

**MINUTES OF THE
DEFINED BENEFITS COMMITTEE MEETING
10.30 WEDNESDAY, 2ND NOVEMBER 2021
AS A MICROSOFT TEAMS MEETING**

Present :	Thomas (Chair)	Yorath	Aon
	Mike	Bartlet	Buck
	Katie	Bromley	Mercer Limited
	Kirsty	Cotton	Willis Towers Watson
	Judith	Fish	Spence and Partners Limited
	William	Fitchew	XPS Pensions Group
	Jon	Forsyth	LCP
	David	Hamilton	Broadstone Corporate Benefits Limited
	Nicholas	Laird	Linklaters LLP
	Tom	Lord	Capita Pension Solutions Limited
	Chris	Ramsey	Barnett Waddingham LLP
In attendance:	Lauren	Collins	Buck
	Carla	Smidt	Society of Pension Professionals

1. APOLOGIES

Apologies were received from Barry O’Gorman, Jonathan Gilmour and Fred Emden. Carla Smidt attended in Fred Emden’s absence. Lauren Collins from the Future Leaders Group observed at the meeting.

2. MINUTES OF THE COMMITTEE MEETING HELD ON 6TH OCTOBER 2021 (CIRCULAR 2880)

The minutes were agreed.

3. MATTERS ARISING

- i. The response on the notifiable events consultation, progress on PPF levy and the note of the SPP’s meeting with the DWP were noted.

4. TPR CONSULTATION – NEW ENFORCEMENT POLICIES

The Legislation Committee is leading on this response and the deadline for submission is 22 December.

Initial thoughts of the Committee were:

- The policies are quite long and potentially confusing for the reader in places and while some of the detail is helpful, some thought could be given to the structure (e.g. exec summary) to aid clarity.

The Society of Pension Professionals
Kemp House, 152 – 160 City Road, London EC1V 2NX T: 020 7353 1688
E: info@the-spp.co.uk www.the-spp.co.uk

A company limited by guarantee. Registered in England and Wales No. 3095982

NOTICE

You may not take any statement in this document as expressing the view of The Society of Pension Professionals or of any organisation, which the maker of the statement represents. Whilst every effort is made to ensure that this document is accurate, you may not assume that any part, or all, of it is accurate or complete. This document is provided for information only. You may not rely on any part, or all, of this document in deciding whether to take any action or to refrain from action. You may not use this document in part or in whole, or reproduce any statement it contains, without the prior consent of The Society of Pension Professionals.

No liability (other than any liability which cannot be excluded by law) arising from your failure to comply with this Notice rests with The Society of Pension Professionals or with any individual or organisation referred to in this document. Liability is not excluded for personal injury or death resulting from The Society of Pension Professionals’ (or any other party’s) negligence, for fraud or for any matter which it would be illegal to exclude, or to attempt to exclude, liability.



- TPR's approach seems relatively disproportionate in some of the examples in their approach to issuing fines.
- A question was raised about the reference to the Regulation of Investigatory Powers Act (RIPA) 2000.
- The Monetary Penalty policies set out TPR's process in considering cases but not their reasoning which could be more helpful.
- In the Information Gathering policy, the section on voluntary requests also refers to situations where a person is required to attend an interview, which does not appear to be voluntary.

Initial comments will be passed to the Legislation Committee and the Committee will consider this further at the December meeting.

5. IFOA CONSULTATION – CHANGES TO THE REGULATORY FRAMEWORK ON CLIMATE CHANGE AND SUSTAINABILITY

The Committee discussed the IFoA's proposals and agreed that the Committee would lead on the response.

Overall there was support for the fact that climate change and sustainability should be reflected in the regulatory framework, but there was little support for the current proposals. The proposals seem more focussed on being seen to be doing something and it was felt that more support was needed for actuaries in this developing area.

The committee members made the following comments:

Q1 Agree/Strongly agree – but the way this is done require further thought and the IFoA first needs to agree an approach as a profession and provide more support to show what good looks like, rather than put the onus on individual actuaries.

Q2 (Option A – competence and care) Strongly disagree – the committee felt that singling out climate change and sustainability did not fit within the high level, principles based nature of the Actuaries Code and might suggest that these should be considered above all other factors which was not considered to be appropriate.

Q3 (Option A – communication) Strongly disagree – as Q2

Q4 (Option B competence and care) Strongly disagree. There was some support for this option but after discussion the proposal was not supported. The suggested additional wording was considered imprecise and could have unintended consequences. It is not clear what would be reasonably expected of actuaries in trying to identify new and emerging risks, what level of knowledge would be required and what useful information could be communicated to users. There was also felt to be a risk that the significance of emerging risks would be judged with hindsight, e.g. what would actuaries have been expected to allow for in respect of COVID in January 2020 or swine flu in 2009?

Q5 (Option B communication) Strongly disagree – as Q4

Q6 (Option C) Agree – it was noted that non-mandatory guidance alone would not necessarily be sufficient as a final measure, but that it could provide a stop gap while other approaches could be considered.

Q7 (Option C) Guidance would be instead of the proposed changes to the Actuaries Code.

NOTICE

You may not take any statement in this document as expressing the view of The Society of Pension Professionals or of any organisation, which the maker of the statement represents. Whilst every effort is made to ensure that this document is accurate, you may not assume that any part, or all, of it is accurate or complete. This document is provided for information only. You may not rely on any part, or all, of this document in deciding whether to take any action or to refrain from action. You may not use this document in part or in whole, or reproduce any statement it contains, without the prior consent of The Society of Pension Professionals.

No liability (other than any liability which cannot be excluded by law) arising from your failure to comply with this Notice rests with The Society of Pension Professionals or with any individual or organisation referred to in this document. Liability is not excluded for personal injury or death resulting from The Society of Pension Professionals' (or any other party's) negligence, for fraud or for any matter which it would be illegal to exclude, or to attempt to exclude, liability.



Q8 (Additional areas of guidance) While approaches were more developed on the investment side, there was scope for more guidance on allowing for the impact of climate change on liabilities, sponsor covenant and journey planning. Also on scenarios analysis as part of IRM.

Q9 (Impact on users) – D would have the biggest impact, then B and A with C having the least impact. However, the proposals would not be helpful to users if they resulted in actuaries having to include considerations that users don't feel are adding value. There was also a risk of additional information clouding important message (particularly with option B)

Q10 (Public interest) It was acknowledged that changes to the actuaries code would be more visible than options such as additional guidance. However, changes should only be made if they would be of benefit to users and lead to better outcomes and it was not clear that the current proposals achieve this.

The consultation notes that the FRC is also currently reviewing the TASs and it was suggested that it may be better to include reference to climate change and sustainability in these, where concepts of materiality and proportionality are also clear. In addition it was felt that the considerations may be different in different practice areas, which could be allowed for in the specific TASs.

Q11 (Further support) – Continuing CPD opportunities and practical examples or case studies illustrating best practice would be useful.

6. SPP EVENTS UPDATE AND POLLING SUGGESTIONS

Events planned for Q1 on ESG risk in covenant and ESG risk in liabilities and funding. Discussion as to whether these should be covered together or separately – general support for two separate sessions as there could be a lot of material to cover and the intended audiences may differ.

Question as to whether the IFoA should be invited to attend to cover actuaries obligations, the Chair will obtain further details as to content and proposed approach.

7. ANY OTHER BUSINESS

The Committee agreed to arrange a date in Q1 2022 for a face to face meeting to be followed by lunch.

8. CONFIRMATION OF DATE OF NEXT MEETING

The Committee noted that its next meeting was due on 1st December 2021 at 1030 anticipated to be a Teams meeting.

9. NEXT MINUTE TAKER

Mike Bartlet

File 4.1
25th November 2021

NOTICE

You may not take any statement in this document as expressing the view of The Society of Pension Professionals or of any organisation, which the maker of the statement represents. Whilst every effort is made to ensure that this document is accurate, you may not assume that any part, or all, of it is accurate or complete. This document is provided for information only. You may not rely on any part, or all, of this document in deciding whether to take any action or to refrain from action. You may not use this document in part or in whole, or reproduce any statement it contains, without the prior consent of The Society of Pension Professionals.

No liability (other than any liability which cannot be excluded by law) arising from your failure to comply with this Notice rests with The Society of Pension Professionals or with any individual or organisation referred to in this document. Liability is not excluded for personal injury or death resulting from The Society of Pension Professionals' (or any other party's) negligence, for fraud or for any matter which it would be illegal to exclude, or to attempt to exclude, liability.