



RICS
REGULATION

HELP SHEET

WHO WILL MANAGE YOUR
BUSINESS IN YOUR ABSENCE?
ADVICE FOR SOLE PRACTITIONERS
OCTOBER 2008

HELP SHEET





Rule 12: Arrangements to cover the incapacity or death of a sole practitioner

A firm which has a sole principal (ie a sole practitioner or a sole director in a corporate practice) shall have in place appropriate arrangements in the event of that sole principal's death or incapacity or other extended absence.

Aim

To ensure that sole practitioners have arrangements in place to cover them for:

- A long term absence because of illness
- In the event of death
- Long term holidays (eg longer than a month)
- Unforeseen or unavoidable events.

Making arrangements to appoint a locum

A locum is a person who will stand in for you while you are away from the office. If your work includes investment businesses as defined by the Financial Services and Markets Act 2000 you are legally required to have a locum.

Another RICS member who works in your area, a solicitor or an accountant are suitable choices to appoint as a locum.

The locum agreement

We would recommend that you have in place a formal agreement with your locum.

The agreement should include details of:

- The nature of the appointment
- Maintaining your firm's confidentiality
- Any possible conflicts of interest the appointment might create
- The fee the locum will be paid
- Ending the arrangement
- Your firm's professional indemnity insurance (PII)
- Whether the locum will handle work in hand or needs to get further instructions as and when.

An example locum agreement is available from RICS Regulation.



Professional indemnity insurance

It is important to ensure that your locum is covered by PII. Your broker will be able to advise you on whether it is better for the locum to be covered by their own policy or yours.

In the event of your death, your PII needs to be converted to a run-off policy to cover claims for work that you have previously undertaken in order to protect your estate and employees.

Accounts

If you hold clients' money it is important that:

- The locum has access to your firm's accounts in your absence
- Your bank has agreed that the locum can access your firm's accounts
- The locum is aware of your procedures and the requirement in the rules of conduct to keep clients' money safe.

Access to documents

If you hold documents or accounts electronically, it is important to ensure that either the locum or a trusted employee knows your passwords to access computers and files.

Your locum will also need to be able to access:

- A list of clients and up to date files
- Your banking, accounting and legal arrangements
- Any tax details not held by your accountant.

Selling your practice

In the event that you are not able to return to work, your locum agreement may need to cover your locum overseeing the sale of your firm.

Notification to RICS

It is important to notify RICS Regulation (contact details below) if your firm is being run by a locum.

Further information

You may wish to seek further information from your lawyer, accountant and insurance broker.

Contact us on **020 7695 1670** if you have further questions or email regulation@rics.org.