

In Confidence

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) on 21 February 2014 at 14.00 in the PSPA Meeting Room, Goldie House, Douglas.

Present: PSPA

Mr J Carter (Chairman)

Mr A Cannan, MHK (Vice Chairman)

Mr J R Turner, MLC

Mr A Shipley

In Attendance: Mr I T Murray

Mr I W C Burnett

Apologies: Mr E Holmes

Minute No Minute

14/14 Minutes

The minutes of the meeting of 31 January 2013 were approved and signed.

Conflicts of Interest

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

15/14 Matters Arising 31 January 2014:

Police Pension Scheme

The Board noted that the Deputy Chief Executive had attended a meeting of the Police Joint Consultative Committee on 12 February 2014, at which the Police Federation and the Department of Home Affairs were informed that the PSPA's current position in relation to the Police Pension Scheme was to progress the changes being introduced in the United Kingdom. The Board noted that the Deputy Chief Executive had highlighted at the meeting that this approach could be subject to change, dependent upon the outcome of the review into Public Sector Pensions which Tynwald had agreed at its January Sitting.

The Board noted that the Police Federation had expressed a wish to work with the PSPA in progressing future changes to the Police Pension Scheme.

Public Sector Compensation Scheme

The Board noted that the Scheme had been submitted to the March 2014 sitting of Tynwald, and that the Vice Chairman's brief was currently being prepared.

Pensions Working Group

The Board noted that Treasury had approved the funding in order to carry out valuations of each of the schemes, and that it was anticipated that these would be completed by May 2014 with further cash flow and early retirement analysis being ready in early June 2014. This would allow June to September for the proposed review work to be carried out so that a report could be prepared by October 2014 on options going forward. This would then be considered by the Board and COMIN prior to submission to Tynwald in December 2014.

It was confirmed that the review would take account of changes to schemes being

progressed in the United Kingdom, in particular in relation to the Teachers, Police and Judicial Schemes.

The Board noted that the Tynwald Emoluments Committee had requested that options be drawn up in relation to the Tynwald Members Scheme.

Injury Benefit Review

The Board noted that the first meeting of the Working Group reviewing Injury Benefits had been postponed until early March owing to the availability of some of the key members of the Working Group.

Teachers' Pension Scheme – compensation arrangements

The Board noted that the Chief Executive had attended two meetings with the Teaching Trade Unions, in order to discuss proposed compensation arrangements for Teachers on the Isle of Man.

The Board noted that whilst the Teaching Unions preferred option would be to remain aligned to the UK arrangements, it had been considered that, owing to the recent changes made to other Public Servants' compensation arrangements a pragmatic approach would be to adopt these arrangements for Teachers on the Isle of Man.

The Board noted that the Executive would progress making amendment to the legislation, in order to facilitate this approach, but this would be progressed once the Isle of Man Public Service Compensation Scheme 2014 had been considered by Tynwald at its March 2014 sitting and following Council of Ministers approval to teachers participating in the Public Sector Compensation Scheme 2013.

16/14 Risk register review

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

17/14 Public Sector Pension Schemes Bulk Transfer Regulations 2014 & Public Sector Pension Schemes (Revocation) Scheme 2014

The Board considered a memorandum, dated 10 February 2014 from the Deputy Chief Executive in relation to the proposed Consultation Response Document and draft legislation for the Public Sector Pension Schemes Bulk Transfer Regulations 2014 & Public Sector Pension Schemes (Revocation) Scheme 2014.

The Board noted that both the Regulations and Schemes were administrative in nature and did not change the benefits received by the pensioners that were within them.

With regard to the Public Sector Pension Schemes Bulk Transfer Regulations 2014, the Board noted that this was the same approach taken when transferring former pensioner and deferred members into the Unified Scheme from the legacy schemes when it was introduced in April 2012.

The Board noted a number of telephone queries had been received from pensioners seeking to clarify that pension provisions were not being changed. In addition the Board noted that comments of a technical nature had been received from the Department of Social Care.

After due consideration, the Board approved the Consultation Response Document

and made the Public Sector Pension Schemes Bulk Transfer Regulations 2014.

With regard to the Public Sector Pension Schemes (Revocation) Scheme 2014, the Board noted the comments that had been received were supportive in nature. The Board also noted the Department of Social Care had also provided comments of a technical nature.

After due consideration, the Board approved the Consultation Response Document and made the Public Sector Pension Schemes (Revocation) Scheme 2014.

The Board noted that the Schemes would be submitted to the April sitting of Tynwald.

18/14 Public Sector Pensions Administration (Fees) Order 2014.

The Board considered a memorandum, dated 11 February 2014 from the Deputy Chief Executive regarding the draft Consultation Response Document and draft Order relating to the Public Sector Pension Administration (Fees) Order 2014.

The Board noted that the Consultation Response Document reflected the discussions that had been held at its January 2014 meeting, (**Minute 08/14 Refers**).

The Board noted a meeting had been held with the Isle of Man Law Society. It was reported that the meeting had been well attended, and that it had provided an opportunity for the PSPA to outline to advocates and members of the Judiciary the work involved in administering pension sharing orders.

The Board noted that the fees in relation to Pensions Sharing for divorce purposes had been reduced from £3,000 to £2,000, as agreed at its previous meeting.

After due consideration, the Board approved the Consultation Response Document, and approved the Draft Order. The Board noted that as the Order did not fall under the Public Sector Pensions Act 2011, it required Tynwald approval before it became effective.

The Board noted that the draft Order would be submitted to the April 2014 sitting of Tynwald.

Any Other Business

19/14 The Superannuation (Manual Workers) (No.1) Scheme 1973

The Board noted that this had been discussed previously, (**Minutes 108/12, 02/13 and 14/13 refer**) but any proposed changes to the Scheme had been postponed, pending the receipt of a complaint from a Pensioner Member.

The Board noted that to date no complaint had been received, and that changes to this Scheme should be discussed at the next Board meeting.

20/14 Fair Deal

The Board noted that at its September 2013 meeting Fair Deal had been considered, (**Minute 50/13 refers**) but at that time the Office of Human Resources was seeking legal advice as to whether Pensions formed part of the Terms and Conditions for Public Sector workers who were transferred to Private Sector employers.

The Board noted that legal advice had now been received, and that it was recognised that Pensions form an integral part of any arrangements for such transfers.

The Board noted that in the UK, Fair Deal was progressed through Participation Agreements under TUPE, whereby those employees who are transferred to the Private Sector, remain members of their former Public Sector Pension Scheme. The Board noted that this approach in the Isle of Man would require an amendment to the Public Sector Pensions Act 2011.

The Board noted that OHR and the PSPA were jointly seeking a view from the Council of Ministers in relation to Fair Deal, and as such any work in this area should await the view of COMIN before being considered further.

21/14 Lump Sums

The Chief Executive provided a verbal briefing in relation to the Payment of Lump Sums from Pension Schemes, and in particular how there was perhaps a misunderstanding that such lump sums had an adverse effect on Pension Schemes. It was confirmed that in pension terms, pension lump sums are beneficial in that they generally 'save' the scheme money as they reduce the pension liability going forward.

The Board noted this, but considered that concern had been raised in relation to the effect lump sums have upon immediate cash flow for Government, and also the public perception of public sector workers receiving high lump sums.

The Board noted that high payments were not made to all public servants but to those who had long service and/or a high salary. The Board also noted that in order to receive such a lump sum, part of the individual's pension had to be surrendered.

The Board considered that this would need to be taken into account in the proposed review, and that one option may be to limit the salary against which lumps sums could be taken. However, it was agreed that this would be for the review body to consider.

22/14 Consultation on the Draft Freedom of Information Legislation

The Board noted that this would be considered by the Executive on behalf of the PSPA.

It was noted that the PSPA, as a Statutory Board would be covered in the second tranche of the proposed Act.

The Board considered that the PSPA was an 'open' organisation with information already being supplied to external stake holders, as well as being published – i.e. Annual Report and Audited Accounts for Schemes. Consequently, the Board considered that this proposed Act should not give undue cause for concern.

23/14 Delegations

The Board reviewed the delegation allowing the Executive and other members of Staff to make documents on the PSPA's behalf, in accordance with paragraphs 9 (1), (2) and (3) of Schedule 2 of the Statutory Boards Act 1987. The Board noted that this required updating as a consequence of new members of staff joining the PSPA.

After due consideration, the Board approved the updated delegation dated 21 February 2014.

24/14

Change in Political Membership

The Vice Chairman and Mr Turner advised the Board that they had received notification from the Chief Minister that as a consequence of the changes to the structure of Government, their term of office on the PSPA would cease once their replacements are announced and appointed to the PSPA.

The Chairman thanked both Board Members for their valuable contribution to the running of the Authority, in particular during what he considered had been challenging times for the PSPA.

Date of next meeting

It was agreed that the next meeting would take place at 2 pm on Wednesday 2 April 2014.

The meeting closed at 15:20