



Annual General Meeting of the Equity Release Council

Date: 24th April 2019 – 10.25 – 14.15

Location: Eversheds- Sutherland, 1 Wood Street, London EC2V 7WS

Present	
David Burrowes – Chairman Equity Release Council	
Jim Boyd – CEO Equity Release Council	Michael Forward – Michael Forward Financial Services
Donna Bathgate - COO Equity Release Council	Kerry Gane – Retirement Plus Ltd
Chris Pond – Standards Board Chairman ERC	John Glen MP – Economic Secretary to the Treasury
Alex Ritchie – Equity Release Council	Kevin Hull - The Right Equity Release Ltd
Sarah Hall – Equity Release Council	Vanessa Owen – RGA UK Services
Laura Hall – Equity Release Council	Harold Pritchard – Legal and General
Jim Dredge - Independent - Standards Board	Deborah Goodier – Legal & General
Alison Pallister –ERC Secretariat	Keith Haggart – Responsible Lending
Gwyn Airdree – Equity Release Council	Keith Hale – Financial Conduct Authority
Olivia Underwood – Equity Release Council	Tony Hall – Hodge Lifetime
Chris Fay – Equity Release Council	Susan Jeffery – Ainsdale Finance Ltd
Darren Amos – Anstee & Co Ltd	Claire Kenshole – Access Equity Release
Michelle Baker – Roger Brooker & Co	Andy Lane – Instinctif Partners
Laura Barban – One Family	Rachael Livesey – Adlington Law
Paul Barber – Retirement Bridge Management	Peter Maxwell Lyte – Maxlyte Financial
Claire Barker - Equilaw	Kia McLean – Instinctif Partners
Paul Bennett – The Right Equity Release	Elizabeth Murley – Apex Financial
Robert Bowes - Iress	Carol Nuttall – Adlington Law
Peter Bowkett – HBFS Equity Release	Jeremy Olver - Treasury
Peter Boyd – Boyd Legal	Ronald Radway – Essex Equity Release Advice Centre
Chris Brown – One Family	Kathryn Roberts – Eversheds Sutherland
Andrew Card – Bower Retirement	Paul Saroya – Viva Retirement
Melanie Carroll – Bolt Burdon	Elaine Snow – Gale & Phillipson
Paul Carter – Pure Retirement	Elaine Snow – Gale & Phillipson
Vanessa Carver - Fmifa	Alison Stone – Nationwide Building Society
Gavin Charles - Lincoln Mortgages & Protection	Mike Taylor – AIR Sourcing
John Cobbold – Frost Financial Services	Kath Tedstone – HBFS Equity Release Ltd
John Coffey – L&G Home Finance	Richard Thompson – Nationwide Building Society
John Cupis – Openwork Limited	Paul Turner – JUST
Stuart Cox - Treasury	Isabelle Urban - Treasury
George Davis – KRD Financial Advisers	Alice Watson – Canada Life
Graham Evans – Equity Release Supermarket	Gary Webster – Equity Release Supermarket
David Forsdyke – Your Mortgage Decisions	Samantha Wicks – Best Mortgage Solutions
	Mark Williams – The Mortgage Monkey

Apologies	
Deian Jones – Hodge Lifetime	Dave Harris - Key
Ian Hunt – East Devon Law	John Whyte – The Right Equity Release
James Sudworth - The Right Equity Release	Craig Robertson - The Right Equity Release
Mark King – Crown Equity Release	

1. Welcome and introductions – David Burrowes – Chairman, ERC

- 1.1 The Chair (DJB) welcomed everyone to the meeting, highlighting that this meeting marks the 25th AGM for the council.

2. KEYNOTE & Q&A: John Glen MP – Economic Secretary to the Treasury

John Glen MP (JG) joined the meeting at 10.35. DJB introduced the Minister, thanking him for giving his time today to address the ERC AGM. The Minister has a special interest in Financial Services reform and regulation.

JG began his Keynote Speech, by describing the year as one of innovation and opportunity in the financial services sector and congratulated the Council on the work being undertaken, particularly noting the council's awareness of future needs, referencing the programme of product development and evolution in the ER sector. The minister asked - how can ER help serve the financial needs of society? Brexit is very likely to impact Financial Services and it is important to consider intergenerational fairness and the long term wellbeing of the country.

The economic impact on Millennials means we need to think again about financial security in old age. The acid test will be home ownership which is important for people in order to build capital. £1.5 trillion is currently locked up in property wealth.

ER can help the population meet the needs of long term care, help their children or top up their pensions.

The financial services industry is already helping with 40 interest-only mortgage products available, and this month, Nationwide announcing their new product launches in the ER sector – it is encouraging to see major high street Building Society becoming involved.

Education for consumers is vital and the provision of information is key. Training staff, providing information and proper communication is important to help consumers make the right choices.

The minister commended ERC in respect of the ongoing effort being made in respect of safeguarding consumers and building confidence.

JG asserted that regulatory innovation to accelerate growth in financial services is needed – technology is another way to aid growth. Government is investing in fintech and looking at how fintech can help widen choices and flexibility.

ER is now part of mainstream financial planning. We must build on the trust established to date. JG is keen to see ERC optimising their leadership position and further driving standards – the minister stated his genuine admiration and stressed that ERC has an ally in the treasury department and will support future development.

Q&A: DJB thanked the minister and invited questions.

Chris Pond Standards Board Chairman noted that financial education and inclusion are important to JG and referenced the Money and Pension Service and the need for housing wealth to help standards of living going forward. Could the MPS integrate further and help inform the public? JG agreed the need for a new body to educate people to start saving earlier and be aware of the variety of products available.

Ben Stafford JUST – A key concern of the industry is consumer awareness and not everyone is getting the right advice and information. JG the balance between guidance and advice is a work in progress; he is working to ensure a range of services to respect the different levels of people's wealth especially at the lower end. It is important that work continues to expand confidence levels in the sector.

Paul Turner JUST – given there are ageing populations around the world, other countries may be experiencing similar issues; has the minister seen anything innovative that we could adapt in the UK? JG considers what we have done in the UK to date in terms of innovation and fintech development is positive. There is a delicate balancing act between introducing new products and regulation; in the UK this is in a good place. JG will take the challenge to look outward to other countries. PT referenced the Australian system and JG agreed the UK will need to address Pension provision and investment for people at an early stage.

Vanessa Owen – expressed her concern that the debate is extending regarding PRA and Solvency II. JG is aware of the challenges. Regulation vs innovation is being examined but is not a static situation. The sector is actively in dialogue with the PRA. We must avoid systemic risks and risks to the consumer.

Jim Boyd – What challenges would you give the market to help it grow. JG - find a framework to allow products to evolve and develop. One of the biggest policy challenges is social care and this needs a joined up solution that involves all of society. If successful products are launched and carefully managed, more Government support will be forthcoming.

DJB thanked the Minister for his valuable support and for all his work on the sector's behalf. The minister left the meeting at 10.55.

3. Council Business: David Burrowes

3.1 Minutes of the General Council Meeting held on 5 December 2018 – the Chairman asked the members in attendance to approve the minutes as a true and accurate record. The members approved the minutes.

3.2 Directors Report and Financial Statement – the members approved the report and financial statement.

3.3 Appointment of Auditors – DJB asked the meeting to approve the reappointment of Hargreaves, Brown, Benson as auditors to ERC, informing members that HBB has been through a process themselves in terms of reflecting on their continued role and are happy to continue.

The members gave their approval to the appointment of the Auditors.

3.4. Director Elections – new appointments were noted. DJB thanked all Directors for their time and input and welcomed the newly appointed Directors. DJB advised the meeting that the Board had requested a Governance Review, which will be taking place over the next few months. The objective being to ensure the ERC Board properly reflects the industry in terms of representation.

DJB noted the positive increase in Membership, highlighting that the number of members is approaching 1000, which, given the number of applications in the pipeline, would be achieved during May.

4. Delivering on our strategy – update: Jim Boyd – CEO, ERC

11.05

JB talked through his detailed presentation and highlighted the four key objectives that the council are working towards.

- Secure the membership by developing the value ERC delivers and by extending and improving the range of beneficial member services.
- Build a strong and solid communications platform that increases ERC's profile, supports market growth and delivers an enhanced communications programme of activities.
- Investigate new incremental revenue streams, outside of membership fees.
- Professionalise the ERC organisation in terms of structure, processes and transparency of the key roles & responsibilities. To balance in-house skills with out-sourced resource and to start to create a cohesive and positive culture

Membership Survey – JB thanked Instinctif Partners for their role in undertaking the survey and announced that the winner of the F&M Hamper was Anthony Delmont, The Right Equity Release, who very generously donated it to a local Hospice.

JB drew attention to excerpts from the survey and what members stated as important to them, going on to note the work that is already underway.

The key priority for 2019 is the focus on safeguarding consumers and the ERC Standards:

1. Promoting the [safeguards/standards](#) to consumers (68%)
2. Reinforcing advice [safeguards/standards](#) (63%)
3. Reinforcing product [safeguards/standards](#) (60%)
4. Promoting the features/benefits of equity release to consumers (55%)
5. Lobbying for greater political support of equity release (41%)

Website evolution – there has been a review of the site and development is underway to implement a series of design and functionality changes, the objective of which is to ensure the site is easier to navigate for the mature user. The live date for these new changes is scheduled in June.

JB continued by outlining the proactive work the council is undertaking in respect of Thought Leadership and Long-Term Care.

Annual Conference – JB announced that the ERC will be holding its first Conference in March 2020 and the planning a preparation is underway. The venue will be Church House in Westminster and

members are encouraged to hold the date in their diaries; more information will be circulated in the months leading up to the event.

In line with the business plan for developing the Council, additional roles have been created to support the planned activity. JB introduced the two new recruits to the team – Chris Fay, Communications Manager and Olivia Underwood, Administrative and Support Executive.

The Council is currently in the process of sourcing office space in London (zone one).

The full presentation is available on the ERC Website

DJB thanked JB for his update. 11.27

Before the next speaker, DJB noted the apologies received and invited any additional for noting.

The Chairman formally thanked Eversheds-Sutherland for hosting the AGM in their excellent surroundings and for generously providing lunch and refreshments.

**5. Evolution of products in the market: Mike Taylor – Operations Director
Answers in Retirement (AIR Group) 11.30**

MT introduced himself and commented that he is new to the ER sector, having joined AIR Group three months ago; previously working for Zurich, AXA and Sun Life.

MT gave a very interesting presentation on the Evolution of Products in the market since ER began in the 1960s; its growth through the 1970s and the issues and problems of the 1980s. The 1990s saw the start of the 'clean up' process with SHIP launching in 1991 and becoming ERC in 2012.

Some products still have their challenges but the 21st Century has seen certain products cease and others evolve, continuing to restore faith in the sector.

Product innovation has had a real impact on the market and AIR Group for example, have experienced a 30% increase in sales in Q1 of this year, demonstrating that the market is still in growth and this continued growth is likely to take the market to over £46bn.

The sector should continue to focus on flexibility, value and fairness and MT also noted the importance of vulnerability. Advice is key and lenders have a responsibility to educate about their products.

MT concluded his presentation by commenting that it is exciting to be part of an industry that is enjoying such growth.

The full presentation is available on the ERC Website

DJB started the Q&A by asking the meeting - where do we see the next stage of innovation taking us?

John Cobbold responded by highlighting the issue of retirement properties near commercial businesses such as supermarkets or retail parks. Retirement homes, particularly blocks of flats which are built in such areas are not able to take advantage of ER products as Lenders are not interested in them and some innovation is required in this respect.

Peter Maxwell-Lyte – added that there was a Sheffield based company that would consider these properties; JC is aware of this but it is not a solution at this stage.

Kathy Tedstone replied that all lenders will not recognise these retirement developments.

Paul Barber – added that the key is if the property can be sold at the end of the day. The problem with the type of properties in question is they are un-mortgageable because they reduce in value so much. Lenders shy away for this reason. There is not an immediate solution.

It was noted that mortgage underwriting for ER Lenders will likely evolve but will not be in the short to medium term.

Chris Pond commented that over the past 2 years, there has been no innovation in the Fintech industry aimed at the older generation. CP suggested that ERC could reach out to the industry to encourage them to look at our sector.

DJB noted this could be an appropriate topic for the forthcoming ERC Conference and with there being no further questions, went on to thank Mike Taylor for his attendance and interesting presentation.

Break 11.50 to 12.05

6. Policy and Engagement: David Burrowes

DJB began by informing the meeting that Instinctif Partners now undertake Public Affairs activity for the council in addition to the Public Relations work they were originally engaged to manage; going on to thank the team at IP for their hard work on the council behalf.

The ERC are working with several well-known journalists who have mixed views on the sector and outlined the proactive work being undertaken to positively influence the media. There has been a considerable growth in coverage and exposure. We are seeing a shift in Martin Lewis' stance, with a recent programme giving a balanced approach, advising anyone exploring equity release to ensure they sought information from a member of the ERC. ML also name-checked the council on the TV programme "Good Morning".

Public Affairs activity continues to include a range of issues, which are responded to as required; in many cases, we reach out for member input and views. DJB invited members to submit their comments on an ongoing basis.

The council with Instinctif Partners, has constructed a formal engagement plan, although Brexit is frustrating the cause as ministers' attention is so focussed on Brexit activity.

One of the current work streams is Member Mapping – engaging with MPs in their local region is a key area for ERC – constituency based engagement is beneficial and the council is working on encouraging relationships with members and their MPs regionally. Round tables and other platforms are being arranged to give members further opportunity to engage and discuss.

Parliamentary Event – this is taking place on 07 June and DJB encouraged member attendance at this important event in the ERC calendar.

In summary, DJB noted that overall it has been a good year for Public Affairs and engagement and a considerable amount of work is planned to build on this.

The full presentation is available on the ERC Website

12.20pm

7. Mortgage Market Study, final report: Keith Hale, Financial Conduct Authority

The Chairman introduced Keith Hale FCA, welcoming him to the meeting as a policy expert on Mortgage industry issues and outlining his very relevant experience and paying tribute to the collaborative and productive relationship with the ERC.

Keith Hale thanked ERC for the generous invitation to come and address this important meeting and began by saying that the primary focus of his talk today would be the Mortgage Market Study and where possible the specifics in respect of the ER market.

KH began by speaking about product innovation, new lenders entering the market and the opportunity provided by the potential customer base, which is expanding as the UK population ages. KH echoed the intergenerational theme alluded to by the Keynote Speaker.

Providers are developing products to meet a widening range of consumer needs. The MM Study allowed the regulator to 'road test' sets of principles.

The FCA has already assessed responsible lending and standard of advice as themes and as such, this particular study focus was on Price.

It was also noted that in the mainstream mortgage market aspect, Back Book customers are being dealt with differently to new customers.

As part of the process, the regulator is also challenging itself to ensure regulation moves with the market – the study asked 'was the market delivering'? KH was pleased to inform the meeting that it is largely a good news story, as much of the findings were reassuring.

An aspect of the mortgage market that was covered was how over three quarters of consumers remortgage within six months of the end of a fixed period.

ER is of course different as the majority of consumers stay with the original plan. The regulator asked -

New products are also positive but it is also a challenge for advisers to keep abreast of all the

details and developments so they are able to give new customers all the necessary information to make informed decisions and to give existing customers opportunity to rethink or adapt their requirements.

Again, in relation to the mainstream mortgage market - the slightly grey area in the good news piece is the degree of overpayment being experienced by the consumer. The regulator found that over 30% of customers could have achieved a cheaper equivalent product (at the outset), generally equating to an average saving of £500.

KH commented that it is recognised that it is difficult for advisers and consumers to stay on top of the product range.

The FCA see the advantage of technology in this area – helping navigate to the most suitable deal, a more efficient exchange of information and providing greater choice for consumers.

There are a variety of tools available to help consumers choose products and there is a need for these to evolve,

Selling with and without advice:

The FCA needs to review how it articulates the regulatory view to help consumers understand. The regulator is also evaluating how it can better articulate its 'risk appetite'.

KH announced that the FCA is planning to consult on this area during 2019.

Choosing a Broker:

There is a need for tools to aid consumers to find the right intermediary for them. The FCA is already working with the ERC, other agencies and trade bodies to design and build this tool. KH emphasised the importance that this is an industry lead process. Consumers must be able to trust and have confidence in this.

Enabling Switching:

This process is well developed in the standard mortgage market, less so in the equity release market. The FCA challenge to the ER sector is to consider how it could evolve this process and move equity release away from being a one-time purchase.

Mortgage Market Study:

A final report has been delivered but there is still a lot to do in this area by the FCA and the sector – a key point being releasing 'mortgage prisoners'.

KH finished his presentation by leaving members with some feedback – the FCA believes the ERC are doing better than they have given themselves credit for in the AGM report about their achievements, in terms of influencing the regulators – it should be noted - the regulator considers itself influenced by it!

Q&A: the chairman invited questions.

There was some discussion and a query around the price focus. KH stressed that the FCA was using price as a way of investigating if consumers were receiving 'value' and to make sure the products reflect the customers' needs and circumstances.

Paul Turner commented that Enabling Switching is a funding model point. KH entirely accepts this but also challenges the market to provide the service when there is a 'breakage window'.

Kevin Hull alluded to issues where the customer may be an ER mortgage prisoner and breakage costs are imposed. KH responded saying there will be groups of customers who will be trapped.

Liz Murley added that we are advisers not transactors – product choice and innovation is important too and as such we should responsibly speak to customers on a regular basis to reassess their individual requirements.

DJB thanked Keith Hale for his presentation and for attending today; highlighting the value of the FCA's continued work with ERC to improve our sector, which is greatly appreciated.

The full presentation is available on the ERC Website

8. Evolution of our Standards: Chris Pond – Chairman, ERC Standards Board

1.05pm

DJB introduced Chris Pond Chairman of the ERC Standards Board to update on a significant area of focus for ERC – the Standards.

CP Presented an update on the evolution of the ERC Standards and in doing so acknowledged that the council draws on the expertise of its members, going on to praise the contribution made by the ERSB. The work of the Standards Board includes thematic issues as well as looking at specific cases as required.

The ERSB has a new Board from May – with two new members appointed to replace Dean Mirfin and David Wright who have stepped down but will continue to share their experience as members of the Advisory Panel. CP thanked Dean and David for all their work and contribution and welcomed the new members, Liz Murley and Graham Evans.

The Standards Board as of May 2019:

Existing	Chris Pond	Chair ERSB	Independent
Existing	Liz Barclay	Independent Member	Independent
Existing	Jim Dredge	Independent Member	Independent
Existing	Nikki Smith	Just	Provider
Existing	Mel Kettle	Gateway Surveyors	Associate/Surveyor
Existing	Claire Barker	Equilaw	Solicitor
New	Graham Evans	Equity Release Supermarket	Adviser (Larger firm)
New	Liz Murley	Apex CB Financial Planning	Adviser (Smaller firm)

It should be noted that members represent their sector, not their individual firms.

CP also highlighted that with the increasing activity underway as part of the Standards Review the Advisory Panel was expanding to include more members to support this important work.

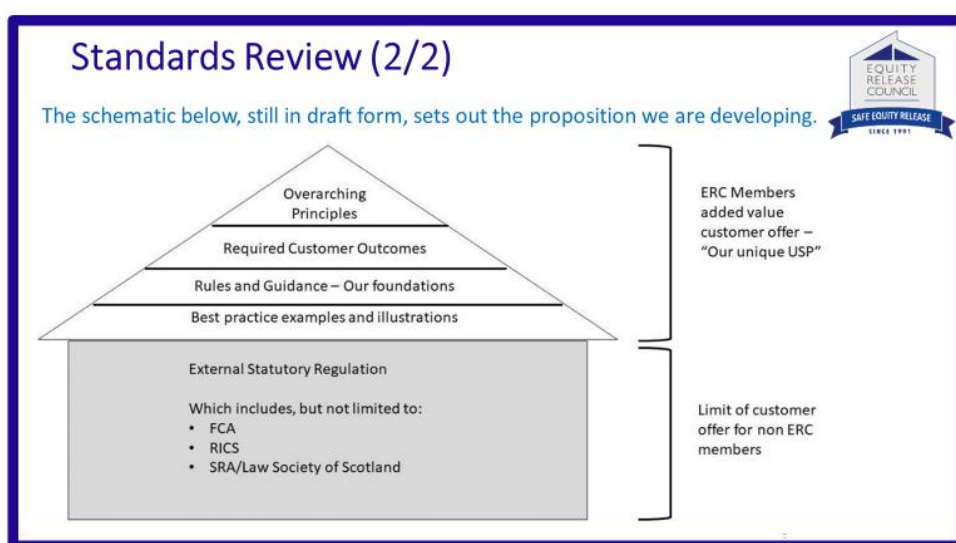
Advisory Panel:

Existing	Simon Chalk	Age	Adviser (Larger firm)
Existing	Barbara Emmett	One Family	Provider
Existing	Susan Jeffery	Ainsdale Finance	Adviser (Smaller firm)
Existing	David Forsdyke	Independent	
Existing	Desmond O'Hara	Access Equity Release	Adviser (Larger firm)
Existing	Mark Lambert	Viva Retirement	Adviser (Smaller firm)
New	Dean Mirfin	Key Retirement	Adviser (Larger firm)
New	Stephen Scales	Canada Life	Provider
New	Rory Joseph	Equity Release Mortgage Advice	Adviser (Smaller firm)
New	John Whyte	The Right Equity Release	Adviser (Smaller firm)
New	David Wright	Sixty Plus	Adviser (Smaller firm)
New	Michael Forward	Michael Forward FSL	Adviser (Smaller firm)
New	Carol Nuttall	Adlington Law	Solicitor
New	Alex Clark	Enact	Solicitor

Standards Review Update:

The standards are being evolved to take a more outcome based approach rather than being entirely rules based. Echoing what has been said earlier today about achieving a balance between the innovations in the sector and consumer protection. CP noted that the ERC will be coming to the regulator in due course to further engage with them in respect of the evolution of our standards.

CP drew attention to the following schematic which whilst still in draft form, sets out the proposition that is being developed for the ERC Standards. CP gave a full overview of the workstream now underway with the Standards Board and the Advisory Panel - considerable work is now required to develop and then implement the revised Standards.



Complaints and Disciplinary Process Update:

CP spoke about the number of complaints and endorsed the need to be constantly vigilant to ensure ER complaints do not increase disproportionately, going on to outline the planned development of the process. Currently four in ten complaints are upheld.

Questions were invited:

Paul Bennett asked when complaints were received in terms of the time frame in relation to when the policy started. Jim Dredge responded, advising that currently more complaints relate to older policies, so later in the lifecycle of the policy.

DJB asked what the timescales were in respect of completing the overall Standards Review. CP advised that the aim is for a new set of Standards to be available for consideration and consultation by the Autumn with a view to implementing the newly revised standards early in the new year.

The full presentation is available on the ERC Website 1.25pm

9. Broker choice and competency framework: Donna Bathgate, COO, ERC 1.25pm

DB began by introducing the format and theme of her presentation. Picking up on the FCA challenge in respect of Enabling Switching, DB commented that as a sector we need to look at the points raised by the FCA, going on to state “if we want to join the mainstream market, we need to be able to behave like the mainstream market”. There is a fundamental opportunity for the ER sector to innovate in terms of products and eligibility criteria in both ER and Later Life Lending.

DB went on to implore the Membership to take part in the consultation announced by Keith Hale in respect of Advice.

Directories across all major registrations (FS directory, Retirement Advice directory and the ERC member directory) – are all being reviewed and developed, more information will be circulated regarding this in due course and members were asked when given the opportunity to do so, to take time to check the detail of their firm’s record to ensure they are properly represented.

Competency Framework – this is by no means a finished product but the slides presented were intended to show the journey and process to date. DB commented on the growth in the number of Advisers

joining the council and talked through the issues around competence, training and qualifications and the

differing experience for those entering the market. Knowledge, standards and reputation are to be improved, protected and underlined. It is

important when setting rules to also help in terms of support to deliver. When considering competency DB asked “what does good look like”; integrity

as well as knowledge is powerful. Attitude and behaviour are key to making the right decisions for the right reasons.

The Council rules must ensure they remain fit for purpose as the market develops and grows and the work

on Horizon Scanning is important to ensure we remain fully informed and aware of potential for risks

as well as new opportunities.

There has been a great response to the call to action for a working group to explore the topic of a producing a Competency

Framework and DB introduced Paul Saroya, appointed Chairman of the working group, thanking him for

his contribution and noting that Viva and a number of other firms out there are a great example to follow in how to build a strong business underpinned by solid standards.

DB talked through the stages considered to develop the framework. The development journey will be a guide for firms especially those who don't have a training department and reiterated how important it is for all to properly know the products.

Next steps – this is where the council need the input from specialists, both member firms and external stakeholders to get all perspectives on what is needed to achieve best practice. Ideally, this will be

launched in Q3 but accepting the amount of work and consultation required, this may run into Q4. Volunteers were invited and members who would like to be involved should contact either Paul saroya or James Sudworth (names on the slide deck) in the first instance.

The Competency Framework Team:

- Paul Saroya, Viva – appointed chair
- James Sudworth, TRER
- Gavin Earnshaw, HLP
- Neil Swarbrick, Key
- Ed Halliwell, Pure Retirement
- Alice Watson/Les Pick, Canada Life
- Mike Taylor, Later Life Academy
- Gordon Cunningham, 55plus
- Claire Barker, Equilaw
- Michelle Baker, Roger Brooker
- Nikki Smith, Just Group
- Donna Bathgate, Equity Release Council

DJB thanked DB for her presentation and paid tribute to the work being done.

10. Meeting round up and close 1.57

The Chair thanked Members for their attendance, guest speakers for their extremely informative presentations and Eversheds Sutherlands for their continued support and generous hosting of the AGM.