

INSTITUTE AND FACULTY OF ACTUARIES COUNCIL MEETING MINUTES

Wednesday 14 June 2023, 09.30-16.45 GMT
In Person at Staple Inn, London and by Videoconference

Council Members Present:

Matt Saker (President and Chair)

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

In Attendance:

Grahame Stott	Chair of 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
Peter Walker	IFoA, Head of Marketing and Propositions
Serrina Galleymore	IFoA, Head of Risk
Giles Peel	Governance Review Team (item 3 only)
David Speakman	DAC Beachcroft Governance Review Team (item 3 only)
Maya Hariri	DAC Beachcroft Governance Review Team (item 3 only)
Amanda Davey	IFoA, Head of Global Events (item 4 only)
Toby Moseley	IFoA, Global Partnerships Lead (item 6 only)
Mark Chau	IFoA, Asia Pacific Lead (item 6 only)
Trevor Spires	Chair of Audit and Risk Committee (items 3 and 11 only)
Aled Jones	Sustainability Board Member (item 12 only)
Jo Jones	IFoA, Deputy Chief of Staff
James Harrigan	IFoA, Corporate Secretary
Ruby Fitzpatrick	IFoA, Assistant Corporate Secretary

Closed Session

A closed session was held for Council members only.

1. Welcome and Apologies

- 1.1 The Chair welcomed everyone to the meeting.
- 1.2 Apologies were given by Council members Michelle Darracott (who appointed Kalpana Shah as her proxy for the meeting) and Craig Ritchie (who appointed Matt Saker as his proxy for this meeting).

2. Declarations of Interest

- 2.1 No interests were declared.

PART 1 – GOVERNANCE REVIEW UPDATE

3. Governance Review Report

- 3.1 This item was to discuss the final report produced by Giles Peel and DAC Beachcroft and the ensuing recommendations being put to Council by the Governance Review Steering Committee and Management Board.
- 3.2 The members of the Steering Committee presented the recommendations and highlighted the discussion that had taken place to reach them, especially where they deviated from the recommendations in the report.
- 3.3 The main points from Council's discussion of the report and the Steering Committee's recommendations were:
- Council questioned the recommendation of a corporate model of governance, Giles Peel and David Speakman responded that a corporate model would professionalise the IFoA and allow it to efficiently make operational decisions, allowing Council to concentrate on matters related to IFoA members and the future vision for the profession.
 - Council members suggested a number of areas that the Council Governance Working Group should look at as part of its work in the upcoming months, on a time-bound basis.
 - Council discussed the length of the Presidential term and the reasoning behind the choices of a two- or three-year term which were being presented.
 - Council discussed the composition of Unitary Board, the impacts, both positive and negative, of increased independent members and the requirements for executive presence on the Unitary Board.
 - Council suggested areas that would need to be kept open for consideration at the post-implementation review, and suggested areas that may need to be considered in the medium term to ensure that the new governance arrangements remained fit for purpose. These included the scope, composition and reporting line of the future Nominations Committee.
 - Council discussed its role going forward, and what benefits members would get from volunteering on a Council which, having delegated some of its current powers, would have a new focus on member issues and the future of the profession.
 - Council emphasised the need to communicate any decision to those running for Council so that they were aware of the changes to the role going forward.
 - There was a brief discussion of the potential impacts of both the member and independent non-executive roles on Unitary Board being paid.
 - A number of Council members presented the risks of doing nothing, particularly in the current climate of increased scrutiny on governance of public interest bodies.
 - Council discussed the Financial Reporting Council's (FRC) position and the support that the proposed changes would give to an argument for continued self-regulation of the IFoA.

- Council discussed the need for engagement with the Scottish constituency as the implementation of the recommendations progressed.

3.4 At the conclusion of this item Council voted to **approve** the recommendations of the Steering Group, including a two-year presidential term and a Unitary Board composed of 4 independent non-executive directors, 4 member non-executive directors (including the President) and the CEO. The full list of Council-approved votes is as follows:

- (i) The 'in principle' Terms of Reference setting out the role, remit and authority of the Unitary Board, such terms to replace Management Board's current Terms of Reference, noting that the final Terms of Reference of the Unitary Board will be put before Council prior to implementation and will be subject to refinement by the Board itself once constituted; (50% vote required)
- (ii) Reconstituting the existing Management Board as a new unitary Management Board ('Unitary Board'), to which is conferred* authority and responsibility for all matters contained in the Terms of Reference; (50% vote required)
- (iii) The 'in-principle' Terms of Reference for Council, such terms to replace Council's current Terms of Reference, noting that the Terms of Reference of Council may be refined by the Council Working Group; (50% vote required)
- (iv) That the Chair of the Unitary Board be an independent non-executive director; (75% vote required)
- (v) In respect of the composition of the Unitary Board, Council was asked to consider and vote, initially on an indicative basis, on the following alternative options:
 - a) that the composition of the Unitary Board be changed to 3 independent non-executive directors, 4 member non-executive directors (1 of whom shall be the President) and 2 members of the IFoA Executive (1 of whom shall be the Chief Executive); OR
 - b) that the composition of the Unitary Board be **changed to 4 independent non-executive directors, 4 member non-executive directors (1 of whom shall be the President) and the IFoA Chief Executive.**

Having voted in favour of option b), this option was then tabled as the Resolution for formal vote. (75% vote required)

- (vi) That the initial non-executive members (other than the President, who will be an ex-officio member as of right) of the Unitary Board be appointed, following an appropriately objective skills- and competency-based selection process, by a one-off suitably qualified, independently chaired appointment panel. Following the conclusion of this initial appointment exercise, a Nominations Committee (as proposed below) will be established to undertake such appointments going forward; (50% vote required)
- (vii) That appropriately constituted Nominations Committees will in future be responsible for filling non-executive vacancies on Unitary Board (other than the President, who will be an ex-officio member of the Board, as of right). Appointments will be made following an appropriately objective skills- and competency-based selection process; (75% vote required)
- (viii) That Council shall reserve the right, in exceptional circumstances, to remove either the Unitary Board Chair or the Board in its entirety; (75% vote required)

- (ix) In respect of the term of the President, Council is asked to consider and vote, initially on an indicative basis, on the following alternative options:
- a) that the Term served by any elected President be changed to three years,
OR
 - b) that the Term served by any elected President be changed to two years
- Having voted in favour of option b), this option was then tabled as the Resolution for formal vote. (75% vote required)
- (x) The removal of the role of the Immediate Past President upon the appointment of the first President with a two-year term (expected June 2025). (75% vote required)

Paper 57 23 approved.

PART 2 - OVERSIGHT

4. Sustainable Membership Model (SMM)

4.1 Sarah Sim presented to Council the recommendations of the SMM Steering Group of how the IFoA's membership model should evolve. Council members' main comments in response were:

- Council encouraged the Executive to be more ambitious with targets, in particular, around membership growth.
- There was a discussion around the importance and necessity of growing and understanding markets outside of the UK (especially China). Council suggested that it was important to understand the perception of the IFoA outside the UK, especially in comparison with local associations.
- Council discussed the development of the exam platform and how this would improve students experience and perception of the exams. The latest student success survey were to be circulated to Council.

Action: Clifford Friend

4.2 At the conclusion of this item Council approved the following:

- The SMM success factors
- The delegation to Management Board of the task of reviewing and approving SMART Key Performance Indicators based on the success factors
- Annual reporting to Council to demonstrate the impact of SMM work.

Paper 39 23 approved.

5. Subscription Fees

5.1 Anne Moore presented to Council the proposed changes to member subscription fees for 2023/2024. This also included the Principles and Practices Framework that would be used to set subsequent fees, and changes to the reduced rate thresholds.

5.2 As this was the first proposed raise in fees in a number of years Council discussed the process that the Working Group had taken to reach the recommendations and the considerations that they had made. Council was particularly interested in the communications of the increases and how they would be received by members alongside the other activities of the IFoA.

5.3 At the conclusion of the item Council approved:

- The Principles and Practices framework for the approach for setting fees in future years
- The Subscription fees levels (including practicing certificate fees and admission fees) for 2023/2024
- The proposed changes to the Reduced Rate Thresholds.

Paper 40 23 approved.

6. Markets Development Update

6.1 Sarah Sim, Toby Moseley and Mark Chau updated Council on the work of the Markets Development Group over the past year. Council was very supportive of the work, and a number put themselves forward to support in their home markets.

Paper 41 23 noted.

7. Advancing the IFoA Brand and the Brand of the Actuarial Profession

7.1 Peter Walker presented for Council's input the plan for development of the IFoA's brand.

7.2 Council discussed the importance of socialisation with the membership during the brand review process, and the need for it to address multiple audiences.

7.3 Council discussed the proposed makeup of the Steering Group and how it would be ensured that it is diverse enough to represent as many members as possible, and the importance of this group engaging more widely with the membership throughout the process.

7.4 At the conclusion of this item the Board **approved** the proposed membership of the Steering Committee.

Paper 42 23 approved

8. Management Board Chair's Update

8.1 Grahame Stott delivered a report on the activity of the Committee since Council's last meeting, in an updated format.

8.2 Council briefly discussed the review of how IFoA members would be communicated with, and how this would be beneficial as members would receive information that was more relevant to them. There was also a brief discussion of the progression of the Operations Processes and Systems Review (OPSR) project which was due to complete in the summer.

Paper 43 23 noted

9. Chief Executive Officer's Update

9.1 Stephen Mann presented this item, which provided Council with a synopsis of the IFoA's key achievements and activity in the past 3 months, and of the priorities and outlook for the period ahead. Council's main discussion points after the update were:

- How The IFoA responds to negative posts on social media.
- The response to the member consultation on the inclusion of Diversity Equity and Inclusion (DEI) in the Actuaries' Code and the next steps Regulatory Board would take to consider the response.
- The importance of ongoing engagement with the International Actuarial Association in enhancing the international reputation of the IFoA and the actuarial profession.

Paper 44 23 noted.

10. Strategic Risk Report

10.1 Serrina Galleymore presented the Strategic Risk Dashboard for Council's feedback and comments. The key points of the discussion that followed were:

- Council noted those risks that were considered to be outside of appetite and wanted to better understand the timelines to bring them back into appetite.
- In response to a question on public interest risk, Serrina explained that public interest was considered as part of a number of risks across the register rather than a risk in itself.
- There was a brief discussion around the rating of residual risks and the timing of reporting to ensure that the most accurate information was brought to Council going forward.

10.2 At the conclusion of this item Council **approved** the enhanced Risk Matrix.

Paper 45 23 noted.

11. Audit and Risk Committee Annual Report

11.1 Trevor Spires presented the Audit and Risk Committee's Annual Report of its activity for 2022/2023. He thanked Dermot Grenham and Kartina Tahir Thomson, who would be stepping down from their roles as Council representatives on the Committee at the AGM, for their contributions during their time on the Committee.

11.2 In response to a question from Council about how continuity was being ensured in terms of membership of the Committee, Trevor Spires confirmed that Council member Matthew Pearlman had been attending Committee meetings ahead of formally joining the Committee as one of its Council representatives after the AGM.

Paper 46 23 noted.

12. Biodiversity and Nature-Related Risks Policy

12.1 Nick Spencer presented the Biodiversity and Nature-Related Risks Policy to Council for approval.

12.2 Council discussed the process and timing of the paper. In particular Council discussed the developing information on the importance of biodiversity and the opportunity for the IFoA to lead in this area in providing support to actuaries following on from the agreed commitments of the Climate Related-Risk Taskforce in September 2020.

12.3 At the conclusion of this discussion Council **approved** the adoption of a Biodiversity and Nature-Related Risks Policy, and to task the Sustainability Board with developing an action plan.

13. Consent Agenda

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

a) **Minutes of Council's meetings on 15 and 29 March 2023**

The draft minutes were **approved** as a true record.

Paper 48 23 and 49 23 approved.

b) **Council's Action List**

Paper 50 23 noted.

c) **Litigation Update**

Paper 51 23 noted.

d) **Strategic Initiatives Update**

Paper 52 23 noted.

e) **Report of Regulatory Board's meeting on 21 February 2023.**

Paper 53 23 noted.

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

Paper 54 23 noted.

g) **Sidebottom Report – Update on progress with report's recommendations**

Paper 55 23 noted.

14. Death Announcements

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

- Mr Shashank Chahar
- Mrs Geraldine Susan Dwyer
- Mr John Reginald Gamble
- Dr Elizabeth Ruth Gibson

- Mr Alan Stevenson King
- Mr Peter Kuys
- Mr Hugh Dominic Nolan
- Mr Stephen Gerard Rix
- Mr Jacques de Villiers
- Mr Winston St Elmo Whyte

Paper 56 23 noted.

15. Any Other Business

15.1 There was no further business.

End.