

# INSTITUTE AND FACULTY OF ACTUARIES COUNCIL MEETING MINUTES

Wednesday 30 November 2022, 09.00-16.15 GMT  
Staple Inn Hall, London and by Videoconference

## Council Members Present:

Matt Saker (President and Chair)

Oliver Bettis	Yan Liu	Hilary Salt	Peter Tompkins
Cherry Chan	Hannah Long	Hitesh Shah	Mark Williams
Kudzai Chigiji	Sarah Neil	Kalpana Shah	Cynthia Yuan
Charles Cowling	Mukami Njeru	Sunil Sharma	Masimba Zata
Dan Georgescu	Matthew Pearlman	Malcolm Slee	
Dermot Grenham	Louise Pryor	Nick Spencer	
Patrick Kelleher	Danny Quant	Kartina Thomson	

## In Attendance:

Grahame Stott *	Chair of IFoA's Management Board
Stephen Mann	IFoA, Chief Executive Officer
Clifford Friend	IFoA, Director of Learning and Engagement
Ben Kemp	IFoA, General Counsel
Anne Moore	IFoA, Director of Finance and Operations
Kate Shasha	IFoA, Director of Strategy and Chief of Staff
Sarah Sim	IFoA, Director of Markets Development
Annette Spencer	IFoA, Director of Public Affairs and Research
Serrina Galleymore	IFoA, Head of Risk
Charles Toomer	IFoA, Chief Risk Officer
Neil Buckley *	Chair of IFoA's Regulatory Board (items 5 and 15 only)
Emma Gilpin *	IFoA, Head of Regulatory Policy (items 5 and 15 only)
Toby Moseley	IFoA, Global Partnerships Lead (item 8 only)
Stephen Newton	Director, Meridian West (item 8 only)
Jonathan Mulligan	Associate Director, Meridian West (item 8 only)
Chika Aghadiuno *	Chair, IFoA's Diversity Action Group (item 10 only)
Richard Evans *	Audit Partner, Crowe (item 11 only)
Lindsey Berthoud *	General Manager (Interim), IFoA Foundation (item 16 only)
Jo Jones	IFoA, Deputy Chief of Staff
James Harrigan *	IFoA, Corporate Secretary
Ruby Fitzpatrick	IFoA, Assistant Corporate Secretary

\* *By telephone/videoconference*

## **Closed Session**

A closed session was held for Council members only.

## **PART 1 – INTRODUCTION AND PROTOCOLS**

### **1. Introduction and Apologies**

- 1.1 The Chair welcomed everyone to the meeting, noting this to be the first in-person Council meeting since March 2020, just before the COVID-19 pandemic restrictions were introduced. The Chair particularly welcomed Serrina Galleymore, IFoA's newly-appointed Head of Risk, to her first Council meeting.

- 1.2 Apologies were given by Council members Jennifer Hartley (who appointed Matt Saker as her proxy for the meeting), Michelle Darracott (who appointed Kalpana Shah as her proxy for the meeting), and Craig Ritchie.

## **2. Declarations of Interest**

- 2.1 In relation to the Litigation Update paper on Council's consent agenda, Hilary Salt declared that she was a close personal friend of John Holbrook, the barrister to one of the individuals named in the update.

## **3. Follow-up from Council's Strategy Day, 29 November 2022**

- 3.1 The Chair summarised the key points of agreement and action arising from the discussions that took place at Council's Strategy Day on 29 November 2022. Grahame Stott confirmed that Management Board would consider Council's discussion points at its next meeting, on 14 December 2022, when providing feedback on the draft Corporate Plan for 2023-2024.

## **PART 2 - OVERSIGHT**

### **4. Chief Executive Officer's Update**

- 4.1 Stephen Mann presented this item, which provided Council with a synopsis of the IFoA's key achievements and activity in the past quarter, and of the priorities and outlook for the period ahead.
- 4.2 Council members thanked those members of the Executive who had been involved in running the IFoA's Life and GIRO Conferences that had taken place the previous week for their hard work. Stephen Mann briefly updated Council on the recent employee engagement survey, and the considerations that were being taken as part of the rewards review.
- 4.3 Council members asked about the potential reputational impact of the delay to Objective-Based Assessment (OBA). Clifford Friend and Stephen Mann confirmed that work on development of the questions was ongoing, and that the Learning Change Programme Board would discuss how this affected the timelines at its meeting in two weeks' time.
- 4.4 Council discussed the optionality that was being introduced into the pre-qualification curriculum and how this was being developed and communicated externally.
- 4.5 Council received an update on recent IT-related issues that the IFoA had experienced internally. It was confirmed that these issues were now resolved, and that an internal audit would be carried out to review the response of both the IFoA and its external IT system provider to what had happened, although this had to be put in the context of the wide scale IT changes and improvements in train.

***Paper 73 22 noted and feedback given.***

### **5. Actuarial Issues Arising Out of Liability-Driven Investments (LDI)**

- 5.1 Neil Buckley, Chair of the IFoA's Regulatory Board, joined the meeting to present this item, which briefed Council on recent UK public scrutiny of the use of LDI strategies in Defined Benefit Pension Schemes and which set out:
  - A briefing on the issues that arose,
  - IFoA's handling of the matter and position taken to date, and

- how the arising regulatory implications are being considered by the Regulatory Board.

5.2 Neil Buckley explained that the Regulatory Board had sought to be measured in its response to this issue, acknowledging that what had happened raised serious issues that needed to be explored further to avoid them recurring in the future in the wider sector. He identified three key arising issues:

- a) The effectiveness of pension scheme risk management, and the extent to which the shocks that occurred could or should have been foreseen (and link between this and the issue of leverage, and whether the extent of the leverage was raising risks to unacceptable levels);
- b) The extent to which advice to trustees was communicated clearly and the risks understood; and
- c) The systemic risk, as had happened to the whole of the market, with the Bank of England being required to intervene.

Neil confirmed that these risks and issues related to them would need to be explored in conjunction with other regulators, as the IFoA was not the lead regulator in this situation. He advised that more would be known on this front after the upcoming meeting of the Joint Forum on Actuarial Regulation in December.

5.3 Neil Buckley then confirmed that the Regulatory Board will be conducting its review of this matter in the coming year, with a particular focus on the actuarial input, once there was a better sense of what other regulators were doing and after the parliamentary enquiries into it had concluded. He then added that the other key challenge for his Board was to work closely with the IFoA's Practice Boards to gain a fuller understanding of whether there were any other similar risks out there that are not yet on the Board's radar.

5.4 Council discussed the various technical aspects of this issue, noting the importance and implications of (amongst other matters) how risk is modelled (and in particular, how actuaries use those models); clarifying the ownership of the systemic risk from both an individual and collective standpoint (and where gaps may exist); and clarifying where a scheme actuary's responsibility for advising trustees ends and where an investment consultant's responsibility begins. It was agreed that further discussion on the subject was important, and in noting the various forums through which those discussions would continue in the medium term, it was agreed that this should be brought back to Council for further consideration at the appropriate point in the future (with IFoA's General Counsel and Head of Policy to advise on this).

**Action 1: Ben Kemp/David Thomson**

5.5 In reply to questions about the Pensions Board's involvement to date in the IFoA's response to this matter, it was confirmed that there had been continuous dialogue with the members of that Board as well as the Finance & Investment Board, as was consistent with standard IFoA practice for seeking specialised input as appropriate from members in the relevant practice areas. It was agreed that it was important for the Regulatory Board to make as much progress as it could with its review of this issue in the coming year, though with appreciation that other processes (notably the parliamentary enquiries) would understandably have to take precedence. In this regard it was acknowledged that the Regulatory Board was often reliant on specialist input from the Practice Boards, as that expertise was not present on the Regulatory Board itself, and it was suggested that it would be beneficial in future for the Regulatory Board to have authority to make demands of the Practice Boards (and others) where needed.

- 5.6 It was agreed that it was vitally important to understand where the mitigating actions for regulatory risks are owned, and that this needed further discussion. As regards identifying potential latent risks, it was agreed that ownership of this should rest with the Regulatory Board, to work in conjunction with the Practice Boards as appropriate.

***Paper 74 22 noted.***

## **6. Management Board Update**

- 6.1 Grahame Stott introduced this item, which provided Council with an update on the activity of the Management Board since Council's last meeting, including details of the key points arising from the Board's discussions at its strategy day in mid-October.
- 6.2 Following the discussion of the previous item Council noted that it was important that the role of Management Board and Regulatory Board in relation to the IFoA's response to LDI was clear.
- 6.3 Council asked how strain on the capacity of the Executive was being considered as part of the 2023/24 corporate planning process. It was noted in response that it was important for the Board to understand how much of the priority activity identified in the Corporate Plan the Executive believes it can realistically deliver during 2023/24. Grahame Stott confirmed that the Executive had been asked to address this at the Board's next meeting, including exploring if more could be achieved if additional resource was available. It was also noted that, at the Board's strategy day, the Executive had challenged the Board to consider how it would prioritise the intended activity in the Corporate Plan in the event of it being agreed that there was not sufficient capacity (even with additional resource) to realistically deliver it all.
- 6.4 Council members asked questions around the IFoA's crisis management and business continuity approach. Grahame Stott responded that in March 2020 the IFoA's Leadership Team were delegated certain decisions in emergency situations, but that this had yet to be incorporated formally into the IFoA's governance arrangements.

***Paper 75 22 noted.***

## **7. Chief Risk Officer's (CRO) Report**

- 7.1 Charles Toomer presented his risk report to Council, highlighting key risks to the strategic direction of the IFoA and the actions taken (or planned) to manage and mitigate them, and inviting Council members to scrutinise their completeness and robustness.
- 7.2 Council members asked questions around the assessment of the level of cyber risk that the IFoA faced and the mitigations in place to address it. Charles acknowledged the importance of the issue and confirmed that there was continued activity to improve the IFoA's capabilities in this regard, notably including upcoming testing of the security arrangements currently in place.
- 7.3 Council asked for Charles Toomer's opinion on the potential risks arising from the eventual outcome of the ongoing member vote on introducing Chartered designations. Charles responded that how the result was communicated was important, as the IFoA needed to be able clearly demonstrate that the entire process for this matter had been handled openly and transparently throughout, with dissenting views acknowledged and addressed as appropriate.

***Paper 76 22 noted.***

## **PART 3 - STRATEGY**

### **8. Sustainable Membership Model (SMM)**

- 8.1 Sarah Sim introduced the team from Meridian West, IFoA's external partners on the SMM project, and provided Council with an update on its progress. Council members were then asked for a strategic steer in a few specific areas, to help guide the project into its next phase. Council members' main feedback was:
- a) There were not necessarily binary answers to the questions posed in the presentation, but rather options or preferable outcomes that blended both presented scenarios.
  - b) It was unclear whether the members who had engaged with Meridian West in the research element of this work were appropriately representative of the membership in general.
  - c) More competitive analysis was required (in terms of within the profession and against other professions) before some of the presented scenarios could be answered with confidence.
  - d) The modelling informing the recommendations should include incidents that could challenge long-term membership forecasting
  - e) In order to emphasise the status of Associates more clearly, there needed to be a move away from using ambiguous terminology such as 'qualified actuary'.
- 8.2 There was then a discussion on the timeline for presenting finalised recommendations from the project to Council. It was **agreed** that the finalised recommendations would be presented at Council's meeting in June 2023, rather than March 2023 as originally intended, to give sufficient time for the Steering Group to consider all options in accordance with the feedback provided here. It was also agreed that an update on the progress of the SMM project would be presented at one of Council's engagement sessions in March 2023.

**Action 2 [timeline change] Sarah Sim/Corporate Secretariat**  
**Action 3 [engagement sessions] Sarah Sim/Corporate Secretariat**

***Paper 77 22 noted.***

### **9. Thought Leadership – Update to Council**

- 9.1 Annette Spencer introduced this item, which updated Council on the IFoA's continuing activity in the Thought Leadership space and the upcoming programme of events and activities. Following the update Council briefly discussed the branding of the work as part of the initiative and the mutual benefit of joint events with other organisations.
- 9.2 At the conclusion of the item the Chair confirmed that Council was supportive of these activities and encouraged the development of a bolder, louder voice for the IFoA.

***Paper 78 22 noted.***

### **10. Diversity, Equity and Inclusion (DEI) Strategy – Progress Report**

- 10.1 Stephen Mann and Chika Aghadiuno presented this item, which provided Council with an update on the progress made against the seven themes of IFoA's DEI strategy in the first year of its implementation, the plans for activity in year two, and invited Council to note the success measures identified in the strategy and give any feedback on the strategy's implementation.

10.2 Key points arising from Council's discussion of this item were:

- a) It was agreed that this work needs to look at both the diversity of the IFoA's membership and the Executive – as an organisation, the IFoA needs to be seen to be doing its part. There was specific discussion of socioeconomic diversity and exploring what is being done (and what else can be done) to develop in that area and open up the profession more widely.
- b) Concern was expressed that the statement in the strategy '*We will set ourselves targets to achieve and deliver against, year on year...*' could be interpreted as IFoA being more concerned with 'ticking boxes' or 'filling quotas' than with ensuring an individual's suitability for a role. In reply, it was noted that 'targets' need not be defined numerically, but as relating to outcomes or impact, and of being more aspirational in nature. It was pointed out that the wording in question was carefully chosen to specifically reflect the expectations of IFoA's regulators in this area and that primary responsibility for its members would sit with their employers. It was further noted that engaging with a broader talent pool should not be taken to imply a lowering of talent or standards.
- c) Council members acknowledged that the DEI Strategy was not free of criticism amongst Members and other stakeholders and encouraged that IFoA should be sensitive to this, where appropriate as the implementation progresses while also acknowledging general support from key employers and noting the regulatory direction of travel.

10.3 In conclusion of this item the Chair expressed gratitude on behalf of Council for the work carried out in this area to date, encouraged the IFoA to keep up the momentum on it, and noted that it would be interesting to see members' reactions to the consultation of the Actuaries' Code on formalising DEI within the IFoA's regulatory framework.

***Paper 79 22 noted.***

## **PART 4 - GOVERNANCE**

### **11. Strategic Risk Reporting and Register**

11.1 Stephen Mann introduced this item, which presented to Council the latest versions of IFoA's strategic risk register and summary report (revised further to past feedback from Council and other IFoA bodies) and invited feedback on the substantive content of both documents. Stephen drew Council's attention to the two strategic risks that were currently assessed to be outside of appetite, summarised the activity underway or planned to manage these, and invited Council to consider the live and emerging risks highlighted within the summary report.

11.2 Council members were broadly supportive of both the risk register (format and content) and the summary report. There was some discussion of how the impact of and response to date of the Liability-Driven investments issue should be recorded within the register, and what lessons could be derived from that situation in terms of how the IFoA should respond to 'black swan' events that have the potential to cause significant impact.

11.3 In conclusion of this item, Council members thanked the Executive and IFoA's internal auditors for their efforts in advancing this work to its current stage and noted that the remaining work to refine and operationalise the reporting process would be fully owned by the Executive, specifically the IFoA's newly-appointed Head of Risk.

***Paper 80 22 noted and feedback given.***

## **12. Governance Review – Next Steps**

- 12.1 Grahame Stott presented this item, which updated Council on the Management Board's progress towards initiating a wide-ranging governance review that would cover the IFoA's main decision-making bodies (excluding those regulatory-focused bodies) and make recommendations to Council upon conclusion.
- 12.2 It was confirmed that a preferred external partner for the review had been identified by the selection panel that had been formed for that purpose, and that steps toward making a formal appointment were underway. It was confirmed that the review was provisionally due to begin in early January 2023 and conclude in May/June 2023, with Council engaged as a primary stakeholder throughout. Council members were encouraged to actively engage with the review, and in response those leading and supporting the review were encouraged to be transparent about its work and its progress.
- 12.3 In response to wider questions about the review, it was noted that there had not been a substantial review of the IFoA's governance arrangements since the merger between the Institute and the Faculty back in 2010, during which time the needs of the organisation (as well as general good practice within governance) had moved on appreciably in some ways. The preferred provider's expertise in this area was noted as being the key reason for their selection. The expected cost of the review was also noted, but it was emphasised that the cost of undertaking a proactive review now would likely be significantly cheaper than the cost of responding to and addressing a significant governance failure should one arise.

***Paper 81 22 noted.***

## **13. President-elect 2023/24: Task and Person Specification, and Selection Process**

- 13.1 Louise Pryor presented this item, which invited Council to review and approve the proposed process for selecting the 2023/24 Council President-elect, and the related Task and Person Specification for a Presidential Team member for 2023/24 – 2025/26, as recommended by the IFoA's Nominations Committee.
- 13.2 After brief discussion, Council **approved** both the selection process and the Task and Person Specification document without amendment.

***Paper 82 22 approved.***

## **14. Consent Agenda**

- 14.1 The President invited Council to note and (by exception) comment on the items in the consent agenda for this meeting:

a) **Minutes of Council's meeting on 28 September 2022**

The draft minutes were approved subject to one minor amendment to the attendance list.

***Paper 83 22 approved.***

b) **Council's Action List**

***Paper 84 22 noted.***

c) **Council's Forward Agenda**

***Paper 85 22 noted.***

d) **Litigation Update**

Council members briefly discussed the IFoA's response to litigation in terms of not commenting publicly and in seeking to recover costs where possible.

***Paper 86 22 noted.***

e) **Strategic Initiatives Update**

***Paper 87 22 noted.***

f) **Report of Audit & Risk Committee's meeting on 3 November 2022**

***Paper 88 22 noted.***

g) **Report of Regulatory Board's annual strategy day on 27 September 2022**

***Paper 89 22 noted.***

h) **Decisions made by Council in correspondence since its last meeting**

(None made)

***Paper 90 22 noted.***

**15. Regulatory Board – Annual Update**

15.1 Neil Buckley presented this item, which provided Council with an update on the key developments and activities in relation to the IFoA's regulatory functions over the past year, and updated Council on the status of the review of actuarial regulation by the UK Government and the support provided by the Regulatory Board to the IFoA in engaging with that review. In noting the progress made on delivering IFoA's regulatory strategy and exploring key issues on the Regulatory Board's agenda, Council members were invited to consider how the regulatory function aligns with and supports the wider IFoA strategy.

15.2 Council asked specific questions around the Board's discussion of how to include DEI principles in the Actuaries' Code. It was confirmed that this would be explored further in the upcoming consultation on amending the Code.

15.3 Council asked Neil Buckley about his relationship with the IFoA's Practice Boards. Neil confirmed that he aims to attend their meetings and build on the existing relationships to inform the work of his Board.

15.4 At the conclusion of this item Council thanked Neil Buckley and the Regulatory Board for their work.

***Paper 91 22 noted.***

**16. IFoA Foundation – Annual Update**

16.1 This item provided Council with an update on the IFoA Foundation's activities in the past year, both in terms of fundraising and supporting those entering the profession. Kartina Thomson, Council member and Chair of the Foundation's Board of Trustees, presented the item.



- 16.2 In response to questions about the Foundation's achievements to date, Kartina Thomson advised Council that she had been pleasantly surprised at how much had been achieved in the past three years. Kartina acknowledged however that sustainability of fundraising was a worry; in particular, donations received from members when renewing their subscriptions had been disappointingly low, though it was acknowledged that the process for making donations had not been as smooth as it could have been. The importance of increasing engagement with members was noted to be key: it was acknowledged that awareness of the Foundation's work and achievements was perhaps not as high as would have been hoped, and several suggestions were made for improving this and raising the Foundation's profile accordingly.
- 16.3 It was noted that the Foundation had produced an impact report. This would be shared with Council members after the meeting.

**Action 4: Corporate Secretariat**

***Paper 92 22 noted.***

**17. Appointment of Actuary Magazine Editor**

- 17.1 Annette Spencer introduced this item, which asked Council to approve the appointment of Yiannis Parizas as the new editor of The Actuary magazine, for a period two years starting from January 2023.
- 17.2 After brief discussion of the process for appointing editors of the magazine, including noting the responsibilities of the position, Council **approved** the appointment on the terms proposed.

***Paper 93 22 approved.***

**18. Death Announcements**

- 18.1 Council members noted, with regret, those members who had died recently.

***Paper 94 22 noted.***

**19. Any Other Business**

- 19.1 Council expressed their appreciation for the hard work of those IFoA employees who had contributed to the arrangements for this in-person meeting.

**End.**