

## **PGS AGM – Questions & Answers**

3<sup>rd</sup> November 2022

### **Introduction**

Following the Personal Finance Society Annual General Meeting on Tuesday 20<sup>th</sup> September, the Board provides the below responses to questions submitted by members that it wasn't possible to answer in the session. Where we have received multiple questions on the same topic, one answer has been provided, rather than the same answer provided in numerous instances. We have also, where appropriate, shortened questions but without making substantive changes. Finally, questions are anonymised to protect individual identities.

### **PFS Finances**

Question - Has anyone at the PFS done a cash flow analysis to see if or when they are at risk, taking into account major costs such as CII payroll?

Answer - The PFS Board is pleased to be in a healthy, stable financial position. We must guard against complacency and remain vigilant against this situation changing. Having said that, we want to use this to our advantage to build operational capacity, keep down member fees, strengthen training programmes and promote the financial planning profession.

Question – Has the Board any proposals as to which charity the society's money will be donated to should the CII wind up the PFS?

Answer – On the matter of 'winding up' the PFS, this is solely a matter for the PFS Board and a decision only they can exercise. PFS funds are solely there for the purpose of supporting PFS activities aimed at furthering the members' interests.

The Board does not have any concern over its funds not being used for anything but PFS activity and does not feel the need to entertain any such proposal at this stage.

Question – How does the PFS plan to put its cash reserves of over £20m to use for the benefit of PFS members?

Answer - The PFS does have a healthy reserve balance and has already allocated funds for the benefit of PFS members. Moving forward we will look to use the funds to continue our support of PFS members' activity. As an example, our reserves have allowed us to take actions such as freezing members' fees for the next two years, in order to help support members during this difficult cost-of-living crisis.

Question - You announced that the CII had agreed to transfer £10m of PFS funds to an account controlled by the PFS. Would you please provide a detailed breakdown as to what is intended with the remaining c£10m?

Answer – PFS funds have always been used for PFS activities. Significant investment requires the approval of the PFS Board as has always been the case and can only be used with prior approval of the PFS leadership. As it relates to our available reserves, we look forward to engaging with members in the weeks and months ahead about how we can best take advantage of our healthy financial position.

From a business, strategic and commerciality standpoint, we are not providing a detailed breakdown of the finer details of PFS spending on an ongoing basis. However, as always, this will be detailed in the accounts and a number of strategic initiatives are currently being considered by the PFS leadership, details of which will be communicated as soon as is able.

### **PFS Tax Position**

Question – What does the PFS think of government proposals to secure economic growth through lowering taxes and deregulation?

Answer – The PFS and its members will be watching the Government’s economic proposals with great interest, including its position on tax rates and regulation. Expert financial planners and advisors are vital in helping people to properly navigate the tax system, which in turn ensures it functions smoothly and effectively. We are therefore keen to engage with the UK Government in the coming months, to ensure that as the cost of living crisis continues, people can access ever more reliable, transparent, effective advice and services, accredited to the highest standards.

### **PFS/CII Relationship**

Question – What action has the PFS Board taken to protect members against the threat of the CII exercising its option to ‘flood’ the board?

Answer – While in the past there may have been a suggestion that the CII would threaten to flood the PFS Board, as far as we are aware there is no immediate threat of this happening. We would be dismayed if the CII decided to adopt this approach and would mobilise you, the members, to prevent this from happening. We are of the view that this would not best represent PFS/CII member interests.

Question – One of the reasons allegedly cited for the CII wanting to ‘de-list’ the PFS was to remove liability from their balance sheet. Is that the PFS Board’s understanding?

Answer – The PFS is currently engaged in active dialogue with the CII on governance matters. As soon as we are able to, we will comment more fully on those discussions and update this document accordingly.

The matter of 'de-registering' the PFS is one solely for the PFS Board as is not an action they have any intention of taking.

Question – The CII appears to hold £20m of PFS money. If the PFS asked for this back, would that render the CII bankrupt?

Answer – It is not for us to comment on the CII's finances specifically, as they are a separate entity. The PFS' reserves are as described; belong to the PFS

Question – The CII has tried to claim credit for the PFS' success. Why did the PFS Board not interject and recognise that this was the result of the dedicated PFS CEO and hard-working volunteers?

Answer – We are thankful and grateful to PFS members who dedicate their time and resources to the success of the PFS. They deserve every credit for this work. The PFS Board frequently and firmly champion PFS member interests.

Question – What seems to have restricted the PFS President on the PFS expressing its views about CII aggression, bullying and misinformation?

Answer – The PFS Board has been working to build the foundations for a strong future-focused PFS. The Board chose to do this quietly and diligently, outside of public view. We make no apology for choosing to adopt this approach as we feel it best serves PFS members' interests.

Question – Is it true Sian Fisher deliberately neutralised the PFS Board by making it inquorate?

Answer - There were occasions when Institute Directors were not present at PFS Board meetings. This has given the PFS Board an opportunity to review our governance with the CII to ensure that we are able to manage and lead the PFS with a leadership structure to move the Society moving forward. Once we are able to comment more fully on this, we will do so.

Question – Can you assure the membership that you will not, at any time in the future, be swallowed up by the CII without a full membership vote on the matter?

Answer – The PFS Board is engaged in active discussion on governance matters that this relates to and will be sure to update members as soon as we are able to provide further detail. This will include revising this document as soon as we are able to do so. The PFS has successfully resisted past attempts to 'swallow it up' by the CII.

Question – Why does the PFS Board feel the PFS is better together with the CII?

Answer – The PFS and CII have worked together for nearly 18 years, in what has mostly been a positive relationship. We fully accept that there have been recent challenges and disagreements, which the agreement in principle we announced at the AGM can start to move past. There is a balancing act of maintaining a relationship with the CII for the provision of key services, such as Statements of Professional Standing, while ensuring your professional body remains intact and operational.

Question – You announced you have been working tirelessly to protect the interests of the PFS, which suggested you have been placed under extreme pressure and/or attack from the CII. Would you please explain why you have needed to work so hard to defend the interests of the PFS and its members?

Answer – The PFS Board is currently engaged in active discussions with the CII on a range of issues and will update members with further details in due course and as soon as it is possible to do so. That will include updating some of the relevant answers in this document.

## **CII Finances**

Question – Has the CII been attempting to wind up the PFS or persuade the PFS to loan money due to the fact that the CII has exhausted its healthy cash balance of £40m and has sold Aldermanbury?

Answer – The PFS cannot comment on the CII finances as they are a separate entity.

Question – When did the PFS Board first realise the CII had financial difficulties?

Answer - The PFS Board two years ago demanded that the financial positions of the CII and PFS were separated in all future accounts at a CII Board meeting. It is for the CII to comment on their finances, which are separate from the PFS and not under the responsibility of the PFS Board or leadership.

Question – How will the PFS be impacted if the CII becomes bankrupt?

Answer - The PFS is in a stable financial position with a good turnover of annual subscriptions and healthy reserves. The PFS cannot comment on the actions or decisions of the CII as it is a separate entity. The PFS Board will always act to preserve our assets and protect our members' interests as our first and top priority.

## **PFS Operations**

### Question - Have there been any new PFS initiatives since the last CEO left post?

Answer - The PFS has delivered a number of initiatives, including member-led programmes, over the past year. Our pro bono education initiative My Personal Finance Skills reached approximately 25,000 students nationwide. We launched, in January, a series of videos for members and associate firms to help explain the value of PFS membership to their clients. The My Personal Finance Skills initiative has recently been officially accepted as a module for the Duke of Edinburgh Bronze Award. We expect more to be delivered over 2022/23, including the much-anticipated Festival of Financial Planning in November. There have also been regular paraplanning networking sessions launched by the Paraplanner Panel for this part of our membership to get together, share ideas and good practice.

### Question – How would the PFS Board rate its performance in representing the best interests of its members over the past year?

Answer – The PFS Board has worked hard to represent and advocate for the best interests of members. Our directors volunteer their time, recently there was a need and request for some directors to spend significant time beyond what is expected of a volunteer director. If a director is asked to take on the role of an employee or move beyond their required volunteer basis, the Board will consider an honorarium reflecting extra work they have carried out on behalf of the PFS over-and-above their standard Board duties. Much of this work has been done quietly and diligently behind the scenes, rather than in full public glare. We know that the Board, in close conjunction with our new interim CEO, can do more to publicly make the case for the profession and good work of our members. This will be our ambition for the year ahead and beyond.

### Question - Why have you not engaged in Robin Melley's insights and support, or have you?

Answer - Robin Melley has been a key member of the PFS for many years and we truly appreciate his support. We have been in communication with him, including both at and in the days following the AGM, and welcome his thoughts and contributions.

## **Diversity & Inclusion**

### Question – What is the PFS doing to attract more talented women to the profession?

Answer – It is one of the PFS' central priorities to fully demonstrate just how rewarding and worthwhile a career in financial advice and planning can be for anyone. We all want to see more talented, driven women entering the profession and helping secure the future of this vital sector which contributes so much to the UK economy. It will be the responsibility of the PFS leadership to continue making this case, to audiences beyond our own profession.

## **Exams & Training**

Question – What has the PFS Board done about the exam and IT failures on behalf of members and students?

Answer – It is not acceptable that any member experiences difficulty, least of all prolonged difficulties, in accessing exam and training services. We recognise that it is vital for the PFS to be able to provide excellent services and we working closely with the CII to ensure that this will be delivered moving forward.

Question – How are the PFS Board holding the CII accountable for the exam failures to ensure that PFS members receive the high quality of service they deserve and have paid for?

Answer - We have been making forceful and repeated representations to the CII leadership emphasising that rectifying the IT issues around qualifications and exams must be addressed as an urgent priority.

Most recently, the issues have been raised as a matter of priority with the new CEO of the CII, Alan Vallance. We are confident that our new Interim CEO, Don MacIntyre, and the PFS Board will take any actions necessary to ensure that the CII prioritises making any changes required.

Question – How many outstanding exam vouchers represent our members who have paid for an exam or learning material?

Answer – The PFS does not issue exam vouchers or learning material and therefore this is a matter that should be taken up with the relevant team at the CII.

## **Political, Regulator and Policymaker Engagement**

Question - Who on the PFS board is engaged with FCA and various government departments that the last CEO, Keith Richards, developed and led?

Answer – The new interim CEO of the PFS, Don MacIntyre, is very keen to see the organisation continue its engagement with regulators and government departments and make this a priority. He and the Board recognise the importance of properly representing our interests to policymakers, and we will work to drive this engagement in earnest over the coming months.

Question - What actions have the Board taken to ensure that the PFS is put back on the growth trajectory of influence and reputation with the public, engaging with the regulator, policymakers and government?

Answer – The PFS Board and Interim CEO are very keen to continue our engagement with regulators and important stakeholders in government and public policy. We recognise that there is always more that can be done in this area, especially as the financial planning and advisory profession becomes more vital than ever at such a challenging time for the UK economy.

Question - Would advisors benefit from a new advisor-only body that would provide a strong lobbying role to parliament, regulators etc on behalf of its members, as this seems to be currently lacking?

Answer – We feel the best way to make representations of members’ interests to political and regulatory stakeholders is through the PFS Board, CEO and its executive function. Advocating for our members’ issues and concerns is a key priority for the PFS leadership. The PFS Board is made up of individuals working at the coalface of the profession and understand the challenges facing it. However, we welcome input and suggestions for the issues on which members want us to be engaging going forward.

### **CEO Recruitment**

Question - Why have you appointed an interim CEO who has no sector experience to deliver the PFS AGM and the Festival of Financial Planning?

Answer - Don MacIntyre has over 30 years’ experience working across a number of international businesses. For the last 6 years he has worked in international and national membership organisations. Most recently he was the interim CEO at the UK Cyber Security Council advising and running the government’s key strategic membership body driving the profession. The Board went through a rigorous selection process to ensure we had the correct balance of business and membership body leadership skills to add to the Board’s finance sector experience.

He was the best candidate to lead the PFS over the coming months. He is a specialist in delivering increased business performance in high pressure time scales as well as working in complex business structures. He also has experience in small startup environments and being able to work with small teams to transform and build businesses, which the Board recognises as a key requirement for the organisation at this point in time. Part of Don’s remit will be to prepare the organisation for the appointment of a permanent CEO, a task for which his previous and most recent experience is ideally suited.

Question – Why did the PFS agree to the position of CEO being abolished and what has changed since to cause the decision to be reversed?

Answer – The PFS Board did not agree to the position being abolished. Once aware that the CII had indeed done so, we pressed hard for the position to be reinstated. It is important to recognise that the board felt the need to have a CEO employed by the PFS and not the CII. All previous CEOs were CII employees. We managed to achieve this outcome, knowing we needed day-to-day executive leadership and are therefore delighted with the appointment of Don MacIntyre, the first PFS employed CEO, who will provide this.

## **Professional Advisors**

Question – The AGM was conducted at an inconvenient location, with questions having to be posed in advance and then grouped to be responded to by a PR varnished answer and time-restricted on the day that was mainly taken up with a longwinded PR crafted announcement that reduced the time allocated for questions from the floor. How does this strategy help achieve transparency and accountability with members and how does it help to garner the support of members?

Answer – PFS members are based in locations all across the UK – realistically, there will always be some who wish to attend the AGM who will find the location less convenient than others, and it is for this reason that the meeting was livestreamed for virtual attendees.

It is normal practice for questions from members to be submitted in advance of the AGM. We are confident that the responses provided accurately and roundly reflected the range of themes raised by members prior to and during the AGM, as well as in wider interactions. While it would not be possible to respond to every question individually, we are committed to addressing the broad range of important issues from across the PFS membership. The AGM is also by no means the only way for the Board to engage with its members, nor is it the only avenue through which members can engage with the Board.

Question – Why have you hired advisors to handle your communications?

Answer - We have appointed advisors to aid with communications. Your PFS Board is made up of Member Directors and Institute Directors who passionately believe in the organisation and most of whom give their time for free. There will be many important moments when the Board and the interim CEO will need to communicate with members and media this year and next, and the Board recognised that they need skills and expertise to do this efficiently, effectively and very often, swiftly.

The PFS does not currently have a dedicated communications director. We were frustrated at the content being put out in our name. The appointment of DRD Partnership is therefore designed to ensure we can communicate with you better and give the PFS its true, unfiltered voice.

Question – What advice has Farrer and Co provided to mitigate the risk of the CII flooding the board to take control of the PFS and how the articles of association should be amended to ensure this can't happen in the future?

Answer - Farrer & Co and Evelyn Partners, are supporting the PFS Board in helping navigate a new relationship with the CII. These advisors are there to assist in discussions with the CII regarding a better future relationship. Given the nature of legal advice, it would not be appropriate for this to be shared other than with the PFS Board, however once we are in a position to update on our ongoing discussions with the CII, we will be sure to do so.