

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

Date	28 October 2015
Start Time	09:30
Finish Time	16.30
Place	Staple Inn, High Holborn, London, WC1V 7QR

Council Members present:

Fiona Morrison President and Chair

Kelvin Chamunorwa	Louise Pryor
Deborah Cooper	Carole Ryden
Jules Constantinou	Nick Salter
Charles Cowling	Edwin Sheaf
Stephen Cunningham	Nick Silver
Marian Elliot	Malcolm Slee
Andrew Hitchcox	Mike Smedley
Keith Jennings	Peter Tompkins
Patrick Lee	Suzanne Vaughan
Kathryn Morgan	Colin Wilson
Marjorie Ngwenya	Ellen Yang
Mark O'Reilly	
Martin Potter	

In attendance:

Derek Cribb	IFoA, Chief Executive
Ben Kemp	IFoA, General Counsel
Memoria Lewis	IFoA, Membership Director
Anne Moore	IFoA, Director of Finance and Operations
Paul Reynolds	IFoA, Director of Public Affairs
Kimberley Russell	IFoA, Corporate Secretary
Trevor Watkins	IFoA, Director of Education
Alan Whalley	Chair, IFoA Management Board

Iraj Amiri Chair, IFoA Audit and Risk Committee Items 1 – 5 only

PART I – INTRODUCTION AND PROTOCOLS

1. WELCOME, APOLOGIES AND INTRODUCTIONS

The President welcomed attendees to the second day of the second Council meeting of the 2015 – 2016 session. In particular, the President welcomed Iraj Amiri to the meeting. There were apologies from Andrew Rear, Elliot Varnell, Haijing Wang, Cynthia Yuan and Feifei Zhang. The following proxy votes had been given:

- The President for Andrew Rear,
- Nick Salter for Haijing Wang, and
- Kathryn Morgan for Elliot Varnell.

2. REGISTRATION AND DECLARATION OF INTERESTS

No declarations of interest were made.

PART II - SPECIFIC ITEMS

3. KEY ISSUES DISCUSSED BY MANAGEMENT BOARD

Alan Whalley highlighted key issues arising at Management Board (**Board**) since the Council meeting held on 23 July, 2015. The following items were noted by Council:

- The acquisition of The Actuary magazine by the IFoA had been completed successfully within the terms previously reported to Council. The volunteer Editor, Richard Purcell, would be appointed with effect from 1 January 2016. A review of the governance arrangements would be carried out in Q2 of 2016 in accordance with the principles endorsed by Council in May 2015. In the interim, editorial independence would be maintained through the continuation of the existing editorial arrangements. It was agreed that Council would be given sight of any future proposals relating to the governance of The Actuary magazine.

**Action 1 – M Lewis
K Russell**

- A subsidy per member per regional society would be introduced in the next financial year. Details on its implementation would be considered by the Executive – and approved by the Board – in due course, recognising that not all regional societies operate in the same way.
- A different approach would be adopted for 2016 – 2017 with regard to budget preparation than in previous years. Consideration would be given as to what could realistically be delivered within the headcount and budget for each area as agreed in the existing five year plan. Year 2 would be used as the starting position. The Executive would consider what else could be delivered if an additional 10 – 20% budget was available (and what could be cut if there was a 10 – 20% reduction).
- A member of Council encouraged the Executive to identify which additional deliverables would serve (a) the public interest, (b) members' interests, or (c) both.
- The IFoA had received clearance from the HMRC that the return of surplus funds from the IFoA Staff Pension Fund would not be subject to tax. Negotiations would continue with the Trustees.
- A session had been held with the chairs of the Practice Boards in September 2015. The purpose of the session had largely been strategic; consultation with the chairs with regard to the refresh of the IFoA's strategy and the encouragement of the Practice Boards to elevate their agendas to a strategic level and delegate operational matters. Other topics such as diversity had also been discussed. The Board had introduced a monthly report for all boards and committees which had been positively received. There was now a better sense of connectivity.
- Anne Moore had been appointed as a member of the Board with effect from 1 October 2015, as a result of Trevor Watkins' retirement.

4. CHIEF RISK OFFICER (CRO)

Iraj Amiri provided an overview of his background and the role of the Audit and Risk Committee, particularly in regard to its oversight of the IFoA's risk management function and activities. Iraj and Alan Whalley both provided their support for the recommendation that a separate member of the Executive with direct access to both the Board and the Audit and Risk Committee be formally appointed as the CRO. By a majority vote, Council approved the recommendation, and in doing so recognised that the framework would meet the expectations of the Prudential Regulation Authority for a CRO. It was, however, in addition, recognised that the CRO would be given direct access to the President.

Paper 48 15 approved.

5. SPECIAL RISK PROJECTS

Council noted the progress made in regard to the special risk related projects commissioned by the Board over the course of the 2015 – 2016 session.

Paper 49 15 noted.

6. STRATEGIC DIRECTION OF THE ACTUARIAL RESEARCH CENTRE

By a majority vote, Council approved the recommendation to expand the strategic direction of the Actuarial Research Centre (**ARC**) as the delivery vehicle for the IFoA's commissioned research programme. In doing so Council:

- noted the expansion of the ARC would involve the establishment of a separate legal entity to manage the financial and contractual matters for the ARC, and
- encouraged clarity in communications with the membership as to (a) the research funding model (e.g. self-funding, sponsorship), (b) the dissemination of research and (c) the governance arrangements in order to ensure academic rigour of the research.

In addition, in discussion, a Council member questioned the appropriateness of the structure of the IFoA's three Charitable Trusts, in particular the Memorial Education Research Fund (**MERF**) and its relationship with research funding. It was agreed that consideration as to the IFoA's charitable trust fund structure would be incorporated as part of the project endorsed by Council under Agenda Item 7. Would MERF, for example, be more appropriately constituted as a company limited by guarantee?

Action 2 – K Russell

Paper 50 15 approved.

7. IFoA CORPORATE LEGAL ENTITY STRUCTURE

Council endorsed the decision by the Board that a formal project be undertaken to develop more definitive proposals for a new legal entity group structure. Further, Council endorsed the following as a proposed direction of travel:

- the retention of the IFoA's Royal Chartered status;

- the IFoA, as the parent company, to continue to have responsibility for matters related to the IFoA's fundamental objectives;
- the delegation of certain groups of activities to wholly owned subsidiaries of the IFoA, by the rationalisation of existing subsidiaries (where sensible and possible) and the incorporation of a number of new subsidiaries.

In doing so, Council encouraged the Executive to future proof the new group structure and to be mindful of any impact on the IFoA's governance.

Paper 51 15 endorsed.

8. FEEDBACK ON EXTERNAL SPEAKERS

Council discussed the presentation provided by Norma Cohen on 27 October, Journalist, which had explored how to build a credible profile in the national media. Council had in particular been struck by the importance of the IFoA expressing an opinion, based on its expertise, for the benefit of a typical reader (i.e. the person on the street). It would be important not only for the IFoA to collaborate with others such as the media and other institutions, where possible, but also to support, inform and influence policy makers.

The President formally noted her gratitude to both Norma Cohen and also Neil Chrimes (who also spoke on 27 October in regard to the promotion of the IFoA internationally and its relationship with the Lord Mayor's office) for their presentations.

9. REFRESH OF STRATEGY – PUBLIC AFFAIRS

Paul Reynolds and members of the Council taskforce provided an overview of the public affairs strategy approved in 2011 and of proposed amendments to that strategy.

Council was largely content that the 2011 public affairs strategy would remain broadly fit for purpose, but identified a need for the strategy to be bolder in some respects. In particular, Council felt it appropriate for the IFoA to put its head above the parapet (i.e. be braver), speak out and, perhaps most importantly, be heard on public policy where it would be in the public interest to do so and where the IFoA could speak from a position of authority based on evidence, experience and expertise. Accordingly, while Council would not support the IFoA lobbying from either a protectionist, self serving position or political position, it would support the IFoA leveraging its research and professional expertise to position the IFoA as a trusted, credible, relevant professional body and commentator. In particular, Council encouraged greater engagement with policy holders as an important stakeholder. Council proposed that the opening paragraph of the 2011 strategy be amended to emphasise "being heard" and "influencing policy holders".

In addition, Council felt it important that the review of each strategic theme should incorporate a road map to provide greater clarity as to how the strategy would be achieved in practice.

Action 3 – All Strategic Theme Owners

Paper 50 15 noted and direction of travel supported.

10. POLICY AND PUBLIC AFFAIRS COMMITTEE – TERMS OF REFERENCE

Council approved amended terms of reference for the Policy and Public Affairs Committee – such amendments being required to realign the terms of reference with the purpose and principles endorsed by Council at its meeting on 20 May 2015 for this Committee.

Paper 53 15 approved.

11. REFRESH OF STRATEGY - EDUCATION

Trevor Watkins and Edwin Sheaf highlighted key issues arising from discussions by the Council taskforce, the Education Strategy Review group, and the Education Board. Proposals in regard to both the syllabuses review and the deeper review of the education strategy were discussed.

Council remained supportive of the proposal that an agile and flexible education framework be developed, potentially based on the creation of a three tiered integrated stream based on the Certified Actuarial Analyst, Associate and Fellowship – with the possibility of stand-alone modules in addition to each qualification to aid diversification into new fields. Ensuring the quality of the infrastructure for a fully integrated qualification framework would however, be more important than speed of implementation. Furthermore, Council emphasised the importance of considering perspective of the likely end-users of the qualification (such as employers and students), particularly international end-users, before any steps are taken to implement an integrated system.

Action 4 – C Friend

Clarity of communication and engagement with employers, the membership and other key stakeholders (such as universities) on the strategic direction of the educational framework would be vitally important. Proposals would be developed further and considered again by Council in February 2016.

Action 5 – C Friend

Paper 54 15 noted and direction of travel supported.

12. CERTIFIED ACTUARIAL ANALYST

This agenda item would be minuted separately as a confidential item of these minutes.

13. ELECTION PROCESS FOR PRESIDENT-ELECT 2016 – 2017

Subject to minor amendments, Council approved the Task and Person Specification for the president for the session 2017 – 2018. In addition, Council approved the selection process which would be adopted for the election of the president-elect in 2016. In doing so, Council supported the recommendation that the Nominations Committee seek the assistance of a third party consultant, who would, together with the Nominations Committee, meet the individuals being put forward to present to Council in order to mitigate any potential risk of unconscious bias in the process.

Council members would be asked to verify the accuracy, and if necessary provide an update, of their biographical details to aid the presidential selection process.

Action 6 – K Russell

Paper 56 15 noted.

Appendix 1 and 2 of Paper 56 15 approved, subject to minor amendment.

14. PRESIDENTIAL THEME 2016 – 2017

Colin Wilson, President-elect, introduced his presidential theme “collaboration” for the 2016 – 2017 session, particularly three objectives (the first objective being given primary focus):

- thought leadership;
- shaping and sharing the strategic vision of the future; and
- continuing to strengthen the governance of the IFoA, particularly to consider whether the IFoA is best positioned to ensure Council is able to discharge its strategic role.

Emphasis was also given to the importance of collaboration across all practice areas, with the IFoA’s international sister organisations, and with other professional bodies and wider stakeholders, in achieving the three objectives.

Paper 57 15 noted.

PART III - GOVERNANCE

15. MINUTES

The draft minutes of the Council meeting held on 23 July 2015 were approved.

Papers 58 15 approved.

16. ITEMS APPROVED BETWEEN MEETINGS

The following item had been approved by Council between meetings (i.e. since the Council meeting held on 23 July, 2015):

Amendment to the name of the Public Affairs and Consultations Committee

By a majority vote, nineteen members of Council had voted in favour to amend the name of the Public Affairs and Consultations Committee to the Policy and Public Affairs Committee. There had been no votes against and no abstentions.

17. ACTION LIST

The actions included on the action list were noted, except as undernoted.

New Limited Route to Membership (Action 11.5, 5th February 2015)

Council agreed that no further steps would be taken at this time to progress proposals for a new limited route to membership to allow prioritisation of other matters, such as the refresh of the IFoA’s strategy.

Paper 59 15 noted.

18. FUTURE AGENDA

The items included on the future agenda were noted. Council, however, in addition noted the following items for inclusion:

- refresh of the education strategy at February Council;
- the Certified Actuarial Analyst at February Council; and
- review of the governance structure for The Actuary magazine at July Council.

Kimberley Russell and Colin Wilson would, in addition, liaise in order to consider future agenda items for the Council session 2016 – 2017.

Action 7 – K Russell

Paper 60 15 noted.

PART IV – BRIEFING PAPERS

19. REPORT FROM THE RESEARCH AND THOUGHT LEADERSHIP COMMITTEE

Council noted a report from the Research and Thought Leadership Committee which provided an update on the response to the call for research published by the IFoA in August 2015. In particular, Council noted that the response had exceeded initial expectations, with twenty-five high quality proposals received from around the world.

Paper 61 15 noted.

20. REPORT FROM THE POLICY AND PUBLIC AFFAIRS COMMITTEE

Council noted a report from the Policy and Public Affairs Committee which provided an update on public affairs activity carried out in recent months.

Paper 62 15 noted.

21. CORPORATE GOVERNANCE AND LEGAL DEVELOPMENTS

Council noted a report which provided an update on both developments in corporate governance and recent legislative or legal developments. In particular, developments related to succession planning and the assessment of culture in corporate behaviour, the importance of elevating information technology and digital matters, cyber-security, amendments to the data protection regime, bribery, reporting requirements as a result of modern slavery legislation, new guidance for Charity Trustees, and new protections for consumers (e.g. IFoA members) as a result of changes in consumer rights legislation.

Paper 63 15 noted.

22. DEATH ANNOUNCEMENTS

Nick Salter paid tribute to Mrs Jillian Veronica Evans, as one of the founding partners of Barnett Waddingham, who died on 6 October 2015. Tribute was also paid to Mr Frans

Arnold Vergeest who died on 25 September 2015. Council noted, with regret, the names of the other members who had died in recent months.

Paper 64 15 noted.

PART V – ANY OTHER BUSINESS

23. ANY OTHER BUSINESS

Members of Council were asked to notify Kimberley Russell if they would be available to attend the upcoming New Qualifier ceremonies being held at Staple Inn.

24. NEXT MEETING

The next meeting of the Council would be held on 8 and 9 February, 2016, at Staple Inn Hall, London.

Schedule of Actions

Item	Action	Member	When
3	1	Memoria Lewis Kimberley Russell	19 July 2016
6	2	Kimberley Russell	1 June 2016
9	3	All Strategic Theme Owners (e.g. relevant Directors)	1 June 2016
11	4	Clifford Friend	1 June 2016
11	5	Clifford Friend	8 February 2016
13	6	Kimberley Russell	1 November 2015
18	7	Kimberley Russell	8 February 2016