

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 5 December 2022 at 12 noon.

Present: PSPA

Mr M Kiernan (Chair)

Mr R Mercer MLC

Mrs D Halsall

Mr I Wright

In Attendance: Mr IT Murray

Ms K Brondon (Board Secretariat)

Mr J McMillan (Assistant Board Secretariat)

Apologies: Ms K Lord-Brennan MHK (Vice Chair)

Minute No. Minute

57/22 Minutes

The Board approved the Minutes of the meeting held on 24 October 2022.

58/22 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.

59/22 Matters Arising

All matters were covered on the Agenda

60/22

Isle of Man Teachers' Pension Scheme 2022

PSPA Paper No.17/22 and accompanying draft scheme was discussed with a view to the Board giving approval to consult on the scheme.

The Deputy Chief Executive (DCE) advised that over the last few months a redrafting of the Teachers' pension scheme had taken place to replace the current Teachers' pension scheme which was a Manx version of the UK 2010 Teachers' pension scheme.

Gowlings, a UK legal firm, had been involved in the redrafting. They had also been involved in the drafting of the Isle of Man Government Unified Scheme 2011 (GUS) and the style, prose and set up was similar.

The redraft sought to take out any out of date content or content which no longer applied in the Isle of Man, and to simplify the application of the scheme Rules. However, there were no changes in provision or administration, and essentially the core rules remained the same. A transitional arrangement was also in place to allow for any changes / omissions to be revisited should it be deemed necessary.

The redraft had been discussed at the Teachers' Pensions Advisory Board (TPAB) meeting in November 2022 and it was agreed that, as part of a preliminary three month consultation with the TPAB, a working group be formed to check that the redraft had incorporated everything necessary from the current scheme rules. The working group will be made up of members of the Teachers' Unions / TPAB and the PSPA. The TPAB will advise the PSPA of those individuals they wish to form part of the working group.

The redraft would also include changes to the Teachers' superannuation contribution tiers which had been approved at the PSPA Board meeting in September 2022 (Minute 45/22).

There was a discussion as to why the Teachers could not be incorporated into GUS and it was agreed that this could be revisited at a later date after the redraft was in place.

The Board agreed to the Executive's proposed Next Steps set out in paragraph 16 of PSPA paper No.17/22 and reproduced below;

- (i). the progress of a preliminary three month consultation on the draft Isle of Man Teachers' Pension Scheme 2022 (the Scheme) with the Teachers' Pensions Advisory Board (TPAB) and the Attorney General's Chambers; and*
- (ii). at the conclusion of the preliminary consultation, subject to any changes, to conduct the formal consultation in accordance with Section 7(2) of the 2011 Act for a period of six weeks; and*
- (iii). at the conclusion of the formal consultation, for a Consultation Response Document and final draft of the Scheme to be prepared for the Board's consideration.*

61/22

Procurement – Pensions Administration System

The Board received PSPA Paper No.18/22.

The DCE advised that procurement of a new pension's administration system had commenced in line with Isle of Man Government internal processes.

A Business Case had been submitted to Treasury and received approval in principle. It was recognised that the current pension's administration system was old and in need of renewal and would not be supported by the supplier after May 2024.

Under the new Capital spending process PSPA would receive formal approval in April 2023 once a preferred supplier and final costs had been established.

The PSPA were using a company called GO Pensions as consultants to help find the most suitable system and provider. PSPA had worked with this company before and the company knew the current system and PSPA requirements.

The DCE advised that the Board would be kept informed of progress.

The provision of information from OHR / Payroll was discussed as this would have a bearing on how successful any new system would be. The Chief Executive (CE) advised that he would be updating the Board on OHR / Payroll issues later in the meeting under Any Other Business.

62/22

Any Other Business

The following verbal updates were given by the CE / DCE:

i. **Data / Payroll Issues**

The CE gave an update on this issue. He had met with both the Interim Chief Secretary and the Interim Executive Director of OHR (separately) to discuss the issues PSPA have in respect of receiving accurate and timely information. A Project Team had been set up by OHR / Payroll to look into how they can best provide the information that PSPA need to perform their statutory functions. The Project Team will be led by an individual who has considerable experience in both PiP and Payroll. PSPA has received several assurances of improvement from OHR / Payroll in recent times and currently there is a new found confidence that the appointment of a new project team with a commitment from OHR to improve matters make a difference. Individuals from the PSPA Data Team would also be working with the Project Team.

It had now been acknowledged by OHR / Payroll that the provision of automated Monthly Financial Information (MFI) through PiP (which had been worked on since 2016) was not going to be possible. The provision of information would therefore continue to be via reports and spreadsheets. It is important that this process is effective and delivers the correct information in a timely manner as it will feed the new pensions administration system and will be a key factor in its success.

The Project is expected to run for 2 years and will consider OHR's interaction with other areas not just PSPA. OHR / Payroll have been advised that our new pension's administration system is likely to be live in eighteen months' time and therefore any new processes would need to be in place by then.

Also, once the PSPA know what the new processes / systems will do the SLA's will be revised accordingly.

The CE will report back to the Board regularly with an update on progress.

- ii. **Defined Contribution Arrangement**– The DCE advised that this was progressing and that the process of formally contracting Employers with Aviva and MAC had commenced. The PSPA, MUA and Gambling Commission had signed up and the due diligence process was underway. It was anticipated, that subject to the production of the relevant delegations, the PSC, Manx Care and others would follow shortly. The PSC, DESC and DHA are seeking to delegate the PSPA to contract on their

behalf, via a Ministerial Delegation The due diligence between Employers and Aviva / MAC Will take 3 months. Workshops between Employers and Aviva / MAC were scheduled for 14 December 2022.

There was a lot of work being done by employers, identifying qualifying employees and updating Terms and Conditions.

It was expected that new employees commencing March / April 2023 for those Employers who had completed the contracting with Aviva / Mac would have the option to join the DC arrangement.

iii. **Re-Drafting Police Schemes** – The DCE advised that work that on this had re-commenced and a final draft for consultation is expected to be ready by March / April 2023.

iv. **Judicial Scheme 2004 – Cost Sharing**

The CE advised that he and the DCE would be attending a meeting on Wednesday with the Judiciary (facilitated by the Chief Registrar) to discuss the Cost Sharing proposals. The CE had provided a simplified 2 page summary of the proposals to the Judiciary as requested. It was hoped that the simplified paper and meeting would enable the Judiciary to agree individually to the PSPA proposals for cost sharing for the Scheme

The CE will update the Board at the next meeting.

v. **Actuarial Valuation 2022**

The Chair asked for an update on the Valuation. The CE advised that now the ABS process had been completed (except for 800 or so queries) Active membership figures

could be passed to the Actuaries along with the other membership figures for validation / reconciliation checks. The results of the valuation are expected in May / June 2023, and Cost Sharing results around 3 months later.

The Chair asked about the assumptions used and the CE advised that when the valuation results were presented to the Board, there would be discussions on the sensitivities in respect of inflation, discount rate etc. as previously agreed. At the moment the CE could not see any reason to change the assumptions previously agreed by the Board.

vi. **PSPA Accounts**

The CE advised that due to queries with Payroll, PwC were unable to complete their work on the accounts in time for the December meeting. However, it is expected that 2020/21 accounts will be presented at the January 2023 Board meeting. The 2021/22 may also be presented at this time, if not they should be presented at the February 2023 Board Meeting.

The CE advised that with the accounts and other Agenda items, the January 2023 Board Meeting may be between two and two and half hours long.

63/22

Date of the next meeting – 23 January 2023 at 12 noon

The meeting closed at 12.55 pm