

INSTITUTE AND FACULTY OF ACTUARIES COUNCIL MEETING MINUTES

Thursday 10 March 2022, 08.15 – 15.00 GMT
Via videoconference

Council Members Present:

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

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
Trevor Spires	Chair of Audit and Risk Committee (items 14-15 only)
Richard Evans	Audit Partner at Crowe (Internal Auditors) (item 14 only)
James Harrigan	Corporate Secretary
Ruby Fitzpatrick	Assistant Corporate Secretary

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 Sarah Neil and Maribel Vasquez Flores.

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, as well as the 2021/22 operating year, and priorities and outlook for the period ahead. Stephen highlighted the intensity of work in the last quarter, notably around public affairs, as well as the imminent introduction of the IFoA's new website, and the progression of IFoA's Property Strategy, which would be brought back to a future Council meeting.

- 4.2. Council asked questions around the changes that had been made following the imposition of lockdown two years ago, for example bringing exams online and online events and how they had been received by members. Stephen Mann confirmed that the online exams had been generally well received by students, and that online events had led to higher levels of attendance. Council members then asked about the intentions with regard to in-person events, Stephen Mann confirmed that the conferences were the only planned in-person events currently, in line with the Council agreed strategy but this would be kept under review and that an update would be given on the possibility of a small number of additional UK face to face events at the June Council meeting.
- 4.3. Council briefly discussed the IFoA's response to the war in Ukraine and expressed some reluctance to make political statements. Council **agreed** that recognising the situation for, and needs of, affected Members would be at the forefront of the IFoA's strategic response.

Action 1: Stephen Mann

Paper 01 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.
- 5.2. Amongst other points raised, Council members asked for confirmation that the recent expenditure on the exam delivery solution had been included in the budget for 2021/22. Grahame Stott confirmed that it had been included as a placeholder, having been approved by the Management Board as the estimated cost is below the threshold requiring Council approval.

Paper 02 22 noted.

6. Corporate Plan 2022/2023

Corporate Plan 2022/2023, and CRO's independent review of key risks

- 6.1. Stephen Mann presented 2022/2023 Corporate Plan to Council for its consideration. Immediately after Stephen Mann's presentation Charles Toomer presented his view of the key risks to the successful implementation of the plan.
- 6.2. In response to questions about the identified financial risk around demand for IFoA's examinations, Anne Moore confirmed that the number of exam bookings had been disrupted for the past few years by the introduction of the new curriculum in 2019 and then by the transition to online exams in April 2020 which made year on year modelling challenging. It was confirmed that additional work was being undertaken to ensure that the IFoA was able to better model the demand for its exams in the future through stronger engagement (with employers in particular).
- 6.3. Council members asked whether any of the technology upgrades that were scheduled for implementation during 2022/23 would enable better reporting against the Key Performance Indicators for this plan. Stephen Mann advised that better data from the organisation's incoming new Customer Relationship Management system would support better reporting to Council as it would capture more end-to-end journeys and provide some real time net engagement data. Relatedly, Council sought assurance on the IFoA's cyber security arrangements, particularly given the developing situation in Ukraine. Charles Toomer and Anne Moore provided details of the measures in place and the improvements planned for introduction in the near future.

- 6.4. A question was asked about the risks around IFoA's in-person conferences – in terms of financial impact in 2022/23 if they did not go to plan (i.e., attracting the anticipated number of attendees), what measures were in place to salvage that situation if it occurred, and what thoughts had been given to outer years in the scenario planning. Stephen Mann informed Council that these risks had been highlighted to Management Board when it agreed the Plan, but they were felt to be addressable and that the strengthened financial outlook for IFoA gave some protection on the downside. While the IFoA was reasonably confident on the projected numbers for these events, their success would be largely dictated by the success of the communications IFoA would put out to advertise them. It was confirmed that events in outer years had not been considered yet, but this could be picked up at Council's upcoming meeting, at which a review of the IFoA's events strategy (as signed off by Council in 2021) would be presented.
- 6.5. In conclusion of this item, the Chair noted that Council was broadly content with the Corporate Plan and had not raised any significant concerns about it but was mindful of the risks posed by inflation in both the short and long term.

Papers 03 22 and 04 22 noted.

7. Litigation Update

- 7.1. Ben Kemp updated Council on the current position with all ongoing litigation and related legal issues involving the IFoA, as well as setting out the approach taken in respect of communicating updates on these matters and how related correspondence is dealt with on Council's behalf.
- 7.2. Council members noted the report and thanked those IFoA employees involved in dealing with these matters for their work in this area. Council also noted the costs, both financial and (more notably) in terms of employees' time, of dealing with these matters, recognising that this was not an uncommon situation for regulatory bodies to be faced with. Ben Kemp confirmed that the IFoA has legal insurance, but noted that premiums and excesses would be affected by using it.
- 7.3. In conclusion of this item, Council members were reminded not to be drawn into discussions on these matters with complainants or other parties to any litigation, including on social media.

Paper 05 22 noted.

8. Learning Change Programme

- 8.1. Clifford Friend updated Council on the progress of the Learning Change Programme, which was noted to be a cornerstone of the IFoA's 2020-24 strategy and the first step in modernising and broadening the IFoA's qualifications and career-long learning
- 8.2. In response to questions around the IFoA's move to holding its examinations online, Clifford Friend informed Council that the move had been generally well received by students, and that exam pass rates had stayed broadly consistent with prior years, although it had become apparent that some candidates, particularly those overseas, had found it more difficult to adjust to the 'open book' aspect of online exams. Council discussed how this could be minimised with tuition, mentoring and guidance so that all students have the best quality exam experience. It was also confirmed that formal equality impact assessments are being carried out at each appropriate stage, both to

ensure fairness of treatment to IFoA's students wherever they sit their exams and to protect the position of the IFoA in relation to such matters.

- 8.3. Council discussed the future delivery of exams and what mitigations were planned to minimise inappropriate behaviour once exams were being sat in different time-zones. Clifford Friend acknowledged these concerns, particularly as regards objective-based assessments, but confirmed that one of the main advantages of the IFoA's incoming new online delivery solution for examinations was that the IFoA could, with a large enough bank of questions to draw from, move to those assessments not being identical for all students, thus minimising (if not eliminating entirely) the potential for collusion on exams. Clifford confirmed that during the transition period the IFoA would continue to closely monitor the integrity and fairness of the exams.

Paper 06 22 noted.

9. Member Survey 2021

- 9.1. Stephen Mann and Annette Spencer presented the headline results and next steps from the IFoA's 2021 Member Survey.
- 9.2. Council discussed the differences in responses between UK and non-UK based members. It was suggested that one potential reason for the difference was that during the pandemic non-UK members had more opportunities to engage with the IFoA through online events, whereas UK members did not have their usual access to in-person events. It was agreed that, as part of the upcoming events strategy review at a future Council meeting, options for limited regular (for example sessionals) and ad-hoc face-to-face events in the UK would be considered.

Action 2: Annette Spencer

- 9.3. Council noted the reported decrease in employer support for members, notably around preparation for exams, and agreed that this required closer exploration to understand its causes. It was confirmed that this would be investigated as part of the follow-up work on the survey responses. There was also some discussion around the question in the survey on 'likelihood to recommend' the IFoA, and the challenges of assessing responses to that question (given that some IFoA members are required to be members, because of the specific nature of the work they do).
- 9.4. Council discussed the importance of both long-term and short-term member benefits. It was recognised that although the survey results had identified some short-term actions that would likely increase members' satisfaction, there were long term actions, such as repositioning the profession and responding to the climate crisis, that were essential for the sustained success of the IFoA even if existing members did not immediately perceive the value of this work. It was recognised that while many existing members worked in traditional actuarial fields (and were busy in those roles), and thus understandably might not see the repositioning of the actuarial profession as an urgent priority, it should nevertheless remain a priority for the IFoA – recognising that our efforts here might land as readily with members as more tactical short-term actions.
- 9.5. Council was generally in agreement that a positive trend in overall member satisfaction was good but recognised that there were many factors that could lead to that trend reversing next year even if the IFoA achieved all it was setting out to do across the year, and that such a reversal should not inevitably lead to a negative view of the performance of the Executive over that period.

9.6. At the conclusion of this item Annette Spencer confirmed that the results of the Member Survey would be published in the coming weeks, in line with the communication plans set out in the paper for this item.

Paper 07 22 noted.

10. Consent Agenda

10.1. 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 24 November 2021**

The draft minutes were approved without amendment.

Paper 08 22 approved.

b) **Council's Action List**

Paper 09 22 noted.

c) **Council's Forward Agenda**

Paper 10 22 noted.

d) **SOA Analysis**

Paper 11 22 noted.

e) **Chartered Actuary Update**

It was agreed that a detailed proposal for the communication plan to persuade members to vote in favour of this matter, when it is brought to a formal member vote, would be brought to the next Council meeting.

Action 3: Stephen Mann/Annette Spencer

Paper 12 22 noted.

f) **Pre-Associate Credentials Update**

A Council member asked for clarification on the governance around qualifications and the delegation to Management Board. This was to be followed up offline by the Corporate Secretariat.

Action 4: Corporate Secretariat

Paper 13 22 noted.

g) **Strategic Initiatives Update**

Paper 14 22 noted.

h) **List of Decisions Out of Meeting**

This paper confirmed that no decisions had been taken out of meeting since Council's last meeting on 24 November 2021.

Paper 15 22 noted.

i) **Report of Audit & Risk Committee's meeting on 13 December 2021**

Paper 23 22 noted.

11. Death Announcements

- 11.1. Council members noted, with regret, those members who had died recently. Specific tribute was paid to Hugh McKee, Kiran Kamath, and Geoff Pollock.

Paper 16 22 noted.

12. Council Election Process

- 12.1. Tan Suee Chieh and James Harrigan presented Nominations Committee's recommended Task and Person Specification, and Fit and Proper Person Assessment Process and Guidelines, for the 2022 Council Elections. It was confirmed that following the changes made in late 2021 to Bye-laws 8 and 10 and Rules 2 and 4, regarding term lengths for Council members, the members required to retire from Council this year would be only those members who were due to complete the third year of their current term on Council (along with Tan Suee Chieh, whose term as Immediate Past President would be concluding).
- 12.2. After brief discussion Council approved the Task and Person Specification (subject to minor amendments) and the Fit and Proper Process Guidelines.

Action 5: Corporate Secretariat

Paper 17 22 approved, subject to minor amendments.

13. Governance Review: Introduction

- 13.1. The Chair introduced the next section of the meeting, which would cover the ongoing internal reviews into different areas of the IFoA's governance.

Paper 18 22 noted.

14. Governance Review: Risk Review

- 14.1. Richard Evans from Crowe, the IFoA's internal auditors, presented this item, which proposed a revised Risk Management Policy and Framework and supporting operating model for risk management within IFoA. It was noted that this proposal had been the focus of Council's 'Engagement sessions' that had taken place on 3 and 7 March. Trevor Spires also informed Council of the Audit and Risk Committee's discussions on the proposed Framework and related matters that had taken place at recent meetings of the Committee.
- 14.2. Council briefly discussed the proposed risk appetites and the potential for overlapping risks that would sit below them, which would need to be monitored. It was agreed that further work needed to be done on this and other areas, though recognising the need not to over-complicate matters given the relatively small size of IFoA as an organisation. Council members also discussed the proposed creation of a new 'Head of Risk' role and the reporting arrangements within that position.
- 14.3. At the end of this item Council approved the Risk Management Policy and Framework and supporting operating model for risk management within IFoA.

Paper 19 22 approved.

15. Governance Review: Audit and Risk Committee Review

- 15.1. Trevor Spires updated Council on the progress of the work of Audit and Risk Committee in considering elements of the IFoA's governance that fall within its remit. Of particular interest to Council were the Committee's discussions around how the IFoA might improve the clarity and robustness of its procurement processes, and the visibility of the Committee's work at Council (and how Council might take more assurance from the work that the Committee is doing. As part of the ensuing discussion, the visibility of Speaking Up and other policies was raised as well as the need for the Audit and Risk Committee to be independent of the Executive. Council also noted that the Committee's scrutiny of IFoA's financial reporting (including cash management) to Management Board and the Executive Leadership, and associated policies, had identified no gaps.

Paper 20 22 noted.

16. Governance Review: Management Board Committees/Practice Boards and Communities

- 16.1. Grahame Stott introduced this item, which invited Council to note and comment on:

- a) The decision of Management Board to create a sub-committee of the Board, the Practice Board Committee, which would be tasked with overseeing and supporting the IFoA's Practice Boards (and reporting to Management Board on the same);
- b) The proposed Terms of Reference for the Practice Board Committee, as tentatively agreed by MB;
- c) Proposed amendments to the 'Model Terms of Reference' for Practice Boards; and
- d) The circumstances in which Practice Boards may request to amend the 'Model Terms of Reference' to suit their own needs, and the process by which such a request should be considered.

Grahame Stott also updated Council on the progress towards identifying a digital platform for hosting the digital communities that each Practice Board would (pre previous discussion at Council) be expected to establish during 2022, and on the progress of Management Board's review of the effectiveness of its two other sub-committees, the Member Engagement Committee and the Skills & Domains Committee.

- 16.2. Council expressed broad support for the intended actions regarding IFoA's Practice Boards. Council members commented that the role of the Practice Board Committee should be to ensure effective two-way communication between the Practice Boards, Management Board and the Executive to enable them to work effectively and input to IFoA strategy when called on to. Grahame Stott informed Council that the majority of Practice Board Chairs were supportive of the planned move to digital communities as an alternative way for them to deliver the work they do, and of the proposed model Terms of Reference for their boards.

Paper 21 22 noted.

17. Governance Review: Council-Led Governance Working Group

- 17.1. Dermot Grenham updated Council on the work to date of the Working Group and its initial suggestions in those areas it had been focusing on – exploring how the IFoA's existing governance arrangements can be clarified to improve transparency and

decision-making, and how the IFoA's 'speaking up' mechanisms can be revised for clarity and so that they apply to all individuals engaged in any capacity with the IFoA.

- 17.2. Council was in general agreement with the direction of the Working Group's preliminary findings and initial suggestions, but the Chair (with Council's support) encouraged the group to go further in its considerations and present Council with more concrete, detailed proposals before asking Council for its input, to ensure that Council understood the issues fully and could contribute more constructively

Paper 22 23 noted.

18. Governance Review – Wrap up and next steps

- 18.1. The Chair asked Council for their feedback on the reviews holistically, identifying key themes and exploring how these might be taken forward, and what the next steps for this work should be. Key points raised were:
- a) It was suggested that Council should consider creating an overarching steering committee or working group, potentially reporting in to the Audit and Risk Committee or to Council, which would take responsibility for making clear how the various proposed actions, amendments and clarifications would be implemented, when and by whom.
 - b) Council confirmed that there was no appetite to undertake a major overhaul of IFoA's governance. It was recognised that lack of familiarity of the governance (which was noted to be quite complex for an organisation of IFoA's size) was part of the issue here. There was also some discussion of the merits of rules-based governance versus principles-based governance.
 - c) The Council-led Working Group was encouraged to seek to implement the recommendations where there was clear consensus that some action was desirable without material changes to the IFoA's Governance, and to put forward areas for deeper consideration by Council. The Council member induction process was identified as an example here, as was the work to revise the IFoA's Whistleblowing policy (and expansion into 'speaking up' considerations).

Action: Dermot Grenham

19. Any Other Business

- 19.1. There was no further business.

End.