

## Minutes

**Meeting:** FCA Board

**Date of Meeting:** 28 November 2024

**Start time:** 09:15

**Venue:** Meeting held in Boardroom and via Microsoft Teams

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**Members Present:** Ashley Alder (Chair)  
Aidene Walsh  
Alice Maynard  
Bernadette Conroy  
Bryan Zhang  
Nikhil Rathi  
Richard Lloyd  
Sam Woods (items 1- 3 only)  
Sophie Hutcherson  
Liam Coleman

**In attendance:** Set out in Annex A

**Presenters:** Set out in Annex A

**Apologies:** None

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## 1 Standing Items/ General Business

### *Declarations of Interest*

1.1 No interests were declared in the items to be discussed.

### *Minutes of previous meeting*

1.2 The Board approved the minutes of the meeting held on 31 October 2024.

### *Action Log*

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- 1.3 The Board noted the action log and approved the closure of completed actions.

## 2 Reports

### *People Committee*

- 2.1 The Board noted the report from the Chair of the People Committee meeting held on 7 November 2024. The Committee had:
- i. Travelled to the Leeds office and held its meeting there in person following a successful morning with members of the Leeds office hearing about future plans and issues relevant to Leeds staff.
  - ii. Considered the Pay Review 2025 - budget and approach, noting the need to account for implications on the budget relating to the employer National Insurance contribution increase announced in the Budget.
  - iii. Reviewed an overview of the outcomes from the FCA's 2024 all colleague talent review recognising that this has provided insight into the organisation's future talent pipeline. The Committee noted that the FCA will continue to provide career pathways for development such as lateral moves to support colleagues' aspirations whilst ensuring that the supply of talent matches the demand of the business. This work is particularly important in the context of the FCA's currently very low staff turnover.
  - iv. Received assurance that the approach to employee relations case management was being effectively delivered.
  - v. Approved the appointment of an Interim Executive Director Markets in the Supervision, Policy and Competition division alongside the creation of a new Executive Director Payments and Digital Finance role, fulfilling the distinct role of Managing Director of the Payment Systems Regulator (PSR) and overseeing the wider payments portfolio across the FCA.
  - vi. Discussed the FCA's long-term strategic workforce plan to meet the NAO recommendation from its report issued in December 2023. The plan will align to the 2025 FCA Strategy while enabling the FCA to remain ambitious in readiness for the future.
  - vii. Approved various panel/committee appointments under its new revised delegations from the Board.
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### *Audit Committee*

- 2.2 The Board noted the report from the Chair of the Audit Committee meeting held on 8 November 2024. The Committee had:
- i. Discussed and welcomed a new format of the Midyear Risk and Control Self-Assessment (RCSA) report. The Committee had heard how the approach had been streamlined to focus on organisational top risks and noted ongoing challenges to ensuring the system is up to date and that actions are closed in a timely fashion.
  - ii. Received an Internal Audit update, noting that four reports had been finalised since the last Committee meeting and the progress made against the 2024/25 Internal Audit Plan, preparations for updates to the Corporate Governance Code and Global IIA standards. The Committee agreed to proposed changes to the Internal Audit Plan including deferring an Infrastructure and Exchanges review to 2025/26.
  - iii. Received and approved the updated Internal Whistleblowing policy.
  - iv. The Committee received and endorsed a paper setting out options for conducting reviews where the tests in Section 73 of the Financial Services Act 2012 are met and how Risk and Compliance Division will better co-ordinate its work on group complaints and regulatory failure assessments.

### *Risk Committee*

- 2.3 The Board noted the report from the Chair of the Risk Committee meeting held on 14 November 2024. The Committee had:
- i. Received a Risk & Compliance Oversight Risk Report providing a second line view on the organisation's strategic risks of harm and showing more alignment in the first line of defence and second line of defence assessment of risk. The Committee noted that there had been significant progress since the last report, with several Strategic Commitments reporting improvements in risk of harm scores or delivery status.
  - ii. Reviewed findings from the Artificial Intelligence (AI) Survey 2024 including the adoption of foundation models, market concentration among cloud, data and model providers and the importance of data in the design, validation, and deployment process of AI systems. The Committee noted the systemic risks identified in the findings including

cyber security, third-party risk and links with cloud, model and data providers.

- iii. Received an update on the FCA's approach to managing third-party concentration risk. Key points to note were that the approach to Third-Party Concentration Risk Management (TPRM) was still maturing and was inconsistent across the organisation but the Committee received assurance that the rollout of the TPRM policy would ensure a more consistent approach and a refinement of procurement processes and procedures.
- iv. Received a simplified own risk taxonomy setting out proposals for a streamlined view of risks moving from ten to seven principal risks, and around 30 risk categories.

#### *Oversight Committee*

- 2.4 The Board noted the verbal update from the Chair of the Oversight Committee meeting held on 19 November 2024. The Committee had:
- i. Met with the Financial Services Compensation Scheme (FSCS) and the new Chair who briefed the Committee on potential future adjustments to FSCS governance.
  - ii. Discussed the service metrics and turnaround times for the FSCS and noted that progress was being made.
  - iii. Discussed the FSCS Management Expenses Levy Limit (MELL) 2025/26 proposal to maintain the same level as 2024/25, and approved that the FCA alongside the Prudential Regulation Authority (subject to its Committee approval) can jointly publish a consultation.
  - iv. Met with the Financial Ombudsman Service (FOS) and in considering its draft 2025/26 budget. There was a degree of continuing uncertainty about forecast complaints demand that required further discussion at the FOS Board before returning to the Oversight Committee for approval.

#### *PRA Update*

- 2.5 Mr Woods briefed the Board on the business of the PRA that was of relevance to the FCA, including plans to carry out a stress test of life insurers in 2025
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and the forthcoming publication of the Financial Stability Report along with associated reports.

*PSR Update*

- 2.6 Mrs Walsh and Mr Geale briefed the Board on the business of the PSR that was of relevance to the FCA, including:
- i. The smooth implementation of the APP Scams Reimbursement to date and the forthcoming publication of fraud origination data.
  - ii. Changes to PSR work following publication of the National Payments Vision:
    - a) The establishment of a delivery committee chaired by HMT.
    - b) Joint work with the BoE to review Pay.UK funding and governance.
  - iii. An update on the mid-strategy review and intended publication date.
  - iv. The forthcoming final report and a remedies consultation on both cross-border cards interchange fees and scheme and processing fees.
  - v. An update on PSR organisational design activity and budget.

*CEO Report (including Quarterly Performance Report)*

- 2.7 Mr Rathi briefed the Board on a number of topical issues, including:
- i. A reflection on the success of the Banking Non-Executive Directors Conference that had taken place on 21 November 2024.
  - ii. A reflection on the outcome of the US Presidential Election and what it means for the FCA international agenda.
  - iii. The impending publication of the second part of the consultation on greater transparency of our enforcement investigations.
  - iv. An update on enforcement outcomes.
  - v. News of the Government's emerging approach to engagement with all UK regulators.
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- 2.8 The Board noted and reflected on the content of and implications of the Report on the Call for Evidence about the FCA, published by the All-Party Parliamentary Group (APPG) on investment fraud and fairer financial services. The Board noted the importance of receiving and acting on feedback, including where it was critical of the organisation. That said, the Board did not consider that the report's overall conclusions, or the wider picture it painted, presented a balanced reflection of the organisation.
- 2.9 The Board discussed its approach to strategic communications in the context of the APPG report and the often-conflicting external expectations of the organisation and the need to be clearer on the approach to this within communications.
- 2.10 The Board reviewed the first iteration of the Quarterly Performance Report, noting that:
- i. That was a positive trajectory for externally published Operating Service Metrics. Some shortfalls for individual months in the quarter, but nothing tracking outside of service level agreements (SLA) overall. Achievement of the SLA to respond to MPs' letters was on track to improve against the 2023/24 position.
  - ii. Records management is a recognised risk across all areas of the FCA. The mechanism for monitoring and control of this risk within regulatory functions uses a quality assurance approach.
  - iii. In terms of the Projects Portfolio, whilst a large number of projects are on track, each project which is not has an agreed path to getting back on track. Those projects encountering significant delivery challenges were being supported by the Executive Finance & Delivery Committee through deeper analysis. One of the challenges highlighted was that the design stage was taking longer than anticipated in some cases.
  - iv. The Projects Portfolio was reporting a £10.5m (27%) underspend and 'waitlisted' work had been accelerated to take advantage of the underspend.
  - v. £79m in run rate efficiency targets over 2024/25 were on track to be delivered.
  - vi. Some of the supplier reliant net zero commitments were reported as being off track, with the team continuing to explore ways to address this.

- 2.11 The Board welcomed the report and made some suggestions about how future reports could be presented. The Board also suggested that the good news items should also be a feature.

*Independent Panels Monthly Reports*

- 2.12 The Board noted the reports from the independent panels, particularly noting the engagement that the panels had with the development of the new FCA Strategy.

### **3 Strategic Discussion**

*Strategy 25: 5-year roadmap and year 1 priorities*

- 3.1 The Board engaged in a discussion on the development of the FCA Strategy 2025 based on four top-line themes discussed in prior meetings. The discussion was focused on the objectives and potential metrics related to the themes identified for the strategy. The Board concluded that there was strong support for the preliminary proposals.
- 3.2 It was clarified that the published 5-year Strategy document will be considerably shorter than previous versions, adopting clearer language and will be accessible to all via different multimedia formats.
- 3.3 The proposals would be further discussed at the Risk Committee before the final version of the Strategy returns to the Board in February 2025 for approval ahead of publication.

### **4 Decisions of the Board**

**Rules, Guidance and Technical Standards to be published**

*Rules and guidance to be determined*

- 4.1 The Board resolved to make the following instruments:
- i. Financial Crime Guide (Amendment) Instrument 2024 (FCA 2024/46) making non-substantial changes following a consultation focusing on Sanctions, Cryptoassets, Transaction Monitoring and Proliferation Financing.

- ii. Access to Cash Sourcebook (Consequential Amendment) Instrument 2024 (FCA 2024/47) which will amend the Handbook definition of 'firm' for the purposes of the Enforcement Guide and the Decision Procedure and Penalties manual. This will ensure that a coordination body designated by the Treasury under section 131R of the Financial Services and Markets Act 2000 (FSMA) will be subject to the disciplinary measures under Part 8B of FSMA.

And agreed in principle to the Financial Ombudsman Service making the following instrument:

- i. Fees Manual (Financial Ombudsman Service Representative Case Fees) Instrument 2024 (FOS 2024/XX). The Financial Ombudsman Service indicated that it is planning to use a power to be given to it by Parliament to introduce a charge for professional representatives using its service, subject to Parliamentary and FCA approvals and feedback. The FCA Board is required to consent to any rules before they are made by the Financial Ombudsman Service.

### **Finance Report**

#### *Digital Services (Procurement) Framework*

- 4.2 The Board received a request for and approved the extension of two contracts.

## **5 Items for noting**

#### *Proposed consultation on Consumer Composite Investments*

- 5.1 The Board noted that the consultation on the Consumer Composite Investments regime was due to be published in early December 2024.

#### *Brand refresh update*

- 5.2 The Board noted an update on the brand refresh project.

#### *Written Procedures*

- 5.3 The Board noted the following decisions taken since the last meeting:



- i. Making of an instrument: Amendments to Binding Technical Standards 2016/2251 in the Technical Standards (Bilateral Margining) (Amendment) Instrument 2024. Decision made: 29 October 2024.

*Reflection on agenda items*

- 5.4 Board members did not have any reflections to share.

There being no further business the meeting closed.

**Annex A: Attendees, presenters and observers**

**In attendance:**

Emily Shepperd – Executive Director, Chief Operating Officer  
 Jessica Rusu – Executive Director, Chief Data, Information and Intelligence Officer  
 Sarah Pritchard – Executive Director, Supervision, Policy and Competition  
 Steve Smart – Executive Director, Enforcement and Market Oversight  
 Sheree Howard – Executive Director, Authorisations  
 Stephen Braviner Roman – Executive Director, Corporate Governance, Legal and Risk & Compliance Oversight  
 Therese Chambers – Executive Director, Enforcement and Market Oversight  
 Simon Walls - Interim Executive Director of Markets  
 David Geale - Interim ED Payments and Digital Assets FCA  
 Toby Hall – Director, Company Secretary  
 Graeme McLean – Head of Department, Chief Executive Office  
 Katie Ellis – Manager, Private Secretary, Chairs Office  
 Helen Bower-Easton – Director of Communications

**Presenters and observers:**

<b>Item 1 - Standing Items/ General Business</b>	No attendees
<b>Item 2 – Reports</b>	No attendees
<b>Item 3 - Strategy 25 - 5-year roadmap and year 1 priorities</b>	Kate Collyer – Director Natalie Coolbergen - Senior Manager Nicola Golding – Head of Department Sarah Kelly – Manager Matthew Long – Director Ruairi O’Connell - Director Siobhan Sheridan - Director Marcus Adams – Head of Department Craig Chapman – Director Ian Alderton – Director Karen Baxter – Director Deborah Jones – Director Michelle Hatton – Director

	<p>Laura Dawes – Director          Ian Phoenix – Director          Graeme Reynolds – Director          Nisha Arora – Director          Matt Brewis – Director          Charlotte Clark – Director          Mark Francis – Director          Dominic Cashman – Director</p>
<b>Item 4 - Decisions of the Board</b>	<p><b>Digital Services (Procurement) Framework:</b></p> <p>Craig Chapman – Director          Dominic Hastings – Head of Department          Rob May – Head of Department</p>
<b>Item 5 - Items for Noting</b>	<p>No attendees</p>

Other relevant associates were also in attendance.