presented by Chris Downing and Jess Jensen of Sage
- Unravelling the new rules for non-domiciled individuals - 13 November - presented by Ros Martin
- Key changes to FRS 102 following the Periodic Review – 4 December – presented by Steve Collings of LWA Ltd

Join us live or watch on demand at your convenience - [register for any or all of the Autumn webinar series.](#)

For information, our completed Spring series is now available on demand - [register for any or all of the Spring webinar series.](#)

Deconstructing Advisory webinar series

To help our practitioners grow their practices, ACCA is running a 12-part webinar series in partnership with AVN Inspiring Accountants to help practitioners develop an advisory offering. The series launched in May is now halfway through. The series will be completed by the end of October and be available on demand:

1. What you need to know about Advisory as an ACCA accountant – available on demand
2. What clients really want, need and value when it comes to advisory – available on demand
3. Overcome your imposter syndrome delivering advisory – available on demand
4. Beyond compliance: Time-saving strategies to enable advisory growth – available on demand
5. How to price advisory to achieve a win, win – available on demand
6. Changing perceptions of you: From number cruncher to business improvement expert – available on demand
7. The specific skills you need to be a truly effective advisor to your clients – 13 August
8. How to communicate value and package attractive solutions for clients – 28 August

9. How to confidently deliver an advisory service your clients will love – 11 September
10. How to use AI as your ally in delivering advisory services – 26 September
11. How to engage and develop your team to have advisory conversations with clients – 10 October
12. How to attract more advisory clients in low effort, low to no cost ways – 23 October.

[Registration link for the series.](#)

Bean Counter to Boss podcast series

This limited edition podcast series featured new ACCA practice owners [Amy Hancock](#) and [James Goulsbra](#) talking about how they set up their practices and mistakes they made along the way. The podcast launched in April 2024 and the completed series of 10 podcasts now forms part of our hub for those starting a practice – [Creating Tomorrow's Practice Today](#) – which covers regulation, tips from other members and ACCA partners, and how you can build your community.

Notifying PII claims – when and how (24 September)

The next webinar in ACCA's Risk series in partnership with Lockton will look at what a claim is, when you should notify your broker/insurer, and how to deal with a potential claim. It will take place at 12.30pm BST on 24 September and be available to watch on demand afterwards. [Registration link.](#)

The Accounting Futures Roadshow 2024

In partnership with Journey, ACCA is running this practitioner roadshow in six locations. There will be sessions on people, processes, technology and sustainability. The format of each session is 30 minutes by a keynote speaker and then 30 minutes with a small panel discussing a few relevant talking points (except for the sustainability session which is just the keynote speaker):

Leonardo Hotel, Cardiff on 1 October
Hilton Southampton Utilita Bowl on 2 October
The Minster Building, London on 3 October
Malmaison Edinburgh on 8 October
Leonardo Hotel – The Midland, Manchester on 9 October
Station at Millennium Point, Birmingham on 10 October.

More information about the show and registration links can be found [here](#).

4. NEXT MEETING AND CLOSE

The next meeting will be a virtual meeting on 21 November.