

## **In Confidence**

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) on Thursday 1 November 2012 at 2.00 p.m. in the PSPA Meeting Room, Goldie House, Douglas.

### **Present: PSPA**

Mr J Carter (Chairman)

Mr A Cannan, MHK (Vice Chairman)

Mr E Holmes

Mr A Shipley

Mr L I Singer, MHK

**In Attendance:** Mr I T Murray

Mr I W C Burnett

### **Apologies:**

#### **Minute No Minute**

#### **94/12 Minutes**

The minutes of the meetings of 19 and 28 September 2012 were approved and signed.

#### **95/12 Matters Arising:**

##### **Minute 83/12**

##### **Appointment of Auditors**

The Chief Executive confirmed that the contract to appoint PWC had now been agreed and that he would sign it under the delegated authority approved by the Board in February 2012.

It was confirmed that the contract was for a five year period, but may be reviewed at the three year stage given that Treasury's audit contract expired in three year's time and there may be an opportunity to achieve future cost efficiencies. However, this would be considered at the time and had not been agreed upon.

##### **Local Government Scheme**

The Chief Executive confirmed that further discussions had been had with the Department of Infrastructure regarding the Local Government Scheme. The Department had raised a concern that it may lose its in house resource to oversee the scheme and sought to establish a possible way in which the PSPA may be able to support it.

The Chief Executive confirmed that the PSPA had already been providing support to the Department on an ad hoc basis and that this would continue. However, owing to current workloads for the PSPA it was considered that there was not the capacity to increase the support to the Department within the PSPA's current resources.

The Board agreed that the Local Government Scheme should be kept under review and that the Board be updated on a six monthly basis, unless there were significant changes in the current position. In the mean time, ongoing assistance should be provided, as required, by the Chief Executive in the same manner as at present.

## **Actuarial Services**

The Chief Executive confirmed that the contract to appoint Hymans Robertson had now been agreed and that he would sign it under the delegated authority approved by the Board in February 2012.

## **Manual Workers No.1 Scheme 1973**

The Chief Executive confirmed that the issues surrounding the provisions for the Number One scheme related to the contracted out status of the scheme up to 1997 and the formula for calculating benefits, which had been unchanged since the scheme was made in 1973, and took no account of the previous contracted out status of members.

It was confirmed that Actuarial Advice may be sought to establish proposals for addressing the current position.

## **Review of Compensation and Injury Benefits**

The Vice Chairman confirmed that further meetings of the Working Group had been held and that a set of principles for moving proposals forward had been drafted and these were currently under consideration by the employee's side. It was noted that a further meeting had been arranged for 29 November 2012.

## **Interim Injury Benefit Scheme & Police Pension (Amendment) Regulations**

The Board noted that these two schemes had been submitted for approval at the November sitting of Tynwald.

## **Minute 88/12 – PSPA Pay Settlement**

It was noted that the 2012 Pay Settlement had been submitted to Treasury, which had confirmed that whilst PSPA Terms and Conditions and levels of pay remained aligned to the Civil Service, future pay settlements did not require submitting to Treasury before being approved.

It was agreed that future pay settlements would be applied to PSPA staff automatically once approved through the Civil Service Joint Negotiating Committee.

## **96/12 x – Pensioner Member and Former Civil Servant**

Minute Not Published.

## **97/12 Conflicts of Interest**

The Board considered the comments that had been received from the Attorney General's Chambers in regard to its proposed Conflicts of Interest protocol, and noted that these were broadly supportive in nature. After due consideration, the Board agreed to adopt the Protocol.

In respect of any conflicts that may arise during the course of the meeting Mr Shipley declared a conflict in relation to Agenda item 7 regarding the Teachers Pension Scheme. The Board noted the conflict but agreed that Mr Shipley should remain in the meeting to provide insight into the teachers' point of view during any discussions.

## **98/12 Risk register review**

The Board reviewed the Risk Register and noted the changes that had been made during the course of the previous month.

It was noted that no risks had been removed from the register, but it was

anticipated that if the Teachers Pensions (Amendment) Order was made this risk would be removed.

## **99/12 Firefighters Conversion Terms**

The Board considered a memorandum from the Deputy Chief Executive and briefing note, from Hymans Robertson, regarding the Conversion Terms for Firefighters.

The Chief Executive outlined the background to the issue and summarised the recommendations set out in the paper. The Board noted that if this matter was not progressed the Scheme Actuary may have to revisit the sign off for the Bulk Transfer of Firefighters as their past service benefits would not be of equal value in GUS when compared with the former Firefighters' Scheme.

The Board noted that as the recommended approach was not an amendment to the scheme, but an amendment to conversion terms, there was no need to consult upon the proposals. However, if approved, firefighters would be contacted setting out the changes.

The Board noted that the recommendation only applied to Firefighters within 7 years of their earliest retirement age, given that younger firefighters benefited from the faster accrual rate and improved commutation factors in the Unified Scheme.

After due consideration the Board approved the recommendation to amend the conversion terms for those firefighters within 7 years of retirement.

## **100/12 Teachers Pensions (Amendment) Order 2012**

The Board considered a memorandum concerning the Teachers Pensions (Amendment) Order 2012, and noted that following its previous meeting the views of the Council of Ministers had been sought in relation to the proposals to backdate contribution increases to 1 April 2012.

The Board noted that the Council of Ministers had recommended that contribution increases should not be backdated, but applied from 1 November 2012.

The Board accepted the recommendation made by Council, and noted the revised draft of the scheme which had removed the provisions to backdate. After due consideration the Board made the Teachers Pensions (Amendment) Order 2012.

Mr Shipley was asked if there had been any feedback from a meeting that had taken place between the Teaching Unions and The Minister for Education and Children.

The Board noted that the Teaching Unions:

- had questioned the figures that had been set out in the consultation response document and had requested that a full scheme valuation be carried out by the scheme's actuaries;
- did not know who had the responsibility to negotiate any changes to teachers pension arrangements;
- were not supportive of the tiered contribution levels that had recently been introduced; and
- held concerns regarding the communication of pension issues to teachers.

The Chief Executive advised that he had been contacted by the Department to request that the PSPA consider carrying out a valuation of the Teacher's Scheme. The Chief Executive advised that there were already figures available, regarding

the Teachers Pension Scheme, within the Government Accounts and from actuarial work carried out by the Government Actuary's Department. These figures supported the view, set out in the consultation response, that the scheme was in deficit. In addition, the Chief Executive advised that under current arrangements the Teachers Pension Scheme was likely to change in April 2015 in line with changes made in the UK. Therefore, there would be little benefit in conducting a valuation at this stage and if it did it would be a costly exercise to confirm what had already been established.

After due consideration, the Board determined that a valuation should not be carried out at this time.

With regard to negotiating any changes to the Scheme the Board considered that it was the Department who had this responsibility in the first instance and that if changes were being considered the starting point must be a discussion between the Department and Teaching Unions, and that these discussions could be supported by PSPA staff.

It was agreed that this position would be confirmed to the Department.

With regard to future communications, the Board considered that the joint Working Group, to be established in relation to the Teachers Pension Scheme and as approved at its September Meeting (**Minute 90/12 refers**), would address the concerns the Teaching Unions held.

## **101/12 Approved Early Retirement**

The Board consider a memorandum regarding the proposed approach for the payment of Approved Early Retirement benefits for members of the former Manual Workers Scheme 1977 and National Transport Scheme 1978 and former Civil Service Classic Plus, Premium and Nuvos members under GUS.

The Board noted that the recommendation was of a clarifying nature given that approved early retirement provisions were available through Augmentation provisions in the Unified Scheme.

The Board noted that this would not reduce or amend the benefits that scheme members were entitled to.

After due consideration, the Board approved the recommended approach.

## **Any Other Business**

## **102/12 Injury Benefit Appeals**

The Board received a memorandum requesting that the Board consider and if content, approve that the procedures for appeals in relation to decisions made under the Interim Injury Benefit Scheme 2012 for Civil Servants and other analogous employment groups fall under the Public Sector Pension Schemes (Internal Disputes Resolution Procedures) Regulations 2012.

As this matter had only been raised at the meeting, the Secretary to the Board provided the background to the proposal and confirmed that it had not been set out in the Interim Compensation Scheme given that the provision was not in the former Civil Service Injury Benefit Scheme, which formed the basis of the Civil Service provisions in the Interim Scheme. It was confirmed that this procedure followed the guidelines issued by the Cabinet Office for Injury Benefit Appeals in the UK for Civil Servants.

The Secretary to the Board proposed that, as the matter was a late item to the

agenda Board members should consider the paper away outside of the meeting before making a decision at a later date.

**103/12 Isle of Man Newspapers Awards for Excellence 2012**

The Board noted that the PSPA had been shortlisted for the Isle of Man Newspapers Awards for Public Sector Excellence 2012, and that the winners would be announced at an award ceremony to be held on 15 November 2012.

The next two meetings will be held at:

- **11.00 a.m. on Wednesday 5 December 2012** and
- **10.00 a.m. on Thursday 14 January 2012**

**The meeting closed at 16.15 p.m.**