



## **Annual General Meeting of the Equity Release Council**

**Date: 22 June 2022. Time: 10.30am – 12.30pm.**

**Location: Eversheds-Sutherland, 1 Wood Street, London and Online via Zoom**

### **1. Chairman's Welcome**

The Chairman (DJB) opened the meeting, thanking members for their attendance both in person and online. The agenda was displayed and DJB explained that the running order would differ to allow time for colleagues to arrive in order to undertake the process for the special resolution vote. Online attendees may interact via the Chat function, and there will be a Q&A session scheduled at the end of the meeting.

Apologies were noted from Paul Carter, Pure Retirement.

#### Minutes of the previous AGM held on 22 April 2021:

The minutes had been circulated for members to read and scrutinise. The Chair requested approval for the minutes and this was proposed by Will Hale and seconded by Des O'Hara. All those present approved the proposal and the minutes were accepted as a true and accurate record.

#### Audited Accounts:

Audited accounts had been circulated for members to note. The accounts have been scrutinised by the Audit and Risk Committee and reviewed by the Board. Questions and comments were invited, there were no queries submitted.

#### Appointment of Auditors:

The current auditor is Hargreaves Brown and Benson (HBB), chartered accountants and statutory auditor. DJB explained that what has been noted, not least by the auditors themselves was their long association with the Council, and their engagement partner Stephen Wood who signs the audit report. The Audit and Risk Committee have considered this in terms of ensuring continued independence and proper auditory scrutiny and are satisfied particularly in this time of transition, as the Council moves to a new governance structure, that it is sensible to retain the services of the current auditor. It is appropriate to seek members' approval to reappoint Hargreaves, Brown and Benson; going forward the new Board can consider if to appoint a new firm in future.

Based on the detailed and cost-effective work undertaken by HBB on the Council's behalf to date, the Council recommends their continued appointment and asked members to approve the proposal.

Tom Evans proposed the appointment of Hargreaves, Brown and Benson, this was seconded by Des O'Hara.

The proposal was approved by attendees.

## **Council Activity Updates:**

The full presentation will be shared online in support of the minutes.

### **Chief Executive Officer – Jim Boyd**

Over a very difficult economic period the market has been able to carry on and show growth; there are key factors that help to underpin the sector, such as:

- Product innovation and excellent interest rates
- Socio-Economic factors
- Council Standards

Independent work undertaken four years ago resulted in some major findings, from which a strategy was developed, this is based on four pillars and these pillars are what the Council continues to focus on:

- Evolving standards
- Delivering greater membership value
- Step-change in proactive communications
- To professionalise the organisation

JB talked through the activity undertaken during the last twelve months in relation to these four pillars:

- Standards evolution - the launch of the newly revised standards in January 2022.
- Proactive communications – the Council’s role in seeking to inform and educate.
- 30<sup>th</sup> Anniversary report – included senior stakeholders’ positive recognition and support for the Council and its standards.
- Increased media engagement, informing and addressing inaccuracies and misunderstandings. This is a continuous process. The Council’s media profile is at a ten year high with 1300 pieces of media coverage. 60% of coverage is now in consumer media, a large proportion of which references the standards. A compelling aspect of the media coverage is growth in favourability during 2022. 78% of coverage is positive, only 1% is negative and 31% neutral. This is a great indicator of sentiment. Almost four in five articles about Equity Release are now positive.
- Adding value – JB introduced the team and their roles in supporting the organisation.

More services provided by the Council include:

- Technical bulletins, political blogs and briefings, newsletters
- Technical and regulatory webinars
- Member directory – 760 unique users per week
- Members’ lounge transformation – 53% increase in traffic
- Member inductions, regional meetings and Chair’s tours

- Professional indemnity insurance – service to benefit members
- Working Groups – so many members volunteered to sign up for these
- Equity Release Summit – focal point for market and sector

A short video of the Summit was shown.

In terms of adding value to membership it is significant that the endorsement mark has been introduced and is now adopted by some well-known brands and organisations; it now features on the Money and Pensions Services website; Moneysaving Expert website, and Stepchange also proud to be members. This is very positive recognition.

A variety of the collateral and updated brand style now used by the Council was shown to further illustrate the professionalising of the organisation, which also includes the launch of a new CRM system, brand evolution and the recent governance review.

In summary, today the Council is:

- Better resourced
- Has a broader set of skills, knowledge and expertise
- Able to leverage our collective expertise more effectively
- Stronger with a more resilient structure
- Still nimble and agile in approach

This enables the Council to:

- Deliver value to members
- Inform government policy
- Proactively engage with regulators
- Further grow our reputation as the voice of authority and conscience of the market
- Increasingly inform media perception and outlook

Major large international brands are now joining the Council and this is further indication of the market evolving as these companies recognise the continued growth in the sector; there is greater trust which gives additional confidence for all stakeholders.

### **Standards Board Chair – Chris Pond**

CP has been involved with the Council since it was established, over that time the transformation seen in the organisation, from what was a solid base following the take over from SHIP (Safe Home Income Plans) has been significant. The role of standards in underpinning the growth in the market has been significant and over time, sentiment has certainly changed and perception of the sector has been transformed.

CP is supported by the standards board who represent all categories of membership. Introducing each member and their area of expertise, CP pointed out that the only category not currently filled is the Provider representative. Barb Emmett changed roles last year and her post has not been filled whilst the governance review is underway.

The standards are very firmly rooted in the commercial reality of this sector. All of us want to make sure we provide the highest level of consumer protection but to do so in a way that is commercially realistic, which enhances the innovation and the growth of the sector. There are three independent members on the Standards Board with very specific experience with the regulator and a consumer champion. There is a good balance between consumer and business interests.

As a wider team, the Council is able to reach out to a wide range of important stakeholders and the message that is now getting across to the FCA is that they have a huge number of other priorities and they do not need to be concerned about Equity Release as the Council has it covered. Engagement at all levels within the regulatory structure including the Chairman of the FCA, means the Council is able to get this message over very effectively. Regular meetings take place with officials in the treasury and regulators including FOS, as well as other stakeholders. This ongoing engagement has resulted in MaPs agreeing they should build Equity Release into their advice on financial planning in retirement.

The Standards Board has also been involved in consultations such as the response on Consumer Duty and the Appointed Representative regime, with the aim of helping the regulator in respect of our sector, to avoid unintended consequences and reiterating the Council's work in upholding standards. CP noted how influential the Risk Policy and Compliance team has been in helping the FCA understand the sector and the potential impact of some of its proposals.

DJB thanked CP and the Standards Board members for all their work and effort on the Council's behalf.

### **Risk, Policy and Compliance Team – Kelly Melville-Kelly**

KMK presented highlights from 2021, the first full year the RPC team has been in place and an update on the work currently underway in 2022.

The first activity for the RPC team was a full review of the standards, which was undertaken along with CP and the Standards Board. A separate expert working group consisting of subject matter experts from around the membership had been set up to support this significant workstream. This important piece of work included a major consultation with members with two stages of consultation during the year.

The Technical help desk is increasingly busy with a wide range of queries being received. In the first five months of 2022, query levels have reached same level as the total for 2021.

2021 highlights:

For reporting consistency KMK created a Risk, Policy and Compliance dashboard which provides a consistent overview of activity, presented in a professional format. In addition, the risk register received an update. The complaints process was also updated as well as the policies within it.

A member oversight process was designed and implemented. During 2021 oversight was undertaken on 15% of member firms, with appropriate action taken as necessary.

This has sent a strong message to the industry and helps support the ongoing engagement with the regulator.

The Loop newsletter was created and launched along with more technical bulletins and webinars. In the second half of 2021, more focus was given to webinars and these have proved very popular and effective, with over 300 attendees.

There are plans for a webinar to “Meet the Ombudsman” and hear from them on the ground; a further webinar is also planned on vulnerability.

The new look and feel standards launched in January 2022 with a new fifth standard which addressed some regulatory concerns. The new standard now allows people to offset interest as they go through their mortgage term.

The Council’s relationship with the FOS goes from strength to strength. A recent two hour round table session allowed the Council to update the ombudsman about the sector, as well as an open discussion where the FOS shared trends and information about what they are seeing. The RPC team reads every FOS complaint that mentions Equity Release and analyses the complaints data; the output is now shared by way of a specially designed infographic that will be issued quarterly for member information. There are no real themes coming through the complaints data, although it is noted that 76% of all Equity Release Complaints are raised by family members or executors.

Plans continue to evolve and this year, three new working groups have been formed to address three key areas. It is extremely positive that over 70 applications were received from members to join working groups and there is great representation on all three groups from across the membership.

Fees and Charges – this working group started in February, looking at the various terms and definitions used across the sector and to produce a consistent version that can be understood by consumers. A draft of the terms has been completed for review and work is now underway on a cost benefit analysis for implementation. The plan is to come back to members for opinion and feedback.

Product standards – there are currently five product standards and this is being reviewed; the working group is in the process of obtaining information for these.

Post sales communications – this working group is due to start in July.

All three topics will continue to evolve and work through to the Standards board and will then come out to the membership for input and feedback.

KMK concluded her presentation and DJB advised that questions can be placed during Q&A.

## **Business of the Day – Governance review and proposals – Andrew Chamberlain**

DJB introduced the Special Resolution, a paper detailing the proposals had been circulated in advance of the meeting for members to read and digest. Andrew Chamberlain (AC) had been appointed by the Council to undertake an independent review of the organisation's governance structure.

AC presented the background to the review and the process undertaken to formulate the recommendations made. The beginning of the process had been a consultation with the Board and other stakeholders, collectively and also individually.

The primary objective of the review is to strengthen the governance and ensure best practice for corporate governance of a trade body, appropriate to the size of the organisation.

Following the consultations and review, AC recommended changes to the Board structure and set out clear governance objectives, including strengthening the member voice, through enhanced engagement via a series of forums which would feed into a formal Member Panel who would interact with the Council executive and Board.

The member panel would be formed from representatives of the specific forums and will be able to influence policy decisions, development of services and including work relating to the standards.

Following the AGM the Council will embark on a consultation with the membership regarding a review of the function of the Standards Board to create an evolved structure.

In summary, AC confirmed that the overall objective is to ensure best practice for corporate governance in a non-profit organisation; evolution of the professionalising of the Council and to ensure all member voices are heard and understood. This is a grand ambition and a bold statement of intent which will position the Council as a highly professional trade body.

DJB thanked AC for his overview.

### **Special Resolution Poll**

The Chair explained that constitutionally the vote on the resolution included those attending in person in the room to place their voting cards in the ballot box; these would then be counted and verified along with the proxy votes received, Donna Francis, COO is acting as the returning officer to oversee the process.

Questions were invited from attendees:

David Wright asked if three board directors is enough, where will the new independent directors be sourced from and how would the process of member communication and input work?

AC replied that corporate governance suggests a maximum of nine directors and a hybrid board had been considered, elected from the membership along with paid independents.

However, there was a struggle with issues of representation and the new model offers a more straightforward function.

Three is a common number of directors in the membership organisation world but needs to be underpinned by a structure that allows the members to have influence, hence the formulation of further forums and a Member Panel.

In terms of sourcing the new independent directors, a recruitment exercise has been planned through an agency specialising in NED recruitment and specifically people who have experience of corporate governance in trade bodies.

JB replied to the point about membership engagement, confirming that the forums would represent the constituent elements of membership. These will be: Funders Forum, Legal Forum, Provider Forum, Risk and Conduct Forum, Tech Forum and an Adviser Forum; this would be significant in size and careful consideration needs to be given in terms of how this will operate effectively.

It is intended that two representatives from each forum (including the Chair) will sit on the Membership Panel to ensure the voice of the membership for each area is heard by the Board and Council Executive.

DJB added that during the review journey similar questions have been raised and addressed and careful consideration has been given to member engagement and representation.

### **Special Resolution Result:**

The member firms voted on the Special Resolution, with 100% in favour. 40% of the poll submissions were from firms present in the room and 60% of poll submissions were received via proxy votes. The Chairman thanked everyone for their support for this Special Resolution which has been passed by a unanimous vote.

### **Board Directors**

The Chairman paid tribute to the Directors and thanked previous Board members, many with substantial years of service:

Claire Singleton (resigned beforehand)  
Dave Harris  
Matt Burton (resigned beforehand)  
Paul Barber  
Paul Carter  
Matt McGill (casual vacancy)  
Dan Baines (resigned beforehand)  
Chris Pond  
Jim Boyd  
Donna Francis

DJB drew attention to the time and expertise given by the Directors, referencing their work on the governance of the Council and appointment of the CEO; challenges of Covid, rules modifications, responding to FCA concerns, Standards reviews and revisions.

A smaller transitional board will in part continue until April 2023, to coincide with the onboarding and work alongside the two new independent directors who are to be recruited in Q4. This transitional board includes:

Claire Barker – April 2023

Will Hale - Oct 2022

Tom Evans – April 2023

Vanessa Owen – April 2023

Paul Turner – Oct 2022

## **Q&A**

DJB invited questions, comments or observations from attendees.

Des O'Hara referenced recent media coverage which talked about using property as part of pension planning; a general shift in media coverage towards more positive commentary should be noted and the Council's effort in this regard is paying off; it is a very good move in the right direction. DJB agreed, adding that the other measure of success is also what is not written and ongoing mitigation of negative media coverage.

JB gave a brief overview of the Council's work with the media, including a recent round table to brief them about the forthcoming Spring Market Report which has been very successful. The increase in positive coverage about the sector indicates the Council is punching above its weight in this regard.

The Chairman had received a question relating to development of Equity Release business in Northern Ireland, what is being done to help as there are challenges in finding solicitors with relevant experience. DJB noted this is a good question and there does appear to be an issue in terms of supply of solicitors in Northern Ireland. The Legal Forum, chaired by Claire Barker of Equilaw, is currently working on a Legal Competency Framework which is designed to help provide opportunities to increase the expertise of solicitors in different regions of the UK and to encourage more to become involved in the sector, to increase supply.

JB added that the Funders Forum is looking at Green Equity Release and the Council is also exploring a round table discussion with the Scottish Government, representatives of which, attended the Summit in May.

## **Any other business**

No further business was submitted.

The Chairman thanked everyone for their attendance and participation and the meeting closed at 12.30.