

## **In Confidence**

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) on 8 October 2018 in the PSPA Meeting Room, Prospect House, Douglas

**Present:** **PSPA**  
Mr J B Carter, (Chairman)  
Hon C C Thomas, MHK (Vice Chairman)  
Mrs J Poole-Wilson MLC  
Mrs D Halsall  
Mr I Wright  
**In Attendance:** Mr I T Murray  
Mr I W C Burnett, (Secretary)  
Mrs J Mooney  
**Apologies:** Ms K C Brondon

**Minute No. Minute**

**53/18 Conflicts of Interest**

There were no Conflicts of Interest declared in addition to those previously recorded.

**54/18 Minutes**

The Board considered the minutes of the meeting of 17 September.

Whilst broadly content with the minutes as drafted, the Board considered that the extracts relating to the Board's consideration of Treasury's alternative proposals to cost sharing were fully reflected in the minutes. It was agreed the draft minute would be amended after the meeting and recirculated for consideration and approval by the Board.

**55/18 Risk Register Review**

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

**56/18 Board Training**

The Deputy Chief Executive delivered a presentation entitled "History of Public Sector Pensions on the Isle of Man" which provided a background to some of the key events in the provision of Public Sector Pensions on the Island.

**57/18 Public Sector Pension Scheme Accounts – 'Going Concern' statement**

The Board considered a memorandum from the Deputy Chief Executive dated 26 September 2018 seeking the Board's approval to a 'going concern' assessment of all pension schemes it manages on a 'global' basis for the year ended 31 March 2018.

The Board noted the requirement for a going concern statement from Treasury. The Board noted the letter, dated 15 May 2018, received by the PSPA from Treasury's Chief Accountant confirming that the cash flow relating to Public Sector Pensions in the short and medium-long term will be met.

After due consideration, the Board gave its approval to the 'going concern' assessment of all pension schemes it manages on a 'global' basis for the year ended 31 March 2018.

58/18

### **Governance Risk: Missing and Inaccurate Scheme Member, Pensionable Service and Pay Data**

The Board considered a memorandum from the Director, Operations dated 2 October 2018 regarding the Executive's concerns over missing and inaccurate data and the implications to ongoing scheme administration.

The Executive provided a summary of the paper. The Board noted that in order to perform its statutory functions the PSPA is reliant on receiving employee pensionable pay and service data from all government employing authorities.

It was noted that currently there are high volumes of outstanding scheme member service and pay data, which was further compounded by the late receipt of Annual Financial Information.

The Executive expressed its concern that the new Payroll and HR's system (iTrent) is able to produce accurate data in the reports required by the PSPA, and as such this was likely to have adverse implications on the PSPA's administration and accounting functions, including delays in the payments of pension benefits, delays in the issuance of Annual Benefit Statements, inaccurate data for Schemes' audits and valuations.

The Board noted that the Executive was not seeking to apportion blame and was aware that a number of the issues that had arisen related to the availability of key resources to be able to deliver a new system. The PSPA was therefore actively seeking to work with the iTrent development team to address the various issues which had arisen.

The Board noted that recent Ombudsman cases had shown that inaccurate or late data could not be used as a defence in relation to any cases raised with the Pensions Ombudsman.

After due consideration, the Board determined that through joint working with the iTrent Team and the payroll team of OHR that:

- issues relating to the new reporting systems should sought to be resolved by the beginning of April 2019;
- the issues relating to inaccurate and missing data should sought to be resolved by the beginning of January 2020; and
- that until all of the issues had been satisfactorily resolved issues associated with the lack of, or delays in the receipt of accurate and timely data should be added to the risk register.

59/18

### **Public Sector Pensions Authority – Review and Consideration of Future Challenges for the Public Sector Pensions Authority**

The Board considered a memorandum from the Chief Executive dated 26 September 2018 regarding the accompanying report entitled "Review and Consideration of Future Challenges for the Public Sector Pensions Authority".

The Executive provided a brief overview of the report setting out how the PSPA might evolve into the future taking into consideration future anticipated work and staffing pressures.

Given the future anticipated work, the Board noted the Executive's view on the impacts this would have on the staff and on the future staffing and structure of the PSPA. The Board noted that three senior members of the current pensions team may retire in the next 3-7 years of which two are

part of the current three-person Executive.

The Board noted the view that the future structure of the PSPA would require review in order to ensure suitable staff are in place to do the best job possible.

After due consideration the Board agreed to further consider the report at its December meeting, with a view to agreeing the future strategy and structure for the PSPA going forward.

**60/18 Isle of Man Government Unified Scheme 2011 – cost sharing**

The Board received a verbal update with regard to Cost Sharing proposals.

The Board noted the Executive was awaiting advice from Hymans Robertson in relation to the anticipated average future working life of Scheme Members, and that once this advice had been received the Executive would write to the 'TAG' group to seek its views upon the alternative proposal made by Treasury and a recovery period based upon Scheme Members' average future working life.

Once feedback had been received from TAG the Board determined it would consider whether to consult upon one or both of the cost sharing proposals.

**61/18 Pensions Reform**

The Board noted the ongoing work in relation to the reform of Public Sector Schemes.

Judicial Scheme

The Board noted a response to the latest proposals was due in the very near future.

**62/18 Contracting Out**

The Board determined that the PSPA should write to Scheme Members advising them of the ending of contracting out.

**Date of Next Meeting**

The next meeting will be held on Monday 12 November 2018 commencing at 10.30.

**There being no other business the meeting closed at 12:40.**

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\_\_\_\_\_ **Date**