



**DRAFT MINUTES OF THE ANNUAL GENERAL MEETING OF
THE PERSONAL FINANCE SOCIETY
HYBRID MEETING HELD AT 4:30PM ON MONDAY, 11 NOVEMBER 2024
THE MIDLAND HOTEL, MANCHESTER M60 2DS AND ONLINE VIA LUMI GLOBAL PLATFORM**

PANEL:	Christine Elliott (Chair)	Independent PFS Board Chair
	Carla Brown (CB)	PFS Member Director and President
	Dan Williams (DW)	PFS Member Director and Vice President
	Matthew Hill (MH)	PFS Director and CII Group CEO
	Trevor Edwards (TE)	PFS Director and Executive Director, Resources & People

1. WELCOME

The Chair welcomed Members to the 2024 Annual General Meeting (“AGM”) of the Personal Finance Society (“PFS” and “Society”) and explained the format and procedures of the meeting. The meeting was quorate and declared open.

2. MINUTES OF THE LAST ANNUAL GENERAL MEETING

No corrections having been received, the minutes of the PFS AGM held on 19 September 2023 were approved as a true and accurate record of the meeting.

3. PRESIDENT’S REPORT

- a) The President opened by thanking the former President for his service and reflected on the themes he championed during his tenure. She also acknowledged the contributions of the Board Directors who had recently stepped down from the PFS Board Sarah Howe, Neil Watts, Neil Buckley and Catherine Seddon as well as Don McIntyre, who had recently left his position as Interim PFS CEO.
- b) The President noted the recent CII Group Board decision to appoint Institute Directors to the PFS Board from among those holding leadership roles within the CII Group. The first Board meetings under the new structure had taken place, and discussions had focused on how these changes could help achieve the Society’s strategic ambitions on behalf of Members.
- c) The President outlined her theme for 2025: Education. She set out her ambitions to build public trust, engage young people, and ensure clear pathways for progression within the sector. She also emphasised the importance of increasing female representation in the profession, expanding training opportunities more broadly, and providing better support for victims of economic abuse.
- d) In closing, the President expressed her commitment to working with the sector to drive positive change and to ensure that Members receive tangible value from their PFS membership.

4. FINANCIAL STATEMENTS AND ANNUAL REPORT

The Executive Director, Resources and People presented the Financial Statements. It was noted that:

- a) Membership at the end of the year stood at 39,665, a decrease of 367 (0.1%) compared to 2022. During the year, the PFS issued 23,394 Statements of Professional Standing to regulated practitioners.
- b) Membership revenue for 2023 was £7.2 million, a reduction of £0.29 million compared to 2022. This decrease was primarily due to the timing of recognition of deferred membership income, as well as a small decline in membership numbers.
- c) The PFS reported a profit after taxation of £1.8 million, up from £1.5 million in 2022. Within this there was a reduction in revenue of £0.8 million from event sponsorship in 2023 for conferences, seminars and other training and professional activities, which reflected member feedback. PFS event activity was instead part funded through PFS reserves. This model of event funding was expected to continue in future.
- d) Operating expenses increased by approximately £1 million to £8.9 million. In 2023, the PFS Board agreed a new cost-sharing model with the Group. The central overhead recharge increased by £2 million, largely due to an exceptional charge of £1.24 million in non-routine expenditure, which supported central capital investment and member qualifications. In addition, The Institute transferred £12.5 million to the PFS through an adjustment to the intercompany balance sheet.
- e) The combination of reduced revenue and higher operating costs resulted in an operating loss of £0.3 million. However, this was offset by interest income and a reversal of a tax provision, resulting in an overall tax credit in the income statement.
- f) Net reserves increased to £19.1 million.

The Vice President presented the Annual Report and activities for 2023, highlighting the following:

a toolkit launched to help Members manage the change to FCS Consumer Duty rules, which was downloaded more than 6,400 times.

- a) The launch of a toolkit to support Members in adapting to the FCA Consumer Duty rules, which was downloaded more than 6,400 times.
- b) Delivery of a comprehensive CPD programme through regional structures including 78 regional events, 17 specialist roadshows, 90 new webinars and 6,200 on demand streams from the digital library.
- c) Key events such as The Annual Officers Conference 2023, (attended by 950 Members), the 2023 Personal Finance Awards and the annual graduation ceremony for 290 Members.
- d) Continued growth in the number of Members attaining Associate and Fellow status, with over 200 Members achieving Chartered Financial Planner status in 2023, bringing the total to 8,159.
- e) Ongoing success of initiatives such as the My Personal Finance Skills school education programme and the Duke of Edinburgh financial skills programme, alongside the the new Apprenticeship Awards and Virtual Work Experience offer.
- f) The development of priority themes for 2024, aligned with the outcomes of the 2023 strategic review. Thought leadership will be a key focus, supported by strengthened relationships with the FCA and other professional bodies.

The Vice President concluded by extending thanks to the volunteers who form the PFS regional network.

5. ORDINARY BUSINESS

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 2023 be received and considered – **NOT PASSED.**
2. that Crowe U.K. LLP be re-appointed as Auditors of the Society for the financial year ending 31 December 2024 and that the Directors be authorised to agree their remuneration – **NOT PASSED.**

The Chair explained that the results would be carefully considered and that a response would be provided in due course in line with the Society's Articles of Association. The Chair acknowledged the clear message conveyed by Members through their votes.

6. SPECIAL BUSINESS

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

3. that Carla Brown, who retires by rotation be re-appointed as a Member Director of the Society, as approved by the Board of Directors – **PASSED.**
4. that Ben Wright be appointed as a Member Director of the Society, as approved by the Board of Directors – **PASSED.**

The Chair handed over to the President who declared the result of the following resolution:

5. that Christine Elliott be appointed as a Lay Director of the Society, as approved by the Board of Directors – **PASSED.**

7. QUESTIONS AND ANSWERS

The Chair explained that several questions had been submitted in advance of the AGM, and that these, along with questions raised during the meeting (both in person and online), would be addressed by the panel. It was acknowledged that there would not be sufficient time to cover all questions during the meeting; however, a full list of questions and corresponding responses would be published after the AGM.

For the purposes of the discussion, the questions were grouped into broad categories and addressed accordingly.

Board appointments

Q: There was a significant level of disquiet expressed by Members at the meeting that ratified the merger of the LIA and SOFA to create the PFS, concerning Article 8.10 which allows the CII to appoint the majority of non-member nominated directors. The concerns were satisfied by the CII making a commitment at that meeting that it would only need to use 8.10 in extreme circumstances where the PFS Board went rouge and the CII Had to force a majority. It was on that basis that Members voted in the majority for the merger. An

explanation for this has recently been given that the new appointments will bring additional strength to the PFS Board and help achieve strategic alignment for the benefit of Members. In which decision was the CII being disingenuous, at the time of the merger or now the CII has broken its commitment? Can the Chair suggest how the CII can be held to account and what can be done to change the Articles of Association to prevent further broken promises and remove the incentive for such unethical behaviour?

A: The Chair acknowledged that the question raised important issues of governance, transparency, and trust, and emphasised that both the CII and the PFS must operate openly and with integrity. The Chair also recognised the commitment that was made at the time of the merger regarding Article 8.10, and the strength of feeling from Members about its use.

The CII Group CEO reflected on his experience over the past seven months as Group CEO and his recent appointment as a PFS Director. He explained that the rationale for the recent Board appointments was to strengthen the PFS by ensuring that the infrastructure and resources of the CII could be better aligned with the ambitions and priorities of Members. This would support the restoration of regional events, the enhancement of CPD, and the delivery of improvements Members had requested. He acknowledged that while this decision may feel inconsistent with the assurance given at the time of the merger, the intention was not to undermine Members' trust but to enable stronger delivery.

He concluded by reaffirming that accountability and transparency must underpin the relationship between the PFS and the CII and committed to continuing dialogue with Members to ensure that governance arrangements support both effective delivery and member confidence.

Q: Don McIntyre had told Members that if he wasn't present at the PFS AGM, it would mean there is 'big trouble'; would the Board be able to comment on this.

A: The CII Group CEO explained that it would not be appropriate to comment on remarks attributed to an individual without confirmation. He acknowledged that a number of issues had been raised by PFS Members at the conference and emphasised that their concerns were being taken seriously. He confirmed that Mr McIntyre had left the PFS simply because, having served as interim CEO for two years, he felt it was the right time to move on in his career. The Board and the CII were committed to putting in place a sustainable and permanent leadership arrangement for the PFS to ensure continuity, stability, and that Members' voices continue to be reflected in the CII's work and delivery.

Q: Who made the decision to remove four independent and experienced institute directors and replace them with executives who report to the CII Chair?

It was confirmed that the decision was made by the CII Board and that CII Executives were accountable to the Board as a whole, rather than to the Chair individually.

Q: The CII employed Members of the Board, particularly the CEO of the CII have a fiduciary duty as officers to protect the CII's Financial interests, as well as a fiduciary duty to protect PFS member interests where these duties are obviously in conflict. Will the Board Members recuse themselves from any votes or decisions?

A: It was confirmed that Board Directors were required to manage any conflicts of interest responsibly and would take appropriate steps, including recusing themselves from meetings or decisions where necessary, to ensure proper governance.

In relation to the appointment of CII Executives to the PFS Board, it was noted that the PFS Chair was informed of this shortly before the appointments were made by the CII Chair.

With regard to the PFS Directors whose roles were terminated in September and who were reported to be seeking legal advice, the CII Group CEO explained that, given the ongoing nature of this matter, he was not in a position to provide a further update at this time.

Q: We have had competent financial advisors sitting on the Board who have stepped aside. What guarantees can you give that those financial advisors who remain on the Board will be able to act in the best interest of financial advisors and PFS Members.

A: The CII Group CEO recognised the importance of having directors with professional financial advice expertise and was committed to ensuring that those individuals acted in the best interests of PFS Members. All Board Directors had a fiduciary duty to the PFS and were required to uphold the Society's Articles and act with integrity and impartiality. In addition, CII staff continued to support the work of the PFS on behalf of its Members. While differences had arisen in the past, the focus now was on rebuilding trust and ensuring that the resources and expertise of both organisations were aligned to deliver the best outcomes for PFS Members.

Finance and accountability of the CII

Q: What was the exceptional cost that resulted in the recharge increasing dramatically? Was this justified given the lack of service felt to be provided?

A: The Executive Director, Resources and People explained that the PFS benefited from a range of services provided by the CII under a group shared cost model, for which all entities in the group contributed proportionately. The exceptional increase related specifically to capital investments made by the CII to upgrade its infrastructure, which the PFS Board agreed to support, as shown in the CII's recent financial statements. In addition, the PFS contributed towards the continued provision of CII qualifications for PFS Members. Whilst some Members might feel that services had not kept pace with expectations, the Board considered these investments essential to maintaining and improving the systems and qualifications on which Members relied.

Q: Against the backdrop of a previous independent report that stated the recharge was too high and the CII were required to refund the amount of a charge in light of a poor service of service by the CII to the PFS, why did the PFS board agree to a significant increase in the recharge and is there a robust service agreement in place to ensure the CII are held to account for their service delivery?

A: The Executive Director, Resources and People explained that there was currently no formal service agreement in place with the CII. Accountability for service delivery was provided through oversight at PFS Board meetings. The Executive Director also outlined the cost-sharing model, which had been agreed and in place for several years. Under this model, the total cost of providing services was determined using cost drivers, such as, the number of customers or transactions and then allocated amongst the entities that benefit from those services.

In response to a question about the PFS reserves and the concern that they might be used to cover CII costs, it was confirmed that these funds were dedicated to the benefit of PFS Members.

Q: Will the Board be asking the CII to commit to repaying the remaining £8 million of the 'outstanding intercompany loan' immediately, or with a repayment schedule with appropriate fees?

A: The Executive Director, Resources and People clarified that the transactional balance between the PFS and the CII arose because all revenue generated by the PFS passed through the CII's bank account. This financial arrangement was established historically to streamline operations, avoiding multiple accounts and transaction channels. The current balance reflected amounts owed to or from the PFS by the CII and is held in CII deposit accounts, which accrued interest that was reflected in the PFS accounts.

He also noted that the PFS incurred annual expenses of approximately £3-4 million, covering events, journals, speaker costs, and other operational needs, which were met from the CII's bank account. Given this context, the PFS Board had not yet discussed repayment, as the intercompany balance existed primarily due to the Group's financial infrastructure.

Regarding the proposed 2025 recharge from the CII to the PFS, the Executive Director explained that this was being considered as part of the ongoing business planning process, with any proposals to be presented to the PFS Board for deliberation.

Q: At the moment the PFS is a member organisation for the benefit of its Members, but now it's controlled by the institute, not by a member majority Board. The articles were changed some years ago so that on wind up of the PFS, any surplus would pass to the Institute. This would mean we fail the conditions for mutual status and would be paying corporation tax. How is this in the best interest of the objects of the PFS?

A: The Executive Director of Resources and People explained that the PFS's mutual tax status was determined by HMRC rules on mutual trading. This status had not yet been formally reviewed for the 2023 tax year, which was due for submission by the end of this year, but a review would be undertaken shortly. He acknowledged that any structural changes within the PFS needed to be considered in the context of HMRC's mutual trading criteria. Any findings from this assessment would be reflected and published in the 2024 accounts.

PFS and Membership

Q: Will Members be able to vote on a demerger of the PFS from the CII?

A: The CII Group CEO explained that any proposal for a demerger of the PFS from the CII would need to comply with the PFS Articles of Association and be brought before the full membership for consideration. He highlighted that PFS Members currently benefitted from being part of the Group in a number of ways, including access to the Statement of Professional Standing, Chartered Status, Membership designations, and world-class qualifications.

Whilst it was theoretically possible for the PFS to become fully independent if Members wished, achieving this would involve replicating many essential services currently provided through the infrastructure CII. This process would be complex, take several years, require substantial financial investment, and offer no guaranteed outcome.

Q: How can we hold the President and Vice President accountable with such short terms?

The President emphasised her commitment to engaging with Members throughout her term and invited Members to ask questions and contact both her and the Vice President directly. The Vice President noted that, after completing his tenure as Vice President, he would continue to serve

on the PFS Board. This ongoing role provided an additional avenue for accountability. He also highlighted that, beyond titles, he was personally committed to acting in the best interests of Members throughout his service.

Q: What is the view of the member nominated directors on the CII's proposal to implement the experiential route to chartered in a highly technical profession and in the context of consumer duty. How does this help improve consumer outcomes?

A: A proposal for an experiential route to chartered status in a pilot format had been considered by the Board earlier in the year. At that time, the Board did not see a strong case to take it forward further. However, the Member Directors remained focused on ensuring that any route to chartered status upheld the technical standards of the profession and supported positive outcomes for consumers.

Q: What tangible evidence is there of the CII promoting to the public the benefits of taking independent financial advice in the UK through qualified advisers?

A: The President acknowledged the importance of demonstrating the benefits of independent financial advice to the public. She highlighted that the PFS was actively working to become a stronger voice in the media and engage more closely with regulators, including the FCA. Whilst they had run campaigns to promote the role of qualified advisers, they were seeking to build on this by ensuring Members' expertise was more widely recognised and that Members were visible as trusted sources for the public seeking financial guidance.

Q: Can you please explain why the CII and PFS are currently engaged in such a public spat, and do they realise it's professionally embarrassing?

A: The Chair acknowledged the concern raised and noted that, whilst she was aware of how developments had been reported publicly, the Board's focus had consistently been on serving Members' interests. She expressed disappointment that some commentary had presented a negative view. The Vice President added that the Board remained committed to prioritising the needs of Members and working collaboratively to achieve that.

Q: There was a significant data breach at the CII that was so serious that the CII was required to self-report at the Information Commissioner's Office. What actions have the Board taken to ensure that the CII is taking appropriate steps to ensure that PFS member data is protected?

A: The CII Group CEO acknowledged the seriousness of the previous data breach and reassured Members that protecting PFS member data was a top priority. The CII, including the PFS, had now achieved Cyber Essentials Plus accreditation, the recognised standard for cybersecurity across the economy. The Board continued to monitor cybersecurity practices closely and work with the CII to ensure ongoing safeguards were in place to protect member Data.

Q: At the CII AGM I was surprised to hear that there has been another review of the Corporate Chartered Status. The Corporate chartered Financial Planner was introduced for a 10-year term in January 2020 and now five years in, there's going to be 17 upgrades to the status. What involvement did the PFS Board have in this and what is its view of how many upgrades will affect financial planners?

A: The CII Group CEO explained that the review of the Corporate Chartered Status aimed to enhance its value and credibility, particularly from the perspective of the public. The intention was to strengthen the accreditation and assessment processes and to recognise the efforts of

firms achieving the status. The PFS Board had been kept informed of the review and would have the opportunity to provide feedback as part of the consultation process. Members were encouraged to engage with the consultation when it opened in the New Year, and the Board would consider responses carefully to understand the potential impact of the proposed upgrades on financial planners. This review would be a key part of the programme for 2025.

Q: Please can the Board share the robust and transparent process they will use to find a permanent CEO and confirm they'll be directly employed by the PFS to prevent any potential conflicts of interest?

A: The CII Group CEO confirmed that, under the PFS Board Terms of Reference, the appointment of the PFS CEO was the responsibility of the CII. However, he emphasised that the process would be conducted in a robust and transparent manner, with appropriate consultation to ensure the successful candidate has the right experience and independence to serve Members effectively. He reiterated his belief that the PFS CEO should act as a clear channel between Members and the wider infrastructure and gave his assurance that he would work to support and deliver this intention.

Q: Please could you let us know your strategy is achieving thought leadership status, who the target audience would be and how would regional initiatives be expected to contribute towards the intention?

A: The President reaffirmed the commitment to developing thought leadership, highlighting its importance in strengthening public confidence and reinforcing the profession's credibility. She explained that this would include building a stronger presence in the public domain and engaging constructively with regulators to help influence policy. In relation to regional initiatives, the President emphasised her wish to work closely with Regional Committees, listening to what support they felt would add the most value locally and ensuring that regional perspectives contributed meaningfully to the overall strategy.

8. ANY OTHER BUSINESS

There were no items of other business.

9. CLOSING

The Chair confirmed that written responses to all questions raised during the meeting would be published in due course. She thanked Members for their participation and contribution to the 2024 AGM and formally brought the meeting to a close.

The AGM closed at 17:37.