

In Confidence

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) held at 2.30pm on 14 December 2020, 3rd Floor, Prospect House, 27-29 Prospect Hill, Douglas

Present:

PSPA

Mr J B Carter (Chair)
Hon. R Harmer, MHK (Vice Chair)(2.50 pm)
Mrs J Poole-Wilson MLC
Mr I Wright
Mrs D Halsall

In Attendance:

Mr I T Murray
Ms K C Brondon
Mrs R Hussey (Secretary)

Apologies:

Minute No.

92/20 Conflicts of Interest

Mrs Jane Poole - Wilson advised that there may be a perceived conflict of interest in respect of agenda item 5. However it was noted that the paper was for noting.

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

93/20 Matters Arising

i. Cost Sharing (minute 86/20 refers)

The Deputy CEO provided a verbal update to the Board in respect of the Police and the Judiciary.

The Board noted that :

- The PSPA had met with Police representatives in September and the PSPA had undertaken to provide cost comparisons in respect of the various cost sharing scenarios.

The Board further noted that the Actuaries continued to work on the figures and that it was anticipated that results would be shared with the Police this month.

- In respect of the Judicial Scheme, the Board noted that there had been limited engagement with representatives so far.

The Board further noted that the Judicial representatives had been provided with a number of cost sharing options, which they had undertaken to discuss in November, undertaking to revert to the PSPA in December, with a view to discussing.

- The Board further noted that the Actuaries had been provided

with the data and were now close to commencing preparation of the Cost Sharing baseline valuation.

The Board was of the view that clear and timely communications in respect of cost sharing was essential and noted that the Deputy CEO would shortly update the cost sharing web page, including the FAQs.

The CEO advised that the cost sharing video had just been finalised and whilst short in duration, the video would hopefully achieve its objectives by outlining the salient points of cost sharing in simple manner.

It was agreed that the video be brought to the January 2021 Board meeting.

There was a short discussion as to how the video could be disseminated to Departments.

ii. Voluntary Defined Contribution Scheme - VDC (minute 89/20 refers)

The Deputy CEO informed the Board that Treasury Officers had advised her that the paper would be discussed at that week's Treasury Board meeting. However, it was anticipated that the Treasury Officers would not support the progression of a VDC Scheme and the Board noted the concerns of the Treasury Officers.

The Board noted that the views of the Treasury Board were not yet known.

The Deputy CEO informed the Board that an update paper to CoMIN had been drafted and was ready to be submitted; however it would not be submitted until such times as the views of Treasury were known.

The CEO undertook to revert to the Board at the January 2021 Board meeting.

The Board acknowledged that regardless of the outcome, clear and timely communications were essential.

There was a brief discussion in relation to the Treasury Officers concerns in respect of the VDC Scheme and the Board concurred with the concerns of the Treasury Officers.

iii. Isle of Man Government Unified (Amendment) (No2) Scheme (minute 87/20 refers)

The Deputy CEO advised that further legislative amendments had been made and that they were currently being reviewed by Chambers.

Once approved the document would go out for consultation.

The Vice Chair attended the meeting at 2.50pm and the Chair provided a brief update as to what had been discussed and agreed so far.

iv. Revised delegations (minute 85/20 refers)

The Board noted the rationale for revising the delegations and agreed to the revised delegation document being signed

94/20 Minutes

The minutes of the meeting held on 9 November 2020 were approved and signed by the Vice Chair.

95/20 Tynwald Members Pensions Changes

The two political members declined to take part in the debate

The remainder of the Board considered PSPA Paper 26/20 (and Appendices 1 & 2) from the Chief Executive updating the Board on changes to Tynwald Members pay and pensions and members noted the resolution agreed in the November 2020 sitting of Tynwald in respect of Members pay and pensions changes.

The CEO provided a brief summary of the paper and a brief overview of the proposal that was agreed within the Report and by the Standing Committee of Tynwald, namely:

- Future service pension after the date of change
- Past service pension

The Board noted that by treating the future and past service pension position separately, the overall effect on each Member's pension would leave Members in a broadly similar position as they would have been before any pay reforms; however this could not be guaranteed. Nonetheless, the effect of the pay reforms was expected to be broadly cost neutral in pension terms based on a reasonable set of assumption about future pay and inflationary increases to the deferred pension.

The CEO informed the Board that the Clerk of Tynwald's office had advised that it was of the view that the Tynwald resolution of November 2020 was sufficient an instruction for the PSPA to be able to proceed with the implementation of the changes.

The Board noted that the agreed changes would require both Treasury legislative drafters and the PSPA to draft secondary, amending legislation in order to bring the required changes in from September 2021 (MHKs) and from March 2023 and March 2025 (MLCs).

The Board further noted that the initial plan discussed between Treasury and the PSPA Executive was to have the drafting ready for consultation in February 2021 (possibly via a joint consultation) with a view to a final proposal being submitted to the Council of Ministers in April or May 2021 and assuming approval, put before Tynwald in June 2021.

The Board determined that a 4 week consultation period was sufficient.

96/20 Risk Register

The Board reviewed the Risk Register as at December 2020 and noted 2 new additional risks.

The Board also noted verbal updates from the CEO, PSPA in respect of a number of existing risks on the register.

97/20 Administration Issues (minutes 84/20 and 78/20 refer)

The Board considered and noted PSPA paper 27/20, updating the Board on the progress made in relation to the issues regarding the provision of data from OHR.

The CEO and Deputy CEO provided clarification to points raised by the Board.

The Board noted that both Operations Managers, PSPA, would, going forward, have monthly meetings with their payroll counterparts with a view to improving the quality and number of Gen 1/12s being generated and sent to the PSPA as currently, on average, only 70% of the SLA was being achieved.

In addition, the Board noted the other measures that were being put in place with a view to ameliorating the situation, such as:

- The sharing of training, for example members of payroll working with their counterparts in PSPA, thus obtaining first-hand knowledge of the implications of incorrect Gen 1/12s

The Deputy CEO reported that Payroll had advised that the issues were predominately due to staff changes, adding that this was despite the PSPA Board being assured, by the Director of HR Business, at its meeting of 9 November that OHR continued to maintain a minimum of 5 payroll staff who were competent and were permitted capacity within their daily workloads in order to participate in the collective delivery of a minimum of 70 Gen 1/12s per month.

The Board was also reminded of the other assurances given by the Director HR Business, namely:

In respect of the October OHR resource input summary,

- 100% of 2 x FTE (1 EO and 1 AO) continued to be protected in order to focus on back log work and that that this level of resource was sustainable and could be maintained even if other priorities arose.
- 2 x most experienced EO's in Payroll checked BAU Gen 1/12's in order to continue to improve learning and the quality and all payroll AO's were involved in completing them;

Discussions then turned to the SLA between OHR and the PSPA.

The Board enquired what process(s) the PSPA Operations team had in place for escalating any issues the PSPA had in relation to the OHR/ PSPA SLA not being adhered too, particularly around Gen 1/12's and in particular OHR's performance in meeting the agreed SLA targets in terms of numbers and the accuracy of the Gen 1/12s.

The Board noted that the current modus operandi, for escalating issues to the Board, was for issues to be escalated through the monthly report from the Data Project Manager, PSPA, but that going forward the monitoring of Performance against the SLA in the terms of the Gen 1/12s, would become the responsibility

of the PSPA Operations Team.

The Chief Executive provided the Board with an update as to the outcome of the PSPAs submission to Treasury for additional resources in respect of the Data Project (i.e. 2 x Administrative Officers for a period of 2 years).

The Board noted and concurred with the concerns expressed by the Deputy CEO and CEO and all parties were of the view that the 12 months funding approved by Treasury was not sufficient and that a further approach to Treasury would have to be made, before the end of the 12 months, for an additional 12 months funding.

In addition, the Board noted that the project had now been scoped, that a project plan had been drafted and a job description for the AO positions was almost finalised.

The Board then enquired into the morale of the operations teams both in terms of the impact of late and incorrect Gen 1/12s as well as telephone calls from members expecting their pension benefits.

The CEO advised that a number of staff had left last year and that currently the levels of morale whilst improved had room for further improvement.

The CEO added that the low levels of morale, within the team, were exacerbated by the perception that individuals in payroll were reticent to take any responsibility for their actions.

The Board requested that the PSPA staff be thanked for their efforts and that it be made known to staff that the Board appreciated their efforts.

The CEO advised that the efforts of staff would be recognised at the quarterly staff briefing on Wednesday 16 December 2020.

98/20 Appointment to the PSPA Staff of a Bank Legislation Drafter

The Board noted PSPA paper 28/20, which informed the Board of the appointment an experienced pension scheme legislation drafter on a zero hours employment contract. The Board noted that the individual would carry out ad-hoc drafting work and support the new Legislation and Governance Manager in the drafting of legislation related to public sector pension schemes managed by the PSPA.

Furthermore, the Board noted that the views of Chambers had been sought and that Chambers had concurred with the appointment.

The Board acknowledging the difficulties in recruiting legislative drafters, noting Chambers' concurrence for the appointment and noting the individual's experience and skills set, determined that the appointment was a pragmatic solution to the issue.

99/20 Any Other Business

- i. Updating of PSPA Business Continuity Plan

The Secretary advised Board members that they would shortly be contacted for their current contact details in order that the PSPA Business

Continuity Plan could be updated.

There being no further business the meeting closed at 3.40pm

Signed:

Date: