

Support for the future

Stewart Ritchie and Nick Dumbreck outline the key outcomes of the strategy implementation project and the improvements in services and support that actuaries can expect in the future.

For the past two years many of us have been involved in reviewing the role and direction of the professional body. Some have contributed to project teams, some to surveys or focus groups – but each of us will benefit from the hard work that has been undertaken on our behalf to develop a professional body that will provide support and services for our members, now and in the future.

As presidents of the Faculty and the Institute for the past year, it has been our role to lead the Programme Board to co-ordinate the seven work streams implementing different aspects of the new strategy, and to keep you informed of developments. Along the way some of the work streams have completed their work and, after approval by Joint Councils, passed their recommendations to the executive of the profession for action by staff as business as usual. One example of this was the relaunch of the associate qualification earlier this year.

At the Joint Councils meeting in June, the final work stream recommendations were approved. We are pleased that, 12 months after the implementation project was established, we are able to report back to you on the work that has been going on and the work that lies ahead.

We want to thank all of you who have made a valuable contribution through:

- ◆ generating and sharing ideas through the project teams;
- ◆ giving support to colleagues in project teams;
- ◆ laying the foundations for the successful implementation of the strategic review recommendations.

The background

In September 2005, the profession's Strategy and Policy Committee published a discussion paper, 'The Actuarial Profession – Strategy Review'. This was the basis for consultation on the future role and direction of the professional body – that is, the Faculty and the Institute. The catalyst for the strategic review was the Morris Review, which recommended that our regulatory role should be overseen by the Financial Reporting Council (FRC) and, significantly, that we should pass our role in setting technical standards to a new, independent Board for Actuarial Standards.

Feedback through events, meetings, and consultations enabled us to identify and gain majority support to develop our strategic aim: to support members throughout their careers so they have the skills, attributes, and knowledge

appropriate for the evolving needs of the UK financial sector, primarily as quantitative risk professionals.

The key drivers to achieving this aim are to ensure a steady flow of high-calibre actuarial students and provide career support. By developing and delivering an attractive and competitive qualification, we will increase the number and range of students choosing actuarial studies and joining the profession. Providing career support will increase the contribution actuaries make and the value they add for their employers and their clients. We will also maintain a responsibility to the public interest – ensuring we are effective in our role as the primary professional regulator of members in the UK. In addition, we will maintain our commitment to our overseas members.

Recommendations

Some of the work stream recommendations offer new ways for us to work and new ways for the professional body to support us in our careers. Other recommendations build on the considerable work that we have been undertaking in recent years, particularly in the education area. This is important because it demonstrates that, as a profession, we are in a state of evolution – not revolution. The pace of change may vary according to the complexity of a recommendation and the implications for resources but the direction we are committed to remains clear, focused, and achievable.

The aim of the **Knowledge Services** work stream was to improve the profession's range of services that develop knowledge and share information. After reviewing the profession's current arrangements, the project team identified four strands to develop and deliver these services:

- ◆ web-enabled resources to stimulate virtual discussion, share information, develop a digital catalogue of publications;
- ◆ physical or virtual meetings to stimulate debate within and outwith our membership, increase networking and CPD activities and events;
- ◆ opportunities and processes for undertaking and publishing timely and relevant research;
- ◆ online facility to offer support in job search, career management, learning and skills.

The ECPD Board has been looking at the implications of expanding the provision of the material covered by the profession's core technical exams at universities for some time now. The **University Education** work stream has built



Stewart Ritchie is president of the Faculty of Actuaries



Nick Dumbreck is president of the Institute of Actuaries

The profession's strategic aim

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on this to develop an accreditation process based on equivalence to ensure standards are maintained and course material continues to be relevant. This has also had the effect of strengthening relationships between the profession and universities.

Key to the overall strategic aim is ensuring that the supply of actuaries continues to increase and respond to employers' needs. To address this, the **Qualifications and Branding** work stream reviewed the associate and the fellow qualifications and recommended a relaunch of the associateship. Since the relaunch took place earlier this year, 300 members have taken up the option to qualify as associates and hence become actuaries. The next stage in promoting the associate qualification as an excellent foundation for a career in the financial sector will be a marketing campaign – to begin early 2008 – aimed at employers, universities, and students.

With the advent of the FRC's Board for Actuarial Standards and the Professional Oversight Board, our relationships with regulatory bodies were due for review. The **Regulatory Liaison** work stream has identified how the profession can develop these relationships, in the UK and overseas. Its recommendations, including a review of the professional conduct standards (PCS), will ensure that the services provided by our members meet the standards the public expects, and the regulatory and legislative bodies demand.

As part of its research, the **Overseas** work stream carried out a survey of its members based outside the UK. This generated a wealth of information about the needs and expectations of overseas members in terms of services and support, and invaluable insights into how the profession is perceived beyond the UK. The profession is now working to clarify the administrative arrangements for actuaries who elect another IAA body as their primary professional regulator while retaining their membership of the UK body to maintain their designatory qualification and use our knowledge services. This work will dovetail with some of the outcomes from the Regulatory Liaison work stream.

The **Fair Financing** work stream reviewed the profession's funding to ensure the proposed actions are affordable and can be delivered. It

considered a range of options, including a reduction in cross subsidies between members by relating charges more closely to services used. After due consideration of all the issues identified by the project team, Joint Councils decided to maintain the current pricing methodology and balance between income streams. In future, when the deficit in the staff defined benefit pension scheme has been addressed, we hope to be in a position to consider a reduction in subscription levels.

The work stream looking at changes to the **Structure** of the professional body was always going to face the greatest challenges and opportunities. The project team worked with purpose to establish the different functions necessary to deliver a professional body geared to achieving its strategic aim. Using a series of iterative discussions with Joint Councils it has produced a design that separates governance activity and support for professional communities. The Professional Administration will run the professional body in 'top down' manner, but devolving more decision-making processes to the executive, within an accountable board structure. The Professional Community will operate a 'bottom up' approach, providing a more member-led structure that can be flexible to members' interests and responsive to practice-specific, geographic, or cross-community issues.

Next steps

Implementation of initiatives from each of the work streams will follow over the coming months – we expect the new structure to be in place by February 2008. A fuller explanation of how the new structure will develop and operate will follow in the September issue of *The Actuary*. More information and updates will also appear in e-communications, at meetings and events, and through consultations as details on the structural changes and other developments are finalised.

We believe the profession has taken a rare opportunity to reassess its work and offering to its members, and have been impressed with the positive response and contribution that many of you have made to the future shape and direction of the profession. We look forward to working with you to deliver a professional body that will continue to provide the support and services we all expect and deserve. □

Outcomes at a glance

Knowledge services

- ◆ Knowledge access network
- ◆ Open forums
- ◆ Research process
- ◆ Career counselling service

Benefits: improved access to information, stimulating debate, providing new mechanisms to exchange news and information, supporting members' interests and careers

University education

- ◆ Accreditation scheme
- ◆ New study options
- ◆ Quality assurance
- ◆ Syllabus review
- ◆ Links with universities

Benefits: improved range of study options, maintain equivalence of standards, maintain relevance of qualification, building links with universities

Qualifications and branding

- ◆ Relaunch of associateship
- ◆ Market/promote associateship to potential employers
- ◆ Market/promote associateship to members

Benefits: recognition of associates' contribution and value, broadening the appeal of the profession, particularly to those outside core areas

Regulatory liaison

- ◆ Designated professional body review
- ◆ Review of conduct standards
- ◆ Practising certificate regime review
- ◆ Relationships with regulators
- ◆ Develop framework for profession's standards

Benefits: maintaining standards for professional practice, ethics, and conduct, developing external liaison, developing the profession's responsibility for public interest issues

Overseas

- ◆ Nomination of another IAA body as primary professional regulator
- ◆ Lower subscription rate linked to lower cost of regulation
- ◆ Economic pricing of world-class qualification
- ◆ Role and responsibility for International Committee in new structure
- ◆ Development of services and CPD addressing geographic location

Benefits: developing support and services for overseas members, clarification of regulatory responsibilities

Fair financing

- Maintaining current pricing methodology

Benefits: maintain delivery of effective and relevant support and service for members

Structure

- ◆ Roles and responsibilities of Professional Administration and Professional Community
- ◆ Flexibility of new structure
- ◆ Improved support for members
- ◆ New roles for staff

Benefits: flexible and responsive structure, development of support and services for members, reduction in bureaucracy