

In Confidence

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) on 14 November 2016 in the PSPA Meeting Room, Prospect House, Douglas

Present: PSPA

Mr J B Carter, (Chairman)

Hon C C Thomas, MHK (Vice Chairman)

Mr D J Ashford

Ms A B Moffatt

Mr E R Holmes

In Attendance: Mr I W C Burnett, (Secretary)

Mr I T Murray

Apologies: Ms K C Brondon

Minute No. Minute

43/16 Conflicts of Interest

Mr Thomas declared that he was a deferred member of the UK Teachers Pension Scheme.

44/16 Minutes

The minutes of the meeting of 11 July 2016 were approved and signed by Mr Holmes.

45/16 Risk Register Review

The Board considered and noted the contents of the Risk Register.

46/16 Delegation of Functions

The Board considered a memorandum from the Deputy Chief Executive, dated 30 August 2016, concerning the delegation of functions to the Chief Executive.

The Board noted the delegations set out in the document and in particular the authority to write off of debts up to certain levels. The Board noted the recommendation that this be reduced from £250,000 to £30,000. In considering this particular delegation the Board recognised that the PSPA's current policy for any overpayments of pension was, in the majority of circumstances, to seek to recover any overpayment and that the Board must be notified in all cases of any write off above £1,000. As such it would be aware when the delegation regarding any overpayment over £1,000 was exercised.

In addition the Board noted the effect of the enactment of the Public Services Commission Act 2015 on the delegations to, and terms and conditions of, the Staff of the PSPA, in relation to references to the former Civil Service Regulations.

After due consideration the Board approved the recommendations made in the memorandum and agreed and signed the updated delegations to

the Chief Executive and confirmed that where, in current delegations, it states the 'Civil Service Regulations' this will be taken to mean the 'Public Services Commission Civil Service Regulations 2015' as applied to the PSPA.

47/16

PSPA Operations – Quarter Two Report

The Board considered the Quarterly Report prepared by the Director, Operations and noted the contents therein. The Board noted the financial position of the schemes as highlighted in the report. In this regard the Board was advised that the Executive keep under review those Members who are eligible to retire and noted that the number of retirements was in line with what was anticipated at this point in the year.

The Board noted that the Executive provided Treasury with regular updates on pensions expenditure.

48/16

Public Sector Pensions Reform

Unified Scheme

The Board considered a memorandum, dated 31 October 2016, from the Chief Executive and Director, Operations regarding the feedback received from Unified Scheme Members and their Representatives and the progression of public sector pension reform.

The Board noted that the PSPA had received limited feedback and that on the whole Scheme Members were waiting for the PSPA to advise them as to what course of action the PSPA was going to take in relation to reform.

The Board noted that the feedback received from the Trade Unions, via its committee, was that it was awaiting further information with regard to costings of the proposed reforms. The Trade Unions considered that further actuarial review may be required. In addition the Trade Unions considered the timescales set by Tynwald were very tight.

The Executive advised that the costs of the proposals, as a proportion of pensionable pay, had been set out in the reports received from the Actuaries during the review. The Executive agreed that it would re-issue the actuarial advice that had been received.

With regard to the timescales, the Board noted that the requirement to submit draft legislation regarding pension reform had been set through the resolution approved by Tynwald at its June 2016 sitting. The Board discussed the possibility that if this deadline was not met, the PSPA ran the risk of losing political 'good will' for the support of the proposed reforms. This in turn could lead to the debate on Pensions Reform being re-opened.

Ms Moffatt expressed her concern that the timescale for February Tynwald was very tight which in turn would mean that the consultation would be rushed.

The Board noted that Consultation was required under the Public Sector Pensions Act 2011, and whilst the deadlines were tight it was noted that every effort must be made to complete the consultation exercise within the prescribed timescales. It was agreed that in order to assist scheme

members understanding of proposed reforms the Executive would, if required, provide presentations to support the consultation exercise.

The Board noted that once the actuarial advice had been forwarded, the Trade Unions would seek to feedback to the PSPA a collective response on a preferred option for the reform of the Unified Scheme, and this would be feedback by 30 November 2016. The PSPA would then go out to formal consultation shortly thereafter.

Teachers' Pension Scheme

Minute to be published in the Future.

Police Pension Regulations

Minute to be published in the Future.

49/16

PSPA Annual Report & Accounts

The Board considered a memorandum, dated 7 November 2016, from the Deputy Chief Executive regarding to the PSPA's Annual Report and Audited Accounts for each of the Schemes for which it holds responsibility and the proposed draft Letter of Representation.

The Board noted the annual audit had been completed and that the Annual Report and Audited Accounts for each scheme would be submitted for consideration and approval at the December 2016 meeting of the PSPA. It was agreed that the documents would be signed by Mr Holmes and the Chairman on behalf of the PSPA.

The Board considered and approved the draft letter of Representation to be issued to PWC, and a final signature-ready letter would be prepared for the December 2016 Board meeting.

50/16

Any Other Business

Unions Pension Forum

The Board considered a proposal that the Unions Pension Forum should be re-established. The Board noted that this had previously been in place following the establishment of the PSPA, but that meetings had been poorly attended and had subsequently lapsed.

It was considered that with the increased focus on Public Sector Pensions and the impact that the programme of reform had had over the past few years, it would be beneficial to re-establish the forum so that developments and views could be shared between the PSPA and the Trade Unions.

It was agreed that the Executive would take this forward in the new year, following the conclusion of the current pensions reform work.

PSPA Board Minutes

A view was sought as to whether PSPA Board minutes should be published.

The Executive advised that currently minutes were not published, but regular pensions updates and operational reports were published on the PSPA website.

It was noted that some of the matters that the Board considered were of a personal nature, and would not therefore be publishable.

The Board requested that the legal position of Board minutes be established, and in particular as to whether it was required to publish its minutes, in particular under the provisions of the Statutory Boards Act 1987.

Contracting Out

The Board noted that the proposals to end contracting out may have an impact on its schemes, and in particular that the increase in National Insurance contributions would occur at the same time as Member Contributions were being increased. A view was expressed that there was a lack of awareness amongst Scheme Members in relation to this issue, and that awareness should be raised.

The Executive advised that it was holding meetings with Treasury officers, and would keep the Board apprised of future developments.

Cross Pensions Working Group

The Board noted that Pensions as a whole may form part of the Government Programme which was being published in the near future. It was noted that the PSPA may be invited to join a working group which would consider issues relating to State, Public and Private pension provision.

Date of Next Meeting

The next meeting will be held on 7 December 2016 at 10.00 am.

There being no other business the meeting closed at 12.20