

## **In Confidence**

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) on 25 June 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

### **In Attendance:** Mr I T Murray

Mr I W C Burnett

Ms K C Brondon

### **Apologies:** Mr T P Wild, MLC

Mr E Holmes

### **Minute No Minute**

#### **49/14 Minutes**

The minutes of the meeting of 21 May 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.

#### **50/14 Matters Arising 31 January 2014:**

##### **Teachers' Pension Scheme – compensation arrangements**

The Board noted that consultation on the Draft Teachers Compensation Order 2014 was ongoing and closed on 27 June 2014. It was noted that so far there had been two responses, both of which were supportive in nature.

The Board noted that one comment had been received that agreed with the proposals, but requested that, when any new pension arrangements are put into place as a consequence of changes made in the United Kingdom, Teachers compensation arrangements should revert to those in place in the UK. The Board considered that this was unlikely, but would consider this issue at the appropriate time.

The Board noted that, subject to consultation, the finalised Order would be submitted to the next Board meeting for consideration.

##### **Injury Benefit Review**

The Board noted that the Committee had recently met and proposals had been considered. The Board noted that the next meeting of the Committee was to be held in mid-July when it was anticipated that the key components of the new arrangements would be agreed.

The Board noted that it was anticipated that the drafting of any new Scheme would commence in the early Autumn.

## **Fair Deal**

The Board noted that consultation was currently being conducted upon the draft legislation and that this closed on 27 June 2014.

The Board noted that initial feedback had highlighted concern around the five year 'cap' and the interaction of Fair Deal with other terms and conditions of employment, such as Injury Benefits. It was considered these were issues for Employing Authorities to consider as opposed to the PSPA.

It was agreed that once consultation was complete, that the Council of Ministers should be advised of the Feedback received and to seek a view as to what the next steps should be.

## **Police Pension Regulations**

The Board noted that the Chief Executive had attended the most recent meeting of the Police Joint Consultative Committee at which the legal advice, received from the Attorney General's Chambers, regarding the ability or not for 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 was briefly discussed. The Board noted that the Police Federation considered there were some unanswered legal issues that required consideration and therefore needed more time before commenting on the legal advice received from the PSPA. The Federation therefore advised that it would wish to discuss this matter at the next Committee meeting.

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

Item not published

### **51/14 Risk register review**

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

### **52/14 Overpayment of Widows Pension**

Item not Published

Ms Brondon left the meeting.

### **53/14 PSPA Annual Review for the Year Ended 31 March 2014**

The Board considered a Memorandum dated 17 June 2014 from the Chief Executive requesting that the Board considers and thereafter agrees a draft of the PSPA Annual Review for the year ended 31 March 2014 and that the review should subsequently be forwarded to the Council of Ministers for information.

The Board noted that the PSPA was not required to submit an Annual Report in the same way as other Government Departments and Boards were required to do so. However, the Board considered that it would be best practice for the PSPA to continue to prepare an Annual Report each year.

After due consideration, it was agreed the Report should be forwarded to the Council of Ministers.

The Board expressed its thanks for the efforts of the Executive in drafting up the report.

#### **54/14 Public Sector Pensions Joint Working Group Terms of Reference**

The Board considered a Memorandum dated 17 June 2014 from the Chief Executive requesting that the Board considers and thereafter approves the Terms of Reference of the Public Sector Pensions Joint Working Group dated 26 March 2014.

The Board noted that the Terms of Reference acknowledged the PSPA's role as the Manager and Administrator of the majority of Public Sector Pension Schemes and the role it would have in considering and, if appropriate, progressing any outcomes from the work of the Working Group.

Clarification was sought as to what the anticipated outcomes from the Group would be. It was noted that whilst the final outcomes could not be established at this time, and may not even be determined by the Working Group by December, the first task had to be the collation of appropriate data and research to enable the Working Group to look to the medium to long term future of Public Sector Schemes.

It was noted that whatever the outcomes were, it should not hinder the recruitment of good quality staff, in particular in specialist occupations.

It was noted that this review formed part of the overall review of the Island's long term financial viability and the pressures that may affect that viability.

After due consideration the Board agreed the Terms of Reference.

#### **55/14 Payment of transfer values from Isle of Man Public Sector Pension Schemes**

The Board considered a Memorandum dated 17 June 2014 from the Chief Executive requesting the Board considers whether it should exert some degree of control in the payment of transfer values from those schemes which it administers and manages.

The Board noted that currently there were 22 transfer requests being progressed by the PSPA and that nearly half of those were in relation to transfers to Self-Invested Personal Pension Schemes (SIPPS). The Board noted that the value of transfers to these types of arrangements had increased from approximately £1m to £4m per annum.

The Board expressed its concern that if these types of transfers continued it would place significant financial burden on the funding of Public Sector Pensions from the Island's General Revenue.

After due consideration the Board agreed with the recommendation that a view from the Council of Ministers should be sought on proposals to temporarily suspend transfers from Public Sector Schemes to SIPPS and that the Executive should establish the best way to achieve this aim.

#### **56/14 PSPA Board Membership**

The Board noted the content of the letter dated 16 June 2014 to the Chief Minister from Mr Andrew Shipley concerning his Membership of the Board of the PSPA, in that he was resigning from the Board with effect from 1 September 2014.

The Board expressed its gratitude for his contribution to the establishment of the PSPA and his input into its operation and the management of Public Sector Schemes. Mr Shipley expressed his thanks for the opportunity of working on the Board and with the Executive of the PSPA.

It was confirmed that his letter had been received by the Chief Minister and that

the Executive had been in contact with the Cabinet Office in order to seek a replacement Board Member.

**Any Other Business**

**Actuarial Valuations**

The Board was requested to agree that the Valuation reports, being prepared by Hymans Robertson, could be shared with the Pensions Working Group.

The Board was content that the reports could be shared, and that as Hymans Robertson were on the Island on 11 July 2014 that the Working Group could also meet with them on that date.

**Date of Next Meeting**

The next meeting of the Board would be held on 11 July 2014

**The meeting closed at 17:35**

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**Chairman**

**Date**