

In Confidence

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) on 15 June 2020 held virtually at 10.30 am via MS Teams

Present:

PSPA
Mr J B Carter (Chair)
Hon. R Harmer, MHK (Vice Chair)
Mrs J Poole-Wilson MLC
Mr I Wright
Mrs D Halsall

In Attendance:

Mr I T Murray
Ms K C Brondon
Mrs J Mooney (Assistant Secretary)

Apologies:

Mr I C W Burnett (Secretary)

Minute No.

45/20 Conflicts of Interest

There were no other conflicts of interest declared in addition to those previously recorded.

46/20 Minutes

The minutes of the meeting of 25 May 2020 were approved and it was agreed they may be signed by the Chair subsequent to the meeting.

The new Vice Chair, Mr Harmer, joined the meeting at 10.50am and was welcomed to the Board by the Chair.

47/20 Audited Report and Accounts for the financial year to 31 March 2019

Representatives from KPMG (Edward Houghton and Tony Mukaba) joined the meeting at 10.50am and were welcomed by the Board. They delivered their report in relation to their audit of the schemes for which the Board holds responsibility (copy attached to these minutes).

KPMG outlined the approach that had been taken in relation to conducting the audit and advised the Board that no significant issues had been identified. There would be a clean audit opinion in relation to the schemes and a qualified report with regards to contributions. This qualified report was in line with the report they had issued in the previous year and the Board noted KPMG's view that the contributions paid to the Schemes for the year ended 31 March 2019 were at a lower percentage of pensionable pay than the cost of accruing benefits as advised by the Scheme Actuary in the latest actuarial valuation as at 31 March 2016. The Chief Executive confirmed this position and advised that the PSPA received a letter of undertaking from Treasury each year which confirmed its ongoing support for the Schemes.

KPMG recommended that this letter of undertaking needs to remain in place.

KPMG advised that the Report contained some observations in relation to the availability of information from central government payroll but added that this had no material impact on the financial systems. As in their previous year's report, KPMG commented that the use of manual/excel ledger records presented

some limitations and increased the risk of error and recommended, as a process improvement, the use, in the future, of an automated accounting system.

The Board, having considered PSPA Paper No. 11/20; the report from KPMG; the draft audited Report and Accounts for each scheme; and the Letter of Representation from the Board to KPMG agreed that they may all be signed by the Chair and Vice Chair subsequent to the meeting.

The Board thanked KPMG for their services and Mr Houghton and Mr Mukaba left the meeting at 11.10am.

48/20 Matters Arising

- (i) Actuarial Assumptions – the Chief Executive advised that he had written to Treasury to request their comments on the valuation assumptions recommend by the PSPA’s actuaries.
- (ii) Public Sector Pensions (Cost Sharing) Scheme 2020 – the Chief Executive advised the Board that the PSPA had made a presentation about the Scheme to Members of Tynwald on 27 May 2020 and that the matter was due to be considered by Tynwald at its sitting on Tuesday 16 June 2020. The Board was advised that the Chair had received an enquiry from a MHK in relation to the proposed Scheme. The Board was also advised that the Vice Chair had received a request from the Trade Union Council that consideration of the motion by Tynwald be delayed in order that proceedings may be “paused” to allow further communication with their members. The public sector employee representative on behalf the Isle of Man Trades Council, confirmed this request and added that it was considered that, given the number of responses received from individuals, implementation of cost sharing was not needed until 2022; the potential proposals regarding a voluntary DC scheme which were to be submitted to Tynwald by December 2020; and the impact of COVID-19 further communication was needed. The Union’s biggest concern was that members would “think on their feet” and leave the scheme.

The Chair confirmed that the Board had received an instruction from Tynwald to look at both cost sharing and a voluntary DC scheme and a timetable for these had been provided. It was noted that whether to delay the motion was a matter for Tynwald to determine, not the PSPA. In addition, the Chair commented that there had been an exhaustive consultation process involving the unions, Treasury and members and delaying matters would not change the Board’s conclusion which had been reached on the basis of a majority decision. In addition, whilst COVID-19 might have an impact in the short term, cost sharing is a mechanism for long term sustainability.

The employee representative requested that it be minuted that, as the representative for the affiliated unions, she strongly objected to the progression of the cost sharing scheme through June Tynwald.

In conclusion, the Chair commented that in his view he was satisfied that the Board had fulfilled its legal requirement in terms of the consultation process. In addition, he noted that the Scheme allows for discussion over the implementation of any changes (which isn’t provided for in the UK equivalent scheme) and the Rules state that a PSPA committee must be formed to provide for this. Overall therefore,

whilst everything has been fully considered, the Chair noted that there was a difference of opinion within the Board and the majority decision was still that the Board recommends the Scheme as it stands and any decision to withdraw the motion would be for Tynwald to determine.

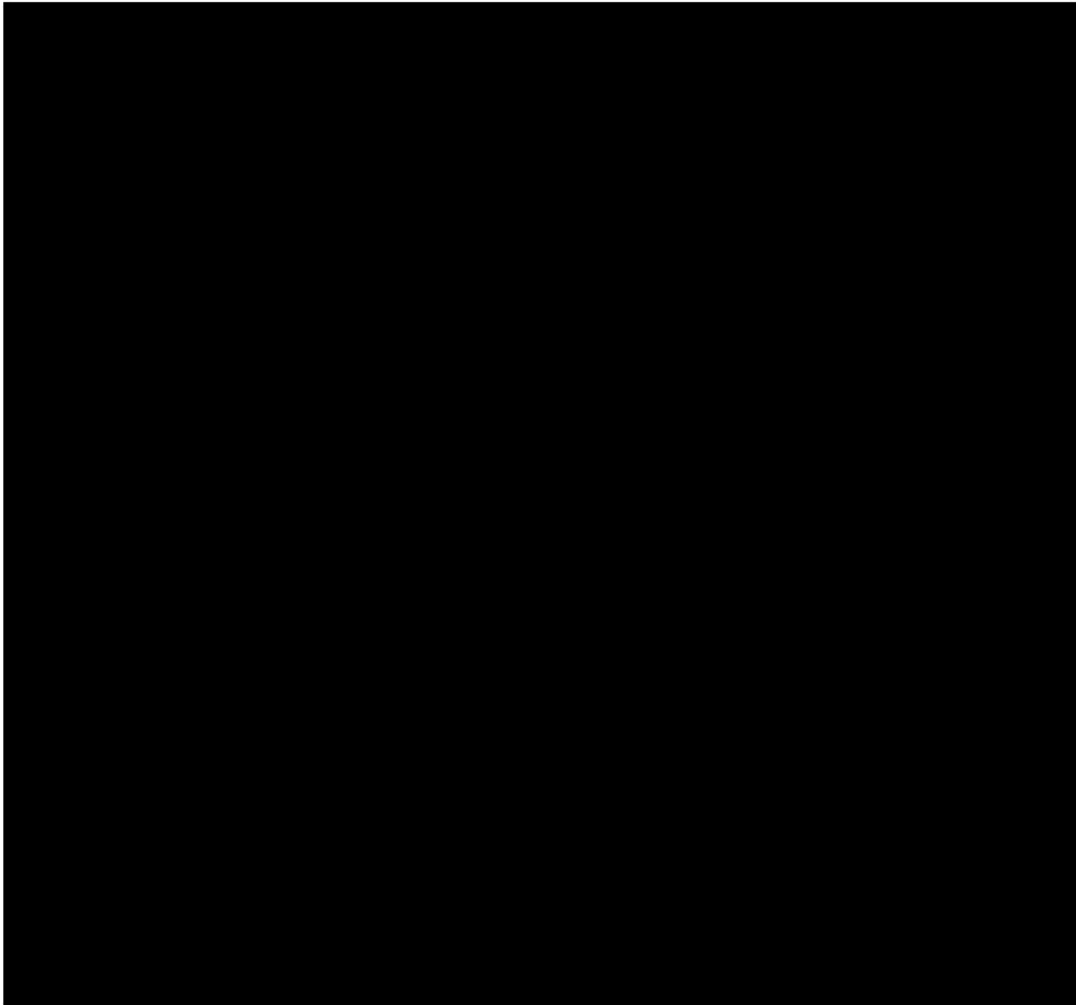
49/20 Risk Register

The Board undertook the quarterly review of the full and updated Risk Register. It was requested that an updated position with regards to risk no. 11 be obtained from the Equality Advisor.

50/20 Administration Issues

The Board received a report from the Data Project Manager (PSPA Paper no. 12/20) in regard to administration issues. It was noted that the secondment being undertaken by the Data Project Manager had been extended until the end of July 2020. A major concern remained with regards to being able to access the historical Oracle data in the future. A process had been agreed for the provision of gen 1/12s for leaving service members and an agreement reached over the volume of work which may be expected to be produced by OHR staff, however there remained issues with accuracy, timeliness, consistency and the backlog. A Service Level Agreement (SLA) has been drawn up which is ready for signature which should establish the acceptable parameters for this. It was noted that the SLA should be brought to the attention of the PSC to ensure it was aware of its existence.

51/20



Any Other Business

- 52/20**
- i. It was agreed that the Chair may respond to the enquiry from the MHK referred to in minute ref 48/20.
 - ii. Return to office working – the Chief Executive advised that the PSPA would return to normal office working with effect from Thursday 18 June 2020 subject to enhanced hygiene provisions and the retention of some elements of social distancing. Accordingly Board meetings going forward would revert to being held in the Board Room at Prospect House.
 - iii. The question was raised as to whether there had been an increase in the number of requests for retirement benefits subsequent to COVID-19 and it was confirmed that there had not.

53/20 Date of next meeting

The next meeting will be held at 2.30pm on Monday 13 July 2020. It was agreed that the Assistant Secretary would circulate proposed dates for the remainder of the year for members to confirm their availability.

Ms K C Brondon left the meeting at this point

PSPA Appointments

- 54/20**
- The Board considered a paper from The Chief Executive (PSPA Paper No. 10/20) regarding the making of certain appointments within the PSPA, in particular to the position of Deputy Chief Executive and the associated role of Secretary to the Board. The Board acknowledged the need for the incumbent to have very specific knowledge and experience for this post and, also, the benefits of continuity within the Executive given that the composition of the Board itself was subject to change. However, in order that any such appointment should be seen to be made in an open, transparent, equitable and fair manner, the Board considered that it should be made through the normal open recruitment process. It was also agreed that the post may be advertised internally. The Chief Executive agreed to progress this as soon as possible.

There being no other business the meeting closed at 12.40 pm.

Date