

## **In Confidence**

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) held in the King Orry Room, 3<sup>rd</sup> Floor, Main Government Building, Bucks Road and via TEAMS on 23 May 2022 at 12 noon.

**Present: PSPA**

Mr M Kiernan (Chair)

Ms K Lord-Brennan MHK (Vice Chair)

Mr R Mercer MLC

Mr I Wright

**In Attendance:** Mr IT Murray

Mrs M Ludwig-Looney (Assistant Board Secretariat)

**Apologies:** Mrs D Halsall

Ms K Brondon (Board Secretariat)

**Minute No. Minute**

**24/22 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.

**25/22 Minutes**

The Board approved the Minutes of the meeting held on 20 April 2022.

**26/22 Matters Arising**

There were no matters arising.

**Risk Register**

The Board reviewed the Risk Register and in particular the following items were highlighted by the Chief Executive (CE):

- i. **Audited Accounts** - 2019/20 audited accounts had now been signed off, approved by CoMin and laid before March 2022 Tynwald.

Isle of Man Government's own Statement of Internal Controls, which is applicable to the PSPA, has been signed off for 2021/2022 in May 2022.

- ii. **Voluntary Contributions Defined Pension Scheme** –

PSPA/Mac Financial/ Aviva/ OHR have set up a working group and currently working towards a Scheme Start Date in October 2022. CE has a separate, more detailed update on the matter later in the meeting.

**Data Team** – the Treasury has approved further funding for two Administrative Officers of the Data Team until 2023 as part of the Budget process. The Board further noted that the software, which was supposed to provide a “bridge” between PiP and Pensions Data, does not appear to yet work and thus the MFI report is still not providing the data required for the PSPA in a consistent manner despite several iterations. OHR has advised the PSPA that they will give it a further three months to resolve the issues and if this proves unsuccessful, the next step would be to revert to current part-manual/part-automated reporting. This may necessitate a review of staffing by the PSPA Executive, given the labour-intensive nature of the manual interventions on the data supplied by the OHR, requiring further budget discussions with Treasury. New Starter reporting, designed by PSPA Data Manager, is now in place

and working consistently, albeit still with high manual intervention by PSPA and OHR.

- iii. **Operations** - PSPA Awards Team Higher Executive Officer served a 3 month secondment to OHR, which has now ended. CE highlighted to the Board that this project was successful and has resulted in some amendments of elements of work and documentation, which is so far proving more efficient. The CE mentioned that there appears to be more understanding on the OHR side of PSPA data requirements and its format.
- iv. **GDPR** – The CE made the Board aware that the shared Data Protection Officer (DPO) for Small Offices arrangement, which has been in place for some time, is no longer in operation. This has resulted in the Deputy Chief Executive being appointed to hold the DPO role, with support of the Data Project Manager. Both are undertaking the relevant training in due course.
- v. **Maternity Leave** – the Board was advised that the issue around Maternity Leave is ongoing and still with OHR.
- vi. **Employment of public sector retirees** – the Board noted that to change the current provisions of employment it would require changes to IOMG policy and also a change to the GUS scheme rules. PSPA and OHR have jointly taken external legal advice and liaised with the Attorney General’s Chambers on this matter. The conclusion of this work was that the current policy is likely in breach of the Equality Legislation. The Board noted that the OHR are currently working on putting a paper to Cabinet Office Leadership Group (COLG) suggesting a change in the HR policy which will include a contribution from the PSPA. This

would then enable the PSPA to introduce the new, agreed Partial Retirement Policy. Prior to submission of the paper to COLG a copy of the legal advice will be supplied to the Minister. The Board also agreed that the risk level for this item should remain at "low".

vii. **Data Issues** – the Members were advised that the situation with obtaining the leaver forms, known as Gen 1/12s, appears to be overall getting better, but that there are still some data quality variations seen on a monthly basis. The CE also confirmed that the monthly meetings with payroll are continuing. The CE reiterated that the New Starter reporting, designed by PSPA Data Manager, is now in place and working consistently, albeit still with high manual intervention by PSPA and OHR.

viii. **Communication** – the Board noted that the Executive is currently working on pension communication on the PSPA's website as part of the introduction of the new DC arrangement.

ix. **Staffing** – the Board noted that the PSPA has recently lost two experienced Administrative Officers; one due to maternity leave and one left to take up an Executive Officer job in another department. The CE highlighted that the recruitment of additional staff is underway along with a movement of existing staff between teams and a new training programme being devised. It was noted that, although the work priorities are being clearly identified and non-priority work is being put aside for time being, the risk of delays in pension calculations and therefore potential complaints remained high.

## **28/22 Governance Schedule Update (minutes 25/21; 53/21 and 05/22 refer)**

The Board received a paper from the Chief Executive (PSPA Paper No. 08/22 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. **Actuarial Valuation** – the Board noted that the Hymans Robertson LLP actuaries have prepared a paper for discussion between the Executive and the Treasury to determine the Discount Rate to be used for the 2022 valuation. The meeting was held on 3<sup>rd</sup> May 2022 and attended by the PSPA Chief Executive and Treasury officers to discuss the matter. It was noted that further work is required before a decision in relation to the Discount Rate is reached in principle. Thereafter, the Board will be asked to approve all of the assumptions recommended by the actuary for the Triennial Actuarial Valuation as at 31 March 2022 and for the Cost Sharing Valuations as at 31 March 2022. Hymans Robertson LLP will be invited to the July 2022 meeting to explain the matters in detail. The paper on the Discount Rate will be circulated to Members up to 2 weeks prior to the July's Board meeting.
- ii. **Cost Sharing for Judiciary** – the Board noted that the cost sharing discussions are ongoing with members of the Judicial Scheme. The CE has a separate, more detailed update on the matter later in the meeting.
- iii. **Annual Audit** – the CE confirmed to the Board that work on the 20/21 and 21/22 accounts will commence around June/July of this year and that, unusually, both will run alongside each other. The Board noted that the PwC has previously asked for an extension to the preparation period, due to staff recruitment issues. The Board further noted that discussions took place in January this year, between the Executive and PwC, on audit costs given the significant additional work undertaken by PwC on the 2020 audit and a small additional fee was agreed by the Executive.  
Concurrently, the Executive is working with Attorney General's Chambers and PwC to try and extend the current

3 year audit contract by a further 2 years (as allowed in the contract terms) to cover the 22/23 and 23/24 accounts.

- iv. **Whistleblowing procedure** – the Board noted that there were no whistleblowing reports to note in the last 12 months.
- v. **Disclosure of Information** – as earlier mentioned, the CE confirmed to the Board that the recent secondment of an Awards Team Higher Executive Officer too OHR/Payroll had worked well and has resulted in better interdepartmental exchange of the data.
- vi. **Scheme Documentation** – the Board noted that the recent Consultation on the Isle of Man Government Unified Scheme (Amendment) Scheme 2022 has ended at the end of April and that the Consultation Document is likely to be circulated in time for the next Board Meeting in June 2022. The Board further noted that the consolidation and updating of the documentation for the Police and Teachers Schemes was underway with the help of external legal advisers - Gowling WLG.

The Board considered the current schedules and agreed to review them formally at its August 2022 meeting.

**29/22**

### **Cost Sharing for Judicial Pension Scheme 2004 (the Scheme)**

The Board received the paper (PSPA Paper No. 09/22) from the Deputy Chief Executive on the recent developments in relation to implementation of the cost sharing to Judicial Scheme. The CE highlighted to the Board that Judicial Scheme is the only scheme with no Cost Sharing applied to it. He further explained that in August 2019, the Judiciary agreed that it would collectively enter into discussions with the PSPA on Cost Sharing, but on the understanding that the PSPA would not seek to put into effect any Scheme changes as a result of cost sharing until the five year transition period of increased member contributions ended in April

2024. The PSPA gave its agreement to this request and as such, the results of any Cost Sharing scheme amendments following future consultation will not be applied to the Scheme until April 2024 (which is also when cost sharing is likely to be applied to other schemes). It was noted that various discussions had taken place between the Executive and representatives of the Judiciary over several meetings and that a draft consultation document had previously been issued for any comments.

Given the Scheme's diminishing numbers, the Executive is of the view that the option to apply the GUS Cost Sharing results to the Scheme would be most appropriate.

After further discussion the Board agreed that in order to progress the matter the PSPA should commence a formal consultation for a period of 3 months which will seek formal written agreement from each Scheme member to the implementation of the proposed Public Sector (Cost Sharing) (Amendment) Scheme 2022 from 1 April 2024 which would apply the GUS results to members of the Judicial Scheme. Thereafter, in line with the formal consultation procedures, the collective responses will be presented to the Board for its further consideration and dependent on the outcome, for progression to Council of Ministers for direction or to approve progression to Tynwald.

**30/22**

### **Any Other Business**

The Chief Executive provided the Board with the following verbal updates:

- i. **Voluntary Defined Contribution (VDC) Scheme** - The Chief Executive gave the Board an update of the ongoing process of the implementation of the new VDC Scheme and the expected timetable. The Board noted that the participating Employing Authorities have been advised of expectation that DC contracts will be administered by the Employers. The Board further noted that a Working Group between PSPA, MAC Financial, Aviva and OHR has been

set and that the Attorney General's Chambers are working on a delegation where the PSPA could effectively contract with Aviva on behalf of each respective employer (Boards, Departments and External Payroll Offices). The Board acknowledged that the DC Policy is already written and currently awaiting OHR comments and finalised wording before submission to CoMin. It was noted that the likely start date for new members has been moved to October 2022.

- ii. **Actuarial Assumptions progression** – the CE reiterated to the Board what had been already mentioned earlier in the meeting alongside item 28/22 i., that the paper on the Assumptions will be presented to the Board by the Actuary at the July 2022 Board Meeting for its consideration and approval. Thereafter, a paper will be presented to Treasury outlining the proposed assumptions, including the derivation of the Discount Rate, for its consideration and input. The agreed assumptions will then be used for the valuation output.
- iii. **Teachers Pensions Advisory Board** - the Board noted that the next meeting of the TPAB has been rescheduled for 17 June 2022.
- iv. **Declarations of Relationship** – the Assistant Board Secretariat asked the Members to complete the Declaration of Relationship forms, which is a process that is conducted annually.

**31/22**

**Date of the next meeting** – Thursday 30 June 2022 at 9:30AM.

The meeting closed at 1:14PM