

In Confidence

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) held in the King Orry Room, 3rd Floor, Main Government Building, Bucks Road on 14 February 2022 at 2:30pm.

Present: PSPA

Mr M Kiernan (Chair)

Mr R Mercer MLC

Mr I Wright

Mrs D Halsall (from 2:44pm)

In Attendance: Mr IT Murray

Ms K Brondon (Board Secretariat)

Mr M Williams (Minute taker)

Apologies: Ms Kate Lord-Brennan MHK

M Ludwig-Looney (Assistant Secretary)

Minute No. Minute

01/22 Conflicts of Interest (minutes 12/21, 22/21, 42/21 and 64/21 refer)

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

02/22 Minutes

The Board approved the minutes of the meeting held on 22 December 2022. The minutes were signed by the Chair.

03/22

Matters Arising

There were no matters arising.

04/22

Risk Register – Quarterly Update (minute 54/21 refers)

The Board reviewed the Risk Register and in particular the changes highlighted. After noting that the report was considered monthly at management level, the following items were highlighted:

- i. Failure to agree Cost Sharing basis for GUS with Treasury and/or key stakeholders – After noting that the principles of Cost Sharing had now been finalised and subsequent to further discussion, the Board agreed that the Risk Register should be updated to downgrade the existing entry to a lower risk and a new entry should be prepared acknowledging the greater risk of the Cost Sharing results not being acceptable to key stakeholders.
- ii. Failure to meet the requirements of Tynwald in the provision of a report concerned with the Introduction of a voluntary DC Scheme – Confirmed that wording had been updated to reflect the recent presentation to Tynwald Members with regard to the DC Scheme.
- iii. Director of HR Service leaving (Mrs Halsall joined the meeting during consideration of this item) – it was agreed that the wording would be updated to reflect the current risk which was around the provision of complete and accurate employment data.

05/22

Governance Schedule Update (minutes 25/21 and 53/21 refer)

The Board received a paper from the Chief Executive (PSPA Paper No. 01/22 and associated Compliance and Governance Schedules)

to update the Board with Compliance information for quarterly review along with the updated Governance Work Schedule. The following matters were highlighted:

- i. Schedule of Contributions – The next meeting of the Teachers Pensions Advisory Board was to be held on Friday 18 February 2022, where this issue might be raised.
- ii. Data Protection Officer (DPO) – the Board was advised that due to a change of position, the DPO appointed in relation to a number of small boards could no longer fulfil that function. The role would temporarily be undertaken by the Deputy Chief Executive. This could be supplemented by additional support from Hymans Robertson (Scheme Actuaries) and PWC (Scheme Auditors) when required.
- iii. Presentation to New Politicians – the general consensus was that the presentation to the new politicians had been well received. It was noted that the financial position of the schemes was regularly discussed with Treasury.
- iv. Actuarial Valuation – it was noted that the Treasury had a different accounting treatment to the Scheme Actuary in relation to the Government Accounts and that different accounting treatments would produce different results. It was anticipated that the actuarial assumptions would be discussed at the Board meeting in April or May.
- v. Trustees Knowledge and Understanding (TKU) – the provision of additional training sessions for Board Members was discussed and it was agreed that short training sessions could be developed. Members were advised of the availability of Trustee Toolkit on the website of the Pensions Regulator of the UK.

06/22

Operations Report Q3 2021/2022

The Board noted the Operations Quarterly performance report (PSPA Paper No. 02/22) and a verbal explanation of the report

was given by the Deputy Chief Executive. The report would be published on the website as normal. In addition to this report, it was noted that additional Scheme and financial data was provided to Treasury on a quarterly basis and an estimate of annual expenditure was provided for the commencement of each Scheme year.

07/22

Isle of Man Government Unified Scheme (Amendment) Scheme 2022

The Board received a paper from the Deputy Chief Executive (PSPA Paper No. 03/22) and accompanying draft scheme, seeking the Board's approval to consult upon the Isle of Man Government Unified Scheme (Amendment) Scheme 2022.

The Deputy Chief Executive confirmed that the changes were broadly clarifying in nature, corrected drafting errors and omissions and inserted administrative changes and technical updates to the scheme. These included the following:

- i. The update and removal of certain definitions;
- ii. The removal of redundant references;
- iii. To reflect changes to primary legislation (e.g. after the cessation of contracting out);
- iv. To extend the Incapacity Pension Rules to permit the PSPA, in certain circumstances, to undertake a review of a pensioner's continuing eligibility; and
- v. Removed the requirement for a co-habiting member to have formally nominated their partner to receive death benefits.

During discussions, it was agreed that current beneficiaries who might be affected by the changes to the Incapacity Pension Rules should each be advised about the consultation. It was also agreed that the notice should be clear about applying the changes retrospectively.

After discussion it was agreed that the Board noted and approved:-

- vi. the proposed draft Isle of Man Government Unified Scheme (Amendment) Scheme 2022;
- vii. that in accord with Section 7(2) of the Public Sector Pensions Act 2011, the Executive will progress a six week consultation with Scheme Members, Employers and associated Trade Union representatives;
- viii. that consultation information would be provided to Trade Union representatives, and to scheme members via All Staff emails across all participating Employers and via the PSPA website; and
- ix. that consultation would take place with Treasury and also with the Attorney General's Chambers for any drafting comments on the Amending Scheme.

08/22

Partial Retirement

The Board received a paper from the Deputy Chief Executive (PSPA Paper No. 04/22) and accompanying draft scheme. It sought:-

- i. the agreement of the Board in principle to Partial Retirement and its introduction as a new rule to the Isle of Man Government Unified Scheme (GUS) that would, subject to certain conditions including the individual Employer's agreement, permit active members to draw down a proportion of their pension benefits and remain in their employment in a reduced capacity until they finally decide to retire;
- ii. subject to 1 above, the approval of the Board to make a referral to the Office of Human Resources outlining the aforementioned proposals for its consideration and request that it makes a formal policy recommendation to Council of Ministers to remove or revise the IOM Re-Employment

of Public Service Staff Following Retirement (Pensioner Re-employment Policy) to accommodate Partial Retirement; and

- iii. subject to 2 above, the approval of the Board to formally consult upon and implement Partial Retirement via the Isle of Man Government Unified Scheme (Amendment) (No2) Scheme 2022.

In discussion, it was confirmed that the minimum reduced capacity would be a 20% reduction in salary. The maximum pension available to draw down would be 75%. It was envisaged that the proposals would be cost neutral and may help employers to manage costs and succession planning. Comment was made about the additional administration which the proposals might bring but this was considered manageable. Finally, it was understood that the Office of Human Resources were supportive of the concept of partial retirement.

After discussion, it was agreed that the Board would note the report provided and:-

- iv. give its approval to the principles of Partial Retirement under GUS;
- v. approve a formal representation to the Office of Human Resources in support of Partial Retirement and endorsing an OHR recommendation to Council of Ministers to remove or revise the IOM Re-Employment of Public Service Staff Following Retirement (Pensioner Re-employment Policy) to accommodate Partial Retirement in GUS; and
- vi. thereafter, subject to Council's approval in 2, to seek the Board's approval to formally consult upon and implement Partial Retirement via the Isle of Man Government Unified Scheme (Amendment) (No2) Scheme 2022.

1. Introduction of a Defined Contribution arrangement (Minutes 72/21(1) and 76/21(ii) refer)

The Board was advised that interviews of prospective providers had taken place and that matters would conclude shortly. During the process, it had become apparent that there was a need to provide access to financial advisors to whom members could turn for advice about options and that this would be considered as part of the provider tender process.

2. Procurement of legal services to re-write the Teachers Superannuation Order 2011, Police Pension Regulations 1991 and Police Pension Regulations 2010 (Minute 66/21(ii) and 76/21(i) refer)

It was noted that legal advisers had been engaged and that work had commenced on the project. It was anticipated that a draft of the schemes would be produced in November 2022 for consultation, with a view to implementation in April 2023.

3. Judicial Cost Sharing: draft regulations circulated to scheme members (Minutes 72/21(ii) and 76/21(iii) refer)

It was noted that Draft Regulations had been circulated amongst the Judicial Scheme members and that it was hoped that further discussion were due to take place shortly.

4. Teachers Pensions Advisory Board – re-scheduled 18 February 2022

Members were advised that that next meeting was to be held at the end of the week and topics for discussion were likely to include Actuarial Assumptions, implications of a delayed pay rise and issues relating to incorrect contributions having been collected for a period.

10/22

Date of the next meeting

The next meeting would be held on Monday 14 March 2022.

A discussion ensued with regard to dates for future meetings. It was noted that achieving dates on which all Board members could attend had proved problematic. Previous arrangements had ensured maximum attendance but other commitments were now restricting the dates upon which meetings could be held and thereby limiting the attendance of Board members. The matter would be further considered by the Chair and the Executive after the meeting and information would be provided to the Board in due course.