

# The Institute of Chartered Accountants in England and W...

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Yesterday, [I noted a request](#) by a Guardian journalist for education in basic financial literacy. It was, I thought, a wholly reasonable demand that any government should want to meet.

Except, of course, successive UK governments have never done so. Reasons for this were speculated upon by those commenting on the blog post. The most commonly suggested was that no government would possibly want to do this because to do so would expose them and the financial services industry to a population at least partly able to understand how they are being ripped off, and that would never suit the powers that be. I admit I share that cynicism.

What it also reminded me of was the [story I reported here last May](#) in which I noted:

*New research on the accounts of the Institute of Chartered Accountants in England (ICAEW) and Wales by researchers at the Corporate Accountability Network and academics at the Sheffield University Management School has shown that the ICAEW has benefitted from £148 million of fines and related cost recoveries in excess of expenditure incurred since 2015.*

*The penalties in question have all been paid by chartered accountants who are members of the ICAEW in respect of substandard work that they have done at cost to members of society at large.*

That note then added this comment:

*There is no evidence that the ICAEW has spent any of this money, which now sits on its balance sheet. The ICAEW says that the funds form a strategic reserve but its current strategic plans all look to relate to issues that should be funded by its members and none look to have any significant cost attached to them.*

I then made suggestions as to how these funds might be used for public purposes, consistent with its Royal Charter obligations, meaning that the spending must relate to the accountancy profession in some way. With colleagues, I suggested that these

excess funds secured from fines and other penalties should be transferred to a new accounting education and research charity to be used in two ways:

- \* Around £40 million should be invested in developing new curricula and training methods for accounting undergraduates so that they are familiar with:
  - \* The ethical demands on chartered accountants.
  - \* The required role of auditors within society.
  - \* The way in which accountancy has failed, most especially with regard to tax abuse, the use of tax havens, the abuse of regulations and the failure of [accounting standards](#) to meet public needs.
  - \* The demands that accounting for climate change will create.
  - \* How accounting must change to meet the needs of society and not just financial markets.
- \* Around £100 million to be spent over ten years to provide education for young people in the financial skills that they will need when they either leave home or enter the world of work, including:
  - \* The basics of tax and how it impacts them.
  - \* Types of employment and self-employment.
  - \* How banking works.
  - \* [Saving](#), borrowing, interest rates and related issues.
  - \* Renting and mortgages.
  - \* How to avoid being conned and online security.
  - \* How and when to ask for help, and who from.

I thought that these were pretty reasonable suggestions. Remember that the ICAEW was enriched because of the failings of its members, did nothing to earn the sums it now enjoys and exists for supposed public purpose. Add those facts together and the investment of these sums of unjustified gain by the ICAEW in financial education for coming generations appeared to make sense to us.

It would now seem to be the time to bring this story up to date.

I met the Institute of Chartered Accountants in England and Wales Chief Executive to discuss these suggestions last summer.

I was assured at the time that the ICAEW did not think it had been enriched to the

extent that I suggested. I could not be told by how much they thought they had been enriched, but it was made clear that it was thought that the sums they had enjoyed were fair rewards for their involvement in the disciplinary process for accountants in the years when these sums were generated and before then. I got the sense of their thinking that they had an absolute entitlement to these sums.

My request with regard to schools and education for young people was dismissed out of hand. It was said that others were already doing this and there was no need for ICAEW involvement. But the RISE programme it is involved in was drawn to my attention, and it was said this was sufficient action on its part.

That programme supplies three hours of financial education in very selected schools in deprived areas. Politely, that is a token gesture. It is also patronising in its suggestion that this is where financial education is most needed when the requirement is universal. And this [statement from its publicity programme](#) is simply untrue:

Whilst we would love to offer workshops to all schools in the UK, we simply can't do that yet. To find out if your school is eligible, and to book, please visit our charity partner – The Talent Foundry.

The ICAEW could fund this programme in every school with vast sums left over.

In summary, the ICAEW is failing in its responsibility in this area and clearly has no intention of making good the deficiency even though it is awash with funds generated from fines imposed on its members for their professional failings that would let it do so.

When it came to the suggestion that the ICAEW should fund improved undergraduate education, the reply took a little longer to be delivered. I co-authored an application for millions of funding, which would have been transformational. In response, we were told that if we asked for a few tens of thousands, that might (with the emphasis on might) be agreed to, but there was no chance of anything more forthcoming. To me (and I stress this is a personal opinion), this makes clear that the ICAEW has neither interest in nor feels any responsibility for the education of undergraduates in accounting and finance in the UK even though the syllabuses of many universities are designed to meet their needs. Once more, the sense of entitlement was overwhelming.

What I was told was that the ICAEW was reviewing how to use these funds during the autumn of 2023, so I asked for an update yesterday. I was told last night that:

*The ICAEW Board has been considering a range of major investments that would draw on the Institute's financial reserves. All these projects would be consistent with the obligations set out in our Royal Charter, to advance the profession and serve the public*

*interest. For example, we are examining how we can future-proof our training and qualifications, to ensure that the next generation of chartered accountants has the skills and expertise required by the workplace and wider economy of the future.*

*We cannot provide a running commentary on the appraisal process for these potential investments, but it is well underway, and final decisions will be made by our Board or Council as required by our governance. After that, ICAEW will make public announcements as appropriate.*

In the process, I also discovered that the ICAEW now has no switchboard that you can call at its London head office to make an enquiry. The sense of entitlement and indifference to transparency and accountability was once more overwhelming, implicit in the arrogance of it having made it as hard as possible for people to talk to it.

The same feeling runs through the statement that they supplied.

The sense is that the ICAEW thinks that this money must be used to serve the profession and those 200,000 plus members of the ICAEW who already enjoy average incomes of multiples of the median wage, with the public interest being what is deemed to coincide with their needs.

The suggestion that this £148 million might be used to improve training is quite absurd: that is the routine business of the ICAEW and its membership, which those members are more than able to pay for, and which, in any event, the ICAEW undertook when its reserves were £20 million in 2012. It does not need the reserves of £160 million it had in 2022 to do the same routine, day-to-day job that it did in 2012. To claim that it does is simply absurd and in the literal sense, incredible because what is implicit in the suggestion is the idea that the ICAEW cannot afford to train its members unless some of them fail badly enough to be fined for doing so at significant cost to the public. As business models for a professional body go, that is an utterly unacceptable one.

I am left with a sense that the ICAEW is where the whole UK establishment is.

It is resting on its laurels.

It is counting its wealth and very much enjoying it without the slightest ethical concern as to how it accumulated it.

And its definition of the public interest coincides very strongly with the perception of self-interest of its leadership. As if an indication of that was needed, not once has it sought the opinion of its membership (of whom I am one) on this issue, which is the least that you might have thought it could do.

The ICAEW membership has long been scornful of what happens at Moorgate Place, which is its London HQ. But so too now should society at large, and unless it now shows signs that it really is going to use these funds for genuine public purpose then questions

as to its entitlement to a Royal Charter and its privileges as a financial services regulator will need to be asked. Assuming moral leadership roles, which is an implicit requirement of both of those things, requires evidence of rightful action. Right now, I am getting no indication of any such thing from the ICAEW.

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Full disclosure: I am a Fellow of the ICAEW, and have been in membership for more than forty years.