

INSTITUTE AND FACULTY OF ACTUARIES COUNCIL MEETING MINUTES

Thursday 10 September 2020, 09.00 – 15.00 BST
Via videoconference

Council Members Present:

Tan Suee Chieh (President and Chair)

Kelvin Chamunorwa	Dermot Grenham	Alan Rae	Peter Tompkins
Cherry Chan	Jennifer Hartley	Andrew Rear	Maribel Vasquez Flores
Charles Cowling	Keith Jennings	Craig Ritchie	Steven Yu
Mahidhara Davangere	Prosper Matiashe	Matt Saker	Cynthia Yuan
Marian Elliott	Mukami Njeru	Kalpana Shah	
Gilli Engel	Louise Pryor	John Taylor	
Richard Galbraith	Danny Quant	Kartina Thomson	

In Attendance:

Grahame Stott	Chair of Management Board
Stephen Mann	Chief Executive Officer
Clifford Friend	Director of Engagement and Learning
Ben Kemp	General Counsel
Anne Moore	Director of Finance and Operations
Sarah Sim	Director of Markets Development
Annette Spencer	Director of Public Affairs and Research
Charles Toomer	Chief Risk Officer
Kate Shasha	Chief of Staff
Simon Wilson	External Facilitator
Neil Buckley	Chair of Regulation Board (Item 7 only)
Helen Wright	Chair of Lifelong Learning Board (Item 8 only)
Andrew Smith	Member of the Learning Committee (Item 8 only)
Paul Woodgates	PA Consulting (Item 8 only)
Nick Spencer	Chair of Sustainability Board (item 10 only)
James Harrigan	Corporate Secretary
Ruby Fitzpatrick	Assistant Corporate Secretary

PART 1 – INTRODUCTION AND PROTOCOLS

1. Introduction and Apologies

- 1.1 Tan Suee Chieh welcomed everyone to the meeting. He emphasised to Council that the IFoA had an ambitious agenda for the year, building on the work that he and the other members of the Presidential Team had undertaken over the past two years to encourage change in the IFoA: to a) ensure that the voice of the membership was heard, b) to focus on Members' needs and c) the delivery of the Vision, Skills Mindsets and Domains strategy. The Chair saw this year as an opportunity to accelerate that work, building on the success of the past year with the support of the CEO and the Chair of Management Board.
- 1.2 The Chair reminded Council members of the Rules of Engagement for Council Meetings.

- 1.3 As this was the first Council meeting for many of the Council members elected at the AGM in June, everyone in attendance was asked to introduce themselves.
- 1.4 Apologies were received from Council members Laura Andrikopoulos, Patrick Lee, Sarah Neil, and James Tufts.

2. Registration and Declaration of Interests

- 2.1 No declarations of interest were made.

3. CEO Update

- 3.1 Stephen Mann presented an update to Council covering both the key areas of the Executive's focus since the last Council meeting, and what the main areas of focus (and anticipated risks) would be ahead of Council's next meeting in November. Key points arising from the discussion of this item were as follows:

- 3.2 Exams

In response to questions about the April 2020 diet of examinations, Stephen Mann explained the steps that had been taken to ensure that the short-notice transition to online testing was delivered effectively, and it was confirmed that feedback from candidates and examiners had been largely positive. It was confirmed that the September 2020 diet of examinations would be fully open book, with retuned papers (in comparison to the restricted open book examinations in April). The need to stay vigilant against plagiarism and other exam-related misconduct was acknowledged.

- 3.3 Events

Stephen Mann explained that a strategic review of the IFoA's events provision would be carried out, with the drivers for that review being member satisfaction (content and quality) and financial (in the light of challenges arising from the cancellation of in-person events due to Covid-19, notably large events such as the GIRO and Life Conferences due to Covid-19). It was confirmed that short-term measures would be put in place around events for the remainder of the current financial year. In response to questions from Council members on chargeability of webinars, the Chair reiterated the urgency of the Proposition work being led by the Executive to develop an events model which all could subscribe to, pending the current transition arrangement and confirmed that the Management Board would be scrutinising the review, Both Management Board and the Executive were aware of the issues raised by Members with regards to webinar fees.

- 3.4 People

Council Members asked what actions were being taken to support, and ensure the wellbeing and motivation of employees. Stephen Mann acknowledged in response that every employee's experience of the current situation was coloured by their own personal circumstances and by the transformation work ongoing within the IFoA. It was recognised that continued engagement with employees during this period would be essential, as would providing as much certainty for people as possible within uncertain times. On a practical level, it was noted that the IFoA had invested in equipment to support working from home for an extended period. Council members were encouraged to communicate directly with the Executive to compliment, encourage and show their appreciation for their work.

3.5 Priorities and Operational Risk

Council members expressed concern at not having sufficient visibility of the work being undertaken as part of the IFoA's transformation programme, and how that work was being prioritised (and related risk assessments). Stephen Mann agreed to share further information with Council on the progress of those workstreams, and confirmed that Management Board would be looking at both prioritisation of that work within the 2021/22 Corporate Plan, and key arising risks, at its upcoming strategy day in October.

Action 1 (Workstreams info): CEO
Action 2 (Priorities, Risk): MB Chair

4. Management Board Update

4.1 Grahame Stott presented an update for Council on the activity of the Management Board (the Board) since Council's last meeting. The main areas of focus of the discussion of this item were:

4.2 Prioritisation

Council members continued to express concerns around the capacity of the organisation to deliver against its Corporate Plan. Council members saw possibility for reputational damage to the organisation if not managed effectively, with appropriate prioritisation of work within the Plan. It was confirmed that Management Board would discuss this in detail over the next few months, ahead of providing Council with clearer information on what it saw as the operational priorities for the organisation within its Corporate Plan for 2021/22 (as agreed in Action 2 at 3.5 above).

4.3 Risk

Some Council members were uncomfortable with the IFoA's overall risk rating of 'dark amber' (as articulated in the update reports of both the CEO and the Chief Risk Officer). Grahame Stott confirmed that this was reflective of the major external risks to the organisation (e.g. Covid-19 and Brexit) rather than a conscious decision by the IFoA to accept a higher level of risk in seeking to deliver on its priorities. It was confirmed that Management Board would give further thought to developing a 'pathway' to reducing the overall risk rating, which would be shared with Council for its comfort at Council's next meeting.

Action 3: Grahame Stott

Paper 41 20 noted.

5. Consent Agenda

5.1 The President invited Council to note, approve where appropriate and (by exception) comment on the items in the consent agenda for this meeting:

a) **Minutes of Council's meeting on 4 June 2020**

Paper 48 20 approved.

b) **Chief Risk Officer's (CRO) Report**

It was suggested that the CRO's report should in future be summarised within the update from the CEO and Chair of Management Board, with that update also responding to any key findings and recommendations made by the CRO.

Action 4: CEO, Charles Toomer

Paper 49 20 noted and steer given.

- c) **International Strategy – Update on progress with market planning**

Paper 50 20 noted.

- d) **Management Board Objectives for 2020/21**

Paper 51 20 approved.

- e) **Council’s Action List**

Paper 52 20 noted.

- f) **Council’s Forward Agenda**

Paper 53 20 noted.

- g) **Council Dashboard**

Paper 54 20 noted.

- h) **Note of decisions taken in correspondence since last meeting**

Paper 55 20 noted.

6. Death Announcements

- 6.1 Council members noted, with regret, those members who had died recently.

Paper 42 20 noted.

7. Corporate Boards & Practice Boards Governance Review

- 7.1 The Chair introduced this item, summarising how the shortcomings of the IFoA’s Governance processes had been identified during the course of his time on Council, including through the external Governance Review that was undertaken in 2018. He outlined how the ongoing project to reform the IFoA’s governance had developed so far, and emphasised a need for a change in the mindset and culture of the IFoA to enable it to deliver VSMD and Member Value Proposition at pace going forward.
- 7.2 Grahame Stott then presented this item, which (a) invited Council to note the progress made to date on the review of the governance around the IFoA’s Corporate Boards and Practice Boards (and related topics), and (b) asked Council to approve in principle proposed changes to the IFoA’s regulatory governance arrangements.

Regulatory Governance

- 7.3 Neil Buckley, Chair of Regulation Board, was welcomed to the meeting.
- 7.4 Grahame Stott explained the intention to establish a new, single Regulatory Board that would consolidate the functions of the current Regulation Board and Disciplinary Board, as well as incorporating the public interest regulatory aspects of the Lifelong Learning Board’s current remit. Council members noted the anticipated benefits of moving to this

new model, including more effective engagement with the Financial Reporting Council (FRC), and were broadly supportive of the direction of travel. The need to give proportionate focus to non-UK regulatory issues was highlighted (given that half of IFoA's members are based outside the UK and that the FRC is focused only on the UK).

Governance of Corporate Boards and Practice Boards, and Thought Leadership

7.5 Council members noted the progress to date of the review. Key points arising from the discussion were as follows:

- Council members generally agreed that the governance arrangements for the Boards were not working well and needed to be changed, but cautioned that the tactical solutions being trialled and developed in the short term should not stray too far from existing governance and inadvertently expose the IFoA to any increased risk as a result. Concerns were also raised about the timing of any changes (with Council members noting the risks inherent in progressing these changes alongside other organisational priorities), and it was emphasised that any such changes should be made to enable the implementation of the IFoA's strategy, not distract from it.
- A number of suggestions were made on: improving the visibility of Practice Boards and the work they do; improving communication between Practice Boards and both (a) other bodies within the IFoA's governance arrangements and (b) to the wider membership; and simplifying the way in which a wider range of individuals can contribute to thought leadership. It was agreed that clearer and more proportionate governance would underpin the ability to make such changes and more effectively leverage the contributions of volunteers.
- It was proposed that strategic ownership of Data Science, and a focus on how to capture the consideration/implications of actuarial risk that retail consumers are exposed to, needed to be picked up in the course of the review.

7.6 In conclusion of this item Council **approved in principle** the direction of Regulation Board. A further detailed plan would be presented for Council's approval in due course.

Action 5: Chair and MB Chair

Paper 43 20 noted and approval given.

8. Visions, Skillsets, Mindsets, Domains (VSMD)

8.1 Helen Wright and Stephen Mann presented this item, which sought Council's approval of (a) the high level recommendations of the Learning Committee following its review of the IFoA's learning offering, and (b) the proposals for ongoing governance, oversight and implementation of those recommendations. In introduction, Stephen Mann emphasised a number of key considerations that had informed the Learning Committee's work:

- The importance of retaining the 'essence' of an IFoA actuary;
- The need to clearly understand 'what success looks like' in implementing the recommendations, and how this would be measured; and
- Recognising that while the risk of maintaining the status quo could not be tolerated, there was also risk in developing and implementing a new approach – but plans were in place to mitigate those latter risks.

8.2 Council members were strongly supportive of the proposals. Key points arising from the discussion of this item were as follows:

- The importance of cultural change, and in particular of gaining buy-in from long-standing members to encourage them to develop a habit of lifelong professional learning, was recognised to be essential to the success of this work. It was recognised that the recommendations being presented were merely the first steps on a long journey towards embedding those changes for the future benefit of the profession.
- Some Council members emphasised that the move to a more agile form of assessment must not come at the cost of lowering standards. In response to this, it was explained that the intention of the changes was to maintain and enhance standards, while ensuring that the actuaries of today can be equipped with the skills necessary to work in the actuarial world of tomorrow.
- It was recognised while that the IFoA's current learning offer was not 'wrong', it was designed for a world that no longer existed, and thus needed to change. It was agreed that the IFoA's curriculum needed to be forward-looking and relevant, and flexible enough to allow new areas of opportunity to be grasped quickly. It was also agreed that the changes to the curriculum and the increased emphasis on lifelong learning needed to be seen as beneficial not just to members, but also to people who use actuaries in both traditional domains and wider fields.
- Questions were asked about how the IFoA could measure the success of the proposals once implemented. Traditional suggestions included feedback from members, employers and regulators, along with analysis of the number of new members who were enticed to join the IFoA. It was also suggested that the implementation of a more flexible and modular approach to learning should soften the boundary between pre- and post-qualification learning – for example, by enabling and qualified Fellows to take the same courses as Student members following a particular pathway to qualification, if those courses were of interest.
- Council members supported the idea of delivering a symbolic, eye-catching initiative in the short term to demonstrate to both the IFoA membership and the wider world that the IFoA was repositioning itself and the profession. It was agreed that the initiative needed to be light-touch given the various competing priorities, but would still need to have substance and consequence.
- It was agreed that having coherent themes within the IFoA across learning, research, and thought leadership would help the organisation present a unified vision of what the IFoA is doing, and what it thinks its members should be doing.

8.3 In conclusion of this item Council:

- **Approved** the Learning Committee's recommendations; and
- **Authorised** Management Board, the Lifelong Learning Board, and the Executive Leadership team to develop operational plans and begin the process of their implementation.

Action 6: MB Chair, CEO

Paper 44 20 approved.

9. Purpose and Values of the IFoA

- 9.1 Stephen Mann presented this item, which invited Council to give feedback on a draft version of the IFoA's purpose statement and its organisational values. The values were noted as being applicable to the standards and practice expected of the Executive of the IFoA and its volunteers (with a separate work stream to define the purpose and values of the wider actuarial profession).
- 9.2 The Chair advised Council that the organisational purpose and values would be owned by the CEO and his Executive team but subscribed to by all IFoA volunteers, so in this regard, enrolling volunteers groups will be helpful. He explained that the work to define the purpose and values for the Profession would be a key element of the discussion at Council's Away Day in November, before the next Council meeting, and work would explore how to blend the traditional actuarial values (integrity, trust, cautiousness, accuracy, and consistency) with the new mindsets and values of curiosity, courage, imagination, adaptability and the learning mindset that would be needed by the actuaries of the future. The Chair emphasised that the Purpose and Values of the IFoA and those of the Profession needed to complement and mutually reinforce one another, and as such would serve as a successor to the 'Vision for the Actuarial Profession in the Year 2020' document jointly produced by the Institute of Actuaries and the Faculty of Actuaries back in 2000.
- 9.3 A number of specific comments were made on how the purpose statement could be improved and made more inspiring, to make it more distinctive and bespoke to the actuarial profession and more aligned to the culture of the actuary that the IFoA was looking to define as part of its member-centric strategy work, whilst remaining succinct, anchored to the key focuses of the IFoA (both present and future intended), and consistent with the IFoA's Royal Charter objectives. It was suggested that the Executive engage with some of the IFoA's boards and active volunteers to obtain their input and (ultimately) support for this work.
- 9.4 In conclusion of this item Stephen Mann and the Chair thanked Council for its feedback, and confirmed that the Executive Leadership Team would develop several alternative versions of the purpose statement and values based on that feedback, on which Council would be invited to comment further ahead of an agreed and finalised version being presented to Council's meeting in November 2020.

Action 7: CEO

Paper 45 20 noted and steer given.

10. Climate-Related Risk at the IFoA: Taskforce Report

- 10.1 Nick Spencer, Chair of the Sustainability Board, was welcomed to the meeting.
- 10.2 Louise Pryor presented this item, which provided Council with the final report of the IFoA's Climate Related Risk Taskforce. The key points in the following discussion were:

Ownership and Accountability

- 10.3 Council expressed the need for clear accountability for the recommendations made in the report. It was agreed that effective delivery of the recommendations would require work across the organisation to take place quickly, and holistic oversight would be required.

10.4 Council members generally saw a need for urgency in moving forward with the report's recommendations, given the potential for this to be an area where actuaries could add value. It was noted in that regard that companies' boards were being forced to consider the potential effects of their decisions on the environment, and regulators including the FRC were beginning to issue guidelines.

Education

10.5 There was discussion around the creation of a stand-alone credential similar to the recently-introduced Data-Science certificate, alongside ensuring that newly-qualified actuaries had a basic level of competence to be able to advise on climate-related risk where appropriate. It was agreed that, as with other major risks, some actuaries would focus on climate related risk more than others, but all should be aware of them.

Wide-Ranging Incorporation

10.6 Members of Council saw climate-related risk as something that needed to not be looked at in isolation but incorporated across all of the IFoA, and agreed it was important that the momentum and support continued. On this and any other matters relating to this work, Nick Spencer invited Council members to contact him and/or the Sustainability Board to help implement and maintain the necessary pace and urgency of this work.

10.7 In conclusion of this item Council:

- **Endorsed** the report of the taskforce;
- **Adopted** the goal that climate related risk is understood and considered by our members in the same way as other major risks; and
- **Empowered the Management Board** to take action, as detailed in the report, to integrate the report's recommendations into the IFoA's Corporate Plan for 2021/22 and require periodic progress updates.

Action 8: CEO and Grahame Stott

Paper 46 20 approved.

11. Council Objectives

11.1 The Chair presented his proposed objectives for Council for the 2020/2021 session.

11.2 Council members asked questions about the IFoA's interaction with other actuarial societies. It was confirmed that the IFoA works with a number of associations around the world where appropriate.

11.3 A short update was given on the progression of the Chartered Actuary proposal. Council members were reminded that once the timetable for progressing the matter to a vote of the membership was more clearly understood, it would then be incumbent on each Council member to take the message out to the wider membership and explain the benefits of the proposal, to ensure that it was in the best position possible to be approved when voted on.

11.4 In conclusion of this item Council **approved** its objectives for the 2020/2021 Council session.

Paper 47 20 approved.

12. Any Other Business

12.1 None raised.

End.