

## Institute and Faculty of Actuaries, **Regulatory Board**

<b>Subject</b>	IFoA Executive Update
<b>Meeting date</b>	17 May 2023
<b>International issues considered?</b>	Yes
<b>Author</b>	Executive Team
<b>Reviewer</b>	Ben Kemp, General Counsel
<b>Purpose</b>	Noting

### A: Introduction

1. This paper provides an update on the work of the IFoA Executive Team since the last meeting of the Board (in February 2023) and highlights key issues and developments for the Board to note.
2. **PLEASE NOTE:** Board Members are asked to let the Board Secretary (hannah.macleod@actuaries.org.uk) know **at least three days in advance** if there are aspects of the update paper that they would like to discuss, so that appropriate time can be allocated in the agenda and the appropriate member of the Executive team can arrange to attend the meeting. We would also be happy to answer any specific questions on the below topics via email.

### B: Key Developments and Updates

3. Following approval of the revised Disciplinary Scheme, which will come into force on 1 August 2023, a consultation on proposals for **consequential amendments to the Actuaries' Code** ran from 16 January to 15 April. The consultation responses will be brought to the Board to consider at its May meeting.
4. Following the Board's approval in November, the consultation on proposals for changes to the **Actuaries Code to introduce requirements on Diversity, Equity and Inclusion (DEI)** ran from 16 January to 15 April. Consultation webinars were held on 6 February and 29 March, with a total of 135 attendees. The consultation responses will be brought to the Board to consider at its May meeting.
5. **A DEI workshop** has been arranged for Board members on 16 May, aimed at supporting Board members in **their** DEI-related work and decisions. These are being run by an external provider and are designed to focus on the opportunities for individual members to promote DEI.
6. Although slightly delayed, work is continuing on drafting the Sustainability and Climate Change Guidance. An initial draft of the guidance has been produced, and we are now developing case studies with assistance from the Climate Change Regulatory Working Party. The guidance is expected to be published in the first half of 2023.
7. Following the recent consideration by the Board of proposals for a revised **Actuarial Profession Standard (APS) Z1 on Funeral Plans**, a consultation on the agreed proposals ran from 6

February until 8 May 2023. The responses to the consultation will be brought to the July Board for consideration.

8. Following a call for Feedback in May 2022, and subsequent [position paper](#) published in February, the FRC's Regulatory Policy team has advised that it intends to publish for **consultation a revised TAS 300: Pensions** during the course of May. Further details will be shared with the Board in the coming weeks.
9. Work continues to move forward with the launch of the new **UKPM**, with workshops on schedule to commence in mid to late Summer. A number of PC holders have now been recruited as volunteer facilitators, in roles across the specialisms, and training will be provided before workshops commence. It is hoped that bookings for the workshops will open in late May.
10. The new **Practising Certificates (PC) Scheme** has now been in effect for more than five months and close monitoring of the process continues. A range of positive and useful feedback on the new competency-based approach has been received, which will help to inform the post-implementation review commencing later in the year. There have been a small number of more difficult cases that have required some additional executive support and the Executive Team will continue to support the PCC while adapting to the new approach. In the first four months of the year, there have been 36 new applications, and 442 renewal applications under the new scheme. This compares to 32 new applications, and 452 renewal applications received during the equivalent period last year.
11. The **AMS Corporate Pensions** review report was published on 19 April and promoted via IFoA channels including a media release. Findings were presented at a specific webinar on 4 May and will be further promoted at other events over the coming months.
12. The **AMS Data Science** review is in scoping phase, and the AMS team are liaising with stakeholders, in particular FRC/GAD who are currently engaging with actuaries in a similar exercise. There is considerably heightened focus in this area, in particular in relation to AI. In addition to the planned thematic review activity, the Board horizon scan has been updated to flag this under an existing model and data risk. The Board is asked to consider steering the executive to carry out potential Risk Alert activity, and a potential deep dive, for the July Board meeting.
13. The review looking at how the Actuaries' Code informs the work of members carrying out work on **Liability Driven Investments (LDI)** is continuing. On 24 April, the [Financial Conduct Authority](#) and the [Pensions Regulator](#) published updated LDI guidance. At the time of preparing this update, the House of Commons Work & Pensions Committee, which has also been [conducting an inquiry into LDI](#), had not yet reported. The LDI review will be prepared in the context of this recent guidance and the Committee's report.
14. The **QAS DEI Specialist Review** is complete and the overall Specialist Report has been shared with accredited organisations. A Forum will be held later in the year to support accredited organisations in continuing to meet this outcome, specifically focusing on "speaking up without fear of retaliation".

15. Following the final meeting of the **Joint Forum on Actuarial Regulation (JFAR)** in December 2022, the Executive (with input from the Council-led Regulatory Strategy Steering Group (upon which Ben Kemp and the Chair sit) IFoA's Policy and Public Affairs team) has prepared an engagement plan for the different JFAR regulators. A copy of the plan is attached at Appendix 1.
16. **Audit, Reporting and Governance Authority (ARGA)**. An update on the legislative timetable for audit reform is not now anticipated until, at the earliest, the King's Speech in Autumn 2023. Notwithstanding the Executive Team continue its work to maintain awareness of the IFoA's position and to positively influence the reform agenda.
17. The **FRC** reporting process for the recently concluded **oversight period 22/23** has commenced and an early draft private report is currently being reviewed by the Executive. That private report will be made available to the Board as soon as possible, together with the anticipated public extract on actuarial oversight. The Executive Team is contemporaneously discussing **the FRC oversight priorities for the 23/24 period**. A full report will be in a future agenda
18. **Implementation of the IFoA's new CRM system** remains in full train, with a phased implementation strategy planned which would see the new system implemented over the summer through Autumn this year. Extensive testing is ongoing, with related impact on resource commitment across the business over this period.
19. New **Professional Skills** resources have recently been published and content can be accessed via the Professional Skills Hub on the IFoA's Virtual Learning Environment. Video topics include scenarios around a conflict of interest related to the principles covered in [APS P1](#); a Scheme Actuary pitching for a new Scheme Actuary appointment for a major client; and an actuary that is given a developmental opportunity but soon struggles to put the theory into practice.

### **C: Key Planned Activities for Next Period (Up to next Board meeting)**

20. In addition to work mentioned above, over the next period, we anticipate the following key activities:
  - i. Work to progress changes to the structure of Committees and Board reporting to the Regulatory Board (as agreed in principle at the Board's Strategy Day in September 2022)
  - ii. Work to begin on drafting non-mandatory guidance relating to DEI (including to support the anticipated Actuaries' Code requirements).
  - iii. Work to continue on the AMS thematic review in relation to data science (subject to discussions about overlap with FRC/GAD work).
  - iv. Work to commence on the next AMS thematic review in relation to pensions on divorce.
  - v. Work to continue on the LDI review.
  - vi. Begin implementation of new regulatory support process.
  - vii. Work to progress the planned review of APS X2: Review of Actuarial Work, and its accompanying guidance.
  - viii. Picking up again the possible interaction between QAS and PCs.
  - ix. Commencement of next Specialist Review, focusing on Development and Training for the period from 1 April 2023 to 31 March 2024.

- x. Begin work on review of DPB Handbook and processes.
- xi. Consideration of the FRC Consultation on a revised TAS 300 will commence once it is published in May.
- xii. Work is progressing with developing professional skills content for release in September 2023.
- xiii. Work to continue on the CPD post-implementation review, with the report scheduled for the July Board meeting.

**D: Appendices**

- Appendix 1: UK Actuarial Regulation Stakeholder Engagement Plan