

In Confidence

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) on 13 September 2013 at 2pm in the PSPA Meeting Room, Goldie House, Douglas.

Present: PSPA

Mr A Cannan, MHK (Vice Chairman)

Mr A Shipley

In Attendance: Mr I T Murray

Mr I W C Burnett

Apologies: Mr J Carter (Chairman)

Mr E Holmes

Mr J R Turner, MLC

Minute No Minute

The meeting not being quorate, it was agreed the meeting would be progressed and the members of the Board present would seek to consider the agenda items with a view that any approvals or agreements would be made in principle and that these would be forwarded to the absent Board Members seeking, where appropriate, ratification to those decisions made.

44/13 Minutes

It was agreed that approval of the minutes of the meeting of 17 of July would be held over to the next meeting of the Board.

Conflicts of Interest

Mr Shipley declared a Conflict of Interest in relation to any items concerning the Teachers Pension Scheme.

45/13 Matters Arising:

It was agreed that as the minutes had not been approved and were to be held over to the next meeting of the Board, that any matters arising from those minutes would also be held over until the next meeting.

46/13 Risk Register Review

The Risk Register was reviewed and the changes that had been made since the July meeting of the Board were noted.

Clarification was sought in relation to the risk relating to pay data for the years 2005/06. It was noted that the risk lay in seeking to clarify the correct pay details for a number of scheme members given that at that time payroll moved from a paper based system to a new computerised payroll system and as such the records for that year were incomplete, and were now largely unavailable.

It was confirmed that PSPA staff were working with payroll teams to seek a solution to this issue.

47/13 Public Sector Pensions Consultations

A memorandum dated 2 September 2013 from the Deputy Chief Executive was considered requesting that if content, the Board approve the following draft legislation be consulted upon prior to preparing final drafts for consideration and approval:

- Miscellaneous Public Sector Pension Schemes Bulk Transfer Regulations 2013
- Public Sector Pension Schemes (Revocation) Scheme 2013
- Public Sector Administration (Fees) Order 2013.

With regard to the Bulk Transfer and Revocation Schemes it was confirmed that there were no active members remaining in the schemes, and these were therefore 'housekeeping' matters subsequent to the introduction of the Unified Scheme.

With regard to the Fees Order, it was confirmed that the proposed Order followed the proposals approved by the Board at its July meeting – **minute 39/13 refers**.

It was confirmed that following consultation the finalised draft legislation would be submitted to the Board for final consideration and , subject to approval, to be made.

It was agreed that subject to ratification by at least one other member of the Board, the consultations could be commenced.

48/13 October 2013 Tynwald Report

A memorandum dated 2 September 2013 from the Chief Executive was considered seeking the Board's approval to the report to be submitted to October 2013 Tynwald.

After due consideration it was considered that subject to minor stylistic amendments to the wording of paragraph 2 of the Introduction and paragraph 8 of the Conclusions, and subject to the ratification by at least one other member of the Board, the Report should be submitted to the Council of Ministers for approval and then to the October Tynwald Order Paper.

49/13 "Fair Deal" policy to Isle of Man Public Service Pensions

A memorandum dated 2 September 2013 from the Chief Executive was considered which sought the Board's approval for the Public Sector Pensions Act 2011 to be amended to allow those employees who transferred to the private sector from Isle of Man Government to remain in an Isle of Man public sector pension scheme, if it is determined as part of the contract negotiations that this would be an appropriate course of action. It was confirmed that the proposals follow the new UK "Fair Deal" policy on public sector pensions.

It was noted that the Fair Deal policy had formed part of the negotiations in the UK on future changes to UK Public Sector Pensions, and that this policy was likely to be approved in the UK shortly.

It was noted that the proposed change to the Public Sector Pensions Act had been at the request of the Office of Human Resources and other stake holders progressing the Government's Scope of Government agenda. It was noted that non-Government organisations, such as Manx Radio Ltd and Hospice Care, were already members of Isle of Man Public Sector Pension Schemes.

Concern was raised that such an amendment to the Isle of Man's Public Sector Pensions Act 2011 may make this process automatic for any transfer of staff to an external organisation.

It was considered that if these proposals were progressed, as part of the negotiations on outsourced contracts, for any external organisation to which public sector workers were transferred and where such employees remained part of an Isle of Man Public Sector Scheme, the employer and employee should meet the full cost of providing the pension, and not just the employee's contribution.

It was considered that a better approach may be to consider each case upon its merits on a case by case basis. It was however recognised that this could cause delays to any negotiations.

In conclusion, it was agreed by those present that the PSPA would be prepared to administer the proposals were they approved by CoMin and ultimately Tynwald. However, reservations were expressed as to whether or not such wide ranging legislation was appropriate and that it might be better to deal with such matters on a case by case basis as each one arose. Nevertheless, those present were content for a paper to go forward to CoMin for their consideration and a decision on how to approach the matter.

It was proposed that, subject the ratification by at least one other member of the Board, the views of the PSPA Board should be forwarded to COMIN, seeking its guidance on how these proposals should be progressed.

50/13 Quarterly Performance Report – Quarter 1, 2013/14

The Quarterly Performance Report for the first quarter of 2013/14, ending June 2013 was noted.

It was confirmed that the number of members retiring in the first quarter had increased by approximately one third compared to the same period in the previous year. As a consequence there had been an increase in the amount of payments made.

It was noted that the experience of UK public sector schemes was similar to that of the Isle of Man, and that utilising pension provision formed part of the Government's restructuring policy. It was noted that the exact detail of this policy was not available to the PSPA, and as such the contrasting savings made against the increased pension expenditure could not be determined by the PSPA.

It was noted that a meeting had been held with the new Chief Financial Officer to discuss the experience of the Schemes, and subject to ratification it was agreed that the PSPA and Treasury should continue to work closely together to monitor the performance of schemes going forward and that the quarterly performance reports should be shared with the Chief Financial Officer.

51/13 Future Meetings

It was proposed that the next two meeting will be held on:

Friday 4 October commencing at 11.00; and

Friday 8 November commencing at 14.00.

Any Other Business

52/13 Meeting With Trade Unions

It was confirmed that a meeting with the representative organisations and trade

unions for GUS scheme members would be arranged for the near future with a view to discussing current pensions issues. It was anticipated the first meeting would cover:

- Injury Benefits;
- Cost sharing; and
- Future pensions changes and consultations.

It was confirmed that the meeting would be scheduled so that Mr Shipley could attend on behalf of the Board.

53/13 Police Pension Scheme

It was confirmed that the Department of Home Affairs had requested a meeting with the PSPA Executive with a view to discussing future changes to the Police Pension Scheme.

It was confirmed that Mr Shipley would attend the meeting on behalf of the PSPA Board.

54/13 Cost Sharing

It was confirmed that Treasury approval had been received for the cost sharing proposals drawn up by the PSPA for the Unified Scheme. **Minute 25/13 refers.**

55/13 Audited Pension Scheme Accounts

A letter dated 13 May 2013 from the Chief Accountant, Treasury, was circulated to Board members which confirmed that Treasury was content with the PSPA Executive's proposals for the basis of the Audited Pension Scheme Accounts.

The Board was requested to consider the letter and if content thereby approve the basis for the preparation of accounts. The letter set out that:

- Treasury has no objection to the PSPA using an accruals based method of accounting;
- Treasury had no objection to the cancelling of creditor balances payable to the Isle of Man Government from deficit employer contributions up to 31 March 2013 for each scheme;
- Treasury had no objection to the cancelling of creditor balances payable to the Isle of Man Government from deficit employer contributions for each scheme thereafter; and
- The Public Service Employers' Pension Reserve is not a ring-fenced pension scheme asset.

It was confirmed that deficit employer contributions was the difference between the income received and expenditure paid.

Subject the ratification by at least one other member of the Board the basis set out in the letter was approved.

56/13 Teachers Pension Presentations

Mr Shipley thanked the Chief Executive, on behalf of the Teaching Trade Unions, for the briefing that he had provided to a number of pay and pension meetings for Isle of Man Teachers.

The Chief Executive confirmed that he would be content to provide a similar

briefing for Teachers at King William's College.

Mr Burnett Left the Meeting

57/13

Terms and Conditions

Minute not Published.

The meeting closed at 15:50