

**INSTITUTE AND FACULTY OF ACTUARIES
COUNCIL MEETING
DRAFT MINUTES**

Wednesday 15 September 2021, 08.15 – 15.00 GMT
Via videoconference

Council Members Present:

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

In Attendance:

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|------------------|-----------------------------------------|
| 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 |
| Stephen Redmond | Chair of Disciplinary Committee |
| James Harrigan | Corporate Secretary |
| Ruby Fitzpatrick | Assistant Corporate Secretary |

PART 1 – INTRODUCTION AND PROTOCOLS

1. Introduction and Apologies

- 1.1. The Chair welcomed everyone to the meeting, in particular those members of Council who had been elected, or re-elected, at the AGM in June: Hannah Coleman, Charles Cowling, Michelle Darracott, Hitesh Shah, Sunil Sharma, Malcolm Slee, Nick Spencer, Mark Williams, and Masimba Zata. Each attendee was invited to briefly introduce themselves.
- 1.2. Apologies were received from Council member Sarah Neil, and from newly-elected Council member Patrick Kelliher.

2. Registration and Declaration of Interests

- 2.1. Item 13 – CAA Global: Anne Moore and Ben Kemp declared interests as directors of CAA Global.

3. Council Ways of Working 2021-2022

- 3.1. The Chair introduced this item, which outlined how Council was expected to operate during the 2021-2022 sessional year and invited feedback from Council on those expectations. The principles were accepted as set out without substantive comment.

Paper 38 21 noted.

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, its priorities and outlook for the period ahead, and its current performance against stated objectives.
- 4.2. Council members noted the progress made to date in delivering the IFoA's 2020-2024 strategy. Recognising that the IFoA was pursuing an ambitious transformation programme, Council members queried the process by which priorities would be identified if limited resources became an issue. Stephen Mann advised that the Executive were primarily responsible for ensuring that the 'running order' of priorities was arranged correctly, with Management Board having oversight of the operational delivery of that work, and escalating matters to Council where appropriate.
- 4.3. On the issue of the UK Government's ongoing review of actuarial regulation in the UK, Stephen Mann advised that Council would shortly be asked to participate in some scenario modelling and strategic thinking around the various potential outcomes of the review. The potential impacts of the review's conclusions on the IFoA and its members were noted.
- 4.4. It was agreed that in future reports, the number of IFoA members who had defaulted on their membership would be shown as a percentage figure, for greater context.

Action 1

Paper 39 21 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, and which asked Council to note and comment on the proposed key areas of focus for the Board in the next year.
- 5.2. A number of questions were asked about ensuring that IFoA has access to the right skillsets to be able to deliver the various elements of its transformation agenda, and about the robustness of internal processes, such as procurement, that would support the delivery of this work. It was confirmed in response that work was in progress to identify the gaps in IFoA's existing skillsets, and then commit to addressing them promptly. Details were given on IFoA's procurement process and related activity, and how these are regularly reviewed and audited, as well as the specific steps taken and being taken to ensure that the ongoing improvements to IFoA's IT infrastructure were being robustly managed and overseen at all levels.
- 5.3. In response to a question about the degree of priority being given to the IFoA's international members, Grahame Stott noted that this had been the subject of recent discussion at the Management Board, and that work to identify and develop a sustainable membership model was beginning to take shape. It was noted that this work, alongside wider questions of how to implement the IFoA's international strategy, would be brought to the Board and to Council over the course of 2022.
- 5.4. Concerns were raised that any judgement on the performance of the Executive should not focus too narrowly on the targeted increase in the IFoA's Net Engagement Score (NES) for members, in case good progress made was not reflected by that metric. Grahame Stott acknowledged this point but expressed confidence, shared by the Executive and Council, that a number of good initiatives were already underway that were taking the IFoA in the right direction on this front, and would hopefully be reflected by an increase in the NES.

5.5. In response to questions about the IFoA's Gender Pay Gap report for 2020/21, it was explained that while the headline figures for the report did not look good, this was a consequence of the IFoA having (a) a rigid pay structure within which male and female employees are paid exactly the same if doing the same role, and (b) having many more females than males employed in lower grade roles. It was agreed that the report would be shared with Council members in correspondence for their information, and that Council would welcome a more holistic view of how diversity was managed within IFoA as an employer once the planned colleague survey in this area was complete.

Action 2

5.6. In conclusion of this item, The Chair confirmed Council's satisfaction with the Management Board's proposed areas of focus in the next 12 months, and expressed thanks to the Executive for their continued good performance and progression of the IFoA's transformation agenda.

Paper 40 21 noted, and areas of focus for Management Board in next 12 months confirmed.

6. Chief Risk Officer's (CRO) Report

6.1. Charles Toomer presented this item, which invited Council to consider his opinion on the key risks facing the IFoA and to discuss further the latest version of the in-development Council risk appetite framework.

6.2. Key points raised in the discussion of this item are summarised below:

- a) In response to an observation that the content of this report focused on 'big picture' risks and did not address the more detailed risks the IFoA might face, concerns were raised that the IFoA's Audit and Risk Committee was also unable to provide positive assurance that these matters were being given appropriate scrutiny, as its oversight role precluded it from going into that level of detail. This was acknowledged to be a shortcoming in the IFoA's current risk arrangements, and it was anticipated that an internal audit review currently being carried out by the IFoA's appointed internal auditors will identify actions to fill those gaps.
- b) A concern was raised that the content of this report on risks currently outside of tolerance was difficult to reconcile with the content of the CEO's report on the same matters. It was agreed that the two reports needed to complement each other more in future, whilst recognising that they serve different purposes and are produced from different perspectives.

Action 3

- c) It was noted that the report read as being the CRO's view on those risks that were outside of tolerance, rather than the CRO's assessment of whether management's view of those risks was reasonable, and whether the actions in place to manage or mitigate them were sufficient. This would be addressed in future reports.

Action 4

- d) In response to a question about the lessons learned from the IFoA's response to the Covid-19 pandemic, it was agreed that a timeline for the intended review in that area would be set in the near future. It was also requested that any lessons learned from the four internal reviews the IFoA had already undertaken in respect of its response to Covid-19 (in relation to Finance, IT, Exam Delivery, and People Wellbeing) be shared with Council members for their information and learning.

Actions 5 & 6

Paper 41 21 noted and feedback given.

7. Net Engagement Score Update

- 7.1. Stephen Mann presented this item, which provided Council with an update on the progress made since Council's last meeting towards creating a positive shift in IFoA members' perception of the organisation, as primarily to be measured by an increase in the IFoA's Net Engagement Score, and on what the main areas of focus for this work will be in the coming months. On the latter point, it was confirmed that a broader implementation plan for the coming 18 months would be in place by October 2021.
- 7.2. Council members asked for information on any trends in members' satisfaction scores (notably between those IFoA based in the UK and those based overseas), and what the reasons for those variations might be. It was noted in response how the headline trends identified in the results of past member engagement surveys had influenced the work being done in this area, though it was confirmed that much of the IFoA's recent activity had a heavier focus on ensuring equal access all members irrespective of their geographical location.
- 7.3. In response to questions from Council members about the IFoA's plan for making members aware of the changes (both made and planned) and keeping them engaged, it was highlighted that the IFoA had recently initiated its 'New World, New Thinking' campaign and would imminently publish its inaugural Impact Report. Noting a concern that members' experience to date might not have been exactly what was promised to them, Stephen Mann confirmed that the intention was to assure members that the IFoA was listening to their concerns and focusing its efforts on those areas that will have the most effect or benefit for members. Stephen also emphasised the need to make members aware that the changes made so far were only a taste of what was to come.
- 7.4. On the issue of monitoring progress against overall objectives, it was confirmed that the annual member engagement survey would be sent out in the coming months. It was agreed that the Executive should explore the possibility of carrying out additional 'cross-section' member surveys a couple of times per year, in order to monitor movement in the Net Engagement Score more regularly.

Action 7

- 7.5. In conclusion of this item, the Chair acknowledged that an improvement in the Net Engagement Score was an overly simplistic proxy for establishing whether the IFoA's transformation agenda was successfully improving the totality of members' experience of and satisfaction with the organisation, as ultimately intended. However, it was also acknowledged that, insufficient as it was, the NES was nevertheless a necessary method of measurement. The Chair encouraged Council members to share details with fellow IFoA members of the work planned and of that already delivered, to increase awareness of all the IFoA is doing for its members in this area.

Paper 42 21 noted.

8. Disciplinary Board

- 8.1. Stephen Redmond presented this item, which invited Council to approve the Annual Report of the Disciplinary Board for the period 1 March 2020 to 31 May 2021, and which provided Council with an update on the embedding and future focus of the new Disciplinary Committee within the IFoA's new regulatory governance arrangements, notably its review of the IFoA's Disciplinary and Capacity for Membership Scheme. In giving his introduction, Stephen Redmond paid tribute to colleagues working in support of the Board for keeping its work going during the Covid-19 lockdowns.

- 8.2. A Council member expressed disappointment that despite previous requests, the Board's Annual Report did not differentiate between cases involving actuaries based in the UK and actuaries based overseas, both in terms of understanding the statistical data and in how the IFoA's approach to discipline varies in those geographic regions. Stephen Redmond acknowledged this point and advised that this was being picked up by a Working Party within the Scheme review, and that there would in future be a fuller breakdown of accessibility to the Scheme. Ben Kemp added that the Report did provide some statistical data on cases in different countries, which showed that the majority of cases relate to the UK, but noted that while the Scheme is applied the same way in principle to all members, there was evidently greater knowledge of it in the UK than elsewhere.
- 8.3. Council members asked a number of questions about the statistical data in the Report. In response to a broader question about the robustness of the Board's operational oversight arrangements, Stephen Redmond summarised the key elements of those arrangements and expressed his view that the IFoA's arrangements were as good as any other regulatory body.
- 8.4. In conclusion of this item Council approved the Disciplinary Board's Annual Report for publication on the IFoA website, with one objection noted. The Chair expressed thanks on behalf of Council for the work of the Board and its successor Committee, and noted Council's interest in seeing the outcome of the Scheme review.

Paper 43 21 approved.

9. Criteria for removing or suspending Honorary Fellows

- 9.1. James Harrigan presented this item, which asked Council to approve the proposed criteria for removing or suspending Honorary Fellows (for compliance with Bye-law 37 of the IFoA's constitution, which requires such criteria to be published on the IFoA's website), and the process by which such matters would be considered.
- 9.2. Following a brief discussion Council approved both the proposed criteria and supporting process, noting as it did that the circumstances in which Council would need to consider using them would, in all likelihood, very rarely occur. Council also briefly considered the value that the IFoA obtains from its Honorary Fellows, to which it was noted that some appointees in recent years had contributed valuably to the IFoA's Thought Leadership and Public Affairs activities.

Paper 44 21 approved

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 17 June 2021**
- The draft minutes were approved, subject to one minor amendment that would be made by the Corporate Secretary before publication.

Action 8

Paper 50 21 approved.

- b) **Council's Action List**

Paper 51 21 noted.

c) Recent decisions made by Council out of meeting

- The appointment of Alan Rae as the Scottish Board's representative on Management Board for a one year term
- The appointment of Sunil Sharma as a Council member representative on the Life Practice Board, for the remainder of his current term on Council.
- The appointment of Maribel Vasquez Flores as a Council member representative on the Pensions Board, for the remainder of her current term on Council.
- Approval of the recommendation to the Regulatory Appointments Committee that Matt Saker should be appointed as the Council member representative on the Regulatory Board, for a period for one year.
- Approval of the recommendation to Management Board to appoint Masimba Zata to the IFoA Foundation Board of Trustees, for the remainder of his term on Council.

Paper 52 21 noted.

d) Thought Leadership Update

Paper 53 21 noted.

e) Council's Forward Agenda

Paper 54 21 noted.

11. Death Announcements

11.1. Council members noted, with regret, those members who had died recently. Specific tribute was paid to John Hylands, who was noted to have served in a number of volunteer roles for both the IFoA and for the Faculty of Actuaries prior to its merger with the Institute.

Paper 45 21 noted.

12. Diversity, Equity and Inclusion (DEI) Five-Year Strategy

12.1. Stephen Mann presented this item, which invited Council to provide feedback on the latest draft of the IFoA's DEI Strategy, which was being designed for IFoA's members, colleagues and other stakeholders.

12.2. A wide range of views and opinions were shared in the discussion of this item, including those summarised below:

- a) That IFoA needed better demographic data on its members in order to provide a robust insight into the profession, and to be able benchmark against other organisations, which was a prerequisite before seeking to have external influence in this area.
- b) That IFoA needed to be clear about what it wanted to achieve in this area, and why that would be beneficial to the organisation – and relatedly, to identify areas of priority focus within the various different aspects of DEI, and then identify specific narratives to address or targets to achieve within that focus area.
- c) That the delivery of IFoA's new approach to events should be explored through the lens of DEI, and ensure that it was succeeding in increasing inclusivity and accessibility to the widest range of members (in terms of timing and content, for example).

- d) That attracting diversity of mindsets into the profession was essential to the IFoA's future.
 - e) That IFoA should explore supporting its members in DEI training, to widen their knowledge and experience of it.
- 12.3. In drawing the discussion to a close, the Chair noted that Council members' views on this subject ranged widely from strongly supporting the taking of an ambitious stance and encouraging the IFoA to actively look to influence others, through encouraging the IFoA to address its own shortcomings first, to questioning the degree of priority this work should be given.
- 12.4. In conclusion of this item, Stephen Mann highlighted the following:
- a) Council's feedback was taken as being broadly supportive of the direction of this work, but with more detail needed on what the implementation of the strategy would look like.
 - b) It was essential to ensure that the 'pipeline' into the actuarial profession was as wide as possible, and while it was not yet clear how the IFoA would look to achieve this, it was clear that this would need to be a long-term consideration for the organisation, not something to be dealt with as a quick fix.
 - c) The IFoA needed to develop an action plan for this work that looked at it through a global lens, to make sure that it captures the perspective of members wherever they are based in the world.
 - d) A DEI survey would be issued to IFoA members later in the year, and Council members were encouraged to do all they can to ensure a high response rate.

Paper 46 21 noted and feedback given.

13. CAA Global: Lessons Learned

- 13.1. Stephen Mann introduced this item, which summarised the lessons learned by the IFoA from its experience with the CAA Global joint venture, following its recent closure to new entrants as agreed by Council at its meeting in June.
- 13.2. In response to questions from Council members around the reputational impact of the closure, Stephen Mann confirmed that there had been very little comment on social media or other platforms about the decision, and that only a small number of refunds had been issued. Some Council members were worried that this could impact members' faith in future initiatives, to which it was agreed that any such initiative in the future would need to be launched with certainty and confidence in its success.
- 13.3. Council discussed the academic level of the CAA qualification, it was thought it had been aimed too low. It was suggested that further initiatives aimed at early career development should be fully integrated into the qualification system to avoid being seen as a lowering of the standard of the IFoA's education.
- 13.4. Council members underlined the importance of ensuring that future initiatives were resourced sufficiently to succeed, and that potential for failure was spotted quickly and acted upon. Council was supportive of new initiatives, encouraging a 'fail fast' approach but mindful of the potential for some members to be affected negatively (and emphasising the importance of assisting those members as much as possible).

- 13.5. In conclusion of this item the Chair acknowledged the value of this report, and suggested that similar 'lessons learned' exercises be carried out upon the conclusion of other initiatives, including those that had been successful.

Paper 47 21 noted.

14. Regulatory Outlook – Verbal Update

- 14.1. The Chair presented this item, which updated Council on the latest position with IFoA's continuing engagement with the UK Government on the ongoing review of actuarial regulation in the UK consultation following the release of the whitepaper.
- 14.2. Council agreed that it was important for the IFoA to remain positively and constructively engaged with the Government and other influential stakeholders whilst continuing to await the outcome of the consultation. It was agreed that appropriate contingency planning work should also continue, and it was noted that Council would be asked to engage in that work in the coming months. The importance of ensuring consistency of message across the IFoA was noted, and Ben Kemp assured Council that all efforts had been made to ensure that coordination.

15. Strategic Initiatives

- 15.1. The Chair presented this item, which updated Council on the progress that had been made following strategic decisions made by Council over the past two years.
- 15.2. Council briefly discussed the consultation on changes to the Actuaries' Code following the recommendations of the IFoA's Climate-related Risks Taskforce. The Chair encouraged organisations and members in their individual capacity to submit responses to the consultation so that a range of views would be represented.
- 15.3. One Council member requested that the IFoA consider increasing the number of local events put on for members in overseas regions, to enable IFoA members in that area to network again, either in person or online. It was noted that such activity would be consistent with the lenses of global influence and member value, through which it had previously been agreed that the IFoA's international strategy would be developed.

Paper 48 21 noted.

16. Council Focus Points 2021-2022

- 16.1. The Chair introduced this item, which invited Council's feedback on the proposal that Council should primarily focus its attention during this sessional year on those areas where activity was already underway to deliver the IFoA's agreed strategic objectives, and which would have significant implications for the IFoA's members, including:
- a) Improving the membership Net Engagement Score, through supporting and overseeing the successful implementation of the IFoA's Corporate Plan.
 - b) Continuing to explore our future regulatory strategy, including (as noted for item 14 above) engaging with the UK Government on the ongoing review of actuarial regulation in the UK and making preparations for its potential outcomes.
 - c) Developing the IFoA's Diversity, Equity and Inclusion strategy (as noted at item 12).
 - d) Progressing the ongoing internal review of the future shape of the IFoA's Practice Boards, and their role in acting as a conduit to the IFoA's membership.
 - e) Exploring what a long-term sustainably membership model for the IFoA might look like, and how it might work in all the countries the IFoA operates in.

16.2. Council agreed that it should focus on the areas proposed. A number of additions, amendments and nuances to these areas of focus were suggested; the Chair confirmed that these would be taken into account and, as appropriate, incorporated into Council's forward agenda for the coming year.

Paper 49 21 feedback given.

17. Any Other Business

17.1. Stephen Mann informed Council that the IFoA would be launching its inaugural Impact Report later in the week, and that more information would be given to Council members following the launch.

End.