

In Confidence

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) on 2 April 2014 at 16.00 in the PSPA Meeting Room, Goldie House, Douglas.

Present: PSPA

Mr J Carter (Chairman)
Hon C R Robertshaw, MHK (Vice
Chairman)
Mr T P Wild, MLC
Mr A Shipley
Mr E Holmes

In Attendance: Mr I T Murray

Mr I W C Burnett

Minute No Minute

26/14

The Chairman welcomed Mr Robertshaw and Mr Wild to the PSPA. Each member of the Board introduced themselves, and outlined their background and commented upon their role within the PSPA.

There followed a general discussion covering a number of topics, but focussing mainly on Public Sector Pensions.

During the course of the discussion the topic of Personal Liability and Indemnity was raised. The Chairman and Secretary set out that Members of the Board were covered under the provisions of the Statutory Boards Act 1987. However, it was agreed that confirmation of this position would be sought from the Attorney General's Chambers, and a letter would be issued to Board Members confirming the position.

27/14

Minutes

The minutes of the meeting of 21 February and 21 March 2014 were approved and signed by the Chairman.

Conflicts of Interest

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

28/14

Matters Arising 31 January 2014:

Police Pension Scheme

The Background to the Police Pension Regulations was provided. The Board noted that the Deputy Chief Executive had attended meetings of the Police Joint Consultative Committee on 12 February 2014 and 18 March 2014. The Board noted

the Police Federation had expressed a view that the proposed changes to the UK Police Pension Scheme may be delayed from being introduced from April 2015. It was confirmed that progress to the UK changes was being monitored.

The Board noted that the Police Federation had expressed a view that Police Officers are not covered by the Public Sector Pensions Act 2011 and that due to the fact that Police Officers are not employed, but are appointed Crown Servants, they therefore do not fall under the definitions within the Act. It was confirmed that advice on this view was being sought from the Attorney General's Chambers.

Public Sector Compensation Scheme

The Board noted that the Scheme had been approved at the March 2014 sitting of Tynwald.

Pensions Working Group

The background to the establishment and objectives of the Pensions Working Group was provided. The Board noted that Treasury had approved the funding in order for the PSPA to carry out valuations of each of the schemes, and that it was anticipated that these would be completed by the end of May 2014 with further cash flow and early retirement analysis being ready in June 2014.

It was noted that the Terms of Reference and Membership of the Working Group was to be considered by the Council of Ministers once a draft paper had been finalised. It was clarified by the Executive that that under current proposal the membership would be made up of Political Members and Officers from the PSPA, Treasury and the Office of Human Resources.

A concern was raised that the membership of the Working Group did not include Trade Union Representatives and after further discussion it was proposed that the Chairman would write to the Council of Ministers to express the views of the PSPA Board on this matter.

After further discussion it was agreed that the Executive would draft a letter and circulate it amongst Board Members for consideration.

Injury Benefit Review

The background to this review was provided. The Board noted that the first meeting of the Working Group reviewing Injury Benefits had taken place. It was noted that a number of Trade Union representatives considered they had not had the opportunity to join the Sub-Group of the Working Group. It was clarified that no nominations had been received for additional members to be included on the sub-group. It was confirmed that if such nominations were forthcoming an invitation to the next meeting would be extended to those representatives.

Teachers' Pension Scheme – compensation arrangements

The background to Teachers Compensation arrangements was provided, and it was noted that the Council of Ministers was to consider proposals for Teachers to fall under the recently approved Public Sector Compensation Scheme 2013.

Public Sector Pension Schemes Bulk Transfer Regulations 2014 & Public Sector Pension Schemes (Revocation) Scheme 2013

The background to Public Sector Pension Schemes Bulk Transfer Regulations 2014 & Public Sector Pension Schemes (Revocation) Scheme 2013 was provided. It was noted that this legislation was to be considered by Tynwald at its March 2014 sitting. It was confirmed that speaking notes and a briefing pack would be provided

to the Vice Chairman ahead of the sitting of Tynwald.

Public Sector Pension Administration (Fees) Order 2014

The background to Public Sector Pension Administration (Fees) Order 2014 was provided. It was noted that this Order was also to be considered by Tynwald at its March 2014 sitting. It was confirmed that speaking notes and a briefing pack would be provided to the Vice Chairman ahead of the sitting of Tynwald.

Fair Deal

The background to Fair Deal was provided. 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 views of COMIN before being progressed further as previously agreed by the Board.

29/14 Risk register review

It was agreed that the Risk Register review would be held over to the next Meeting.

PSPA Board sought clarification of the position in relation to personal liability of Board Members and what indemnity was available to them. The Executive confirmed that members of the Board were covered by the provisions of the Statutory Boards Act. The Board requested that this was clarified with the Attorney General's Chambers, and subject to its confirmation a letter clarifying the position should be issued to each Board Member.

30/14 The Superannuation (Manual Workers) (No.1) Scheme 1973

The background to the Scheme was provided. The Board noted that 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 over 12 months had now passed since the issue had been raised.

The Board noted that there were two remaining members in the Scheme both of whom were close to retirement age. It was agreed that the cost of progressing changes would outweigh any benefits that may be achieved in relation to increased income, in particular given that any increased contributions would be on a transitional basis, and that the Members would probably retire before the proposed full contribution rate was achieved. The Board agreed that this scheme would remain under its current arrangements and would be closed once the remaining members had retired.

31/14 Isle of Man Government Unified Scheme 2011 (GUS) – cost sharing

A background to cost sharing was provided. The Board noted that it had previously been considered that the legislation and processes for the cost sharing mechanism should be progressed over the course of the year. The Board noted that outcomes arising out of the review to be carried out by the Pensions Working Group may impact on the cost sharing mechanism. The Board agreed that as the first effective date for cost sharing was not until 2020, further work on cost sharing legislation would be put on hold until the outcome of the review was known. It was confirmed that this would likely be during December 2014.

It was agreed that the Council of Ministers would be informed of the Board's decision.

32/14 Date of next meeting

It was agreed that the meetings of the PSPA Board would take place at 4 pm on the following dates:

- 21 May
- 25 June
- 11 July
- No Meeting in August
- 3 September
- 8 October
- 12 November
- 17 December

33/14 UK Budget Changes

The Board noted the changes which had been proposed in relation to Pension Schemes in the UK Budget, and in particular that members would in the future have the option to withdraw their money purchase pension provision as a lump sum. It was confirmed that Treasury was currently considering the provisions and as such it was not known whether the Isle of Man would follow this policy.

It was confirmed that the UK was currently considering whether this would apply to individuals transferring from Public Sector Schemes. The Board considered that such an approach may not be appropriate given that the design of the schemes was based upon defined benefits and not reliant upon the purchase of an annuity as under a money purchase scheme. It was agreed that this would be monitored over the coming months by the Executive.

The meeting closed at 19:10