



## Regulatory Board meeting

26 April 2022, 10:00 – 14:00

Via VC

Attending:	Neil Buckley, Chair Ben Kemp Sue Lewis Helen Brown Edwin Sheaf Melanie Puri Simon Martin Mike Smedley David Broadbent Matt Saker Nicola Williams (new Disciplinary Committee Chair)	Apologies:	Emma Gilpin Mitesh Soni
Executive Staff:	Leisha Watson (Secretary to the Board) Gina Thomas (note taking) Sarah Borthwick (for item 6) Michael Scott (for item 6) David Gordon (for item 7) Chiara McCormack (for item 7) Alan Marshall (for item 7) Elena McLachlan (for item 8) Stephanie Snowden (for item 9) Alex Theophilus (for item 10) Suzie Lyons (for item 11 ) Karen Brocklesby (for items 11 and 12) Clifford Friend (for item 12)		
Guests:	Ian Farr, Chair of the Disciplinary Scheme Review Working Party (for item 6) John Millett, Deputy Board Officer of the Board of Examiners (for item 12)		

Item	Title
<b>1.</b>	<b>Welcome and Apologies</b>
1.1	The Chair welcomed all to the meeting and noted apologies from MiS and EG. The Chair also introduced the newest Board member Nicola Williams who is the new Chair of the Disciplinary Committee.
<b>2.</b>	<b>Declaration of Conflicts of Interest</b>
2.1	No conflicts of interest were declared.
<b>3.</b>	<b>Minutes and Actions</b>
3.1	The Board approved the minutes of the Board meeting held on the 8 February 2022.
3.2	The Board noted paper 2.



Item	Title
	<p>The Board discussed Action 232 and the ongoing relationship with the FRC. It was noted that the UK Government may be taking out some of the content in the upcoming Queens Speech and that this could impact the legislative plans for the creation of ARGA. It was noted that the IFoA BEIS Steering Group will be discussing their future plans if actuarial regulation is not included. The Board agreed that the Steering Group's plans should be shared to allow a discussion at the Board's Strategy Day, with further thought to be given on inviting FRC Executive.</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>• <b>IFoA BEIS Steering Group plans to be shared with the Board when available to allow a discussion at the Board's Strategy Day in September.</b></li> </ul>
<b>4.</b>	<b>Update from the Chair</b>
4.1	Paper 3 was noted.
<b>5.</b>	<b>Update from the Executive</b>
5.1	<p>The Board noted paper 4. The Board's discussion included the following:</p> <ul style="list-style-type: none"> <li>- The FRC's draft private oversight report is currently being considered by the Executive and will be shared with Board Members soon; and</li> <li>- The review of the regulatory appointments process continues to progress with an aim that the process will be more independent and streamlined. The proposals will be going forward to IFoA Council.</li> </ul>
<b>6.</b>	<b>Disciplinary Scheme Review</b>
6.1	<p>The Board welcomed Ian Farr, Sarah Borthwick and Michael Scott who introduced paper 5. The paper asked the Board to approve the revised Disciplinary Scheme with the next step to seek approval from Council.</p> <p>[redacted]</p> <p>The Board approved the revised Disciplinary Scheme. They noted the excellent work and thanked the Executive, and Disciplinary Committee members, for all of their work that went into the extensive review.</p>
<b>7.</b>	<b>Actuarial Monitoring Scheme Update and PIR</b>
7.1	<p>The Executive introduced paper 6 for noting and summarised that a post-implementation review (PIR) of the Actuarial Monitoring Scheme (AMS) had been completed, now that four thematic reviews had been undertaken, as envisaged when AMS had been launched.</p> <p>The Board were advised that the PIR showed that the processes, participation and feedback received from the thematic reviews all looked good. The Executive were satisfied with the participation numbers given the voluntary nature of the Scheme, and they will look to increase the feedback from participants to help increase consistency. It was noted that the PIR serves as an internal review of the processes of the AMS and therefore will simply be published as part of the April Board meeting papers.</p>



Item	Title
	<p>The Executive then introduced the slides provided to the Board in paper 6 providing an update on the AMS recommendations.</p> <p>The Board's discussion included the following:</p> <ul style="list-style-type: none"> <li>- The way in which the AMS Executive and the Board should follow up on member recommendations to track how they have been taken on by the pensions and insurance industries in particular. Some Board members felt that there could be further rigor in the recoding and following up of recommendations coming out of the reviews with those who had taken part to reduce any potential risk of exposure. The Board were advised that, given the voluntary nature of the Scheme, there is a risk of damaging future participation. Additionally, any follow-up or tracking would not include anyone who did not participate in the review.</li> <li>- It was noted that following up on recommendations is not necessarily in the scope of the Scheme and the Board distinguished the role of AMS with the role of enforcement. It was noted that the Board's role in particular is to decide how they should respond to the AMS report findings. For example, the Board suggested exploring options such as Risk Alerts or Professional Skills Training topics, where appropriate.</li> <li>- It was questioned if the voluntary nature of the Scheme needs to be reconsidered depending on the future plans for BEIS and the FRC's monitoring plans.</li> <li>- The Board discussed the suggestion for any remaining AMS recommendations to be put on the Boards' horizon scanning register. Some Board members felt that adding the same risks back to the register would be quite circular; however, it might be more appropriate to consider adding any potential new regulatory public interest risks coming out of the reviews themselves. Relevant recommendations should be escalated as appropriate to other parts of the IFoA.</li> <li>- It was identified that the Practice Boards might have an important role, both in identifying future issues and in propagating messages from thematic reviews. This is to be considered further in a dialogue with the Practice Boards.</li> <li>- The way in which QAS could be used to support the objectives of the AMS was discussed</li> </ul> <p>The Board thanked the AMS Executive for their work and asked them to come back to their second meeting of 2023 and report on any further updates on recommendations.</p> <p><b>Action:</b></p> <ul style="list-style-type: none"> <li>• <b>The AMS Executive to provide a further update on their recommendations to the Board in their second meeting of 2023.</b></li> </ul>
<b>8.</b>	<b>Regulatory action following AMS Thematic Review on Funeral Plans</b>
<b>8.1</b>	<p>The Executive introduced paper 7 which asked for a steer on the Board's response to the findings of the AMS Thematic review on funeral plans and the impact of upcoming FCA regulation of the market in the UK.</p> <p>The Board's discussion included the following:</p>



Item	Title
	<ul style="list-style-type: none"> <li>- It was noted that the funeral provider Safe Hands has recently gone into administration and it appeared unable to satisfy the FCA in relation to their regulatory functions</li> <li>- The Board expressed concerns over the potential for further companies being unable to obtain FCA authorisation, which was set out as a transitional risk in the Board's previous Risk Alert for members issued in February 2021. It was suggested that these concerns could be set out in a letter from the Chair to the FCA or alternatively raised at the next JFAR meeting.</li> <li>- It was noted that the Board's review of APS Z1 and the accompanying guidance (as set out in para 28 of the Paper at step 1) should be tied in with any review plans by the FRC for TAS 400 on funeral plans. It was suggested that a formal letter be sent to the FRC from the Board to highlight the findings of the AMS report and emphasise the need for urgency in their TAS 400 review (as set out in para 28 step 3 of the paper); and</li> <li>- Some members suggested that a steer from the PCC could be sought in regard to the appropriateness of considerations around introducing a PC in this area.</li> </ul> <p><b>Actions</b></p> <ul style="list-style-type: none"> <li>- <b>The Chair and Executive to give further thought to the most appropriate way to raise concerns over the risk of further funeral providers going into administration by failing to achieve FCA authorisation; and</b></li> <li>- <b>The Chair to write a formal letter to the FRC to highlight the findings of the AMS thematic review and to emphasise the need for urgency for any review of TAS 400.</b></li> </ul>
9.	<b>Review of PC Scheme</b>
	<p><b>9.1</b></p> <p>The Executive introduced paper 8 which asked the Board to approve the revised PC Scheme as well as the new PC Handbook. It also asked for approval of a slight delay to the effective date of the new Scheme and requested a steer on proposed transitional arrangements. It was noted that further comments had been received from the FRC which were provided to the Board offline via email as mentioned in paragraph 16 of the paper.</p> <p>The Board's discussion, which included careful consideration of FRC feedback, included the following:</p> <ul style="list-style-type: none"> <li>- It was noted that it was important to have transitional arrangements in place prior to the new Scheme coming into effect to create as smooth a transition as possible for members. A potential transition phase of three years was suggested and the Executive advised that they expect the first year after implementation of the new Scheme to be critical.</li> <li>- A blend of options 1 and 3 set out in the paper for the transition period would be the best approach and allow for some informal testing as part of the internal learning process for the Executive.</li> <li>- To take into account the workload for the PC Committee and minimise the impact of the busier period. Gradually smoothing out the number of applicants across the year as opposed to high peaks at certain times to minimise the impact on the Executive and PC Committee in a particular period; and</li> <li>- [redacted]</li> </ul>



Item	Title
	<p>Following the above discussion, the Board approved:</p> <ul style="list-style-type: none"> <li>- The final PC Scheme;</li> <li>- New PC Handbook; and</li> <li>- The proposed implementation date.</li> </ul> <p>The Board agreed that a blend of options 1 and 3 be followed to transition to the new Scheme, with a risk based approach in the first third of applicants. [redacted]</p>
<b>10.</b>	<b>Update on Part VII transfers</b>
	<p><b>10.1</b> The Board noted paper 9.</p> <p>The Board's discussion included the following:</p> <ul style="list-style-type: none"> <li>- The PRA did not raise concerns in the recent meeting around the low number of independent experts or raise any issue around the IFoA's regulatory framework, but nonetheless found the regime problematic; and</li> <li>- Although the PRA did not suggest a need for a PC, the Board should still carefully consider any need for a PC in this area. It recognised however that the nature of this work was not on its face such as to meet the Board's PC usual criterion of an ongoing reserved role.</li> </ul>
<b>11.</b>	<b>Review of Part II of the assessment regulations</b>
	<p><b>11.1</b> The Board noted paper 10.</p> <p>The Board's discussion included the following:</p> <ul style="list-style-type: none"> <li>- It was noted that the overall findings of the review have not changed since the Board received an interim paper on the matter in March via email.</li> <li>-</li> <li>- The Board discussed a specific reference by the Board of Examiners (BoE) to examination misconduct and asked if the recommendations were country specific enough to address these issues. It was advised that the report is not targeted at any geographical area as that was not the purpose or scope of the review. The intent is for the recommendations to have a positive impact in all areas.</li> </ul> <p>The Board agreed with the recommendations set out in the paper and thanked the Executive for all of their work.</p>
<b>12.</b>	<b>Board of Examiners annual report</b>
	<p><b>12.1</b> The Board welcomed John Millet and Clifford Friend who introduced the BoE's annual report.</p> <p>The information provided in the annual report states that it provides assurance to the Board that the standard of examinations sat during 2021 were consistent with previous years, and that the standards of the 195 Associates and 920 Fellows entering the profession in 2021 was maintained.</p> <p>The Board's discussion included the following:</p>



Item	Title
	<ul style="list-style-type: none"> <li>- The language barrier difficulties faced by candidates expressing themselves in the later exam stage which could be affected by English not being their first language.</li> <li>- Questions around the equivalency, difficulty, fluctuation in pass rates and quality of exams. The reasons for gender differences in exam pass rates were discussed. It was noted that, in some instances, this could be due to the small pool of candidates or general variations of subjects. It was noted that fluctuations in pass rates was being considered by Management Board and the BoE.</li> <li>- How the standard of examination is determined, the need for consistency across all standards and if this is being clearly communicated to candidates.</li> <li>- The Board discussed what a “marginally competent candidate” is and asked that the BoE to report back to the Board following its ongoing work in this area, for further discussion given the public interest element in how the standard is set; and</li> <li>- It was noted that a monthly Lifelong Learning update is currently provided to the Management Board. The Board welcomed the suggestion that this would additionally in future be provided to it.</li> </ul> <p>The Board accepted the assurance provided in the first annual report from the BoE and expressed their thanks. They advised that they look forward to receiving further information from them in due course.</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>- <b>The BoE to come back to the Board with an update on their further work and discussions with Management Board on the reasons for fluctuations in exam pass rates, before their next annual report.</b></li> </ul>
<b>13.</b>	<b>For noting only</b>
	<p><b>13.1</b> Paper 12 was noted.</p> <p><b>13.2</b> Paper 13 was noted.</p> <p><b>13.3</b> Paper 14 was noted.</p> <p><b>13.4</b> Paper 15 was noted. It was suggested that the first risk which remains red even after mitigation should be carefully looked at in due course.</p> <p><b>13.5</b> Paper 16 was noted.</p>
<b>14.</b>	<b>Standing items</b>
	<p><b>14.1</b> Paper 17 was noted.</p> <p><b>14.2</b> Paper 18 was noted.</p>
<b>15.</b>	<b>AOB</b>
	<p>The Chair noted that the timing for the Strategy Day in September will be moved to the afternoon in order to allow for the Board to meet socially after the meeting. The exact timing and location (in London) of the Strategy Day will be confirmed shortly.</p>
<b>16.</b>	<b>Dates of Future Meetings</b>



Item	Title
	5 July 2022 – (1000-1330) Virtual
	27 September 2022 (Strategy Day) – in-person, venue (London) and timings TBC
	16 November 2022 - (1000-1330) Virtual
	21 February 2023 - (1000-1330) Virtual
	17 May 2023 - (1000-1330) Virtual
	25 July 2023 - (1000-1330) Virtual
	20 September 2023 (Strategy Day) – in-person, venue and timings TBC
	21 November 2023 - (1000-1330) Virtual