

Financial Reporting Council

Minutes of a meeting of the FRC Board held by Teams on 3 February 2021

PRESENT:	Keith Skeoch	Chairman
	David Childs	Non-Executive Director
	John Coomber	Non-Executive Director
	Sir Jon Thompson	CEO (to item 13)
	Jenny Watson	Non-Executive Director
	Dame Julia Unwin	Non-Executive Director
IN ATTENDANCE:	Francesca Carter	Company Secretary
	Alex Kuczynski	Executive Director, Corporate Services & General Counsel (to item 13)
	Tara Trousdale	Finance Director (items)
	Miranda Craig	Director of Strategy & Change (item 5.3)
	Kate O'Neill	Director of Stakeholder Engagement and Corporate Affairs (items 5.5-5.7 and 6)
	Paul Carr	Chief of Staff - Supervision Division (item 7)
	David Rule	Executive Director, Supervision (item 7)

1. QUORUM AND OPENING OF THE MEETING

- 1.1 The Chairman noted the meeting was quorate and opened the meeting.

2 DECLARATIONS OF INTEREST

- 2.1 No new interests were declared.

3 MINUTES AND MATTERS ARISING

- 3.1 The Board approved the minutes of the Board meeting of 9 December 2020 for publication.
- 3.2 The Board noted and ratified the decisions that had been taken in writing since the last meeting.
- 3.3 The matters arising log was reviewed and noted.

4 CHAIRMANS REPORT

- 4.1 The Chairman provided an update on recruitment to the FRC Board and reported that the Secretary of State for Business, Energy and Industrial Strategy (BEIS) had extended the appointment of Jenny Watson and Julia Unwin by five months to 31 August 2021. The Chairman also reported on meetings he had held with internal and external stakeholders since last reporting.

FRC Board Diversity Policy

- 4.2 The Board noted the FRC's Board Diversity Policy had been updated to reflect that the Secretary of State for Business, Energy and Industrial Strategy (BEIS) is responsible for appointments to the FRC Board. The Board considered the revised policy and noted minor drafting amendments suggested by the People Committee.
- 4.3 On the recommendation of the People Committee, and subject to the drafting amendments suggested by the People Committee, the Board agreed the revised Board Diversity Policy.

Code of Conduct

- 4.4 On the recommendation of the People Committee the Board approved amendments to the Code of Conduct relating to external appointments and directorships and to combine the staff and governance members Code.

5 CEO’S REPORT

- 5.1 The CEO provided an update on the activities of the executive, including in respect of EU Exit, recruitment and staff morale. The Board was pleased to note the focus on supporting staff well-being throughout the pandemic.
- 5.2 The Board reviewed the quarterly Management Information report which provided an update on overall progress in delivering the FRC strategy, delivery of key regulatory projects and activities, including enforcement work, and detail on operational measures. The Board welcomed the report and requested further information on employee sickness rates and progress in respect of pension fund signatories to the Stewardship Code.

Draft FRC Strategy and 2021/22 Budget

- 5.3 The Board considered a revised draft Strategy and Budget for 2020/21. The Board noted the draft had been updated to reflect discussion at the previous meeting; specifically, the proposed increase in headcount had been reassessed, taking in to account the likely pace of recruitment, core activities had been reprioritised and a phased approach to levy payments had been introduced.
- 5.4 The Board reviewed the draft in detail and welcomed that further consideration would be given to the drafting more clearly connecting strategy, objectives and outputs. Discussion included consideration of the IT budget, the impact of the budget on levy payers and a request to consider reference to the work of the stakeholder engagement team and competition objectives.
- 5.5 The Board agreed to delegate approval of the final draft to be issued for consultation to the CEO and Chairman.

Transformation Programme Update

- 5.6 The Board considered a report on the work of the Transformation Programme, incorporating recommendations arising from the Kingman review, the CMA’s market study and the Brydon review, together with organisational changes associated with establishing ARGA. The Board welcomed an increased focus on audit reform following the change of Secretary of State on 8 January and an update on the timetable for publishing the government’s consultation *Restoring trust in audit and corporate governance*. There followed a detailed discussion on planned stakeholder outreach following publication and the content of supporting communications.
- 5.7 The Board welcomed the update on the programme focus and supported the Programme Board’s decisions on research prioritisation.

6 STAKEHOLDER ENGAGEMENT UPDATE

- 6.1 Kate O’Neill presented a revised Stakeholder Engagement and Corporate Affairs strategy document. The Board welcomed the revised document and commended the team on its approach to ensuring a strategic and holistic approach to engaging with FRC stakeholders. Through discussion the Board commented on the importance of ensuring all stakeholders’ voices are heard.

7 FRC AS COMPETENT AUTHORITY

- 7.1 The Board considered a detailed report on how the FRC had discharged its responsibilities as the competent authority function in 2020. The Board noted that both EU Exit and Covid-19 had created practical challenges and additional risks but that appropriate actions and mitigations were in place to ensure the FRC would be able to continue to discharge its responsibilities.

7.2 The Board agreed the conclusion that the FRC has complied with the legislative requirements and fulfilled its competent authority responsibilities in that it has performed the regulatory tasks assigned to the FRC as competent authority.

8 REPORT FROM THE PEOPLE COMMITTEE CHAIR

8.1 The Board noted an oral update from the People Committee meeting held on 3 February 2021. In addition to matters on the Board agenda the Committee had received and welcomed a revised Diversity and Inclusion Strategy, considered feedback from a meeting of the FRC's People Forum and had reviewed the Register of Interest declarations for members of the governance structure.

9 REPORT FROM THE CONDUCT COMMITTEE CHAIR

9.1 The Board noted confirmed minutes of the Conduct Committee meeting held on 15 December 2020 and draft minutes of the 12 January 2021 meeting.

10 REPORT FROM THE CHAIR OF THE REGULATORY STANDARDS AND CODES COMMITTEE

10.1 The Board noted draft minutes of the 21 January 2021 meeting.

11 FORWARD PLAN

11.1 The Board noted the forward plan.

12 AOB

12.1 There was no other business.

13 PRIVATE SESSION

13.1 The Board met for a private discussion without members of the Executive present.

Date of Next Meeting

Tuesday 30 March 2021 at 10am.