Institute and Faculty of Actuaries, Regulatory Board

Subject	IFoA Executive Update
Meeting date	19 November 2024
Author	Executive Team
Reviewer	Emma Gilpin, Head of Regulatory Policy
Purpose	Noting

A: Introduction

1. This paper provides an update on the work of the IFoA Executive Team since the meeting of the Board in July 2024 and highlights key issues and developments for the Board to note.

2. **PLEASE NOTE:** Board Members are asked to let Ashley MacIntyre (rbsecretary@actuaries.org.uk) know **at least three days in advance** if there are aspects of the update paper that they would like to discuss, so that appropriate time can be allocated in the agenda and the appropriate member of the Executive team can arrange to attend the meeting. We would also be happy to answer any questions on the below topics via email.

B: Key developments and updates

IFoA organisational updates

3. Paul Lewis has been appointed as the new Chief Executive Officer of the IFoA, with effect from 6 January 2025. Paul joins from the Royal Society of Chemistry, another Royal Charter body.

4. Ben Kemp will continue to serve as interim CEO until Paul takes up his new position. Ben will then return to his role as Director and General Counsel and Sarah Drummond will return to her role as Head of Legal Services.

5. Sophia Salim joined the IFoA on 1 October as the new DPB Manager.

6. **[Redacted]**.

7. The results of the 2024 Council elections and the ten new members who have been elected were announced at the IFoA's Annual General Meeting on 24 July 2024. The new members are Catherine Lyn, Akshay Dhand, Matthew Ford, Masimba Zata, Hugh McNeill, Riekie Gordon, Colm Fitzgerald, Malcolm Slee, Mark Williams and David Shaffer.

IFoA strategy and corporate planning updates

8. As discussed at September's strategy day, in August, the IFoA Board decided that rather than launch a new, multi-year strategy at the start of 2025, the IFoA and its members would be best served by employing a 'bridge year' for 2025 so that Council are able to broaden and deepen their newest vision statement, from which the IFoA Board can set longer-term priorities. During the bridge year, the IFoA Board will communicate a one-year strategy over 2025 while a new multi-year strategy is developed and introduced in early 2026. The Executive will continue to update the Board to assist with priority-setting. **[Redacted]**.

9. On 31 July 2024, the IFoA's new President, Kartina Tahir Thomson, set out her priorities in her Presidential address. The priorities are centred on vision, value and engagement and are set around an overall theme of 'ensuring a sustainable future for the next generation of actuaries'.

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10. **[Redacted]**.

11. **[Redacted]**.

12. **[Redacted]**.

Disciplinary matters

13. The **Disciplinary Committee** met, in person, in September and reviewed the first year's operation of the new Disciplinary Scheme. The Committee will report to the Board on this, along with their annual report, in early 2025.

14. Following the resignation of Nicola Williams from her role as Chair, the Regulatory Appointments Committee are in the process of appointing an Interim Disciplinary Committee Chair from the existing lay members of the Committee. Recruitment for a new Chair is starting shortly.

CPD and professional skills

15. In September, new **professional skills content** was published including three videos, three mini case studies and a self-assessment ethical quiz. Work is well in hand for the next release of content (March 2025) with filming of videos scheduled in December.

16. In October, the Executive presented various professional skills sessions at the Life Conference, including a **Professional Skills plenary session**, a **Professional Skills and regulatory update session: gossip through a DEI lens**, a **workshop on growth mindset and the link with the IFoA's new approach to CPD** and a **workshop titled 'So you want to be a chief actuary?'**.

17. Group Reflective Practice Discussions were introduced as a standard offering in September 2024. As of 7 November, five Group RPDs have been facilitated with a total of 26 newly qualified members participating. The post Group RPD survey asks, on a scale of 1 - 5, how much they feel they have benefited from the RPD (5 being the highest), to which the average response is '4'. A further six Group RPD Sessions are to be facilitated by the end of the year.

QAS

18. The consultation on the possible creation of an integrated **QAS and PC Scheme** closed on 30 August and Board approval is sought for the proposed next steps following the consultation at agenda item 6 of this meeting.

19. The **QAS Committee's** annual report is also included for discussion at agenda item 6 of this meeting.

20. The FRC have been carrying out a supervision audit of the QAS processes and procedures (as they have done during the previous two years) as part of their 24-25 oversight programme. The findings will be incorporated into their annual oversight report.

21. A hybrid SQAR Forum was held on 10 October at Staple Inn Hall. This was the first in-person forum since 2019. 20 SQARs attended in-person and 19 online. The event was well received, and the following topics were covered:

    - Overview of findings from Development and Training Specialist Review (hosted by the Specialist Reviewer)
    - Discussion on the QAS SQAR Action plan (QAS Team)
    - Artificial Intelligence and what QAS firms can do to ensure effective quality assurance (speaker from IFoA).

DPB

22. The DPB board met on 30 October and discussed various matters, including, approving the annual return to be completed by firms for the 2024 period.

23. The DPB board will further review responses to its **consultation on proposals for changes to the DPB processes and procedures** and consider areas to amend or develop in terms of its policy proposals. This will come to the Regulatory Board for approval.

Practising Certificates

24. A report on the Post-Implementation Review of the PC Scheme is included for discussion at agenda Item 7 of this meeting and includes the upcoming work of the Executive to further improve the member experience.

25. The **PC Committee's** annual report is also included for discussion at agenda item 7 of this meeting.

Professional and Regulatory Support Helpdesk

26. The **revamped Professional and Regulatory Support Helpdesk**, which was launched in July, is now receiving member queries.

27. Between 1 June and 31 October, the Helpdesk received 14 queries covering topics including compliance with the Actuaries' Code, the application of APSs, conflicts of interest and speaking up. Work to promote the Helpdesk will continue over the coming months and the team will report back to the Board in Q1 2025 on comparisons with the previous arrangements once there has been more time to embed and raise awareness.

Standards and guidance

28. The **consultation on draft DEI guidance** designed to support members in understanding the proposed changes to the Code closed on 29 October 2024. The Executive are now collating the consultation responses so that they can be considered by the Board in December. A communication to members thanking them for responding is due to be published shortly.

29. During October the updated **non-mandatory data science guidance** was shared with the Board. The updated guidance reflects findings from the thematic review report on Data Science and AI and the significant developments in this field since the guidance was first published in 2021. Publication is planned for November.

30. **[Redacted]**.

31. The revised **TAS 200** (Insurance) was published by the FRC on 20 September, with an effective date of 1 January 2025. The FRC states the revised standard includes changes to support practitioners in considering the implications for actuarial work relating to the FCA's Consumer Duty principle and revisions to reflect known gaps in some areas of technical actuarial work, including insurance transformations, audit and assumption setting.

32. On 7 October, the FRC published revised non-mandatory guidance **Technical Actuarial Guidance: Models**, which aims to support the growing use of artificial intelligence and machine learning (AI/ML) techniques in actuarial work. The FRC states the new guidance provides examples relating to model bias, understanding and communication, governance, and stability when using AI/ML models in technical actuarial work.

33. The FRC is currently considering further amendments to **TAS 300** (pensions) in relation to pension scheme funding following the publication of the Pensions Regulator's Code of Practice. The executive is having discussions with the FRC Policy Team in relation to these potential changes.

34. On 7 November 2024, the FRC launched a consultation on **AS TM1**, proposing to maintain the current standard following its annual review. The consultation is open for feedback until 7 December 2024.The IFoA is currently considering whether to respond, although it seems unlikely.

35. Among the many Government publications on budget day (30 October), there was a summary of responses from HMRC on its consultation "**Raising standards in the tax advice market**". The IFoA had submitted a response in May to proposals for mandatory regulation of tax advisers amid concerns on how this may affect some members, whose work could be seen as 'tax advice', and the IFoA itself, if it were to become a recognised professional body for this purpose. In its update, HMRC indicated they are "considering options to strengthen the broader regulatory framework in the tax advice market", which was where the IFoA interest had been focussed. The Executive will continue to monitor how this policy develops.

Actuarial Monitoring Scheme (AMS)

36. A report on the findings from the **cyber risk thematic review** is included at agenda item 10 of this meeting.

37. The **pension scheme design review** was launched on 23 September 2024, with submission materials available to organisations. Promotional activity will continue to encourage participation, with the review open to submissions until 29 November. The main review activity will take place over Q4 2024/Q1 2025.

38. Following the endorsement by the Board at its Strategy Day of **future thematic review themes**, the AMS team will be publishing the following themes on the IFoA website to alert stakeholders. A more detailed scope for each review will be developed and confirmed, in consultation with Board members, in advance of each exercise:

Planned review themes:

- Climate change, biodiversity, and sustainability – actuaries have a crucial role in considering and communicating the financial risks of climate change, biodiversity, and sustainability. This review aims to understand the work of actuaries in this domain and will also build on significant IFoA regulatory and thought leadership resources including the earlier information gathering exercise carried out in 2021. *Commencing – early 2025*
- Consumer fairness and financial inclusion – this theme has been championed by the IFoA in various thought leadership campaigns (for example The Great Risk Transfer) and financial institutions have long had responsibilities in this area, most recently in the UK with the FCA Consumer Duty. The review will seek to understand the role of actuaries in different organisations in considering the needs of the consumer, and promoting fair access to financial products for vulnerable customers. *Commencing – late 2025*
- Pensions advice in new funding environment – the range of advice provided by pensions actuaries is expanding with the introduction of the new funding rules from 2024 and in response to other significant pensions developments and market changes (such as CDC and Superfunds). This review will look at advice being provided in this new environment. *Commencing – 2026*

Education and Life Long Learning

39. The Learning Group update is attached at Appendix 3.

Regulator meetings

40. The IFoA had their regular quarterly catch up with the FRC's Actuarial Regulation team in October 2024 where the FRC provided updates on their current standards related activities.

FRC oversight

41. The IFoA had its quarterly meeting with the FRC's oversight team in October.

42. **[Redacted]**.

International Association of Actuaries (IAA) and Actuarial Association of Europe (AAE)

43. A full update is provided at agenda item 11.

C: Key planned activities for next period (up to next full Board meeting)

44. In addition to work mentioned above, over the next period, we anticipate the following key activities:

    - Further develop guidance following Post-Implementation Review of PC Scheme.
    - Potential implementation of QAS PC Scheme (depending on decision)
    - Preparation for December meeting of the Board to allow the Board to consider consultation responses on the guidance supporting the DEI changes to the Code.
    - Preparation for the Professional Skills plenary session at the GIRO conference in November.
    - Progressing content for the next release of professional skills content in March 2025.

- Publication of the cyber risk thematic review report in December, with an all-member webinar planned in January 2025.
- Publication of future thematic review themes
- Continued work in relation to the introduction of the draft Audit Reform and Corporate Governance Bill.
- Engagement meetings with ACCA, FCA, TPR, ICAS and FRC's Actuarial Regulation Team.
- Further progress on APS X2 review.