

INSTITUTE AND FACULTY OF ACTUARIES COUNCIL MEETING MINUTES

Thursday 9 June 2022, 08.15 – 15.00 GMT
Via videoconference

Council Members Present:

Louise Pryor (President and Chair)			
Cherry Chan	Mukami Njeru	Kalpana Shah	Yang Yu
Charles Cowling	Danny Quant	Malcolm Slee	Cynthia Yuan
Hannah Coleman	Alan Rae	Nick Spencer	Masimba Zata
Gilli Engel	Andrew Rear	Tan Suee Chieh	
Dermot Grenham	Craig Ritchie	Kartina Thomson	
Prosper Matiashe	Matt Saker	Peter Tompkins	
Sarah Neil	Hitesh Shah	Mark Williams	

In Attendance:

Grahame Stott	Chair of Management Board
Stephen Mann	Chief Executive Officer
Ben Kemp	General Counsel
Anne Moore	Director of Finance and Operations
Annette Spencer	Director of Public Affairs and Research
Sarah Sim	Director of Markets Development
Charles Toomer	Chief Risk Officer
Kate Shasha	Chief of Staff
Jo Jones	Deputy Chief of Staff
Mark Chau	Regional General Manager Asia Pacific (Item 7 only)
Toby Moseley	Global Partnerships Lead (Item 7 only)
Trevor Spires	Chair of Audit and Risk Committee (items 15 and 16 only)
Neil Buckley	Chair of Regulatory Board (Items 17 and 18 only)
Ian Farr	Chair of the Disciplinary Scheme Review Working Party (Item 17 only)
Michael Scott	Head of Disciplinary Investigations (Item 17 only)
Suzie Lyons	Head of Legal Services (Items 17 and 18 only)
James Harrigan	Corporate Secretary
Ruby Fitzpatrick	Assistant Corporate Secretary

PART 1 – INTRODUCTION AND PROTOCOLS

1. Closed Session

1.1. A closed session was held for Council members only, which is minuted separately.

2. Introduction and Apologies

2.1. The Chair welcomed everyone to the meeting.

2.2. Apologies were received from Council members:

- Jennifer Hartley (who appointed Matt Saker as her proxy for this meeting)
- Michelle Darracott (who appointed Kalpana Shah as her proxy)
- Patrick Kelliher (who appointed Matt Saker as his proxy)
- Sunil Sharma (who appointed Hitesh Shah as his proxy).

In addition:

- Council member Prosper Matiashe had to leave the meeting early and appointed Mukami Njeru as his proxy in his absence.
- Council member Tan Suee Chieh had to leave the meeting early and appointed Matt Saker as his proxy in his absence.
- Council member Cherry Chan joined the meeting from the beginning of the afternoon session and did not appoint a proxy for the morning session.

3. Registration and Declaration of Interests

3.1. No interests were declared.

4. Chief Executive Officer's (CEO) 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 priorities and outlook for the period ahead. This included an update on the delays to the IFoA's Operations, Processes and Systems Review (OPSR) project.
- 4.2. Council members asked what financial impact the delay to the OPSR project could have. Stephen Mann confirmed that there were no contractual costs that the IFoA would incur. It was noted that there would be a delay to the financial benefits of the plan but hopefully some non-financial benefits, in terms of member engagement, would be brought forward as other projects were accelerated.
- 4.3. Council asked Management Board to consider whether the agreed travel and meeting policy for in-person Practice Board events remained appropriate before Council's meeting in September.

Action 1: Management Board

Paper 27 22 noted.

UK Face to Face Events

- 4.4. Council discussed the proposal to hold nine more face to face events in the UK this financial year.
- 4.5. Council was broadly supportive but encouraged the Executive to continue to provide high quality hybrid and online content and to open events up where possible. Council also suggested that the Executive consider ways to facilitate face-to-face engagement for members not based in London or Edinburgh. Council saw in person events as a key part of the IFoA's value proposition for members.
- 4.6. There was a brief discussion about the IFoA Conference taking place later in the month. Stephen Mann updated Council members on the financial projection of the event. It was confirmed that as this was the IFoA's first large in-person event since 2019, and its first multi-disciplinary conference, it would be used as a test case for the feasibility of similar large in-person events in the future. It was noted that Council had agreed as part of its discussion of the events strategy in June 2021 that events would be expected to cover their costs, and that this would be taken into consideration when reviewing the success of the Conference.
- 4.7. At the end of this item Council **agreed** to hold nine additional face-to-face events in the UK this year.

Paper 28 22 noted.

5. Management Board Update

- 5.1. Grahame Stott presented this item, which provided Council with an update on the activity of the Management Board since Council's last meeting and an update on the review of the Management Board Committees.
- 5.2. Council asked for confirmation that the Learning Change Programme was on track to deliver against the agreed plan. Grahame confirmed that it was and reminded Council that it had been designed with an aggressive timeline, which gave the programme a high risk profile. Stephen Mann added that current budgets predict that the increased functionality provided by the new online exam platform will have an increased financial upside in comparison to the original budget.
- 5.3. The Council questioned Grahame Stott on how the new Management Board Committees were functioning and what consideration had been given to requiring Council representation on them. Grahame confirmed that the Committees had been reviewed to ensure that they were fulfilling necessary roles within the IFoA's governance. He also confirmed that although not mandated in their respective Terms of Reference, each Committee did currently have Council representation, adding that their composition would remain under review as they developed.

Paper 29 22 noted.

6. CRO Report

- 6.1. Charles Toomer presented his risk report to Council highlighting key risks, and actions in mitigation. As part of his presentation Charles highlighted the specific exposure around employee resource and the concentration of risk in key team members which would put strain on small teams should they decide to leave the IFoA.
- 6.2. Council members asked what had been put in place to mitigate the risk that Charles Toomer had highlighted around the workloads of employees. Charles responded that a culture of engaging with colleagues to understand workloads and encouraging them to speak out when work was falling at already busy times was being fostered. The recent employee engagement survey results showed that the issues differ between teams and that it was important to continue the current discussions with employees.
- 6.3. Council discussed the overall 'amber' risk rating. Stephen Mann explained that there were several external risks and unknowns that had contributed to this, alongside an ambitious business plan with little contingency built in. The new Risk Management Framework, which was currently under development, would provide individual risk ratings for each of the identified risk categories, which would give Council more information on the status of each area of risk. Council members accepted the rationale for the overall amber risk rating but wanted to see what actions were being taken to bring it to green. It was agreed that the overall risk rating was not currently a useful tool for understanding where risk lied in the IFoA and that a draft of the new Risk Framework (including risk appetites and indicative statuses) would be brought to Council's meeting in September, which would enable a more substantive risk discussion.

Action 2: Stephen Mann/Charles Toomer

Papers 30 22 noted.

7. International Strategy

7.1. Sarah Sim, Mark Chau and Toby Moseley presented on the progress with IFoA's International strategy. Council's main feedback was:

- Council members expressed concern about the low levels of activity at a local level outside the UK, in particular in Asia and suggested looking at where collaboration with local associations would influence local markets. Council members also recognised that different jurisdictions would require different responses.
- Council members suggested that when looking at competitors' activity, attention should be paid to other professional associations as well as other actuarial associations, and that the Executive should consider areas where their provision is more advanced than the IFoA's when planning.
- Council requested that reporting on a more regular basis on the progression of the strategy against clear KPIs be put in place.

Action 3: Sarah Sim

Paper 31 22 noted.

8. Sustainable Membership Model

8.1. Matt Saker and Sarah Sim presented to Council the refined design principles for the Sustainable Membership Model following the discussions with Council at its engagement sessions on 9 and 10 May 2022.

8.2. The key feedback from Council members was:

- There was a need for some potential models to be rejected at an early stage to enable a productive discussion at future Council meetings.
- It was important that the new model was resilient – and relatedly, it would be helpful to identify potential inflection points that could have large negative impacts on member numbers, and understand how the IFoA would look to address these.
- An understanding of the breakdown of cost attribution across the membership classes would be useful, however there was no overall agreement on cross subsidies.
- There was support for the Executive to continue thinking outside the box and come up with innovative alternative models.

8.3. At the conclusion of this item Council **agreed** the updated design principles for the Sustainable Membership Model.

Paper 32 22 noted.

9. Chartered Actuary

9.1. Stephen Mann and Annette Spencer presented to Council the proposed amendments to the IFoA's constitution that will introduce the Chartered Actuary Designation. It was noted that the proposed amendments to the IFoA's Bye-laws are required to be put to a member vote once approved by Council, and then formally approved by Privy Council. The communications plan around this member vote was also presented for Council's feedback.

9.2. One Council member expressed disappointment at the need for the distinction between Associates and Fellows in the designations but understood that this was to combat the

perception of dilution of the qualification that had been expressed during the initial consultation with members.

- 9.3. Following a short discussion Council voted to **approve** the proposed amendment to the IFoA Bye-laws to be put to a member vote by more than the required three fourths of the whole of Council.
- 9.4. Council provided the following feedback on the communications plan:
- There was a large number of members that would not be receptive to email communications, it was suggested that a physical communications plan was considered to ensure the highest possible participation.
 - The communications should focus on providing information and encouraging all members to vote, whether in favour or against, as the vote was not a foregone conclusion.
 - In person events and small group discussions had been effective in the consultation phase and it was suggested these be used as part of the process.
 - A small group of Council members would be used as a sounding board as the communications plan was developed.

Paper 33 22 approved.

10. Property Strategy – Recommendations

- 10.1. Anne Moore presented to Council the current position with regard to the IFoA's Property Strategy.
- 10.2. Following a short discussion of the potential impacts, and considerations being made in finding new properties Council approved the termination of the IFoA's existing UK office accommodation leases, to begin negotiations with the respective landlords to terminate each lease as early as practicable, and to seek suitable alternative working facilities.

Paper 34 22 approved.

11. 2022/2023 Member Subscription Fees

- 11.1. This item was for Council to discuss the levels of subscription and Practising Certificate fees for 2022/2023. Following the assumptions included in the 2022/2023 budget, which had been agreed as part of the Corporate Plan, it was proposed that subscription and practising certificate fees remain flat for the coming subscription year.
- 11.2. There was a short discussion about the governance defining the rate of inflation used to calculate the requirement for a member vote in the event of a proposed increase of fees, and how these could be changed in the future if required.
- 11.3. In conclusion of this item Council agreed that subscription and practising certificate fees would remain unchanged for the 2022/2023 subscription year.

Paper 35 22 approved.

12. Consent Agenda

- 12.1. 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 10 March 2022**

The draft minutes were approved without amendment.

Paper 36 22 approved.

b) **Minutes of Council's closed session discussion on 10 March 2022**

The draft minutes were approved without amendment.

Paper 37 22 approved.

c) **Minutes of Council's meeting on 23 March 2022**

The draft minutes were approved without amendment.

Paper 38 22 approved.

d) **Council's Action List**

Paper 39 22 noted.

e) **Council's Forward Agenda**

Paper 40 22 noted.

f) **Strategic Initiatives Update**

Paper 41 22 noted.

g) **List of Decisions Out of Meeting**

This paper confirmed the decisions that had been taken by Council since its meeting on 10 March 2022.

- Council agreed to recommend to the Regulatory Appointments Committee that Matt Saker remain as Council's member on the Regulatory Board, as a stop-gap measure until a new Council representative is chosen (by August 2022 at the latest)

Paper 42 22 noted.

h) **Report of Audit & Risk Committee's meeting on 25 February 2022**

Paper 43 22 noted.

i) **Report of Audit & Risk Committee's meeting on 29 April 2022**

Paper 44 22 noted.

j) **Report of Regulatory Board's meeting on 8 February 2022**

Paper 45 22 noted.

k) **Report of Regulatory Board's meeting on 26 April 2022**

Paper 46 22 noted.

l) **Litigation Update**

Paper 47 22 noted.

13. Death Announcements

- 13.1. Council members noted, with regret, those members who had died recently. Specific tribute was paid to Richard Ablett and Terry Arthur.

Paper 48 22 noted.

14. Regulatory Strategy – Update on UK Government Review

- 14.1. Ben Kemp provided Council with an update on the UK Government's review of Actuarial Regulation following the recent publication of the Government's response to the consultation. Andy Rear and Louise Pryor, both members of the steering committee related to the review added that there were areas still to be worked through.
- 14.2. The Council briefly discussed potential outcomes and the IFoA's ability to influence the current proposals. Ben Kemp confirmed that there was a window of opportunity to ensure that the legislation being developed was as pragmatic as possible.
- 14.3. The Chair informed Council that the Financial Reporting Council were holding a webinar on the topic and encouraged concerned Council members to attend and ask questions.

Paper 49 22 noted.

15. Governance Review: Council-Led Governance Working Group

- 15.1. Dermot Grenham presented the work that the Working Group had done on a proposed Speaking Up Charter for the IFoA, which sets out the IFoA's high level commitment to a fair, transparent and open approach to dealing with those who express concerns about the behaviour of IFoA members, employees, volunteers, or contractors. He confirmed that this did not introduce any new requirements but would clearly bring together the IFoA's approach to speaking up.
- 15.2. There was a short discussion about the procedures and policies that would sit under this policy and how they would be maintained. It was confirmed that these were in place currently and would continue to be monitored by Management Board and the Executive as appropriate.
- 15.3. It was suggested that for further transparency a procedure for publishing how concerns were addressed that did not breach confidentiality could be put in place.
- 15.4. There was a short discussion about whether the use of the word charter could be seen as confusing in relation the IFoA's Royal Charter and the Chartered Actuary designation. This was to be considered by the Working Group.

Action 4: Working Group

- 15.5. At the conclusion of this item Council **approved** the proposed Speaking Up Charter.

Paper 50 22 approved.

16. Audit and Risk Committee Annual Report

- 16.1. Trevor Spires presented his annual report of the activities of the Audit and Risk Committee. He highlighted the recent clean audit of the IFoA's accounts by IFoA's external auditors (with no control points identified), the full procurement process that had been completed to appoint the IFoA's new External Auditors from 2022/2023 (subject to

approval by member vote) and the ongoing contribution of the Audit and Risk Committee to the IFoA's work on risk management.

- 16.2. Two key risk areas that Trevor highlighted to Council were the need for the IFoA to increase its management of long-term contracts with key suppliers, and the changing way in which volunteers wish to engage with the IFoA leading to decrease in long-term availability of member volunteers. On the latter point, Clifford Friend confirmed to Council that the Learning Change Programme would be looking at ways to use volunteer resource more effectively around examinations.
- 16.3. Council discussed the Audit and Risk Committee's role in the development of the new Risk Management Framework and asked that it continue to highlight issues to Council as appropriate and monitor them. Council also asked questions around the work of Crowe, the IFoA's internal auditors. Trevor Spires responded positively, noting that the Committee has a good relationship with the lead partner at Crowe and confirming that their reports enable the Committee to better understand emerging risk to the IFoA.
- 16.4. In conclusion of this item Council thanked Trevor Spires and the other members of the Audit and Risk Committee for their work this year.

Paper 52 22 noted.

17. Disciplinary and Capacity for Membership Schemes Review – Amendments to Scheme

- 17.1. Ian Farr and Neil Buckley presented the proposed amendments to the Disciplinary and Capacity for Membership Schemes following the recent review of same.
- 17.2. Council members asked if there was likely to be any confusion about how this relates to the Speaking Up Charter discussed previously. Ben Kemp confirmed that the Charter was not intended to have any regulatory effect and will not be used as part of the disciplinary process. This would be made clear in the wording of the Speaking Up Charter.
- 17.3. Council welcomed the introduction of the filter stage to identify non-meritorious complaints and asked some questions around what its estimated effectiveness would be and the logistics, particularly given the complaint made to the Scottish Legal Complaints Commission (SLCC) regarding the Executive's role in the Disciplinary Process. Ian Farr and Ben Kemp responded that based on previous years there would be a significant number of cases dealt with at the filter stage and that there would be checks and balances in place on the Executive's involvement in the filter process to limit the exposure of the Executive and maintain the impartiality of the process.
- 17.4. Ian Farr answered a number of questions around the new Disciplinary Orders and their intended effectiveness and the requirements around re-entry. The Council also briefly discussed how the Scheme interacts with Disciplinary Schemes of other Professional Bodies.
- 17.5. At the conclusion of this item Council approved the proposed amendments to the Disciplinary and Capacity for Membership Schemes, which would now go to a member vote, by more than the required three-fourths majority of the whole Council.

Paper 53 22 approved.

18. Regulatory Appointments Process Review

- 18.1. Ben Kemp presented the proposed amendments to the Terms of Reference of the Regulatory Appointments Committee (RAC).
- 18.2. Council asked for more information on the current process for appointment of the Chair of RAC, and the confirmed changes. Ben Kemp responded that currently the Chair is nominated by either the Bar Council (in England) or the Faculty of Advocates (in Scotland) the proposed process of using a wholly separate, independent body increases the impartiality and transparency of the process.
- 18.3. Council members questioned if there was sufficient interest in the new roles that would be created on the Committee by these proposals. Ben Kemp informed Council that there is not normally a shortage of applicants for similar roles.
- 18.4. At the conclusion of this item Council **approved** the proposed changes to the Regulatory Appointments Committee (RAC) appointment structure:
 - i. to allow the independent external appointment of the Chair
 - ii. an increase in the lay membership (from two to four) to provide a total of eight RAC members
 - iii. independent decisions on regulatory appointments will be by interview panels formed from within the RAC.

Paper 54 22 approved

19. Honorary Fellows

- 19.1. James Harrigan presented to Council the proposed changes to the IFoA's constitution to eliminate the requirement for the IFoA to hold a member vote on proposed nominations for Honorary Fellowship of the IFoA, and instead vest that authority in Council. These would require a member vote if agreed by Council.
- 19.2. Following a short discussion on how this should be communicated to members as part of the member vote Council voted, by more than the require three fourths majority to **approve** the proposed changes to Bye-laws 32 and 37, which would now be put to a member vote before (if successful) seeking the final approval of Privy Council.
- 19.3. Council then discussed the current nominees for Honorary Fellowship and Finlasion medals. Council was generally in agreement that the information that had been provided was not sufficient to allow Council to make individual decisions on the nominees, and following a short discussion **agreed** that Nominations Committee would be given delegated authority to provide recommendations to Council on each of the nominees for Honorary Fellowship and Medals, and to recommend a process for Council to effectively approve these in the future, to be brought to Council's September meeting.

Action 5: Nominations Committee

20. Any Other Business

- 20.1. Council members asked if the IFoA was going to give a formal response to the Financial Reporting Council's request for feedback on Technical Actuarial Standard 100. Ben Kemp confirmed that Regulatory Board would coordinate a formal response.

20.2. The Chair thanked all members of Council for their contributions this past sessional year, in particular those retiring from Council at the AGM:

- Gilli Engel
- Jennifer Hartley
- Prosper Matiashe
- Tan Suee Chieh
- Steven Yu
- Cynthia Yuan
- Andy Rear
- Alan Rae

20.3. Grahame Stott thanked those retiring members of Council who had served on Management Board.

20.4. Matt Saker thanked Louise Pryor for her work over the past year as President of the IFoA.

20.5. There was no further business.

End.