

## **In Confidence**

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) held in the Committee Room, 3<sup>rd</sup> Floor, Main Government Building, Bucks Road on 10 November 2021 at 3:15pm.

**Present: PSPA**

Mr J B Carter (Chair)

Mrs D Halsall

Mr M Kiernan (future Chair, non-participative capacity)

Mrs Kate Lord-Brennan MHK

Mr R Mercer MLC

Mr I Wright

**In Attendance:** Mr IT Murray

Mrs M Ludwig-Looney (Assistant Secretary)

**Apologies:** Ms K Brondon (Board Secretariat)

**Minute No. Minute**

**63/21**

The Chair welcomed the new board members: Ms Kate Lord-Brennan MHK and Mr Rob Mercer MLC, and the future Chair of the Public Sector Pensions Authority (PSPA), Mr Mark Kiernan, and briefly introduced everyone around the table whilst also introducing the role and purpose of PSPA Board members.

**64/21**

**Conflicts of Interest (minutes 12/21, 22/21 and 42/21 refer)**

The Vice Chair has submitted her Declaration of Interests forms and there were no other conflicts of interests declared in addition to those previously recorded.

**65/21**

**Minutes**

The Board approved the minutes of the meeting held on 1 October 2021, which were then signed by the Chair.

**66/21**

**Matters Arising**

i. **New Tynwald Members presentation**

The Chief Executive sought the Board's views of the best time to conduct the Tynwald presentation. After a brief discussion, the Board concluded that the presentation should be scheduled for January 2022.

ii. **Procurement of legal services to re-write the Teachers Superannuation Order, Police Pension Regulations 1991 and Police Pension Regulations 2010**

The Chief Executive verbally updated the Board on developments in relation to the ongoing tender exercise to re-write the Teachers and Police Schemes. The Board noted that there were six legal firms who had submitted their Notice of Interest and upon the tender conclusion, there is a meeting scheduled for 15 December 2021 to hold the interviewing panel. The panel will comprise of the PSPA's Executive, PSPA's Legislation Draftsperson and Attorney General's Chambers Legal Officer.

**67/21**

**Review of future work of the PSPA**

The Board received a paper from the Chief Executive (CEO) (PSPA Paper No. 28/21 and the Appendix 1 to the Paper) summarising the work of the PSPA carried out during the last Administration and its proposals for the work to be carried out over the next five years. The CEO briefed the Board,

highlighting the issues around the unfunded status of the public sector pension schemes and the management of the legacy funding gap. The Board noted that the PSPA continued its reform agenda over the last five years in line with the requirements of the Programme for Government, which were broadly twofold:

- Financially Responsible Government; and
- Responsible Island.

The CEO discussed the changes made over the preceding five years and implications, and also the future expected work, which was also subject to any other requirements the new Administration may place on the PSPA.

The Board noted further that the PSPA's approach, as approved by Tynwald, to introducing changes to the pensions schemes is a "Balancing Act" taking into account both cost and recruitment matters which indicated the importance of offering good quality pensions schemes to the professional workforce whilst carrying out changes which in turn provided more sustainability for the future funding of schemes.

The Board agreed to revisit the prospective work in a future meeting.

**68/21**

**PSPA/OHR Data Issues (minutes 78/20, 84/20, 97/20, 11/21/17/21iv., 29/21, 37/21 and 61/21iii. refer)**

The Board noted the paper (PSPA No. 29/21) from the Data Project Manager on progress relating to the delivery by OHR of various data requirements and also the proposed Monthly Financial Information (MFI) Report to the PSPA. The Chair provided the new Board Members with an overview on the ongoing data issues that the PSPA has been experiencing for some time. The CEO also provided a further update on the

ongoing developments in relation to obtaining, managing and maintaining the receipt of the correct data required by the PSPA to appropriately manage its schemes. The CEO explained that, as things currently stand, there are teams on both sites, PSPA and OHR, working to extract and compile correct data from PiP. The Board noted that there is a plan to develop a piece of software, which will bridge the gap between Compendia and PiP software, and this is scheduled to be in place by the end of this financial year. The Board was assured that the PSPA has always maintained a pragmatic approach in relation to the data issues, working with, not against, OHR to come up with mutually beneficial solutions.

**69/21**

**Operations Report – Q2 2021**

The Board noted the contents of the PSPA's Operations Quarterly performance report (PSPA No 30/21).

In the absence of Deputy Chief Executive, the CEO gave a brief overview of the PSPA's 2<sup>nd</sup> quarter operations, and upon the review of the income and expenditure he went on to explain to the new board members that currently the funding gap is met from the Public Sector Employees Pension Reserve (PSEPR) fund. It is anticipated that the fund will be depleted in 18 to 24 months when the funding gap will be met from Government's General Revenue. The CEO highlighted that the PSPA works very closely with the Treasury in anticipation of future funding requirements.

**70/21**

**Teachers' Pensions Advisory Board**

The Chair explained to the new board members that the PSPA's governance arrangements allow the establishment of committees to discuss various pensions issues. The CEO further briefed the new board members as how the Teachers Pensions Advisory Group operated; highlighting that its meetings were generally of a technical nature to discuss ongoing pensions issues. The CEO asked the Employer representatives on the PSPA Board for a

volunteer for the Chairperson position upon the departure of Mrs Poole–Wilson from the position. Mr Mercer volunteered for the role and the Board noted that the next meeting of the Teachers’ Pensions Advisory Board is scheduled for 19 November 2021 at 10 am in Hamilton House.

## **71/21**

### **Schemes to go before December Tynwald**

The Board noted that the Schemes made by the PSPA on 1 October 2021 have been approved by CoMin for onward progression to December 2021 Tynwald and have been published on the Tynwald Register of Business from 2 November 2021. These are:

- i. The Public Sector (Cost Sharing) (Amendment) Scheme 2021 – Police Pension Regulations 1991 and 2010, Cost Sharing (minute 40/21 and 55/21 refer);
- ii. Public Sector Pension Schemes (IDRP)(Amendment) Regulations 2021 (minute 56/21 refers);
- iii. Public Sector Pensions Administration (Fees Order) 2021 (minutes 08/21, 17/21ii, 41/21v refer).

## **72/21**

### **Any Other Business**

- i. Introduction of a Defined Contribution arrangement (minutes 9/20, 03/21ii, 17/21i, 27/21, 39/21 and 61/21 refer). The CEO gave the Board a verbal update in relation to the ongoing work on the Voluntary Defined Contribution Scheme clarifying why it would remain voluntary for the time being, as approved by Tynwald. The tender for a provider was to be resubmitted to now include provision for additional member support which was not contained in the first tender document.
- ii. Judicial Cost Sharing (minutes 40/21 and 61/21ii refer)  
The Chief Executive briefed the Board in relation to the results of the recent meeting with the two Judicial Scheme members. The Board noted that the judges had agreed to

review the draft of the Judicial Cost Sharing Amending Legislation, which is currently being drafted.

- iii. Annual Reports & Accounts update 2019/20 (minutes 48/21iv and 61/21vi refer) – The Board received an update from the CEO on the recent developments in relation to the finalisation of the Audit for 2019/2020. The Board noted that the Accounts should be ready for signing at the December Board Meeting.

**73/21**

**Date of the next meeting**

Upon a brief discussion the Board decided to arrange the next Board Meeting via round robin email of possible dates. The Assistant Secretary will coordinate the responses and arrange the meeting in due course.

The meeting ended at 4.50 pm