

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) held at the King Orry Room (Cabinet Office), at 2.30 pm on 14 June 2021.

**Present:**

**PSPA**

Mr J B Carter (Chair)

Mrs J Poole-Wilson MLC

Mr I Wright

Mrs D Halsall

**In Attendance:**

Mr I T Murray

Ms K C Brondon (Secretary)

Mrs M Ludwig-Looney (Assistant Secretary)

**Apologies:**

Mr R Harmer, MHK (Vice Chair)

**Minute No.**

**Minute**

**33/21**

**Conflicts of Interest (minutes 12/21 and 22/21 refer)**

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

**34/21**

**Minutes**

The Chair signed the minutes of the meeting held on 10 May 2021 which were approved by the Board.

**35/21**

**Matters Arising**

There were no matters arising which weren't covered elsewhere in the minutes.

**36/21**

**Indexation on Guaranteed Minimum Pensions**

The Board received a paper from the Deputy Chief Executive (DCO) (PSPA No. 17/21) updating it on the current position in

relation to an issue which had arisen in respect of pre-1988 GMP increases for pensions once in payment and how it is proposed that the PSPA will address the issue for the Schemes under its management. The DCO briefed the Board on the issue, which had arisen in the UK following a judgement made in the High Court (Lloyds Banking Group Pensions Trustees Ltd v Lloyds Bank PLC), that concluded that there is a requirement to equalise pension benefits between genders due to the effects of unequal pre-88 GMP benefits, even though the GMPs are not required under legislation to be made equal. Following the judgement, and after consideration of the various methods proposed for the equalising GMPs, it had been agreed that the UK public sector schemes will provide the full indexation (as opposed to the state pension paying this element of indexation) which would remove any gender equality issues. In the UK, this was achieved by a Treasury Direction as permitted under Section 59 of the Social Security Pensions Act 1975. The DCO highlighted to the Board that the Isle of Man's approach to GMPs is very similar to that of the UK after the introduction of the new Manx State Pension in April 2019. The PSPA's Senior Executive Team has considered the approach taken by the UK and, following advice from the Scheme Actuary and discussions with officers from Treasury Social Security Division on the various methods and approaches, has concluded that the same methodology that has been adopted across all UK public sector schemes is an equitable solution for the Isle of Man and ensures that the GMP element of public sector pension benefits are equalised between genders. This proposal will comply with the Social Security Pensions Act 1975 (an Act of Tynwald) Section 59 which directs Treasury to apply annual indexation increases to all elements of public sector pensions in payment. The DCO advised the Board that current data indicates 176 females after reaching age 60 are no longer receiving annual indexation increases on the Pre 88 GMP element of their pension and 80

further members of both genders who are approaching age 60/65 who would also be affected. The estimated total cost of remedying the situation is estimated at £190,000 with a caveat that the cost is dependent on the rate of annual increase and how long each pension remains in payment. The DCO proposed this as a pragmatic approach and that the PSPA should implement a PSPA Policy, as an alternative to amending the scheme rules, which would set out the issue and the PSPA's remedying actions, both retrospective and in the future. The remedial action will be undertaken by OHR, Payroll who are responsible for the payment of public sector pensions. The Board highlighted that as a Statutory Board of Tynwald it is committed to equality and therefore it was content to approve the approach proposed under Option 1, subject to Treasury consideration and concurrence. .

**37/21**

**Administration Matters: Update on progress in relation to the project to resolve ongoing data issues (minutes 78/20; 84/20; 97/20; 11/21; 17/21iv and 29/21 refer)**

The Board received an update paper from the Data Project Manager (PSPA No.18/21) on progress in relation to the issues regarding the provision of data from the Office of Human Resources (OHR) to the PSPA. The DCO assured the Board that matters are progressing with renewed commitment from OHR and that the Data Project Manager is in continuous communication with Payroll on the data issues. It was further noted that the MFI is still in development due to delays on the Software Developer's side and with GTS. The Board noted the contents of the paper and complimented the exemplary work of the Data Project Manager in the recent years. The Chair agreed to write to the Data Project Manager thanking him for his efforts on behalf of the PSPA.

**38/21**

**Baseline Cost Sharing Valuation (minutes 06/21 and 19/21 refer)**

The Board received a paper from The Chief Executive (PSPA No. 16/21) and report from the Scheme's Actuary, Hymans Robertson detailing the Baseline Cost Sharing position for the Government Unified Scheme 2011 and Teachers' Superannuation Order 2011. Hymans Robertson joined the meeting at 2.45pm via Teams to present the report to the Board. The presentation consisted of a brief recap of what the purpose of the Cost Sharing was, the assumptions used for the Baseline Cost Sharing Valuation and the baseline results. The Actuary advised the Board that at future Cost Sharing valuations, the value of the calculated fund and future contribution rate would be compared against this baseline position to identify a surplus or a deficit. Hymans Robertson left the meeting at 3:18pm. The Board had a brief discussion afterwards and the main points raised were concerning the information exchange with the Scheme Members. The Chief Executive assured the Board that the next steps in promoting the Cost Sharing implementation will be briefing the Scheme Members via the 'Word from Will' bulletin and information on the PSPA's Cost Sharing page on its website. The Board then approved the data and assumptions used, the adoption of the baseline position for the Unified and Teachers Schemes, that the Hymans Robertson report should be shared with the TAG Group, teaching unions and the Treasury and that further communications with Scheme members should be undertaken as discussed.

**39/21**

**Voluntary Defined Contribution (VDC) Scheme Update (minutes 89/20; 03/21ii; 17/21i and 27/21 refer)**

The Board received a verbal update from the DCO on the ongoing development and cost implications of the VDC Scheme. The Board noted the Treasury's approval of the PSPA's proposed design principles for the scheme. It was also noted that the Council of Ministers had approved the progression of the project. It was further noted that a presentation to Tynwald Members advising on the scheme design and project planning will be delivered the following week. The DCO also highlighted to the Board that PSPA's role upon post VDC implementation will be to undertake some overlaying Governance but that the primary responsibility for the administration of the VDC Scheme would not lie with the PSPA but with the various participating employers, the largest being centrally serviced for recruitment and payroll by the Office of Human Resources, Cabinet Office. It was also noted that there was a detailed project plan in place for establishing the scheme which would be more complex than might be expected given the voluntary nature of the scheme and the fact that individuals would now have to make a choice of DB or DC scheme membership. It was further noted that this would be a contract based arrangement and not one directly administered by the PSPA.

**40/21**

### **Police and Judicial Schemes Cost Sharing**

The Board received a verbal update from the DCO in relation to discussions with representatives of the Police and Judiciary on the introduction of Cost Sharing. The Board noted that the representatives of the Police had committed to the Cost Sharing arrangements which were awaiting formal ratification. The Board was also advised that the Executive will meet with the representatives of the Judiciary in September to progress the matter.

**41/21**

### **Any Other Business**

- i. **Staff Privacy Notice and Declaration of Relationship Forms** – the DCO briefed the Board on the recent work that the PSPA had undertaken to update its Privacy Notice. The DCO also highlighted that the Minutes of the Board Meetings are published on the PSPA website and they contain PSPA Board Members names and gave reassurance that all personal cases recorded in the Minutes would be redacted in their entirety.
- ii. **Quality Impact Assessment in relation to Minimum Transfer In Value** – the Board noted that work on this is still ongoing.
- iii. **Isle of Man Government Unified Scheme (Amendment) Scheme 2021** – the Board noted that the GUS (Amendment) Scheme 2011 will be progressing to June Tynwald for approval the following day.
- iv. **Local Government Pension Reform** – the Chief Executive gave a verbal update on the progression of reforms to the IoM Local Government Scheme where the Department of Infrastructure was being supported by the PSPA Chief Executive.
- v. **Public Sector Administration (Fees) (Amendment) Order 2021** – the Board noted that the Fees Amendment is ready to be consulted on, probably in July 2021.
- vi. **Pension Schemes audit for the year 2019/20** - the Chief Executive provided a verbal update on the ongoing audit process. The Board noted that the Senior Management Team is hoping to present the Financial Statements for the 2019/2020 financial year for signature at the next Board meeting.
- vii. Mrs D Halsall presented two scheme members' cases which having been brought to her attention, she believed,

had encountered some administrative issues in relation to their pay and pension. It was agreed that Mrs Halsall would pass on the information for each case to the DCO and assurances were given that the DCO would allocate the cases to the relevant teams for investigation

The meeting concluded at 3:50PM.

Date of the next meeting – 12 July 2021 at 2.30 pm, venue to be advised.

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Signed

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Date