

In Confidence

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) on 31 March 2017 in the PSPA Meeting Room, Prospect House, Douglas

- Present:** **PSPA**
Mr J B Carter, (Chairman)
Hon C C Thomas, MHK (Vice Chairman)
Ms A B Moffatt
Mr E R Holmes
- In Attendance:** Mr I W C Burnett, (Secretary)
Mr I T Murray
- Apologies:** Mr D J Ashford
Ms K C Brondon

- | Minute No. | Minute |
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| 14/17 | Conflicts of Interest

There were no Conflicts of Interest declared in addition to those previously recorded. |
| 15/17 | Minutes

The minutes of the meeting of 13 February 2017 were approved and signed. |
| 16/17 | Matters Arising

Contracting Out

The Chief Executive updated the Board that there had been no further developments in relation to Contracting Out, but it was anticipated that Treasury was going to commence its consultation exercise shortly. |
| 17/17 | Risk Register Review

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

In relation to the risk relating to the Judicial Pension Scheme the Board noted that the Executive had been in contact with the First Deemster seeking to progress reforms of the Scheme. However, owing to a legal challenge to the Judicial Pension Scheme Reforms in the UK any proposed changes to the Isle of Man Scheme had been postponed until the outcome of the legal challenge had been established.

The Board requested that the Executive contact the First Deemster again and that any reforms of the Judicial Pension Scheme should be brought forward for approval by Tynwald by April 2018. |
| 18/17 | Actuarial Presentation

Hymans Robertson joined the meeting.

Hymans Robertson ran through their report concerning the assumptions behind the 2016 Actuarial Valuations, which had previously been circulated to the Board. |

The Board raised a concern with regard to some of the data and assumptions which had been used in compiling their report, in particular with regard to population assumptions, salary growth and the use of RPI/CPI and mortality rates.

Hymans confirmed that the assumptions it proposed to use had been discussed and agreed with Treasury, and considered that its proposed assumptions were conservative and realistic. Hymans emphasised that the valuation report was looking forward for the long term and that short term variations would not fundamentally affect the report. Hymans confirmed that when compiling the valuation report a number of different variations would be incorporated into the report. Hymans confirmed that in relation to mortality rates, this was drawn from 'member experience' from the Isle of Man Public Sector Schemes.

Hymans confirmed it would prepare a further report to outline the detailed methodology to be used in the first Valuation and this would be prepared for consideration in April 2017.

The Board discussed as to whether the assumptions would include all service or future service only. Hymans considered that offered fairness, whereas if only future service was used he valuation report would show an unrealistic position. The Board asked that the final proposals should go to the Trade Union Technical Advisory Group.

Mr Summers and Mr Bilton left the meeting.

19/17

Public Sector Pensions Benefit Statements

The Board was advised of the current position regarding the issuance of Annual Benefit Statements for Public Sector Pension Schemes. The Board noted that the issuance of Benefit Statements was dependent upon the receipt and review of Financial Returns from the pay roll offices of Employing Authorities and that it was anticipated that the Statements would be issued in November 2017.

The Executive advised the Board that Benefit Statements had not been issued this year, owing to the proximity of the Scheme of Amendment, which would have rendered any statements issued as incorrect, and the PSPA could not issue statements on the presumption that the Scheme would be approved by Tynwald.

The Executive confirmed that for any Members who were either retiring or retiring in the near future that free estimates were being provided.

The Executive confirmed that it was aware that some Scheme members had wanted a comparison statements to show the before and after figures in relation to the recent changes to the Unified Scheme. The Executive outlined that time, financial and resource constraints had meant it had been unable to provide these before the amendments were approved in February. The Executive did consider that each Scheme member would be able to establish what it would mean for them by comparing last year's benefit statement, which shows benefits at ages 55, 60 and 65 with the figures or the same ages which will be contained in the Benefit Statements which were due to be issued in November 2017.

The Board considered this would address the concerns of the Membership, but only if this was communicated to Scheme Members. It

was agreed that a communications exercise would be carried out ahead of the issuance of the Statements later in the year.

20/17

PSPA – Proposal for the Membership of the Board

The Board considered an e-mail received by the Vice Chair from Mr Chris Blyth of the Positive Action Group concerning the membership of the PSPA Board.

The Board noted that the Membership of the PSPA was set out in statute under the Public Sector Pensions Act 2011, and that the appointment of Members of the Board was the responsibility of Council of Ministers and not the PSPA.

The Board considered that if its views were sought, that it would not be in support of the proposals given that the interest of Tax Payers were represented in particular by the two political representatives who had been elected to the House of Keys to represent the interests of their constituents, the vast majority of whom were tax payers.

21/17

PSPA Auditing and Accounting Services

The Board considered a proposal from the Procurement Team of Treasury to switch accounting work for the PSPA to KPMG for a temporary period once PWC's contract expires after this year's audit has been completed and the set of accounts have been received and approved by the Board.

The Board noted that this proposal had been considered by Treasury and the Attorney General's Chambers before being submitted to the PSPA for consideration.

The Board requested that the current auditors were made aware of this proposed approach. After due consideration the Board agreed to the proposal.

Date of Next Meeting

The next meeting will be held on 26 April commencing at 15.30.

There being no other business the meeting closed at 12.30 a.m.

Date