



Regulatory Board

16 July 2024, 10:00-13:30

Virtually via Microsoft Teams

Attending	David Innes, Edwin Sheaf, Emma Gilpin, Helen Brown, Mike Smedley, Mitesh Soni, Neil Buckley (Chair), Nicola Williams, Oliver Bettis, Simon Martin, Sue Lewis
Apologies	David Broadbent
Executive	Alan Marshall (item 12), Ashley MacIntyre (Secretary), Caoimhe McDonagh (item 7), Cargill Sanderson, Caroline Winchester (item 11), David Gordon (item 11), Hannah Macleod (item 8), Karen Brocklesby (items 9 and 10), Kirsty Mill, Sam Condry (item 13), Serrina Galleymore, Stephanie McGowan (item 14)
Guests	Chantelle Findlow (FRC Professional Body Supervisor), Dawn Dickson (FRC Director of Professional Bodies Supervision) (both item 12 and observing), Kim Hopper (FRC Project Manager, Professional Bodies Supervision) (item 7), Pauline Gibson, Excel Coaching & Consultancy (observing), Sarah Hutchinson (Board of Examiners Chair) (items 9 and 10), Wendy Walford (Sustainability Board) (item 11), Zenaib Asif (FRC Ethics and Independence Apprentice) (observing)

1. Board Effectiveness [PRIVATE SESSION]

[Redacted]

2. Welcome and apologies

The Chair welcomed everyone to the meeting. The Chair thanked the FRC for their attendance and it was noted that Pauline Gibson, the external assessor, was also observing the meeting. Apologies were noted from David Broadbent.

3. Declaration of Conflicts of Interest

No conflicts of interest were declared.

4. Minutes and Actions

4.1 The Board discussed publication of the minutes and the redaction process. Timing of the publication of the minutes was also discussed. The Board approved the minutes of the 8 May 2024 interim board meeting, subject to a discussion in relation to the reference to the note from Council.

4.2 The Board approved the minutes of the 14 May 2024 meeting.

4.3 The Board noted the running actions.

5. Chair's update

The Board noted the update from the Chair.

The Board discussed what usually happened at Practice Board meetings, which included the Chair providing a regulatory update. The Chair endeavoured to provide a more detailed explanation of what happened at these meetings in future Chair updates.

The Board discussed the King's Speech to be delivered on 17 July 2024 in relation to the possibility of the Audit, Reporting and Governance Authority (ARGA) being raised and also discussed the Memorandum of Understanding (MOU) with the FRC. The Executive advised that discussions were ongoing with the FRC in relation to updates to the MOU and the FRC were preparing a first draft. The Executive advised that the Board would have the opportunity to comment on the revised MoU once issued. The Executive also noted that the proposals will be in relation to the FRC's oversight function and there is still to be a discussion with the FRC's Actuarial Regulation Team. However, for the purposes of the MOU discussions, it will be important to know if any legislation is proposed in the King's Speech. The Board also discussed whether the FRC Actuarial Regulation Team should attend a meeting of the Board.

The Board discussed the upcoming meeting between the Chair and the Diversity Action Group Chair in August 2024, and noted that Board members were welcome to attend this meeting.

Actions:

- Chair to include in their update a more detailed explanation of what happens when they attend Practice Board and subcommittee meetings.
- Chair and Executive to discuss if the FRC Actuarial Regulation Team should be invited to attend a future Board meeting.

6. Executive update

The Board noted the Executive update.

The Board discussed the IFoA organisational updates and the appointment of the new IFoA Board.

[Redacted]

The Chair advised that he is arranging regular meetings with Lord Currie, the Chair of the IFoA Board.

It was noted in relation to item 17 and the feedback on TAS 200, there remains an issue as to how the IFoA's feedback on FRC consultations is put in the public domain. It was discussed that although it is agreed IFoA responses are private, it is important that there is some form of public

expression so IFoA members know that the IFoA has responded to FRC consultations. The Executive will check that a response has been prepared and will be published.

Actions:

- The Executive to check that a response has been prepared and will be published regarding the FRC consultation on TAS 200.

FOR DISCUSSION

7. CPD Scheme

7.1 The Executive introduced the paper and sought approval for the proposed KPIs, the introduction of group Reflective Practice Discussions (RPDs), and the suggested changes to the CPD declaration process. As a recap, the Executive noted that in July 2023 the Board agreed to the Executive revising the existing KPIs following feedback from the FRC. It was further noted the proposed KPIs have now been prepared in collaboration with the FRC.

The Board's discussions included:

- The 100% target against some of the KPIs. The Executive advised that it had been quite considerate in setting achievable targets, and given the nature of the KPIs, considered the targets achievable.
- That group RPD's are only being used for newly qualified members. The Executive advised that when the group RPD's are first launched, it will begin with newly qualified members, but will expand to other types of members over time. The Board noted that it would welcome group RPDs being carried out with a wider group of people.
- That quite a high percentage of members asked to attend a group RPD trial did not attend. The Executive advised that the trial was optional, however when the next sample of members are approached, they will be told that this is a compulsory part by the CPD scheme, and attendance is expected.
- The opportunities for dovetailing the findings from the QAS review about development and training with group RPDs.
- The use of the term "affiliate" (post 27 January 2021).
- The distinction between 'input' and 'outcome' KPI's and plans for an impact evaluation. The Executive advised the if the revised KPIs are approved it would carry out a post implementation review, potentially after three years. The Board agreed with the three-year period. The Board had a wider discussion around setting KPIs and the public interest impact and agreed that it would be useful if the Executive could prepare a paper for either the November 2024 or February 2025 board meeting on how to assess the public interest impact using KPIs.

The Board approved the revised KPIs, the group RPDs and the changes to the CPD declaration process.

Actions:

- Executive to carry out a post-implementation review of the KPIs after three years.
- Executive to provide a paper on assessing the public interest impact using KPI's, for the November 2024 or the February 2025 Board meeting.
- Executive to discuss with the QAS committee, dovetailing the findings from the QAS review about development and training with group RPDs.
- The Executive to consider the use of the term "Affiliate".

BREAK 11:25 - 11:35

8. DEI

8.1 The Executive introduced the paper and noted that Council's mid-point review of the IFoA's DEI strategy was complete. The Executive further noted that the revised strategy was shared, confidentially, with the Board.

The Board discussed the changes made by Council to the DEI strategy. The Chair also noted that he had considered it appropriate to engage with Council so the Board could understand the intent behind the changes and also to understand when and how the changes would be communicated to members.

The Board discussed the consultation, including the types of questions that may be useful and the reasons why members may not support changes to the Code. The Executive advised that it would prepare questions to be included in the consultation and share these with the Board for review.

The Board agreed, having seen the changes made by Council to the IFoA's DEI strategy, to proceed with the consultation on the DEI guidance and publish the consultation at the end of August/beginning of September.

Actions:

- The Executive to provide the Board with the guidance and consultation, including the consultation questions, for review prior to publication.
- The Board to confirm to Council how it will proceed in relation to the DEI consultation.

9. Exam standards

9.1 The Board noted the exam standards paper, which provided an update on the use of data to analyse variances in exam pass rates. The Board discussed the relevant types of data, including gender, location and educational background.

The Chair queried where the data and analysis would be in the next six to twelve months. The Executive indicated that in six months it would expect to have a smarter report as there would be more data to analyse. In 12 months, the Executive expected to be able to take a view on the type of data available and whether there was a requirement for additional data to be collected.

The Board discussed that it would be useful to have information regarding universities' exam standards versus IFoA exams. The Executive indicated that going forward, the Executive could provide data about whether those that had studied actuarial science at university had joined the IFoA and how they had progressed through the IFoA exams.

The Board discussed topics where there were notable differences in pass rates from year to year. The Executive explained it followed processes and procedures where there were variances in pass rates between sittings. **[Redacted]**.

Actions:

- The Executive to provide the Board with data regarding universities' exam standards versus IFoA exams, in the form of data about whether those that have studied actuarial science at university join the IFoA and how they progress through the IFoA exams.

10. Board of Examiners Annual Report

10.1 **[Redacted]**

11. Key focus risk – HS01 climate-related risk

11.1 The Executive introduced the paper on Horizon Scanning Register entry HS01. The Executive thanked the Horizon Scan sub-group of SL, MS and OB for helping to put together the paper. The Executive further noted that this remains an exceptionally important area for the Board to consider.

Wendy Walford (WW) introduced the paper provided to the Sustainability Board on policy and regulatory developments around climate change and encouraged the Board to review the paper. Wendy thanked Caroline Winchester for her work on the paper.

WW noted the IFoA's existing work in this area including the climate statement, the non-mandatory guidance for actuaries regarding climate change and the risk alert issued earlier this year. However, WW also wanted to flag to the Board the series of papers that have been commissioned on the Emperor's New Climate Scenarios, the Climate Scorpion and Capital Budgeting, which are useful thought pieces and explain the full spectrum of risk that the financial system is exposed to. WW also noted the Government's Green Finance Strategy as being incredibly relevant to actuarial work and flagged the acceleration of policy in relation to the interdependence between nature and climate change.

The Board were invited to give any thoughts and feedback.

The Board's discussion included the following:

- The 'inevitable policy response' which means that it is inevitable, and to be expected, that climate related policy and regulation will change and get stronger in the next few years.
- There is likely to be an increased focus on the Government's Green Finance Strategy with the new Government.
- The under-estimation of the climate related risk.

- Potential future work for the Board in relation to climate change, including considering climate change and the Actuaries' Code, understanding how actuaries are working in practice in relation to climate change and thinking about communications to actuaries.
- The quality of work and approach by actuaries in relation to climate change.

The Board provided a steer on the climate related risk. The Chair noted that there was a desire from the Board to look further at what the Board is doing in relation to climate change. The Chair asked the Executive to consider options for the Board in relation to climate change, including thematic reviews, other regulatory tools available to the Board, and evidence that the Board may need to consider further work.

Actions:

- Executive to consider options for the Board in relation to climate change, including thematic reviews, other regulatory tools available to the Board, and evidence that the Board may need to consider further work.

12. FRC – oversight report

12.1 The FRC gave a presentation on the latest developments in professional body supervision, which included a recap of professional bodies supervision teams' responsibilities, information on a new approach to working with professional bodies, an overview of the FRC's supervision work at the IFoA and information on the road ahead.

The Board were invited to give any comments on the report to the IFoA on the FRC's oversight activities in 2023/2024.

The Chair noted the useful comments on the relationship between the FRC and the IFoA and thanked the FRC for their attendance.

FOR NOTING ONLY

13. DPB Annual Report

13.1 The report was noted [Redacted].

14. Practising Certificates Post Implementation Review

14.1 It was agreed that this review would be considered at the next Board meeting, to allow sufficient time for consideration.

15. Standing items

15.1 Learning Group update

The Board noted the report.

15.2 Horizon scanning register

The Board noted the horizon scanning register.

15.3 Standards grid

The Board noted the standards grid.

15.4 Forward agenda

The Board noted the forward agenda.

15.5 Board Members' tenure

The Board noted the Board Members' tenure.

16. AOB

The Board discussed circulating the meeting agenda for comment further in advance of each meeting. The Executive noted that the forward agenda circulated with the board papers should also assist with meeting planning.

Dates of Future Meetings

- 24 September 2024 (Strategy Day, in person, venue TBC)
- 19 November 2024
- 18 February 2025
- 14 May 2025 (in person, venue TBC)
- 16 July 2025
- 24 September 2025 (Strategy Day, in person, venue TBC)
- 18 November 2025