

**Minutes of a meeting of the Board of the  
CFA Society of the UK (CFA UK) held at the offices of USS, 60 Threadneedle  
Street, London EC2R 8HP and via Teams at 5.00pm  
on Tuesday 11<sup>th</sup> July 2023**

**Present:** L Matthews chair  
A Byrne\* (items 1509 i. to 1509 iii.)  
H Eastman\* (items 1505 to 1511 iii.)  
G Elcock  
K Ferguson  
W Hung\* (in person initially and moving to online later)  
K Kosmopoulou  
E Koycheva  
P Lenoble (items 1509 i. to 1516)  
F Lundie  
S Solomon\*

**Attending:** B Young (company secretary)  
W Goodhart (chief executive)  
V French (chief financial officer)  
A Ramsay (chief operating officer)  
A Pinch (director of customer experience)  
C Curtin (director of education)  
L Gracie (Indigo Independent Governance)  
D Clarke (item 1510 only)  
\* denotes attendance via video conference

**1505 Apologies for absence**  
Apologies for absence were noted from Shaheen Verjee.

**1506 Declarations of interest**  
The register of directors' interests was noted. New interests were noted as follows:

- Gillian Elcock, board member of STS Global Income and Growth Trust plc from 21<sup>st</sup> September 2023 and board member of Melrose Industries plc,
- Hilary Eastman, member of the Institute of Chartered Accountants of Scotland's Research Panel,
- Fraser Lundie, member of University of Aberdeen Development Trust board and member of investment committee.

**1507 Minutes of previous meeting**  
The minutes of the board meeting held on 9<sup>th</sup> May 2023 were reviewed and approved as an accurate record for signature.

**1508 Matters arising**  
The matters arising report was reviewed and noted. It was confirmed that a separate meeting for the board with the Head of HR would be arranged in September before the next board meeting.

A business transition risk session would be arranged in July.

A session to review the members' survey results would be arranged in August.

It was confirmed that examples of board meeting attendance data for the annual report and financial statements had been provided and the action could be closed.

It was announced that a board member had passed the certificate in climate and investing and congratulations were extended to her. It was confirmed that the pilot for the impact investing certificate

would be launched over the summer and directors were invited to take part. Anyone interested in sitting the qualification was asked to contact the director of education by email.

## 1509 Board matters

### Strategic

#### i. Strategic objectives for FY23-24

The strategic objectives for FY23-24, which had been developed after discussion at the strategy meeting and then reviewed at the May board meeting, were further discussed and noted.

The changes made to the objectives since the last meeting were highlighted. It was confirmed that sustainability reporting had been changed to an operational aim as this was already being developed. The CCI revenue objective was discussed. This had been updated to include revenue from all certificates rather than focusing on CCI solely to ensure that all potential streams of revenue were maximised. It was also noted that more specific targets had been added to the objective outcomes throughout.

The chief executive gave an update on some of the key initiatives that had been implemented or were being developed to help achieve the membership growth objectives, including the commencement of the branding roll-out and in particular the use of the powerful “we grow talent” brand message.

IT transition progress was very positive and the delivery of different phases had been a boost to the team, positively re-enforcing that big projects could be achieved successfully.

It was reported that the remuneration committee had suggested that the objectives should be measured as far as possible against more numeric KPIs. The calibration of the certificate registration and first year renewals targets were queried and it was confirmed that both of these figures were based on the forecast revenue, rather than on an assessment of market demand. The aims for the E&E committee were discussed. The re-brand work was giving the society the opportunity to re-invigorate partnership with other organisations. The importance of the IMC as the society’s flagship product was raised, with potential opportunities to leverage the qualification in conjunction with the specialist certificates. An extensive review of the IMC was continuing and it was reported that there were further opportunities to explore, including the possibility of introducing some add-on units to the IMC. The IMC registrations volume forecast for FY24 included a 2.5% volume reduction versus FY23, although FY23’s volumes had been higher than both forecast and the prior year.

The horizon board launch objective, introduced in order to better understand younger members’ needs and to help to attract more younger members, was discussed and agreed to be a good addition.

The communication of the strategy to members and volunteers was noted to be extremely important and it was confirmed that plans had been made to clearly articulate objectives.

#### ii. Business transition working group update report

The business transition working group update report was reviewed and noted. The changes requested to the report at the last board meeting were confirmed to have been made.

The key points of the report were highlighted. It was confirmed that, as at the end of April 2023, 25% of the approved budget had been utilised. Included in this were overspends of £23k which had been incurred through an £8k overspend on the brand workstream and an £13.3k overspend on the communities workstream. However, both branding and communities had now been fully delivered.

The single sign on between the website and community platform had been launched. The community platform already had 100 members signed up. The “we grow talent” brand roll-out had received a good response so far, but the main launch would be with the website launch in the Autumn. The e-commerce workstream had also been completed.

It was confirmed that there were future potential initiatives for FY24 which had not yet been approved; these amounted to an indicative cost of £705k.

The finance committee had challenged the cost of the transition programme to help mitigate projected operating losses in FY24 and FY25. Cost reductions had been considered in relation to contractor spend. Any potential delay to timelines had not yet been quantified. The reasoning behind reducing the

contractor hours was queried and discussed. The impact of the reduction on retention of the two contractors was queried but was not expected to be a risk.

It was highlighted that two out of the five workstreams had been completed since the last meeting and the staffed offices were thanked for their hard work in completing those tasks. The community hub was considered to be a very successful platform.

### iii. FY24 forecast and FY23 review

The FY24 forecast and FY23 review paper was reviewed and noted. The FY24 and FY25 forecasts showed a £0.91m and £0.67m operating loss, respectively. Underlying losses were anticipated, excluding one-off IT costs. Based on revenue projections, and if they did not improve, it was agreed that direct costs would need to be reduced.

Discussion continued relating to the reduction of contractor costs. The concern that reducing contractor hours would impact on the delivery of the transition program was discussed and it was suggested that alternative savings could be made elsewhere, perhaps with staff costs or cancellation of initiatives not yet started. The link between the costs needed to drive strategic objectives, and therefore enable revenue generation, was emphasised. It was agreed that it was better to save cost in areas that would not jeopardise the delivery of the strategic objectives or impact on revenues.

It was agreed that the chief operations officer would quantify the cost saving and the impact to transition timeline for the consideration of the leadership team.

It was suggested that the alternative fixed costs should be considered to be reduced to help the long-term finances. Restructuring activity was being carefully considered by the leadership team. In the meantime, it was requested that the impact on the IT transition project of reducing IT contractor hours be assessed. The risk of loss of skills in the society was also raised and discussed.

The aim to return to surplus in FY26 was noted. Following an initial restructure, additional staff savings might need to be identified if revenues did not perform in line with expectations. The loss would not be eliminated by achievement of the strategic objectives alone.

It was confirmed that resourcing would be prioritised to ensure the strategic objectives, particularly those generating revenue, were delivered. The operating model would be continued for the time being to minimise revenue risks. The staff levels pre-Covid would be confirmed and compared with the number of heads currently employed.

The finance committee had suggested that investments should be based on business-as-usual costs and revenues but bearing in mind that the cost base could change following completion of the IT transition without similar increases in revenues.

The operating reserves policy was explained and discussed. It was confirmed that the investment committee were aware that investment reserves might be required to fund operations and investment strategy had been adjusted appropriately for the next two financial years but the society must move, in the longer term, back to a financially sustainable position.

It was agreed the leadership team should adjust the forecast and fixed cost spent for FY24, whilst preserving the ability to achieve the strategic objectives. The leadership team would report back to the board in October with some optional measures to be implemented if higher levels of cost cutting were required.

## **1510 Committee reports**

### i. Scottish committee report

The annual report of the Scottish committee was presented by the chair of the committee and noted. It was highlighted that new members of the committee had joined in the past year and there had been a renewed focus on advocacy.

It was requested that, with Scotland and in particular Edinburgh being an investment industry hub, more resource be available to the committee to support administration and Scottish events. There was

enthusiasm to run more events and to help educate wider society and government about the investment industry and its importance.

The possibility of local investment firms sponsoring or hosting events was suggested.

Invitations to Scottish committee events were extended to any board members based in, or visiting, Scotland.

## 1511 Board matters continued

### Governance

#### i. Successor treasurer recommendation by the nominating committee

The recommendation of the nominating committee for the successor treasurer was reviewed and noted.

The committee had recommended Weiyen Hung to shadow the current treasurer and to be appointed treasurer following the 2023 AGM. After due and careful consideration, the board approved the recommendation for Weiyen Hung to commence shadowing the role.

Thanks were noted to both directors who had volunteered for the role; the nominating committee had had a difficult task to choose between two quality candidates.

#### ii. Annual sustainability reporting

The annual sustainability reporting paper was reviewed and noted.

The structure of sustainability reporting for FY23 was discussed. It was noted that some high-level reporting would be included in the chair's and treasurer's reports within the FY23 annual report and accounts, with further information posted on a dedicated sustainability area of the website. It was noted that any claims or measures included in the annual report or on the website would need to be evidenced and supported with data. Care would be taken to ensure that claims were clearly substantiated.

It had been recommended by the sustainability committee that, given the society was making good improvements in sustainability, there was enough activity to start reporting. However, some areas would be reserved for reporting from FY24 when more data would be available.

It was noted that the key areas of the reporting for the annual report FY23 were yet to be agreed and drafted and these would be discussed further between the sustainability committee and the finance committee. The final report would be approved by the board in October. The board was supportive of this approach and no areas of concern were raised.

It was confirmed that a consultant had been engaged earlier in process by the sustainability committee to provide guidance but it was agreed that continued engagement was not warranted due to the materiality of the reporting. It was confirmed that the society was under no regulatory obligation to report on sustainability in their annual report.

#### iii. Board liaison recommendations

The board liaison recommendation paper was taken as read and noted.

A correction to the members of the volunteer implementation working group was made to note that the COO was co-chair of the working group with Katerina Kosmopoulou.

The recommendations regarding the board liaison for each committee and their obligations to communicate between the board and the committees were carefully considered and approved.

#### iv. Implementation of volunteering changes update report

The paper outlining implementation of the volunteering changes was taken as read and noted.

It was highlighted that the naming conventions of different volunteer groups had been finalised. Changes to the committee structure had been communicated and discussed over three briefing sessions to volunteers. The merger of the ethics steering committee and the professional steering committee was ongoing and the formation of the member experience committee and community committee was also underway.

It was complimented that the communication of the changes had been delivered with thought and sensitivity to volunteers and the feedback received in response had been positive.

v. Fellowship recommendations

The paper outlining the recommendations of the fellowship committee was taken as read and noted.

The criteria for fellowship were clarified - the main factor was their contribution to either the society or the investment community, however, other factors were also considered. These included whether they had achieved the CFA qualification and were located within the UK, for example.

The seven nominees who had been recommended to be elected to fellowship of the society for contributing with distinction to the aims and objectives of the society and/or the investment community, were carefully considered and duly approved.

The next fellowship recommendations would be made in 2025, in line with the regular two-year cycle.

v. Canaccord mandate changes

The paper outlining the proposed changes to the Canaccord mandate was taken as read and noted.

**1512 Chief executive's report**

The chief executive's report was taken as read and noted.

i. CCI update

The CCI update was taken as read and noted. The CCI had already been discussed earlier in the meeting.

ii. Office move update

The office move was reported to have been executed very smoothly and recognition of that had been made to the relevant staffed office colleagues involved. The board expressed its thanks for their efforts.

**1513 Finance report, management accounts and KPIs**

The finance report, management accounts and KPIs for the financial year to 30<sup>th</sup> April 2023 were taken as read and noted.

**1514 Committee reports continued**

i. E&E committee report

The E&E committee report was taken as read and noted.

The challenges being faced by the committee were highlighted. It was planned that the committee would engage with the CFA Institute's education advisory committee to strengthen relationships between the two volunteer committees.

ii. Sustainability committee report

The sustainability committee report was taken as read and noted.

The chair of the committee thanked the staffed office for the support received by the committee. Some changes to the committee membership were noted.

The materiality assessment analysis was highlighted as a valuable exercise.

The prior decision to serve only vegetarian food at events was raised in the context of comments received from some members but it was agreed that the decision should stand.

**1515 Any other business**

i. Board effectiveness evaluation

The board effectiveness evaluation was carried out last year and it was agreed that this would be repeated this year. Indigo would circulate the survey to directors and the senior leadership team based on the same questions as last year and present the findings at the October board meeting.

ii. Independent member of the nominating committee

Board members were asked to suggest potential successors for the independent member of the nominating committee by email to the company secretary ahead of the nominating committee's next meeting on 19<sup>th</sup> July 2023.

**1516 Date of next meeting**

It was noted that the next meeting would be held on Tuesday 10<sup>th</sup> October 2023 at 5.00pm at the office of USS, 60 Threadneedle Street, London.

There being no other business, the meeting was closed at 8.07pm.

3<sup>rd</sup> Floor, Boston House  
63-64 New Broad Street  
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Signed: \_\_\_\_\_

Dated: \_\_\_\_\_