



**INSTITUTE AND FACULTY OF ACTUARIES
COUNCIL MEETING**

APPROVED MINUTES

Date: 23 May 2018
Time: 09:30-16:00 BST
Place: Hilton Brighton Metropole

Council Members Present

Marjorie Ngwenya (President and Chair)			
Nico Aspinall	Dermot Grenham	Hilary Salt	John Taylor
Chantal Bray	Andrew Hitchcox	Edwin Sheaf	Perry Thomas
Kelvin Chamunorwa	Keith Jennings	Matt Saker	Michael Tripp
Jules Constantinou	Patrick Lee	Malcolm Slee	Elliot Varnell
Stephen Cunningham	Bruce Porteous	Paul Sweeting	Haijing Wang
Colum D'Auria	Louise Pryor	Kartina Thomson	Alan Watson
Lee Faulkner	Alan Rae	Tan Suee Chieh	Colin Wilson

In Attendance

Derek Cribb	IFoA, Chief Executive
Anne Moore	IFoA, Chief Operating Officer
Clifford Friend	IFoA, Director of Engagement and Learning
Ben Kemp	IFoA, General Counsel
Sarah Sim	IFoA, Director of Markets Development
Annette Spencer	IFoA, Director of Public Affairs and Research
Alan Whalley	Chair, IFoA Management Board
Ian Farrer	IFoA Chief Risk Officer
Nick Dumbreck	Master of the Worshipful Company of Actuaries (item 4 only)
Peter Shearer	IFoA, Corporate Governance Consultant
James Harrigan	IFoA, Assistant Corporate Secretary

CLOSED SESSION OF COUNCIL

Members of Council only held a confidential discussion prior to the meeting.

PART 1 – INTRODUCTION AND PROTOCOLS

1. Introduction and Apologies

- 1.1 The President welcomed attendees to the meeting. Apologies were received from Council member Andrew Slater, and Iraj Amiri, Chair of the IFoA's Audit and Risk Committee.

2. Registration and Declaration of Interests

2.1 Declarations of interests were made by Louise Pryor, Kelvin Chamunorwa and Keith Jennings in relation to the item under Any Other Business concerning Council Elections, as they were standing for re-election to Council. Alan Watson also declared an interest in this item, as the proposals therein potentially stood to affect his position as a member of the Scottish constituency whose term as a Council member would end in 2019.

3. Adoption of Consent Agenda Rule

3.1 The President introduced this item with a view to the consent agenda being adopted in future and this was agreed. A note on how the consent agenda would operate in practice had previously been circulated to Council members.

3.2 All items on the consent agenda were noted:

- Item 1 – Update from the President: the President provided an update on the progress that had been made on the activities undertaken under her Presidential theme of ‘Advancing the Profession’, along with her reflections of her year in office.
- Item 2 – Casualty Actuarial Society Proposal: Council **approved** (with one vote against) the recommendation not to enter, at this time, into a joint venture with the Casualty Actuarial Society related to its Certified Specialist in Predictive Analytics programme.
- Item 3 - Nominations Committee report to Council
- Item 4 - Council Effectiveness Review Preparation
- Item 5 – Death Announcement of Members: while remembering all those who had died Alan Rae paid particular tribute to Michael Doerr whom he had known personally.

Papers 35 18; 37 18; 38 18 and 39 18 noted.

Paper 36 18 approved.

PART 2 – ANNUAL ITEMS

4. Update from the Worshipful Company of Actuaries

4.1 The President welcomed Nick Dumbreck, the Master of the Worshipful Company of Actuaries who gave a presentation on the Worshipful Company’s work and promoted a walk for charity it is organising.

4.2 In answer to a question Nick indicated they had made presentations at a number of leading universities in the UK and had offers to make presentations to others which had not yet been taken up.

4.3 The President thanked Nick for his presentation.

PART 3 – GOVERNANCE AND ASSURANCE

5. Role of Council, Management Board and Executive Team – Recommended Ways of Working

- 5.1 Chantal Bray and Hilary Salt introduced this item and thanked all who had been involved in the project group, which had focused on clarifying the responsibilities of the IFoA's Council, Management Board and Executive, and then exploring how these bodies could work together more effectively.
- 5.2 Council endorsed the project group's work and the proposed solutions to the issues it had identified. It was agreed that an implementation group would be set up to help put those solutions into action. Council Members Chantal Bray, Michael Tripp, Matt Saker, Perry Thomas, Alan Watson and Kartina Thompson volunteered for the implementation group, and it was requested that two members of the Executive join the group as well.
- 5.3 Other key issues arising during the discussion of this item were as follows:
- There was a feeling across Council that it did not have a 'voice' on certain issues; this was beyond the remit of the project group but would need to be explored in due course.
 - Improving communication channels and building greater understanding of the IFoA's key decision framework were felt to be key in building trust between Council, Management Board and the Executive. It was noted that there had been considerable change across the organisation in recent years, and that a period of stability now would assist in developing a clearer understanding of each body's roles and responsibilities.
 - There was broad support for Council to spend one day per year focused on strategy, to supplement the dynamic review of strategy facilitated by the quarterly deep dives into the IFoA's Corporate Boards.
 - The induction programme for members (which was noted to be open to existing members as well as new members) would be a valuable tool for building understanding, and could benefit from both expansion (to incorporate non-executive director training) and restructuring from an annual event to a rolling programme that could be synchronised to Council meetings.
 - It was suggested that a pulse survey is taken now, and then again in 2019, as a means to measure the progress and impact of the measures taken under this project.
- 5.4 In conclusion, Council thanked Chantal, Hilary and the members of the project group for their efforts and asked that the implementation group provide regular progress updates at future meetings.

Action 1 – Project Implementation Group

Paper 27 18 and appendices noted, and recommendations approved.

6. Items Approved Between Meetings

6.1 The following items of business were approved by Council between meetings:

- Minutes of the Council meeting held on 31 January 2018
- Minutes of the extraordinary Council meeting held 19 March 2018
- Minutes of the President-elect election meeting held 19 March 2018
- The appointment of Fiona Morrison to the IFoA's Disciplinary Appointments Committee

PART 2 – 2017/18 STATUTORY ACCOUNTS

7. Update from the Chair of Management Board

7.1 Alan Whalley, Chair of Management Board, gave an update on the business which the Management Board has been concerned with recently.

7.2 Alan Whalley noted that Alan Rae, Dermot Grenham, Andrew Slater and John Taylor would all be attending Management Board's full day meeting in Edinburgh on 20 June 2018 as observers, and encouraged Council members to observe the Board's future full day meetings (the next in London being on 6 September 2018).

7.3 In relation to the changes to the IFoA's governance structure, as discussed by Council at its meeting in January 2018, it was noted that Derek Cribb would be stepping down as Chair of the Policy and Public Affairs Board and becoming Chair of the Markets Development Board, which had now been populated with the exception of a place reserved for a South Asian member.

7.4 It was confirmed that the IFoA's draft Financial Statements would be presented for approval by Management Board at its forthcoming meeting on 29 May. It was noted that these documents had been distributed to Council members for comment, albeit with a tight timescale, for which the Chair of Management Board apologised.

7.5 Management Board was in the process of carrying out its annual effectiveness review and the Chair encouraged members to participate. A reminder email would be sent in the coming days.

Action 2 – Corporate Secretariat

7.6 Management Board had undertaken a deep dive of the Research and Thought Leadership Board (RTLb) at its meeting in April. It was noted that Management Board had hoped to see more progress on sustaining a greater degree of research funding from external sources going forward. However, it was accepted that this would be difficult to achieve until the quality of the outputs from that research was established and respected.

7.7 It was noted that staff engagement and turnover remained matters of concern to Management Board, and had been discussed with the IFoA's Head of HR at its meeting in March 2018. The increase in turnover was consistent with other organisations and had been exacerbated by the restructure undertaken in 2017. Staff had raised concerns in their annual survey about IFoA being a good place to work, and about their talents being used – this would be an area of focus going forward.

- 7.8 In conclusion the Chair of Management Board welcomed Annette Spencer and Sarah Sim to their new roles as Head of the Public Affairs and Research Directorate, and the Markets Development Directorate respectively. It was announced that the positions of Chair of the Audit and Risk Committee and of the Research and Thought Leadership Board were currently being advertised. Staff were also being recruited for the Markets Development Directorate.
- 7.9 In response to a question about who is responsible for the IFoA policy and public affairs activity outside the UK, Derek Cribb agreed to put the matter on the agenda of Policy and Public Affairs Board to consider what the right level of engagement was and how it might be executed.

Action 3 – CEO

8. Report from Chair of the Audit and Risk Committee

- 8.1 In the absence of the Chair of the Audit and Risk Committee, Andrew Hitchcox (Council member and member of the Committee) presented this report.
- 8.2 Concerns were raised about the proposal to reappoint haysmacintyre as the IFoA's external auditors, given the length of time they had already served in that capacity. It was agreed that the rationale for the recommendation needed to be stronger. It was confirmed that a more detailed paper regarding the proposed reappointment would be circulated to Council after the meeting, and that members would be welcome to provide further feedback on the proposal in the light of that paper.

Action 4 – Corporate Secretariat

It was also agreed that a detailed brief explaining the proposal should be produced for the Annual General Meeting.

Action 5 – Corporate Secretariat

- 8.3 A question was raised in relation to deep dives and who decides which aspect of the organisation to audit at any particular time – it was reported that this is generally a conversation between the internal auditors and the Committee to develop an ongoing plan, and this approach was felt to be working well.
- 8.4 In response to questions about the role and function of the Audit and Risk Committee, it was explained that the Committee reports to the Management Board but is at liberty to escalate matters to Council if it is not satisfied with the Management Board's response. The Committee can also take matters up with the Executive as it sees fit, and at each meeting it has been the practice for the Chair to give members of the Committee the opportunity to raise any issues that they feel should be raised with Management Board in the Chair's update to the Board.

Paper 28 18 noted.

PART 4 – STRATEGY AND STRATEGY LINKED DECISIONS

9. Key Strategic Questions for the IFoA

- 9.1 Council was divided into three groups to discuss the following questions:
- A. Who will our members be?

- B. What roles will actuaries play and in which industries?
- C. How do we create a consistent operating model (support and scale) in various regions?

A summary of the discussions is noted under agenda item 10 below.

Paper 29 18 and appendices noted.

10. Debrief, Forward Agenda and Action List

Debrief on Key Strategic Questions for the IFoA

10.1 Each Group reported on its discussion:

Discussion Group A: Who will our members be?

- a) What are the pathways through which individuals could engage with us - how do we attract new entrants, what do they look like, and what can we do for them?
- b) There is a need for clarity on the independent identity of an actuary. It is a numerical and commercial profession, but with an analytical dimension. Members in the future may come from a variety of backgrounds, and not necessarily as school leavers – other career professionals may see the actuarial profession as adding another dimension. The potential impact/influence of Data Science overlays this.
- c) It is not just the technical dimension that actuarial profession/the IFoA brings – it is the ethics and standards that it upholds.
- d) Do we want to continue being a premium, niche profession or do we want to broaden it out? If the latter, what value will we bring to other people who may join us? If we bring people into the IFoA from other backgrounds, professions etc., what do we need to do to keep them? Do we need to provide domain knowledge in their area – if so, when should we introduce that? Will the 'Chartered Actuary' designation become the basic level of skills required? Will an actuarial qualification come to be seen as 'finishing school'?
- e) It was agreed that we should continue to pursue educational flexibility as reflected in Curriculum 19. In terms of the questions arising from discussion of this topic, Council should look to develop answers that help give a steer to both the Markets Development Board and the Lifelong Learning Board, to then determine how to follow it through.

Discussion Group B: What roles will actuaries play and in which industries?

- a) What is an actuary's skillset/USP? They have a strong understanding and command of statistics, especially statistical significance. There is also a commercial focus, an ability to deal with and interpret complex matters, and the ability to effectively use a subjective skill of judgement to determine best way forward.
- b) The group looked at different industries actuaries typically work in today, and the impact they have. Good work is done around mortality and this is likely to continue to. Work in investment-banking focuses around the banks' pension funds and insurance

clients, but there is scope to widen. On pensions, there are more roles dealing with collective defined contribution, and financial education.

- c) Could the group considered which wider fields actuaries might work in in the next 20 years? Examples included data, and how to use it to find commercial benefit. There is also potential around non-financial services industries, though the risks arising from potential lack of domain knowledge would be a risk. Policy advice and climate risk were other wider fields identified.
- d) Geography - fewer bodies through technology, more offshoring. Solvency regimes trying to be replicated elsewhere, with actuaries needed to help input.
- e) To achieve the above, we will need to find a way to import non-actuarial skillsets (or those working in non-traditional areas) into the IFoA. To do this we should look at repositioning our qualifications, and talk to employers in non-traditional areas and school leavers, to understand: what would be the compelling proposition (or membership grade) to entice them?

Discussion Group C: How do we create a consistent operating model (support and scale) in various regions?

- a) What should future services look like? A Member value proposition is getting input from members and will help build the communications tools. Should we consider face-to-face tuition models other than in UK? How do we compare ourselves to other actuarial societies – what's our pitch outside of the UK?
 - b) How should our services be delivered? Suggestions included digital service delivery/technology efficiencies, outsourcing, consideration of central vs local services and geographical differentiation of services, and collaboration with local Actuarial services – but also being mindful of managing risks (e.g. exam fraud) that might consequently arise.
 - c) How would we pay for these services? Options included reducing operating costs; operating pay-for-use or pay-for-service models; and differentiating fees.
 - d) Flexibility for future needs was recognised to be a key consideration. There was broad agreement to deliver services in English, but test those boundaries from time to time to ensure continuing relevance. The group discussed the need to be transparent with members about cross subsidies, in order to continually test value of the member proposition.
 - e) Next steps were to take the output from this work stream, share the input with Management Board, and then present some options for operational models and address the questions raised.
- 10.2 The output of these discussions would be shared and agreed with the discussion group members and relevant Executive Directors, and then shared with the relevant Boards for consideration of how to take these outputs forward.

Action 6 – Corporate Secretariat

- 10.3 It was agreed the breakout sessions had been very useful and that future Council meetings should, where feasible, incorporate similar breakout sessions.

Council's Forward Agenda

10.4 Council's forward agenda was noted.

Paper 30 18 noted.

Council's Action List

10.5 Council's action list was noted.

Paper 31 18 noted.

Future Agendas

10.6 Jules Constantinou as President-elect gave an outline of the way in which he envisaged the Council being organised under his Presidency. Agendas would be drawn up as a joint effort between the Presidential Team, the CEO and the Chair of the Management Board. He suggested that each Council member could be assigned a defined role, taking an active part on either Corporate Boards or the Management Board and thus to be the representative of Council on those bodies and reporting back to Council on a regular basis.

11. Risk Reports

Report from the Chief Risk Officer

11.1 Council received Ian Farrer's Chief Risk Officer quarterly report. There were three primary areas of concern:

- International travel to perhaps unstable parts of the world – the policy in this area is being updated.
- Work in preparation for GDPR was on track for successful implementation.
- The Government's announcement of a review into the Financial Reporting Council, which has oversight of the IFoA, and the implications this might have for both the FRC and the IFoA/the actuarial profession in general (as it would be within the scope of the review). That review is expected to be complete before Christmas. It was agreed that Council should be kept updated on developments.

Action 7 – Ben Kemp

Paper 32 18 noted.

Appointment of a Lead Risk Officer

11.2 Ian Farrer presented his paper on the appointment of a Lead Risk Officer. He reported he had sought and received the views of Council members, Management Board, the Audit and Risk Committee and the Executive, and he thanked all who had participated in the process. Council discussed the need for the role to be full or part time and whether, if it were part time, would there be suitable candidates in the market who would find it attractive.

- 11.3 A question was raised as to whether this role included the reputational risk created by the activity of all actuaries and actuarial companies and consultancies on a global scale, or just that of the immediate activities of the IFoA. The consensus of opinion was that it would not be appropriate or possible for the IFoA to be responsible for the reputational risk of the whole profession. This had a clear bearing on the scope and job description of the advertised post - Ian Farrer emphasised that this would require a clear job description and reporting lines to be viable.
- 11.4 It was agreed that the Lead Risk Officer would report to the Chief Executive, but would have direct access to the President, the Chair of Management Board and the Chair of the Audit and Risk Committee as required.
- 11.5 The matter was taken to a vote and the unanimous decision (with one abstention) was to appoint a Chief Risk Officer on a part time basis. A working group, in tandem with Management Board and the Executive, would develop a detailed job description and person specification for appointment as soon as possible.

Action 8 – Working Group, Management Board, Executive

- 11.6 The President recognised this was Ian Farrer's last Council meeting. She thanked him for his hard work and dedication and wished him well for the future.

Paper 33 18 approved.

12. 5-Year Financial Plan and Subscriptions

- 12.1 Council approved the recommendation from Management Board that:

- Subscriptions fees remain at current prices, as set out in appendix 3 of the report;
- Practising certificate fees remain at £890 during 2018; and
- Admission fees remain at £135 during 2018.

Paper 34 18 and its appendices approved.

PART 5 – OTHER BUSINESS

13. Council Elections

- 13.1 Colin Wilson as Chair of the Nominations Committee reported there had been 15 nominations for the General Constituency for seven vacancies and one for the Scottish Constituency which had two vacancies – so there would be no election in the Scottish Constituency.
- 13.2 Suggestions were made about how the other vacant Scottish seat might be filled. Following discussion Council voted (with seven abstentions) that the vacancy should remain unfilled for the coming year.
- 13.3 Council agreed (with one abstention) to carry out a formal review of the relevance and feasibility of continuing with the current two constituency model.

Action 9 – Council/TBC

Paper 40 18 approved.

14. Any Other Business

- 14.1 In relation to a suggestion made by the President to hold a forum discussing the future of the profession, Paul Sweeting as chair of the Staple Inn Actuarial Society agreed to host this forum.
- 14.2 The President warmly thanked those members for whom this was their last Council meeting and for all they had done during their term of office: from the General Constituency, Kelvin Chamunorwa, Andrew Hitchcox, Louise Pryor, Patrick Lee, Elliot Varnell, Haijing Wang and Colin Wilson; and from the Scottish Constituency, Stephen Cunningham and Keith Jennings. Each was presented with a small token of appreciation.
- 14.3 The President also thanked Colin Wilson for all his hard work and dedication in serving the IFoA as President and latterly Immediate Past President – she wished him well for the future as he retires from Council at the Annual General Meeting. Colin thanked Council for their help and support in office.
- 14.4 Finally the president thanked the Council for their support, challenge and engagement during her Presidential year which she had enjoyed so much, and to the Executive; in particular the governance secretaries and the CEO's office for all their day-to-day support. She wished Jules Constantinou well as he takes over the presidential role at the Annual General Meeting.

End.