

In Confidence

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) on 21 May 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 A Shipley

Mr E Holmes

In Attendance: Mr I T Murray

Mr I W C Burnett

Apologies: Mr T P Wild, MLC

The Board was informed that Mr Wild had recently been taken ill and was currently recuperating in Hospital. The Board wished him a speedy recovery.

The Board noted that the Vice-Chairman had to leave the meeting at 17:00 owing to a prior engagement. He informed the Board that he had discussed the Board Papers with the Chief Executive.

Minute No Minute

35/14 Minutes

The minutes of the meeting of 2nd and 23rd April 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.

36/14 Matters Arising 31 January 2014:

Teachers' Pension Scheme – compensation arrangements

The Board noted that the Council of Ministers had agreed to proposals for Teachers to fall under the recently approved Public Sector Compensation Scheme 2013. The Board agreed that a draft scheme should be prepared and consulted upon at the earliest opportunity to incorporate the Teachers into that scheme.

Injury Benefit Review

The Board noted that the Committee had recently met at which proposals had been considered. The Board noted that these proposals were to be further researched in order that detailed proposals could be drawn up by mid-July with a view to preparing a joint notice to be issued to all employees in July.

Fair Deal

The Board noted that the Council of Ministers had agreed that proposals for Fair Deal should be consulted upon, and any arrangements that are put in place should include a five year limit at which point they should be reviewed. The Board noted that consultation was currently being conducted upon the draft legislation.

The Board noted that initial feedback had highlighted concern around the five year time limit and that a request had been received to extend the consultation period.

After due consideration the Board agreed that the consultation period could be extended by four weeks.

37/14 Risk register review

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

It was agreed that the risk level for Risk No1 could be reduced from a high to a medium risk.

38/14 Write -Offs in Excess of £1,000

The Board considered a memorandum, dated 30 April 2014 from the Director, Operations regarding write-offs in excess of £1,000 approved by the Chief Executive, in accordance with the PSPA Pension Payment Discrepancy Policy.

It was confirmed that details of the write offs had been forwarded to Treasury in compliance with the Financial Regulations.

After due consideration the Board noted the contents of the Report.

Mr Robertshaw left the meeting

39/14 PSPA Schemes Annual Report and Audited Accounts – Audit Plan, Price Waterhouse Coopers

Ian Clague and Simon Foster from PWC joined the meeting.

The proposed Audit Plan prepared by PWC was considered by the Board.

Mr Clague confirmed that the plan had built upon the lessons learnt from the previous year's audit, and anticipated that this year's audit would not be as complex to undertake. In particular, given that this year was not the first year audited accounts were being prepared, the Audit work did not require two years of data to be analysed and also since the previous year a number of schemes had been revoked.

Mr Clague summarised the Audit plan outlining that the work would be completed in three stages, namely Contributions Received, Payments Away and Financial Statements, (including confirmation of Future Funding and Going Concern).

It was confirmed that PWC were working towards having the completed accounts with the Board by November, and it was agreed that once they were submitted PWC would be invited to discuss them with the Board.

It was confirmed that in completing its work PWC would be visiting King William's School. The Board requested that prior to visiting King William's it was confirmed with the Bursar what work was going to be carried out, given that in the previous year some confusion had arisen as to the purpose of PWC's visit. Mr Foster agreed that they would be discussing the parameters of their visit with King William's ahead of the visit being undertaken.

The Board confirmed that it was putting in place a policy which would make it

complaint with Sections 13, (Duty of certain public officials to report bribery) 14 (Failure to report bribery) and 15 (Interfering with duty to report bribery) of the Bribery Act 2013.

The Board thanked PWC for attending the meeting.

Ian Clague and Simon Foster left the meeting.

The Board confirmed that it was content with the work that PWC was in the process of carrying out.

The Secretary to the PSPA informed the Board that as part of its audit process, PWC had requested copies of the Board minutes for the Audit Period. The Secretary asked whether the Board was content to release its minutes on the basis that they would be Data Protection compliant and in particular, that any references to the terms and conditions of staff or individual members would be removed.

The Board agreed that the minutes could be released on this basis.

40/14 Quarterly Performance Report – Quarter 4, 2013/14

The Board considered the Quarterly Performance Report for the final quarter of 2013/14 ending March 2014 and received a verbal briefing summarising the key points in the report from the Director, Operations.

The Board noted the contents of the Report.

The Board requested that its unanimous thanks be passed on to all the staff of the PSPA for all the hard work that had been put in over the past 12 months.

41/14 x – referral to the Board under Stage 2 of the Public Sector Pension Schemes (Internal Dispute Resolution Procedures) Regulations 2012

Minute not Published.

42/14 Police Pension Regulations

The Board considered a memorandum from the Deputy Chief Executive, dated 12 May 2014 regarding the advice received from the Attorney General's Chambers with regard to the Police Pensions Regulations, and in particular, the ability or not of the PSPA to hold responsibility for the management of the Police Pension Schemes and whether members of the Police Force are covered by the Public Sector Pensions Act 2011.

After due consideration the Board accepted the advice that set out that the PSPA held responsibility for the management of the Police Pension Schemes and that members of the Police Force were covered by the Public Sector Pensions Act 2011. The Board agreed that the advice received should be forwarded to the Department of Home Affairs and the Police Federation.

43/14 PSPA Personal Liability and Indemnity

The Board considered a memorandum from the Deputy Chief Executive dated 12 May 2014 regarding the advice received from the Attorney General's Chambers with regard to the Personal Liability and Indemnity of PSPA Board Members.

The Board noted the contents of the advice and requested that letters be sent to each Board Member confirming the position in relation to personal liability and indemnity.

44/12 Protocol On The Treatment Of Previous Service In The Private Sector For The Purposes Of Redundancy Compensation Calculation

The Board considered a memorandum from the Deputy Chief Executive dated 12 May 2014 regarding a proposal put forward by Prospect that previous service in the private sector is included for certain employment groups for the purposes of redundancy compensation.

The Board noted that under the proposed Public Services Commission Bill, responsibility for compensation for employees would transfer to the proposed Public Service Commission. The Board considered that it was not for the PSPA to agree to provisions that place increased financial commitments on Employing Authorities, in particular given that the employment decisions for the staff that work for those Employing Authorities are outside of the control and remit of the PSPA.

The Board determined that rather than progressing this proposed Protocol through the PSPA, it should be taken to the individual negotiating fora, with a view to be discussed, and if considered appropriate agreed, with Employing Authorities.

The Board requested that its decision be communicated to the Cabinet Office and to Prospect in order that this could be considered by the appropriate bodies.

Any Other Business

45/14 Bribery Act

The Board agreed to discuss a policy which would make it complaint with Sections 13, (Duty of certain public officials to report bribery) 14 (Failure to report bribery) and 15 (Interfering with duty to report bribery) of the Bribery Act 2013 at its next meeting and that discussion would be led by the Chairman.

45/14 Pensions Working Group

The Board noted that the first meeting of the Working Group was to take place on 16 June 2014. The Board noted that the terms of reference for the Working Group would be discussed at its next meeting.

The Board noted that any proposals emerging from the Working Group would be considered by the PSPA before being submitted to the Council of Ministers.

46/14 Public Sector Pensions Transfers

The Board expressed its concern over the number of transfers out of Public Sector Schemes into Private Pension arrangements. The executive was requested to consider what options may be available to the Board and that this should be discussed at its next meeting.

47/14 x Appeal

Minute not Published

48/14 Early Retirement Policy for Civil Servants

The Secretary to the PSPA provided the Board with the background to the Civil Service Commission's policy relating to certain individuals who could retire after 40

year's pensionable service with an enhanced pension.

The Board was informed that the PSPA has recently been approached by an individual who is a 40 Years Member who does not achieve their 40 years' service for a further two and a half years. However, the individual is seeking to take Voluntary Redundancy and has expressed a view that as the Compensation Scheme permits him to purchase added service, he intends to purchase the required number of years to achieve 40 years' service and therefore when claiming their pension it should be paid at the enhanced age 60 accrual rate.

The Board noted that prior to the implementation of the Compensation Scheme this would not have been a possibility for those members that fall under the Commission's policy, and that this position had arisen as an unintentional consequence of the new Compensation Scheme and the provisions in the Unified Scheme.

The Board noted that advice had been sought from the Attorney General's Chambers who had informed the PSPA that if it wanted to prevent individuals benefiting from the arrangements now in place, it would need to make a Scheme of Amendment.

After due consideration the Board agreed that the appropriate legislation should be drawn up and consulted upon.

Date of Next Meeting

The next meeting of the Board would be held on 25 June 2014

The meeting closed at 18:10

Chairman

Date