

In Confidence

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) on 19 April 2013 in the PSPA Meeting Room, Goldie House, Douglas.

Present: PSPA

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: Mr J Carter (Chairman)

Minute No	Minute
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13/13	Minutes
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The minutes of the meetings of 14 and 30 January 2013 were approved. It was agreed that they would be held over to the next meeting for signature by the Chairman.

14/13	Matters Arising:
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Review of Compensation and Injury Benefits

The Board noted that a formal offer had been put forward by the Employers representatives on the Committee to the Employees representatives.

The Boarded noted that the details of these proposals would be submitted to the Board for its consideration and, if content, approval at the next Board meeting. Subject to the Board's approval, the proposals would then be submitted to the Council of Ministers for its consideration before formal consultation was commenced.

Manual Workers (No.1) Scheme

The Board noted that the pensioner member of this scheme who had contacted the PSPA had yet to respond to the PSPA reply. However, it is understood that the member will respond in due course having sought advice.

Any changes to the Scheme therefore remained on hold until a response had been received and considered by the PSPA.

Teachers Joining GUS

Mr Shipley declared a conflict of Interest.

The Board noted that the Council of Ministers had considered the options paper submitted by the PSPA. Council had determined that the issues of Pay and Pensions being agreed locally should not be dealt with in isolation of each other.

Council decided that it was for the Department to determine if it wished to take this forward.

The Board noted that the Chief Executive had met with both the Department and Trade Unions and that a further meeting was due to take place with representatives of Head Teachers and other Unions.

Police (Amendment) Scheme 2013

The Board noted that comments had been received from the Police Federation thanking the PSPA's staff for the constructive and helpful way in which the proposed amendments to the Police Scheme had been progressed.

The Board noted that a final draft Scheme of Amendment would be submitted to the May meeting for its consideration.

Insurance against Death Benefits

The Board noted that work on developing proposals for insuring the payment of Death Benefits and managing Ill Health Retirements remained on going.

Death in Service – Personal Case

The Board noted that the benefits relating to this case had been settled. The Board noted that a request had been made for the detailed information relating to the circumstances that led to the death of the member. However, the level of detail that had been requested had not been obtained by the PSPA as it was not required for the determination and settlement of benefits. The Administrators of the member's estate had therefore been referred to the former employer in order to request the information they sought.

The case was now considered closed.

IoM Government Unified (Amendment Scheme) 2013

The Board noted that the draft scheme was currently with the Attorney General's Chamber for finalisation prior to being submitted to the Board.

The Board noted that a final draft Scheme of Amendment would be submitted to the May meeting for its consideration.

Tynwald Members Presentation

The Board noted that the presentation to Tynwald Members with regard to Public Sector Pensions had been well received.

15/13

Risk Register Review

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

The Board noted in relation to the risk regarding having adequate resources to fulfil the functions of the PSPA, that a meeting with Treasury Officers on future funding was due to take place in July. However, this related to core functions.

The Board noted that with regard to any future project work – i.e. Teachers and Police, separate business cases would need to be submitted to Treasury for its consideration.

16/13 Isle of Man Government Unified Scheme 2011 – cost sharing decisions

The Board considered a memorandum dated 12 March 2013 from the Chief Executive regarding the discussions held with the Scheme Actuary on 30 January 2013.

After further discussions, the Board did not consider it was in a position to agree the basis for a cost sharing mechanism under the Government Unified Scheme 2011 as it considered it required further information. The Board wished to have prepared for its consideration at its next meeting a number of examples which would assist with its understanding of the issues.

It was agreed that further discussions would be held at the next meeting of the Board.

17/13 Quarterly Performance Report

The Board considered the quarterly Performance report for the period ended December 2012.

The Board noted that the report indicated up to 62 members of the Teachers Pension Scheme were due to retire in the next quarter and wished to establish if the Department was aware of this.

It was considered that it was for the Department to manage its staffing, rather than the PSPA. However, the issue would be raised with the Department on this occasion.

The Board noted that overall retirements were less than in the last year, but there had been a large number of early retirements. It was considered that whilst this was due to a number of different reasons, the main reason was the difficult economic times that the Island was facing and the consequential impact on delivery of public services which had led to a number of individuals wishing to take their benefits early.

It was also noted that a significant number of senior staff had recently retired or were due to retire in the near future. As these members usually have long service and a high salary there was a potential for some significant lump sums to be paid. However, it was noted that if such lump sums were paid the cost of those would be recouped after a period of around 14 years of the pension being in payment.

18/13 Possible cost saving initiatives being considered by the Executive during 2013

The Board considered a memorandum dated 12 March 2013 from the Chief Executive outlining areas where the PSPA might provide ongoing services more efficiently and cost effectively.

After due consideration, the Board requested that more detailed proposals regarding charging for certain service provided by the PSPA (i.e. divorce estimates or multiple estimates) and a supporting draft Fees Order be prepared for its consideration.

The Board also requested further consideration to be given to the proposals for revisiting Ill Health awards and for the development of on line benefit statements.

19/13 Public Sector Pensions Authority – first year preparation of pension scheme accounts

Nick Cain – Finance Manager, PSPA – joined the meeting

The Board received a verbal update from the Finance Manager regarding the PSPA's first year of working with an external auditor, PWC, and progress to date in the preparation of pension scheme accounts as at 31 March 2013.

The Board noted some of the procedures that had been put in place as a consequence of the requirement to provide a Report and Audited Accounts for each Scheme and the work that had been undertaken to enable the Audited Accounts to be prepared.

The Board noted that its auditors, PWC, had made a number of visits to the PSPA to assist in the management of any potential planning and control weaknesses.

The Board requested that PWC be invited to attend a meeting with the Board once the basis for the first set of Report and Audited Accounts had been finalised and agreed with Treasury.

Mr Cain left the meeting.

Any Other Business

20/13 Scheme Opt Out Levels

Mr Shipley declared a potential conflict of Interest.

The Board requested as to whether opt out rates were being monitored, in particular in relation to those schemes based upon UK Schemes. It was noted that a number of Teachers were considering opting out of the Teachers Scheme.

Whilst opt out rates were not being specifically monitored, it was considered that opt out rates remained low.

The Board requested that opt out rates be included in the quarterly report.

21/13 Teachers Redundancy Provisions

Mr Shipley declared a potential conflict of Interest.

The Board sought clarification as to whether the Redundancy Provisions contained within the UK Teachers Pension Scheme also applied in the Isle of Man.

It was confirmed that these had not been applied to the Isle of Man Scheme by the Department of Education and Children, when it was responsible for the Isle of Man Teachers Pension Scheme. To date no request had been received to amend the scheme in order to apply them.

Mr Shipley confirmed to the Board that he would be seeking clarification from the Department as to why this was the case.

22/13 PSPA Interim Report

The Board noted that at the March sitting of Tynwald a motion was passed that expressed concern about public sector pension schemes and requesting that the PSPA:

- (a) Publish an interim report in May 2013 detailing the latest management information on scheme costs and benefits payable over the previous 12 months along with other relevant pensions information; and

- (b) Report to Tynwald in October 2013 on (i) proposals for implementing a detailed cost sharing mechanism under the unified Scheme (ii) any other areas, including Members' pensions, where cost sharing could be applied to public service pension schemes and (iii) measures brought in by other countries, including Eire, to rebalance pension liabilities.

A draft report was circulated.

The Board agreed that it would review the draft report and forward comments to the Chief Executive in order that he may finalise the report prior to forwarding to the Council of Ministers for consideration and submission to Tynwald.

23/13

Pensions Conference

The Board received verbal feedback from the Chief Executive in respect of a Pensions Conference he had attended. He reported that a number of delegates at the conference had expressed interest in the recent changes made by the PSPA to both schemes and governance, including the Pensions Regulator.

The Board considered that it may be appropriate to invite some of those who had expressed interest to visit the PSPA so that further discussions could take place and for external relationships to be further developed.

Future Meetings

The next two meetings will be held at:

Wednesday 15 May at 14.00

Wednesday 17 July 14.00

The meeting closed at 12:45