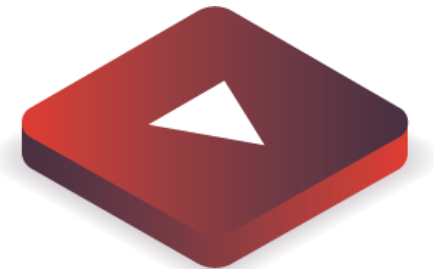




THE INSTITUTE  
OF LEGACY  
MANAGEMENT

# Monthly Market Update

**Friday 27<sup>th</sup> October 2023**



# Pressure on Charities



**Inflation driving up costs**



**Public and Corporates have less money to give to good causes**



**Charities are looking at cost savings and reducing headcount**

# Pressure on Legacies



**Charities are looking at Legacy Officers to plug the gap**



**Income and Notifications are down on last year and budget**



**Reducing HMCTS backlog will deliver income charities need**

# HMCTS – A look at the data

## **[HMCTS management information - GOV.UK \(www.gov.uk\)](https://www.gov.uk)**

Data released around 6 weeks after month end. Latest available data to end of August 2023 was released 12<sup>th</sup> October

## **[Family Court Statistics Quarterly - GOV.UK \(www.gov.uk\)](https://www.gov.uk)**

Data released approximately 3 months after end of quarter. Latest available data to end of Q2 - 2023 was released 28<sup>th</sup> September 2023

## **[ILM Website](#)**

We will be publishing a spreadsheet showing key data including the backlog.

# DIY

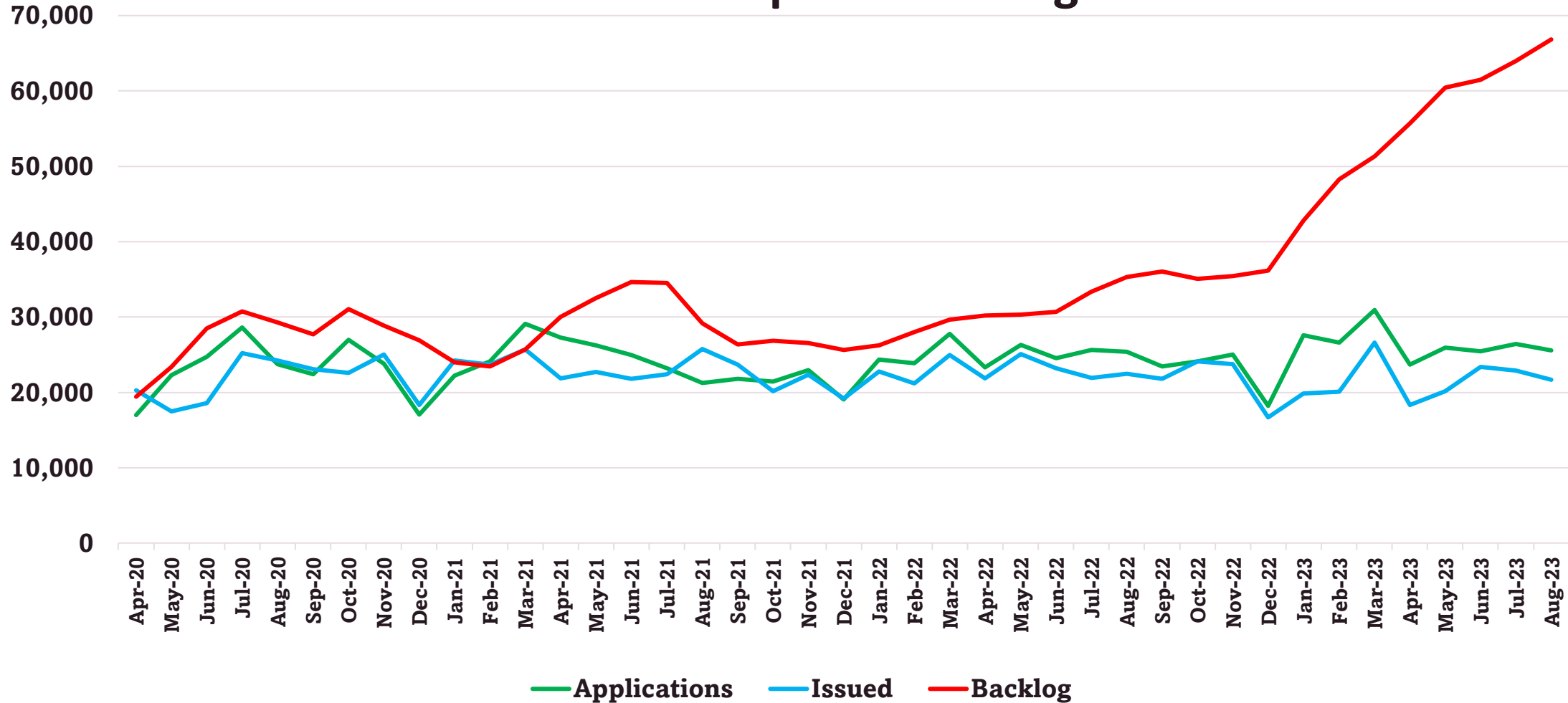
Identify your income and notifications per grant issued to estimate the amount of income tied up in the backlog.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Legacy Income</b>	62.0	63.9	76.8	84.5	80.1	77.7	72.4	90.4	90.7	57.0
<b>Grants of Probate</b>	247,298	276,420	253,347	260,660	264,227	237,719	256,862	273,554	269,808	200,000
<b>Notifications</b>	2161	2369	2347	2430	2555	2473	2513	2834	2790	2094
<b>Notifications per 1'000 Grant</b>	8.74	8.57	9.26	9.32	9.67	10.40	9.78	10.36	10.34	10.47
<b>Legacy Income per Grant</b>	£ 251	£ 231	£ 303	£ 324	£ 303	£ 327	£ 282	£ 330	£ 336	£ 285

**NB – DON'T ASSUME THE BACKLOG WILL EVER RETURN TO ZERO**

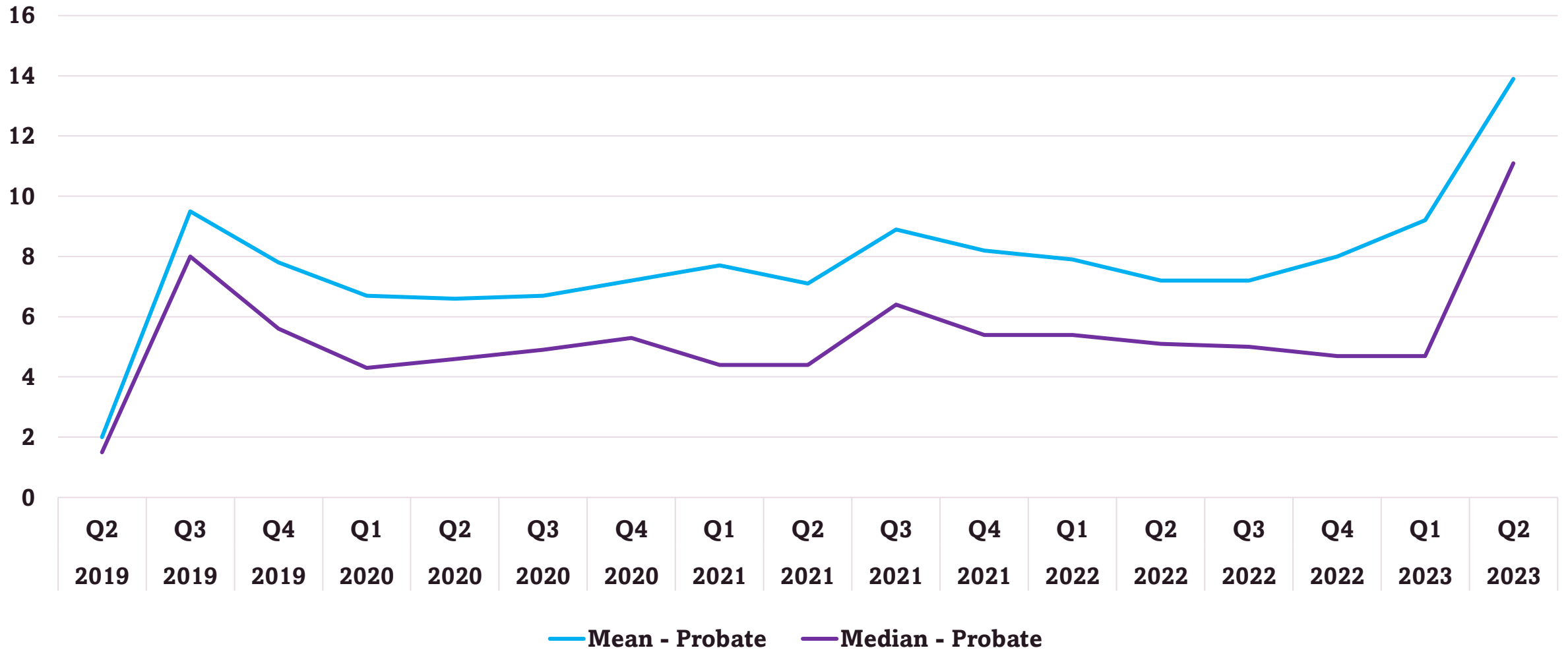


## HMCTS Output & Backlog





## Weeks from Application to Grant being Issued



# 2023 – Q3 and Q4

- July and August output was disappointing and if output continues at that level then we are on course for 260,000 grants in 2023
- However, we are told by HMCTS and S&F that grant output has risen in September and October including some weeks with 6,000 grants issued.
- This data has not yet been released yet but we are hopeful that output will be between 23,000 and 26,000 grants a week and that 2023 output might reach 268,000



# Prospects for 2024

When looking at the data it is important to note that not all applications result in a grant. This table shows that there is a natural attrition of about 4%. The shortfall is over and above that natural attrition.

Year	Deaths*	Deaths to Application for a Grant	Applications for a Grant	Shortfall in Applications vs 45.7%	Grants Issued	Deaths to Grants Issued	Applications where Grant Issued	Expected Grants Issued	Shortfall in Grants Issued	Backlog
2012	559,426	45.5%	254,599	1,059	243,642	43.6%	95.7%	244,415	773	773
2013	584,989	46.5%	272,111	-4,771	260,969	44.6%	95.9%	261,227	258	1,031
2014	555,688	45.8%	254,602	-653	247,298	44.5%	97.1%	244,418	-2,880	-1,849
2015	601,503	47.4%	285,135	-10,248	276,420	46.0%	96.9%	273,730	-2,690	-4,540
2016	589,562	44.3%	261,251	8,179	253,347	43.0%	97.0%	250,801	-2,546	-7,086
2017	601,412	47.6%	286,371	-11,526	260,660	43.3%	91.0%	274,916	14,256	7,170
2018	628,377	42.8%	269,074	18,094	264,227	42.0%	98.2%	258,311	-5,916	1,254
2019	589,408	45.7%	269,343	16	237,719	40.3%	88.3%	258,569	20,850	22,105
2020	659,827	41.5%	273,506	28,035	256,862	38.9%	93.9%	262,566	5,704	27,808
2021	671,583	42.1%	283,035	23,878	273,554	40.7%	96.7%	271,714	-1,840	25,968
2022	638,628	45.8%	292,184	-331	269,808	42.2%	92.3%	280,497	10,689	36,657
2023	681,014	44.8%	305,000	6,223	260,000	38.2%	85.2%	292,800	32,800	69,457
2024	656,000	45.0%	295,200	0	260,000	39.6%	88.1%	283,392	23,392	92,849
2024	656,000	45.0%	295,200	0	283,392	43.2%	96.0%	283,392	0	69,457
2024	656,000	45.0%	295,200	0	340,000	51.8%	115.2%	283,392	-56,608	12,849

\* Deaths are applied with 8 month lag to reflect average lag from death to probate.

- Pessimistic - 10 year average output of 260,000 grants
- Central - Output in line with applications
- Optimistic - HMCTS expected outcome for 2023

# What are HMCTS doing about this?

The government has three tools available to fix systems like this:

- New IT systems – we all know about this one – the root cause of the 2019 problems
- Additional people – they have done this, and so far, it hasn't improved the situation – but might be starting to have an impact?
- Better management – they are making strides on this, improving their team structures so that every team has the equivalent of a registrar, and changing incentives to encourage people to progress cases to completion.

And what are we doing to apply pressure?

# **ILM and RAC have sent a joint letter to HMCTS**

Setting out our concerns, raising the issues that we have outlined in this presentation, and making a number of demands for information and improvements to the service which will directly benefit charities.

We will share this as soon as we have had a formal response.

# Our Demands

Confirm the HMCTS target for the number of unprocessed probate applications in the workflow at any given time.

Provide a timeline for reaching this target, setting out the projected number of applications being issued each month until the target has been achieved. This information will be invaluable in helping charities plan their legacy management resources as well as aiding their longer-term income forecasts.

Confirm the assumptions that underpin expected progress towards the target state. For example, the number of grant applications forecast to be received, core staffing levels, response time service level agreements and any other output KPIs that would need to be achieved to meet the target.

Schedule quarterly review and forecasting meetings with ILM and Remember A Charity leadership teams and, for as long as it is relevant, a twice-yearly webinar for charities.

Provide ILM and Remember A Charity with data confirming the number of grants received and issued within 10 working days of the end of each calendar month. This information will enable us to provide more timely and regular updates to our members. It will also give us earlier notice of any trends that could affect the likelihood of the target being reached on time.

On a monthly basis, provide ILM and Remember A Charity with data relating to the number of unprocessed applications, by application date and the proportion of all unprocessed estates that relate to stopped estates.

# Our Demands - cont

Continue working with ILM and Remember A Charity to identify opportunities to amend the probate application process in ways that provide enhanced understanding of legacy giving trends or support the ongoing normalisation of legacy giving, without having a detrimental impact on HMCTS efficiency or resources.

For example, the addition of a mandatory field to the grant application form where the personal representative must indicate where or not the estate includes a charitable gift could:

- a. Help personal representatives receive more timely information about administering estates in accordance with the law and the specific requirements of charities.
  - b. Protect charities from fraudulent executors or those who believe that they can avoid distributing bequests to all intended beneficiaries.
- 
- a. Help to identify how many charitable estates are within the probate service's workflow at any given time, including those cases that have been stopped.
- 
- a. Support progress towards legacy giving becoming a social norm.

# Working with the Law Society

Blerta Clubb, ILM Director is also a member of the Law Society Wills and Equity Committee.

Obviously, they are also very concerned about the situation, and have recently produced a report: [Online court services: delivering a more efficient digital justice system.](#)

They have made several recommendations which will help government resolve the issues identified in our report. This research has also helped the Law Society produce some fresh ideas for practical, affordable changes to our civil justice system that will enhance access to justice in the long term and could save the system £72 million over a five-year period. You can read more about this work here: [Fresh ideas for 21st century justice | The Law Society](#)

We have invited a representative from the Law Society to speak at our next monthly briefing on 24<sup>th</sup> October.

# Working with HMRC

We know that issues with HMRC, and especially IHT clearance, are a significant cause of stops and other delays.

We have stepped up our efforts to lobby them on behalf of members to resolve these issues.

We are very grateful to Dave Hawes, ILM's finance director, who has facilitated contact with the Charity Tax Group and the Charity Finance Group, who already have established lines of communications.

We are now in dialogue with HMRC and are seeking to persuade them to place a greater focus on resolving these issues.



# Questions?

