

In Confidence

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) on 11 February 2019 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)

Apologies: Ms K C Brondon

Minute No. Minute

01/19 Conflicts of Interest

The Chairman and Mrs Poole-Wilson raised a possible conflict of interest in relation to item 10. After due consideration the Board concluded it was important that all Board Members provided their points of view in relation to this item and agreed that they did not need to recuse themselves from the meeting for this item.

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

02/19 Minutes

The minutes of the meetings of 10 December 2018 were approved and signed by the Chairman.

Matters Arising

77/18 - The Executive advised the Board that in line with **77/18 (i)**, the recruitment and retention policy had been finalised.

The Board noted that following consultation with colleagues in the Office of Human Resources the policy provided for a tiered incentive structure as opposed to flat rate as previously proposed. The Board noted that the finalised Qualification and Retention Incentive provided:

- (i) One additional spine point for achievement of DipPMI
- (ii) Two additional spine points for achievement of APMI; and
- (iii) Three additional spine points for achievement of FPMI.

After due consideration the Board approved the revised incentive structure as set out in the Qualification and Retention Incentive Document.

03/19 Risk Register Review

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

04/19 Quarterly Performance Report – Quarter 3, 2018/19

The Board considered and noted the Quarterly Performance Report for

the third quarter of 2018/19, ending December 2018.

It was noted that that the "Active Members" heading in the table on page 5 should be changed in future to "Active Memberships" and that an explanation of why the PSPA reported on Active Memberships rather than Active Members should also be included in future reports.

05/19

Missing and Inaccurate Scheme Member Pensionable Service and Pay Data

The Board considered a memorandum, dated 5 February 2019, from the Operations Director, seeking to update the Board on the current risks pertaining to missing and inaccurate data and the implications to ongoing scheme administration.

The Board noted that currently there were high volumes of outstanding scheme member service and pay data and also a number of outstanding queries relating to particular employment groups.

The Board noted the Executive's concerns relating to the data reports being generated by the new iTrent system and the work that the PSPA and OHR were undertaking with a view to resolving outstanding queries, but that progress was slow owing to limited resources in both the Office of Human Resources and the PSPA.

The Board noted the joint work which was been undertaken by PSPA and OHR staff seeking to improve the quality of data which was been provided to the PSPA, and that this was ongoing.

After due consideration the Board agreed that this item should remain on the PSPA's risk register.

The Board also requested that a first quarterly update report on data issues should be prepared by the Executive for the April meeting of the Public Services Commission.

06/19

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

08/19 Public Sector Pensions Reform

The Board considered and noted a memorandum, dated 5 February 2019, from the Deputy Chief Executive, seeking to provide the Board with an update on the progress of the amending legislation in relation to the Public Sector Pensions Act 2011 and the interaction of proposed amendments to the Judicial Pension Scheme 2004 and to seek the Board's approval to the next steps.

The Board noted that not all members of the Judicial Scheme were in agreement with the proposed reforms to the Scheme. A view was expressed that further efforts should be made to get all members of the Judicial Scheme on-board with the proposed reforms.

The Board agreed that a further approach should be made to the individual member.

The Board considered as to whether, irrespective of the views of the outstanding member, that consultation should be commenced in relation to the Public Sector Pensions Act 2011 once the finalised draft legislation had been received.

The Chairman abstained from the decision to be made on this matter.

After due consideration the majority Board agreed that the proposed reforms to the Judicial Scheme should be progressed and also that consultation should commence at the earliest opportunity and at the same time on the amendments to the Public Sector Pensions Act 2011.

09/19 Isle of Man Government Unified Scheme 2011 (GUS) – cost sharing

The Board considered a memorandum, dated 5 February 2019, from the

Chief Executive, seeking to provide the Board with an update concerning proposed Cost Sharing legislation and to seek agreement to the Next Steps.

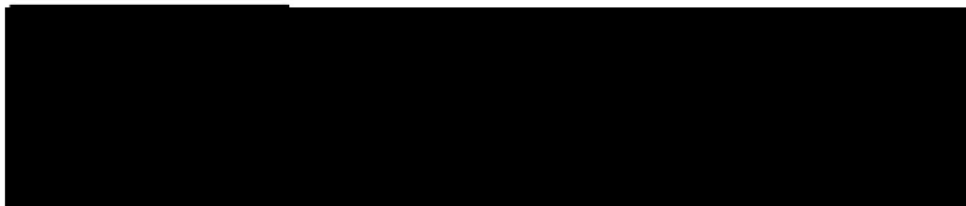
The Board noted the feedback which had been received from the Union's Technical Advisory Group, in particular in relation to the views previously expressed by Treasury.

The Board noted the two different approaches based upon the 75%/25% basis, as set out in the original Unified Scheme rules and the 2% of pay buffer approach.

After due consideration the Board determined that the PSPA should consult upon the principles of both approaches, and in addition should also include a third approach which would be a 'hybrid' of both approaches, which would be based upon the 75%/25% approach, but with a small buffer to counter any changes having to be made when the increases arising from the valuation were minimal in nature. However, it was confirmed that the consultation should not commence until after March 2019 Tynwald when the Legacy Funding issue was to be considered and assuming there would be no significant changes to the current schemes.

It was also confirmed that a meeting of the Teachers' Pension Advisory Board should now be arranged to discuss the cost sharing proposals and consultation with members of the relevant teaching unions.

10/19



10/19

UK Judicial Review – Judicial Scheme and Firefighters Scheme

The Board noted the outcome of a judicial review which had been brought by Scheme Members in relation to protections provided to members of the UK Judicial Scheme and UK Firefighter's Scheme. The ruling found in favour of the Scheme members in that the protections provided to certain scheme members when scheme reforms were introduced in 2015 were contrary to UK equality legislation.

The Board noted that as a consequence of the ruling, the UK Government had suspended cost sharing valuations for the time being.

The Board noted the Executive's view that the Isle of Man Schemes were not affected, given that at the time scheme reforms were introduced the legislative framework was different to that in place in the UK.

Date of Next Meeting

The next meeting will be held on Monday 11 March 2019 commencing at 10.30.

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

Date