



Regulation Board

1 July 2020, Time: 10:00 – 13:00

By videoconference

Attending:	Neil Buckley, Chair Andy Rear Ben Kemp Edwin Sheaf Frank Devlin Jerome Kirk Marcia Cantor-Grable Mark Stocker Matt Saker Melanie Puri Nicola Bevan Shane O'Dea	Apologies:
Executive Staff:	Emma Gilpin Elena McLachlan (Secretary) Leisha Watson Judith Joy Stephanie Snowden (item 7) Gina Thomas (note taking) Alan Marshall (item 6) David Gordon (item 6)	
Invitees:	Erica Nicholson and Rory O'Brien, FRC (observing and to speak to item 10)	

Item	Title	
1.	Welcome / apologies	
1.1		The Chair welcomed everyone to the meeting. It was noted that this would be the final Board meeting for Jerome Kirk (JK), Mark Stocker (MS) and Andy Rear (AR), whose terms were about to come to an end. The Chair extended a special welcome to Erica Nicholson (EN) and Rory O'Brien (RO) from the FRC. EN and RO were attending to observe the meeting and to answer questions on the FRC's private oversight report (paper 10).
2.	Declaration of Conflicts of Interest	
2.1		There were no declarations of interest relevant to the business of the Board.

Item	Title
3.	Minutes and Actions
3.1	<p>The Minutes of the Board's meeting on 14 May 2020 were approved. Some minor corrections had already been proposed offline and a further draft circulated to the Board in advance of the meeting.</p>
3.2	<p>The actions were noted.</p> <p>It was suggested that for the next Board meeting (i) it would be helpful to have updated indicative timescales; and (ii) <i>*redacted due to confidential content*</i></p> <p>The Board discussed the upcoming recruitment of new lay members. Some concern was expressed that the changing balance of lay and actuary members would likely result in the loss of certain actuarial expertise on the Board.</p> <p>It was explained that a mapping exercise would be carried out to ensure the Board had the right balance of expertise. It would be difficult to cover every practice area because of the range of work carried out by actuaries but where necessary external views and advice could be sought from relevant experts. It might also be that the new lay members could bring expertise on matters such as education where it perhaps hadn't been possible before.</p> <p>It was suggested that to aid the recruitment process a meeting should be set up between the Chair and the lay members of the Board to obtain feedback on key considerations for recruiting lay members.</p> <p>Actions:</p> <ul style="list-style-type: none"> • Indicative timescales to be added to action note • <i>*redacted due to confidential content*</i> and • Meeting to be set up for Chair to obtain input from lay members of the Board in relation to the lay recruitment.
4.	Note from the Chairman
4.1	<p>The Chair's summary of recent activities was noted.</p> <p>It was clear that the post-Kingman consultation would not be published until at least late autumn. There would be further discussion at the strategy day about the Board's view on what the optimum oversight arrangements would be.</p> <p>It was confirmed that Management Board had agreed the Board's proposal to alter its composition to a 50/50 lay/non-lay split. A recruitment exercise would commence in due course. It was queried whether the strategy day was the most appropriate setting for new Board members to attend as their first meeting. It was agreed however that new members would bring a fresh perspective to the Board and that the strategy day was a good opportunity for them to take stock of the Board's direction of travel rather than diving straight into Board business.</p> <p>The Board discussed the induction process for new members and whether there should be a more formal process for members who had not worked with the IFoA before. It was agreed that there should be an induction process that worked for everyone but that could be tailored as required. This should be shared with the Board at a future meeting.</p>

Item	Title
	<p>The FRC's plans to convert Actuarial Council into an expert panel were noted. It was suggested that it would be useful to have an organogram showing the structure and make-up of the actuarial policy and oversight functions within the FRC.</p> <p>The Board discussed the point raised at Actuarial Council about the regulation of funeral plans. It was explained that there were only around 20 actuaries working in this area and that the IFoA, FRC and JFAR had all looked extensively at it already, particularly in relation to the role of actuaries carrying out valuations for trust-based funeral plans (TBFP). What they had found was that although actuaries had a specific role they had limited powers. The IFoA had advocated that TBFPs should fall within the regulatory parameters of the FCA as it had the power to hold providers to account. The current proposal (recently consulted upon) was the FCA would regulate this area.</p> <p>It was agreed that TBFPs should be added to the horizon scanning register with a note explaining this background and the reasons for the Board's position.</p> <p>Actions:</p> <ul style="list-style-type: none"> • Executive to share induction process for new members at a future Board meeting. • Executive to share organogram showing structure of FRC actuarial policy and oversight functions. • TBFP to be added to the horizon scanning register.
5.	Note from the Executive
5.1	<p>The Board was invited to comment on the update on the recent work of the IFoA Executive Team, as summarised in paper 4.</p> <p>Some highlights from the report were: the publication of the new CPD Scheme, the annual report of the QAS Sub Committee and the recently published 2020 JFAR risk perspective.</p> <p><i>New CPD Scheme</i></p> <p>The Board asked whether there had been feedback following the launch of the new Scheme. It was confirmed that there had been a few specific questions, for example about non-practising status, but there had not been much in the way of feedback so far.</p> <p>The Board discussed engagement with large employers. It was important that they were up to date with the requirements and how to facilitate reflective practice discussions.</p> <p>It was explained that there was a plan to do targeted outreach with employers and that case studies and video examples would be prepared to help members and employers understand what discussions should look like and the type of questions that might be asked.</p> <p>There was some concern expressed about the unintended consequences of the new CPD Scheme, for example how it might impact on the larger IFoA conferences. It was noted that this had been discussed at previous meetings and that this was not really a matter for the Board, which was focussed on the appropriate regulatory approach, and that there was a specific work stream within the IFoA tasked with looking at the IFoA's future approach to its events. The IFoA was also engaging with employers about that.</p>

Item	Title
	<p>It was also noted that there would still be a CPD obligation that members would have to fulfil and the QAS pilot had demonstrated that members weren't doing any less CPD when hours requirements were relaxed. The Executive was speaking to colleagues in the communities team about future conferences and looking carefully at what members could expect to get out of them rather than just focusing on hours.</p> <p>The Board discussed the KPIs developed for the new Scheme. It was queried whether the second KPI, which measured reduction in the volume of CPD activities, was at odds with the spirit of the new Scheme. It was explained that while the new Scheme was steered more towards reflective practice and a broader range of activities to ensure more meaningful CPD, it was still an hours based Scheme, and the KPIs reflected that.</p> <p>It was agreed an update would be provided to the Board in advance of the new CPD Scheme coming into effect, to include the finalised KPIs and details of the employer engagement that had taken place over the summer and as well as information about what else was planned.</p> <p><i>QAS Sub-Committee Annual Report</i></p> <p>The Board noted the annual report of the QAS Sub-Committee. The Board extended its thanks to the Sub-Committee for their informative report.</p> <p>Action</p> <ul style="list-style-type: none"> • Update to be provided in advance of new CPD Scheme taking effect, to include finalised KPIs and engagement with employers on new CPD Scheme.
6.	AMS Thematic Review Topics

6.1

The Executive introduced paper 5 which sought a steer from the Board on a longlist of topics for 2021 thematic reviews under the Actuarial Monitoring Scheme's (AMS) Thematic Review Programme.

It was explained that each potential review topic had been prioritized according to a range of measures, the most important being the public interest. The AMS Team had also looked at the topics from the perspective of member involvement and whether they would generate an interesting thematic review both in terms of the number of members involved and how engaged they were.

The Board discussed the shortlist of topics.

- It was queried why data science was not included as a stand-alone topic. It was explained that while it was not specifically on the list it was something that played a part in a number of topics which looked at how data was being used.
- It was pointed out that economic scenario generators (ESG) and catastrophe (CAT) modelling were two areas that didn't necessarily rely on actuarial expertise. It was explained that the focus of these reviews would be to look at the actuarial involvement in these areas and how actuaries treated non-actuarial input in terms of compliance with the TASs etc.
- It was suggested that some of the topics on the longlist were already well sighted by other regulators (e.g. longevity, ESG and CAT modelling). It was queried whether the IFoA could get a lot out of those reviews or add value.
- Some members said they saw the value in carrying out a review of corporate pensions advice; others identified Part VII transfers as a potential topic.
- It was noted that another tool at the AMS Team's disposal was Category C monitoring (data gathering). Questionnaires could be issued to explore what activity was going on in a particular area and determine if it was worth carrying out a review.
- It was agreed that regulatory overlap shouldn't necessarily preclude a topic from being chosen as sometimes another regulator's scope might be much broader and gaps could exist in terms of the actuarial aspect of an area of work.
- It was noted that the topics appeared to fall into two broad categories; institutional or individual. It was agreed that neither category should be ruled out and that a more subjective test needed to be applied to each of the proposed topics taking into account the information available about the issues prevalent in each of the areas highlighted and where it was felt the IFoA could add value.

Action:

AMS Team to review longlist of topics in light of Board feedback and provide shortlist of topics at Board's strategy day in October.

Item	Title
	<p>Review of PC regime and Practice Modules</p>
7.1	<p><i>Practice Modules</i></p> <p>The Executive introduced a paper on proposals on the future of the UK Practice Modules (UKPMs). The Board had previously set up a Working Party (WP) to look at the existing UKPMs, which tested members' knowledge of UK regulation/practice. The WP was a joint collaboration between the Board, the IFoA Regulation Executive, the Lifelong Learning Board and the IFoA Education Executive.</p> <p><i>*redacted due to confidential content*</i></p> <p>Decision:</p> <p><i>*redacted due to confidential content*</i></p> <p><i>Practising Certificates (PC) Review</i></p> <p>The Executive introduced a paper updating the Board on the progress of the review of the PC regime. It was explained that the project was in the initial information gathering stage and that the Executive had been engaging with different focus groups, each of the relevant UK regulators that oversaw roles that had a PC attached to them as well as other user groups and individuals who had experience of the PC process (covering both those who currently held PCs and those who had been refused PCs in the past).</p> <p>The next step was to develop and test some high level proposals with focus groups, regulators and users and then come back to the Board later in the year for a decision on proposals for consultation.</p> <p><i>*redacted due to confidential content*</i></p> <p>Actions:</p> <p>Executive to consider the Board's feedback in developing proposals for approval to go to consultation.</p>
8.	<p>Review of APS P1</p>

Item	Title
8.1	<p>The Executive introduced paper 8 which sought approval of a revised APS P1 which set out ethical obligations for members working in the area of pensions. The proposal had been developed by the Pensions Standards Committee.</p> <p>It was explained that the revised APS P1 aimed to provide a more streamlined and clearer standard for Members operating in the pensions practice area. It took into account the recent changes to the Actuaries' Code, extended the scope to those advising employers and clarified that 'in-house' advisors were also covered by the standard.</p> <p>The draft standard had been shared with the FRC, the Pensions Board and the Society of Actuaries in Ireland who had all provided comments and were largely content with the draft.</p> <p>The Board discussed the timing for consultation. It was agreed that the current Covid-19 situation should not delay the consultation as waiting for things to go back to normal could result in the revised standard being delayed for a very long time.</p> <p>Decision:</p> <p>The Board approved the draft APS P1 for consultation, subject to further refinement to take account of comments from the FRC and other interested parties. Consultation to be published as soon as it is ready.</p> <p>Action:</p> <p>Executive to refine the draft standard and proceed to consultation.</p>
9.	Ethical Data Science Guidance

	9.1	<p>The Board considered paper 9 which provided an update on the development of specific guidance for Members on the ethics of Data Science, following on from the joint work with the Royal Statistical Society (RSS).</p> <p>The draft had been developed by the Regulation Executive, with input from practitioner members of the IFoA Data Science Member Interest Group (MIG) and Education Executive (who developed the IFoA Data Science Certificate). Its purpose was to provide Members with practical and ethical guidance on their professional and regulatory obligations in relation to data science. The Executive was developing material for the guide on how the FRC's TASs might be considered in a data science context. Detailed case studies were also being developed for inclusion.</p> <p>The following comments were made in relation to the guidance:</p> <ul style="list-style-type: none">• It was queried why the guidance was being described as data science when it covered practices that actuaries had been doing for many years. It was suggested that the Executive should consider ways to ensure it was clear the guidance had a wider application than only those working in data science.• It was also suggested that the 'Integrity' section (2.3.4-2.3.6 of the draft guide) should be expanded to include the outcomes and consequences of using data improperly and potentially link the speaking up elements of those issues.• It was queried whether the case study on virtual assistants was realistic. Although it was flagged by some practitioners that this was happening already in some countries. <p>Decision:</p> <p>The Board approved the guidance in principle, subject to further refinements in light of the Boards comments and the inclusion of additional illustrations and case studies.</p> <p>Action:</p> <p>Executive to refine and finalise the guidance for publication.</p>
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Item	Title
10	FRC Private oversight report
	<p>10.1 EN introduced the FRC's private oversight report which covered the IFoA's regulatory activities for the period 2018/19. The FRC's approach to oversight was based around deep dives into specific areas as well as other ongoing oversight activities, including following up on any recommendations made as part of those deep dives.</p> <p><i>*redacted due to confidential content*</i></p> <p>The Chair thanked EN for attending.</p>
	Standing Items Standing Items
	<p>11.1 Horizon Scanning Register</p> <p>The horizon scanning register was noted.</p> <p>A few comments had been received offline in advance of the meeting. It was agreed a meeting would be arranged with a subset of the Board to discuss the detail of the register and the process by which changes were reflected in the register and recorded. Consideration should also be given to whether the AMS Team's register of review topics detracted at all from the horizon scanning register and how the two dovetailed together.</p> <p>Action:</p> <p>Executive to set up meeting with Chair and volunteer members of the Board.</p> <p>11.2 Forward Agenda for 2020/2021</p> <p>The forward agenda was noted.</p>
	<p>11.3 Board members tenure</p> <p>The paper was noted.</p>
12.	AOB
	<p>12.1 The Board discussed the Covid-19 Taskforce set up by Council which had begun work on a number of workstreams. The Executive was in the process of identifying those with a public interest aspect that ought to be brought to the attention of the Board. It was also considering the Taskforce's interaction with an external Covid-19 group which was not affiliated with the IFoA to ensure synergy as far as possible.</p> <p><i>*redacted due to confidential content*</i></p> <p>The Chair concluded the meeting by thanking AR, JK and MS for agreeing to extend their tenure to allow them to attend that day's meeting and also for their service over the past 6 years. All had been excellent Board members who had thought diligently about the public interest and had made substantive and valuable contributions to the Board.</p>

Item	Title	
		<p>Action:</p> <ul style="list-style-type: none"> • Executive to report back to the Board on the work of the Covid-19 Taskforce. • Executive to arrange for pensions expert to speak to the Board about superfunds and other emerging funds. • <i>*redacted due to confidential content*</i>
12.	Dates of future meetings 2020/21	
	12.1	<p>1 October 2020 (Strategy Day) –(1000-1430) 17 November 2020 – London (1000-1430) 2 February 2021 – London (1000-1430) 5 May 2021 - London (1000-1430) 28 July 2021 - London (1000-1430) 29 September 2021 – Edinburgh (1000-1430) 10 November 2021 - London (1000-1430)</p>