

In Confidence

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) held at 14.00 on Wednesday

8 February 2012 in the PSPA Meeting Room, Goldie House, Douglas.

Present: Mr J Carter (Chairman)
Mr A Cannan, MHK (Vice Chairman)
Mr D Butt, MLC
Mr E Holmes
Mr A Shipley

In Attendance: Mr I T Murray
Mr I W C Burnett

Apologies: None.

Minute No	Minute	Action
01/12	<p>Introduction by the Chair and Pensions Director and welcome to new members</p> <p>The Board accepted the proposed agenda be used as the basis for the meeting.</p> <p>The Chairman welcomed the members of the board to the first meeting of the Public Sector Pensions Authority, and each member introduced themselves.</p>	
02/12	<p>Public Sector Pensions Authority - Appointments</p> <p>The Board considered a memorandum dated 1 February 2012 regarding the appointment of the Chief Executive, Secretary to the Board and staff of the Public Sector Pensions Authority.</p> <p>The Board enquired as to whether the proposed staffing levels had increased from those originally proposed to Treasury and that with the introduction of the Unified Scheme (GUS) and the new systems it had been anticipated that staffing within the Pensions Division would be reduced. The Board also enquired as to how these levels of staffing would be considered in light of the Chief Minister's announcement that public sector staffing was to be reduced by 10%.</p> <p>The Pensions Director outlined that, given the high volume of work that was being carried out in relation to the introduction of the Unified Scheme and other schemes, the levels of staff were those that were required to deliver and implement the new scheme and had been approved by Treasury and the Council of Ministers. Furthermore, the Pensions Director outlined that at the end of March three members of the current Pensions Division on Fixed Term</p>	

Appointments would be leaving and would not join the PSPA. In addition, the Pensions Director asked the Board to note that three of the proposed appointees to the PSPA would be on a Fixed Term basis for periods of between one and two years. This would allow the new systems and scheme to bed in, and that at that point staffing levels would be considered in light of experience of administering the new scheme. However, following recent discussions, there was the possibility that other public sector schemes, such as the Post Office and Local Government Schemes may seek to transfer to the PSPA and also UK reforms to Police and Teachers Schemes on the Island were also likely in the near future, hence the current staffing requirements.

After further consideration the Board appointed its Chief Executive, (subject to work permit requirements), Secretary and other members of staff as proposed in the Pensions Director's memorandum.

03/12 Public Sector Pensions Authority – Statutory Obligations and Responsibilities

The Board considered a memorandum advising the Board of its statutory functions and obligations under the Public Sector Pensions Act 2011 (the 2011 Act) and the Statutory Boards Act 1987 and the proposed Governance Statement.

The Board noted the language used in the 2011 Act, noting that in the majority of Manx legislation the wording, for example, in relation to other authorities' functions generally set out that "an authority may" or "shall", whereas the 2011 Act set out the PSPA "must" in relation to a number of its functions.

In relation to the appointment of employee representatives to the PSPA under the 2011 Act, the Secretary outlined that in appointing the two employee representatives to the Board, the Council of Ministers had done so in the knowledge that both were affiliated to the Trades Council.

The Board therefore noted that both employee representatives were affiliated to the IOM Trades Council, and confirmed that it was content with the appointments that had been made to the Board by the Council of Ministers.

The Board noted that the terms of the Statutory Boards Act 1987 provided the Board with appropriate indemnity in relation to the carrying out of its functions.

The Board, in considering the proposed Governance Statement, sought clarification as to when the documents highlighted in Paragraph 52 of the statement would be prepared and ready for consideration. The Chief Executive confirmed that these would be prepared for the next meeting of the Board.

The Board sought confirmation as to how often Actuarial valuations would be carried out. The Chief Executive confirmed that it was anticipated that these would be undertaken every four years, although there was no statutory requirement in relation to timescales. The Board noted that the Council of Ministers had agreed that no changes to contributions under the Unified Scheme would be made following the valuation in four years time and that changes would only be considered after the second valuation in eight years.

The Board noted the intention to introduce a fees structure for scheme

members who make multiple requests for pension estimates. The Chief Executive confirmed that members received an annual benefit statement, and that one further request for an estimate during a year was considered a reasonable request to expect from scheme members. However, there were incidences of scheme members asking for multiple scenarios to be calculated. The Chief Executive highlighted that in private sector schemes, it was usual to charge a fee for each additional request after the first one had been made.

The Board noted this, but considered that the introduction of fees would need to be done through a fees order similar to those in place for other parts of Government, such as the General Registry.

After further consideration, the Board approved the proposed Governance Statement and agreed it be signed at the end of the meeting.

04/12 Delegation of Functions

The board considered a memorandum dated 1 February 2012 concerning the delegations of functions from the Board of the PSPA to its Chief Executive and other Members of Staff to enable the PSPA to fulfil its statutory obligations.

The Secretary provided a brief overview of each delegation, outlining that these were based upon similar delegations elsewhere within the Boards and Departments of Government.

The Board sought clarification on what levels of risk there were within the Authority. The Chief Executive outlined that as a consequence of a review by Internal Audit, a Finance Manager had been appointed and various minor changes to processes had been introduced. In addition, the processes and procedures of the Authority were subject to both internal compliance checks, and reviews by internal audit. Furthermore, schemes would be subject to audits by an external auditor and annual audited reports and accounts had to be submitted to Tynwald in line with the 2011 Act.

The Board noted the "write off" level within the Delegation to the Chief Executive of £250,000. The Secretary confirmed that this was permitted under FD 5 of the Financial Regulations, but that the regulations did not set out what that level should be. The Chief Executive confirmed that this level of sign off was generally in place for other Chief Executives and Chief Officers. However, given that FD 5 required that every effort was made to recover any bad debt, the Chief Executive considered that this would only be used in exceptional circumstances.

The Board sought clarification as to why the staff of the Authority were not remaining as Civil Servants. The Secretary confirmed that this had been the Council of Minister's intent when drafting the Pensions Bill. The Chief Executive also confirmed that this was in seeking to separate the management and administration of schemes from the main public sector employer, (the Civil Service Commission).

The Board noted that in relation to the delegation regarding disciplinary levels for officers, these were those in place for the Civil Service given that until 31 March 2012, PSPA staff were on secondment to the Authority, and would be transferred from 1 April 2012. Therefore, a further delegation would be submitted to the Board once the final terms and conditions for PSPA staff had

been finalised.

It was confirmed that discussions had taken place with staff regarding their transfer to the PSPA, and that they were aware that new Terms and Conditions would be put in place. However, it was confirmed that these would be broadly based upon those in place for the Civil Service.

The Board further considered the proposed delegations and approved :

- The Delegation of Functions to the Chief Executive and other Officers;
- The Schedule regarding the Execution of Documents by officers of the Authority;
- The Delegation to the Chief Executive of the Appointment of Staff to the Authority.

The Board noted the proposed delegations regarding:

- Periods of Absence of the Chief Executive;
- The Management Staff which arise under the Civil Service Regulations as applied to the PSPA.

05/12 Public Sector Pensions Authority - Corporate Identity

The Board consider a memorandum dated 1 February 2012 seeking the Board's approval for the use of the 'Merging Triskelion' as the brand of the Public Sector Pensions Authority.

The Chief Executive provided a summary of the proposed identity, outlining that it had been designed for use with the Unified Scheme, but that it had also been intended to be used as the corporate brand for the PSPA. However, as it was proposed to be used in conjunction with the Government Crest, Council of Ministers approval would need to be sought.

The Board noted that the draft letterhead did not have the Manx wording for "Public Sector Pensions Authority" and that this should be included in the final design. On that basis, the Board therefore approved the proposed design and confirmed that Council of Ministers approval should be sought for its use.

06/12 Public Sector Pensions Authority – appointment of temporary Scheme Actuary to the Government Unified Scheme

The Board considered a memorandum dated 1 February 2012 requesting approval to the appointment of an actuary from Hymans Robertson as Scheme Actuary for the purposes of specific work on the Unified Scheme and for the approval to a formal tendering process to appoint an ongoing actuary for all actuarial work on schemes managed by the Public Sector Pensions Authority.

The Chief Executive confirmed that this was a temporary appointment to complete the work in relation to the implementation of the Unified Scheme, and that funding on a fixed fee basis had been approved by Treasury. Once this work was complete, a competitive tendering exercise would be conducted to appoint an actuary to work on all schemes on an ongoing basis. It was anticipated this would be tendered for by a number of the larger actuarial firms from the United Kingdom given the small number of actuarial

firms on the Isle of Man.

The Chief Executive also confirmed that it was more cost effective to outsource actuarial work rather than have an in house actuary, given that an in house actuary would wish to have any calculations peer reviewed by another actuarial professional and would need various costly systems in place in order to undertake actuarial work.

After further consideration, the Board confirmed the appointment of an actuary from Hymans Robertson on a temporary basis for the purposes of finalising the work on the Unified Scheme and that ongoing actuarial work would be subject to competitive tender.

07/12 Public Sector Pensions Consultations

The Board considered a memorandum dated 1 February 2012 requesting the Board to note and if content, approve the current consultations that had commenced on behalf the Public Sector Pensions Authority as follows:

- Public Sector Pension Schemes (Internal Dispute Resolution Procedures) Regulations 2012;
- Interim Compensation Scheme 2012;
- Isle of Man Government Unified (Amendment) Scheme 2012;
- Miscellaneous Public Sector Pension Schemes Bulk Transfer Regulations 2012.

The Secretary provided a broad outline of the content of each of the consultation documents and confirmed that these consultations had commenced prior to the formation of the Authority so that deadlines for their approval and implementation could be met. The Secretary confirmed that this had been done on the advice of the Attorney General's Chambers and that if the Board was content, now that the consultations had been complete, draft schemes would be forthcoming for the Board to consider.

After due consideration, the Board accepted the Consultations that had been carried out on its behalf.

08/12 Public Sector Pensions Consultations – Internal Disputes Resolution Procedures

The Board consider a memorandum dated 1 February 2012 and accompanying draft regulations, regarding the Public Sector Pension Schemes (Internal Dispute Resolution Procedures) Regulations 2012.

The Board noted that this was a statutory requirement of the Public Sector Pensions Act 2011. The Secretary confirmed that the procedures closely followed those in place in the United Kingdom, and were based upon Section 50 of the UK Pensions Act 1993. The Secretary confirmed that the Isle of Man Pensions Ombudsman was also the UK Pensions Ombudsman. The Board requested that this be clarified in the explanatory documents that accompanied the regulations when they are laid before Tynwald in March.

After further consideration the Board approved and made the Public Sector Pension Schemes (Internal Dispute Resolution Procedures) Regulations 2012.

09/12

Brief review of future priorities, particularly in relation to the introduction of the Government Unified Scheme ('GUS') and the work of the project Steering Group.

The Chief Executive provided the Board with a brief overview of current work being progressed by the Staff of the Authority, in particular in relation to the Unified Scheme. It was noted by the Board that the Unified Scheme project Steering Group had been given the responsibility of introducing the scheme by the Council of Ministers and would continue with this task until implementation on or around April 2012. PSPA staff were also Steering Group members. The Chief Executive also outlined the other work that would need to be carried out in relation to the Teachers, Police and Judicial Schemes following anticipated UK changes.

The Board note the work that was being carried out.

The Board sought clarification as to what training would be provided to its members in order to assist it in meeting its statutory obligations and responsibilities. The Chief Executive outlined a number of options, and it was agreed that short training sessions would be included at the beginning of each of the future Board meetings, in the short term, and that additional individual sessions could be provided if required.

The first session would be carried out at the next meeting of the Board.

10/12

Agree dates of future meetings

It was agreed that meetings would be on a monthly basis and that the next meeting would be on Wednesday 14 March 2012 at 09.30 a.m. It was agreed that if an urgent meeting was required, this could be arranged in between the monthly meetings.

In addition, it was agreed that the Chairman and, when possible, the Vice Chairman would meet more informally with the Authority's Executive on a weekly basis, to discuss ongoing work loads and any emerging issues.

Any other Business

11/12

Running Costs of the PSPA

The Board noted that in seeking Tynwald's approval to the Public Sector Pensions Bill, confirmation was sought that costs for the Authority would not escalate. The Chief Executive confirmed that funding for the Authority had been considered and approved by the Treasury and that any future increases in funding would require Treasury approval. The Chief Executive also confirmed that any changes to levels of staffing and associated remuneration also required Treasury approval under the 2011 Act

12/12

PSPA Press Release

The Board Considered as to whether the Authority should issue a Press Release regarding its formation. It was agreed that this should be progressed ahead of the next sitting of Tynwald and that the Chief Secretary's office should be approached to assist in drafting a press release.

13/12 Declarations of Interest

The Board requested that Declarations of Interest should be prepared for its next meeting.

14/12 Signatures

Prior to the Close of the Meeting the Chairman signed:

- the Public Sector Pension Schemes (Internal Dispute Resolution Procedures) Regulations 2012

The members of the Board signed:

- The Public Sector Pensions Authority Statement of Governance;
- The Delegation of Functions to the Chief Executive and other Officers;
- The Schedule regarding the Execution of Documents by officers of the Authority;
- The Delegation to the Chief Executive of the Appointment of Staff to the Authority.

The meeting closed at 16.10

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Chairman

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Date