

## **In Confidence**

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) on 17 December 2014 at 16.00 in the PSPA Meeting Room, Goldie House, Douglas.

**Present: PSPA**

Hon C R Robertshaw, MHK (Vice Chairman)

Mr K Flint

Mr E Holmes

**In Attendance:** Mr I T Murray

Mr I Burnett (Secretary)

Ms K C Brondon

**Apologies:** Mr J Carter (Chairman)

Mr T P Wild, MLC

**Minute No**    **Minute**

**Conflicts of Interest**

There were no conflicts of interest declared.

**97/14 Minutes**

The minutes of the meeting of 12 November were approved and signed by the Vice-Chairman.

**98/14 Matters Arising**

**Declaration of Relationship forms**

The Board noted that Mr Wild's Declaration of Relationship remained outstanding and this item would therefore be held over to the next meeting.

**Fair Deal**

The Board noted that the Fair Deal legislation was approved at the November 2014 sitting of Tynwald.

**Pensions Joint Working Group**

The Board noted that the Report had been considered and noted by Tynwald at its December 2014 sitting.

The Board noted that an amending motion had been approved by Tynwald which requires the PSPA to:

- (i) *undertake a wide and in-depth consultation with all affected staff and staff sides;*
- (ii) *to commission, in agreement with the staff sides, a suitable person or persons to validate the Hymans Robertson figures contained in the report;*

*and*

- (iii) *if there are any changes to be made to public sector pension schemes these must be done with consultation and negotiation.*

Having noted that the Report had been passed back to the PSPA to progress, the Board agreed that it would progress this work through a PSPA Committee, similar in approach to the Compensation and Injury Benefits Schemes and comprising employer and staff representatives with the Executive providing technical support. It was agreed that the Committee would be chaired by the Vice Chairman and that the first meeting of the Committee would be held ideally in January 2015. It was also agreed that separate negotiations would continue for the Police and Teachers Schemes still linked to the UK, as a forum for discussions with these groups had already been established comprising of employer and staff representatives with PSPA input.

The Board noted a request had been made by the Prospect Union seeking to establish whether the PSPA Board voted unanimously to accept the Joint Working Group report on public sector pensions and whether Prospect's Negotiations Officer could attend the next PSPA Board meeting to discuss the Joint Working Group report, and the previous decisions/communication of the report with the PSPA.

The Board considered that this request was based on a misunderstanding of how the Board operated, and in particular that any decisions made by the Board were made under the collective responsibility of the Board. With regard to the request to meet with the Board, it considered that in light of the Tynwald Motion, and the Board's decision to establish a Committee, which Prospect would be invited to join, there would be little value in organising a separate meeting with Prospect and therefore declined the request.

### **Widows Overpayment**

Minute not Published.

### **99/14 Risk register review**

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

### **100/14 The Superannuation (Manual Workers) (No.1) Scheme 1973**

Minute not Published

### **101/14 Public Sector Report and Accounts 2013/14**

The PSPA Board considered a memorandum dated 8 December 2014 and supporting documentation, from the Secretary to the Board, regarding the draft Annual Reports and Audited Accounts for the Public Sector Pension Schemes for which the Public Sector Pensions Authority holds responsibility for the year ending 31 March 2014.

The Board considered the draft Letter of Representation from the PSPA to PWC. The Board noted that the purpose of the letter was confirmation of the accuracy of the financial statements that the PSPA has submitted to PWC for their analysis and that all material information had been disclosed.

After due consideration the Board agreed that the Letter of Representation could be signed by the Chairman and Vice Chairman on its behalf.

Ian Clague and Simon Foster of PWC Joined the meeting.

PWC informed the Board that the auditing process had been much smoother than the previous year and the process had gone well.

PWC summarised the findings of the Completion Report and ran through a number of the key points within it, in particular relating to the funding of the schemes, the calculation of actual pensionable pay and that the 'mis-statements' outlined in the report were not material in nature.

After due consideration the Board accepted the Report, noted the contents and recommendations set out therein, and agreed that the Executive would take the report forward on behalf of the Board.

The Board considered and approved the draft Annual Report and Audited Accounts for each Scheme. As the Chairman was absent from the meeting, it was agreed each set of Report and Audited Accounts would be signed by the Chairman and Vice-Chairman once the Chairman was available, and once completed would be forwarded to PWC to sign.

Ian Clague and Simon Foster left the meeting.

#### **102/14 Policy for payment of Cash Equivalent Transfer Values**

The Board considered the policy set out in a memorandum from the Director of Operations dated 8 December 2014 concerning the Discretionary Policy for payment of Cash Equivalent Transfer Values which was proposed to be introduced from 23 January 2015. The Director of Operations provided further background on particular issues relating to transfers from Public Sector Schemes.

The Board noted that Treasury had withdrawn, from the December 2014 sitting of Tynwald, its proposed amending legislation to the Pension Schemes Act 1995, which would have put in place the underpinning legislation for the proposed Discretionary Policy. The Executive informed the Board that following discussions with Treasury Officers the Treasury Minister was going to lay the proposed legislation before the January 2015 sitting of Tynwald.

The Board noted that Treasury had been made aware of and had received a draft version of the proposed policy.

After due consideration the Policy was approved.

The Board considered that as Managers of Public Sector Schemes it had a duty of care to protect the sustainability of the Schemes as well as protecting the public purse. Consequently, in relation to the policy the Board considered that if it was widely publicised in advance it may cause a 'run' on Transfers Out before the legislation was introduced.

The Board therefore determined that it would not currently issue an all staff e-mail publicising its Policy.

The Board considered also advice received from its Actuarial Advisers regarding the different basis for calculating Transfer Values. It noted that the majority of UK Public Sector Schemes used a fixed 3% basis as opposed to Market related basis which had been adopted by the PSPA. The Board noted that if it followed the UK methodology the value of Transfers out of the Scheme would reduce whilst the value of transfers in would increase.

After due consideration the Board agreed that it would adopt the methodology used by UK Public Sector Schemes for calculating transfer out values and transfer

in benefits. The Chief Executive undertook to circulate the actuarial advice received in full.

**Date of Next Meeting**

The next meeting of the Board would be agreed in the New Year.

**The meeting closed at 18:20**

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**Chairman**

**Date**