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Feedback on the FRC's Draft Plan and Strategy and Budget 2021/ 2022.

Thank you for sending us the above document for comment. We believe that this sets out sufficiently clearly the FRC's plans and strategy for the coming year. We are not able to comment in any detail on the proposed budget but we believe that, with minor exceptions, it provides as much information as most stakeholders are likely to require.

We have a few comments about the presentation of the document. Presentation might be considered to be a minor issue. However we note that:

- An effort has clearly been made this year to make the presentation of the document more appealing to the reader. The FRC is to be commended for this.
- The fact that the FRC is embarking on a project to overhaul corporate reporting in future provides an important opportunity for the FRC to act as an exemplar in terms of its own reporting style.

Our comments on content presentation are as follows:

1. What we liked

1.1 In general, the narrative content in the document is clear and concise. In most areas the amount of information and detail given is appropriate.

1.2 Section 2.3 gives a good summary of the FRC's planned key initiatives for the coming year.

1.3 The 'call-outs' in the right-hand margin in Sections 2.2 and 3.3 are useful. More use could be made of this presentational technique to highlight key information to readers who lack the time to read the whole document.

1.4 The general appearance of the document has been 'modernised' and improved compared to previous years. There is more use of colour and the document looks more appealing.

1.5 Section 3.3 gives a good overview of the planned increase in resources as the FRC continues its transformation towards becoming ARGA and the wider role and remit that this will involve.

2. What we were less certain about

2.1 We said in our comments on the 2020/ 21 Plan and Strategy that the so-called list of objectives failed the test of being true 'objectives' in that none of them was measurable – nor were they very specific or 'time-bound'. The same is true this year. What we are being given is a set of 'priorities' for the FRC for the coming year. They are non-the-worse for this but they are not objectives. There are some objectives stated elsewhere - as in the sub-section on Supervision in Section 2.3.

2.2 Section 2.4, 'What will success look like?', carefully avoids giving any indication of what 'success will look like'. It actually provides a list of performance metrics but without any stated performance targets – except for those that refer to the budget. Just having a list of key metrics is an excellent start. Why not complete the task by adding specific targets? This would deal with the comment about lack-of-objectives above and also make the content of this section compliant with the title.

2.3 Section 3.1, Our Business Model, is superfluous. It doesn't say what the business model is (how income is generated and how the FRC creates value) and it repeats what has already been stated more comprehensively in 2.3. Arguably, the FRC is not a business in the conventional sense of the word and has no need to try to describe its business model. It says plenty elsewhere about how it aims to add value and where its revenue comes from. That is all that is needed.

2.4 Sections 2.2 and 2.3 – Use of icons. Use of icons in any document of this sort can be helpful for 'signposting' but in this case the icons simply don't work. The icons themselves lack meaning so that the reader has to refer back to Section 2.2 to check what they refer to and, in practice, the reappearance of the icons in Section 2.3 adds little or nothing to the richness of the content in the document or to its ease of use by the reader. They are a nice idea but, in this case, they don't serve their purpose.

3. Budget

Our only comments about the budget are that:

- It would be helpful to know why there is a reduction in the budget for Audit and Standards of £400,000 – particularly when the paragraph below the table states that 'The key area in which we will increase expenditure in 2021 / 2022 are in audit regulation and enforcement'. On the other hand, we note that Enforcement Core Costs are projected to rise by £1m. This is explained to some extent in 3.4 but a few explanatory notes to the budget would be helpful.

- We note and welcome the projected £800,000 (almost 45%) increase in the budget for stakeholder engagement. This is an activity which the FRC performs well and which we see as being a key component of its goal of 'achieving better outcomes for all stakeholders'

4. About us

4.1 **UKSA (UK Shareholders' Association)** is the oldest shareholder campaigning organisation in the UK. We are a not-for-profit company that represents and supports shareholders who invest in the stock market.

4.2 There are many agents and intermediaries active in financial markets. Unlike them, we are an organisation solely representing people who are investing their own money.

4.3 UKSA was formed to provide private shareholders with a voice, influence and an opportunity to meet like-minded fellow investors. It is structured as a non-profit making company with annual subscriptions. An elected Chairman and Board of Directors (all volunteers and individuals with a wide range of backgrounds and experience) monitor a regional organisation. Each region benefits from oversight by an elected regional Chairman and Committee.

4.4 We build relations with regulators, politicians and the media to ensure that the voice of individual shareholders is reflected in the development of law, regulation, and other forms of public policy. For further information see www.uksa.org.uk

4.5 **ShareSoc (UK Individual Shareholders Society)** is the UK's largest retail shareholder organisation, acting in all areas of the UK stock market, with more than 7,000 members. It is a not-for-profit company.

4.6 ShareSoc is dedicated to the support of individual investors (private shareholders as opposed to institutional investors). We aim to make and keep investors better informed to improve their investment skills and protect the value of their investments. We won't shirk from tackling companies, the Government or other institutions if we think individual shareholders are not being treated fairly. See www.sharesoc.org

4.7 If you wish to clarify any of our comments or discuss our thoughts further, please contact Dean Buckner at dean.buckner@uksa.org.uk and Cliff Weight at cliff.weight@sharesoc.org.

Yours sincerely

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