

**MINUTES OF THE ANNUAL GENERAL MEETING OF  
THE PERSONAL FINANCE SOCIETY  
HELD AT 2.00PM ON TUESDAY, 19 SEPTEMBER 2023**

<b>PANEL:</b>	Andy Briscoe (Chair)	PFS Board Interim Chair
	Anthony Ward (AW)	PFS Member Director and President
	Carla Brown (CB)	PFS Member Director
	Don MacIntyre (DM)	Interim CEO
	Chris Shadforth (CS)	Communications Director

**A. WELCOME**

The meeting being quorate, THE CHAIR welcomed members to the 2023 Annual General Meeting (“AGM”) of The Personal Finance Society (“PFS” and “Society”) and explained the format and procedures of the meeting.

**B. MINUTES OF THE LAST ANNUAL GENERAL MEETING**

No comments having been received, the minutes of the PFS AGM held on 20 September 2022 were approved as a true and accurate record of the meeting.

**C. REPORT OF THE BOARD**

**President’s Report**

THE PRESIDENT reported that:

- a. The past year had been a challenging period for the Board and PFS members. He expressed heartfelt gratitude to those who had worked so hard to get the PFS through it, particularly Past Presidents Caroline Stuart and Sarah Lord, as well as DM as Interim CEO.
- b. Other than the President himself this AGM presented an entirely new Board to last year with growing momentum and progress in how the PFS was delivering for members. The PFS had recently advertised for two Member Directors to join the Board and having received record levels of applications he was sure that the Board would be strengthened even further in the coming weeks.
- c. Focusing on the present, the PFS had 40,000 members with many engaged in CPD, volunteering and others progressing their qualifications. Later this year the PFS looked forward to celebrating these achievements at awards and graduation ceremonies. There had never been a better time to seek advice and individually and collectively the 40,000 members had a great opportunity to add value to clients, families, and to society as a whole, this year and beyond.
- d. An annual conference would take place in Wales on 2 November – places remained available and members were encouraged to get details by visiting the PFS website.
- e. Turning to the future and how the PFS would achieve its ambitions, the PRESIDENT was pleased to report that the PFS and CII Boards were keen to reset the relationship and work collaboratively, with the focus of serving our members. The PFS Board came together for a Strategy Day recently and agreed a package of important strategic themes that everyone would hear more about over the coming months.
- f. The PRESIDENT looked forward over the next year to the PFS and its members working hand in hand to deliver this strategy and restore the pride we all have in being a member of the PFS.

THE PRESIDENT concluded his remarks by taking the opportunity to thank all PFS volunteers who did so much to represent what it meant to be a member of the PFS. He looked forward to the forthcoming year as PFS President.

## **Business Report**

THE INTERIM CEO prefaced his report by acknowledging the work of previous Board members, particularly former Presidents Sarah Lord and Caroline Stuart. The last year had been a challenging time and their dedication to the PFS and its long-term future needed to be recognised. Additionally he thanked current Board members – it was extremely advantageous to be working with such talented and qualified individuals.

THE INTERIM CEO provided the business report:

- a. Whilst the Board had concentrated largely over the last year on providing a pathway to a solution for the challenges it faced, the dedicated staff provided by the Chartered Insurance Institute (CII) had not been distracted in their focus on operational delivery for the PFS.
- b. Total revenue in 2022 was £9.76m, up from £8.14m in the previous year. Operating expenses were £7.99m, £3.22m higher than 2021, due significantly to a return to 'in person' events, as well as increased external consultancy fees for legal, communications and finance issues, including mediation related to the inter-company challenges.
- c. Work had continued to challenge the HMRC evaluation of previous tax years.
- d. Central overhead: the inter-company recharge for the year was, at £3.83m, down from the 2021 figure of £3.85m.
- e. Operating profit was £1.77m, a reduction of £1.6m from the 2021 operating profit of £3.37m. This put the reserves figure for the PFS currently at £17.25m.
- f. With a return to 'in person' events after the Covid pandemic during the second half of the year, there had been a series of successful events including the Festival of Financial Planning and the first graduation ceremony in a number of years.
- g. The team worked with the CII to evaluate the challenges posed by a number of IT issues, making significant corrections and continuing to improve.
- h. Membership on 31 December 2022 was 40,032, up from 38,374 at the end of 2021.
- i. The year 2023 had been one of modernisation, with an emphasis on content improvement, CPD, a stronger relationship with the Financial Conduct Authority (FCA), policy improvement, improved IT systems and most importantly stability in the operational relationship with CII, so that it could compete in an ever changing and competitive environment.

THE CHAIR asked to echo the comments of THE PRESIDENT regarding volunteers who supported the PFS so well and were its heart and soul. The Board was committed to help them as much as it could to do their work.

THE CHAIR also reported that the Board had worked hard in the last couple of months, getting to know each other and to assess the current situation so that thought could be given to how members might be served better. The first full meeting of the new Board would take place on 20 September, when he hoped that a number of new ideas could be approved, so that a fresh start might be made. The attendance of many new Directors at the AGM demonstrated the commitment they brought. Institute Directors were appointed by the CII but were required to act independently, in the best interests of the Society. When combined with the Member Directors, whose number it was hoped would shortly be increased, the Board as a whole would be well placed to ensure that PFS members received the support that they deserved.

## **D. VOTING RESULTS**

THE CHAIR declared the results of the vote on the resolutions set out in the AGM Notice as follows:

The ordinary business of the Annual General Meeting as prescribed in the Articles of Association (Article 6.2):

1. That the Report and Financial Statements of the Society for the year ended 31 December 2022 be received and considered. – **PASSED**.
2. That Crowe U.K. LLP be appointed as Auditors of the Society for the financial year ending 31 December 2022 and that the Directors be authorised to agree their remuneration. – **PASSED**.

The special business of the Annual General Meeting, as prescribed in the Articles of Association (Article 6.2):

3. That Carla Brown be appointed as a Member Director of the Society, as approved by the Board of Directors. – **PASSED**.
4. That Daniel Williams be appointed as a Member Director of the Society, as approved by the Board of Directors. – **PASSED**.
5. That Elizabeth Bastin be appointed as a Lay Director of the Society, as approved by the Board of Directors. – **PASSED**.

## **E. MEMBER QUESTIONS**

CS reported that some questions had been received in advance of the meeting; additionally, questions could be asked both by those attending virtually and those who were in person at the meeting. Questions and answers are grouped together below by subject category.

### **Governance**

- Simon Haydock asked why CII had powers over the Society and why the PFS could not stand on its own. THE CHAIR reported that the PFS was formed in 2004 – a merger between the Society of Financial Advisers (owned by the CII) and the Life Insurance Association (LIA). The PFS Articles of Association drafted at the time were an important document as they sought to protect the merging parties by ensuring the Society would do what it was meant to be doing. The Articles were clear that Members had oversight mechanisms such as the AGM and the ability to appoint Member Directors; CII also had oversight of what the Society was doing through its approval of the business plan and strategy, as well its ability to appoint Institute Directors.
- Dr Peter Williams believed that the current Board was not representative, with too many CII appointees who had little or no knowledge of financial advice or the PFS. He asked what action was being taken to appoint more Member Directors and reduce the number of CII appointees. THE CHAIR reported that the Board was very keen to appoint more Member Directors – a recruitment process had been taking place recently and new Member Directors were expected shortly. The Board was also aware that PFS members were a very diverse group of people, in terms of the services they provided and the size of organisations for which they worked. It was hoped that the membership value propositions could be differentiated in future to reflect that diversity of backgrounds.

- Keith Button asked when members' questions and concerns from late 2022 and early 2023 would be addressed in the public domain. Peter Sudlow asked for a statement about the disagreements between the PFS and CII. THE INTERIM CEO noted that his appointment had taken place during the recent challenging period, but it was not for him to speak on behalf of the current or former PFS Board members – any statement on the situation should be made by the Board itself. Speaking openly to members and acknowledging the challenges was important, but it would not be right to be dominated by the past. There was a need to move to a more operationally sound environment, which was the current focus. THE PRESIDENT added that the challenging period was in the past and it was now time to move on. He believed in the potential of the PFS and its members and felt enthusiastic about the impact they could have on society.
- Terry Stuart asked how the average member could be reassured and have confidence that the interests of the PFS would be put first – he felt that it was not entirely transparent to the membership what was happening at the time of the dispute. He believed it was not enough for Directors appointed through CII influence to state that the situation had been resolved. CB, as a member-appointed Director, felt that it had been refreshing for everyone to come together at the recent Board Strategy Day. There was now a clear focus on putting PFS interests first. Communication was key and was something the Board was keen to address, so that members could be happy with what they were doing. THE PRESIDENT reported that he had had positive conversations over the last few months with the CII CEO, its Board Chair and the CII President – there was a desire to reset how the two bodies worked together. He had chosen to remain as a Board member during this difficult period as he believed that the direction of travel was positive. He looked forward to next year's AGM when discussions could be about the progress made.
- Dennis Hall asked how SMEs, which were the majority of organisations in the sector, were to be represented on the Board. THE CHAIR reiterated that the current recruitment drive was seeking to find Board members who represented the diversity of the PFS membership.
- Darren Cooke asked why members were not allowed to vote on Institute-appointed Directors. THE CHAIR reported that the Articles of Association were clear on the matter. Historically the CII had appointed full-time employees as Institute Directors, who did not necessarily have governance expertise and found it difficult, given their status, to take an independent view. He believed the CII had been brave in recent months when they appointed Institute Directors who were technically employed, in order to comply with the Articles, but whose allegiance was unequivocal in doing what was best for the PFS and its membership.
- Richard Briggs asked about how the Institute Directors complied with their common law fiduciary duties to PFS members. THE INTERIM CEO said that he would like to move away from the phrases "Institute Director" and "Member Director", as they were all Directors, with a very clear fiduciary responsibility under the Companies Act. There was a difference in skill set, as would be the case for any company's Board of Directors – an annual skills evaluation took place to identify gaps.
- Paul Tunnell asked for confirmation that the deregistration issue had been resolved and would not happen. THE INTERIM CEO reported that, from his conversations with CII executives, he had confidence that such a move was not on the horizon. The focus was now to modernise the PFS, with many opportunities to revitalize it for the benefit of a relatively young profession.

## Membership

- A question had been received in advance about the reasons for becoming a PFS member. CB believed that, with the new Board in place, focusing on how to serve members better, the PFS was the pre-eminent professional body in the UK with 40,000 members, but with a global membership so that there were opportunities to exchange

ideas and gain credibility worldwide and with the public. As a professional body, our ethos was around standards, professionalism and trust – it was what the public sought when they engaged with PFS members for their advice. Being part of the PFS gave members a framework and an opportunity to develop their career based on world-class learning, qualifications and CPD. Community, credibility and career were three good reasons to remain a PFS member. THE PRESIDENT added that there was something for everybody, at every stage in their work life – accessing the membership section on the PFS website gave valuable insights in how careers could be progressed and the value of being part of a community.

## Finance

- A question had been received on the CII's financial health – whether the PFS was still “carrying” the CII. A further question asked whether the PFS had total control of its reserves. THE INTERIM CEO reported that the PFS had always had control of its reserves – it was for the PFS Board to decide where those funds should be best placed, in the interests of the PFS membership. In terms of the CII, it should be acknowledged that it had gone through its challenges. The CEOs of both CII and the PFS had taken their roles at the same time in 2022, probably neither appreciating the extent of the challenges that existed. He believed that CII's CEO had made significant inroads to get to its current positive position, with confidence that the situation would improve further in the future. He did not believe that the PFS was “carrying” the CII.
- Simon Haydock asked, given the recent profits made by the PFS, whether membership subscriptions might be frozen for a period. THE INTERIM CEO reported that the last iteration of the Board had frozen membership fees for two years, which had now come to an end. The Board would evaluate the situation and come to a decision shortly on future membership fees.
- Alasdair Walker reported that the core question in his unanswered letter dated 1 February 2023 to the Board related to the PFS Financial Statements, where reference was made to around half of member funds, around £12m, being held as a debt from the parent company i.e. CII. The most recently available version of the CII accounts, which were quite out of date, suggested that such readily realisable funds were not available. He asked whether the Board could confirm sight of the £12m member funds; if not, under their fiduciary duties to members, whether they were requesting CII to transfer the funds, to name terms if the CII were acting as competent trustees, which they should be able to do on demand. THE INTERIM CEO responded that the majority of the Board had only recently taken up their roles. Because of the challenges faced in the first half of 2023, the Board had not been able to meet with a quorum of Directors present to promulgate business, including addressing the letter. The PFS had just over £10m in a deposit account to gain interest; the rest of the funds sat in inter-company debt, in a number of areas, as part of normal company business. He was confident in the strength of the CII that he could recommend to the PFS Board that they should have no concern; that said, it was not for him to speak for the Board on the matter. THE CHAIR confirmed that a response to the letter would be provided. It was embedded in the PFS Articles of Association that its funds could only be used to pursue the Society's objects – the Board was already considering how this would be best achieved.
- Alasdair Walker asked whether the clause would be removed from the Articles of Association allowing for funds on wind up to be moved to an associated institute, as it seemed out of step with the message that the PFS Board acted solely for its members. THE CHAIR reported that seeking to amend the Articles was a serious step that would need to be thought through carefully. THE INTERIM CEO added that it was the right of the Board to consider an amendment, but to expect a new Board to make such a decision in the short term would be unfair; it would also need to be tested with the membership – whether such a change would be for the benefit of the PFS. THE

PRESIDENT thanked Alasdair Walker for his letter and encouraged members with any concerns about the Society to contact the Board at any time.

- Terry Stuart asked if members could be assured that PFS reserves would not be used as a cheap form of credit to plug CII's finances. THE INTERIM CEO stated that he could provide such assurance and noted that the Board would rightly hold him to account as the operational executive on the point.
- Susan Taylor asked why administration expenses had risen so much. THE INTERIM CEO reported that the 2022 challenges required independent contracting, including legal, finance and communication services, totalling £1.3m, which the Board at the time had felt was necessary to protect the Society's reserves. Another reason for the increase was a return to business as usual after the Covid pandemic, including provision of events that had not been able to take place during that period.

#### **F. ANY OTHER BUSINESS**

There being no other business, the AGM closed at 2.47pm.

DRAFT