

In Confidence

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) held at 2.30pm on 13 July 2020 3rd Floor, Prospect House, 27-29 Prospect Hill, Douglas

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.

55/20 Conflicts of Interest

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

56/20 Minutes

The minutes of the meeting of 15 June 2020 were approved and signed by the Chair.

57/20 Matters Arising

The following were matters arising from the minutes not covered by the agenda for this meeting:

- (i) The Chief Executive advised that the Annual Reports and Accounts for the Schemes for which the PSPA had responsibility for the financial year to 31 March 2019 were due to be laid before Tynwald at its sitting in July 2020.
- (ii) The new auditors PWC were due to commence the audit of the year to 31 March 2020 in September 2020.
- (iii) The Chief Executive advised that he had submitted a further paper to Treasury in relation to the actuarial assumptions to be used for the 2019 valuations. It was noted that it was for the PSPA to make the decision ultimately on the assumptions to be used, with input from Treasury, and that there was potential to reduce the economic and salary growth assumptions if requested by Treasury with appropriate reasoning.
- (iv) With regards to the "official complaint" regarding the service provided by OHR, it was noted that there had been informal contact with the Director of OHR and this had resulted in more resources being committed to the work the PSPA needed undertaking and this had resulted in some improvements. It was agreed that the situation should be reviewed in September 2020.
- (v) The Board was advised that the letter of undertaking from Treasury had not been received yet for the current year but that the Board would be advised when it was in place.

- (vi) A question was raised seeking clarity regarding the position of one of the employee representatives in terms of representation of unaffiliated trade union employee members of the Schemes. It was confirmed that whilst the employee representative had been nominated by the BMA his role, as was the role of the other employee representative, was to represent the interests of all the employee members of the schemes and not just the membership of the union or the representative body that had put them forward for the position.

58/20 Working with the trade unions on communicating Cost Sharing to Scheme members.

The Board considered a paper from the Chief Executive, (PSPA Paper No. 15/20), regarding methods of communicating Cost Sharing and other issues and the development of a communication plan with the trade unions. The Board was advised that the Executive had been working with a specialist communication company on two pension presentations and it was hoped that they would also be able to assist with communications regarding cost sharing on the PSPA website via for example, webinars. There was also a potential to tie in communications in relation to DC schemes in the future so that members could compare DC to DB schemes.

The Executive confirmed that they were prepared to make presentations to members, as requested by one teaching union, if these were run on a collaborative basis with the trade unions as had been the case in the past.

The Board noted the suggested method of communicating Cost Sharing and other issues put forward by the trade unions and authorised the Executive to develop a communication plan with the trade unions.

It was noted that whilst communications about cost sharing and a voluntary DC scheme needed to dovetail, they were running on different tracks and timelines as cost sharing will be happening in three years' time whereas information about the possibilities regarding a voluntary DC scheme was probably required sooner.

It was also noted that many employees did not have a government email address and so any communications plan needed to take account of this.

Overall it was agreed that the focus of the communications needed to be on the re-engagement and re-education of members on what were two quite complex issues as well as providing better background information on pensions in general.

The Board requested that the unions' TAG and the Teachers Pensions Committee also be updated with regards to the current position on DC schemes.

59/20 PSPA Board: Governance Review – Compliance Schedule and Governance Work

The Board received a paper from the Chief Executive (PSPA Paper No. 13/20 and associated compliance schedule refer), providing the Board with updated compliance information for the formal quarterly review along with the updated governance work schedule.

The Chief Executive advised the Board that, as yet, the actuaries do not have the data required for the valuation as the focus has been on providing the data required for producing the ABS. However, the baseline cost sharing valuation should be completed within the next 2/3 months. It was agreed this should be an

item on the agenda for the next meeting.

The Executive also confirmed that they had recently met with the Pensions Ombudsman for the Isle of Man who had recognised the complexity of the schemes the PSPA had responsibility for. The Ombudsman was due to issue guidance and information on their website shortly.

60/20 Administration Issues

The Board received a report from the Data Project Manager (PSPA Paper No. 16/20 refers) providing an update in regard to administration issues.

The Executive advised that the SLA between the PSPA and OHR in relation to the production of Gen 1/12s had been signed by both parties and had been recognised by the PSC. The secondment of the PSPA Data Project Manager had been extended for a further six months and they would be based between the PSPA and OHR for that period. It was noted that data inputting issues had been identified when people moved between posts, with fields dropping off affecting members' contributions, and there were still issues with the starter and leaver reports which would need to be addressed by OHR.

Final changes to the MFI report were still to be signed off by the OHR management team so the PSPA had not received an automated MFI report yet, and although a manual MFI report had been received for April 2020 there had been none for periods after that.

The Executive advised the Board that an offer had been made in respect of the Operations Manager post previously undertaken by the Data Project Manager.

The Board requested that the matter of Administration Issues remain as a standing agenda item for Board meetings.

61/20 Design Considerations for a Voluntary Defined Contribution arrangement.

The Board received a presentation from Kathryn Fleming (KF), DC Partner at Hymans Robertson LLP, who joined the meeting via conference call at 3.35pm. Copies of the slides for the presentation had been previously provided to the Board as had an accompanying paper from the Chief Executive (PSPA Paper No. 14/20 refers).

KF provided a summary of the approach taken; in particular highlighting the need for any such scheme to feature flexibility; appropriate contribution levels in order to provide a good level of benefits; and appropriate minimum and maximum contribution levels. In addition there was the need for future-proofing and a balance between costs and risks.

The Vice Chair joined the meeting at 3.38 pm.

At the conclusion of the presentation, the Chief Executive advised the Board that the Executive were currently working on modelling cost permutations for the Treasury.

The Board thanked KF for the presentation and KF left the call at 4.38pm.

After discussing the presentation further, the Board approved the progression of the arrangement to the next stage, which is to provide costing and design

options to the Treasury for their consideration in line with the Straw Man proposal discussed in the presentation.

One of the employee representatives on the Board re-iterated that the view of the affiliated trade unions was that they would not support, or wish to be involved with, the progression of a DC scheme and they still fully supported the principle of defined benefit pension provision for public servants. The Chair reminded the Board that they had been charged, by Tynwald, with investigating the introduction of a DC scheme and, as such, they had a responsibility to do that and it would then be for Tynwald to determine the design of the scheme and how it should be progressed. It was agreed that TAG and the Teachers' Pensions Committee should be updated on the current position.

Any Other Business

62/20 There were no items of Any Other Business

Date of next meeting

63/20 The next meeting will be held at 2.30pm on Monday 14 September 2020.

There being no other business the meeting closed at 4.43 pm.

_____ **Date** _____

