

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 17 April 2023 at 12 noon.

Present: PSPA

Mr J Carter (Chair)

Mr R Mercer MLC

Mrs D Halsall

In Attendance: Mr IT Murray

Ms K Brondon (Board Secretariat)

Mr J McMillan (Assistant Board Secretariat)

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

Mr I Wright

Minute No. Minute

27/23 Minutes

The minutes of the meeting held on 27th February 2023 and approved in March 2023, and the email exchanges in lieu of the Board meeting in March 2023 which were also approved, will both be forwarded to the May 2023 Board Meeting to be signed by the Vice Chair.

28/23 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.

29/23

Matters Arising

DC Arrangement - Ongoing consideration of Governance requirements still to be determined along with process to manage potential future conflicts of interest. Establishment of a Governance Committee to be considered. Paper awaited from DC consultants and the Board to receive a paper on this matter from the Executive in May 2023.

All other matters were covered on the Agenda or under Any Other Business. PSPA Board Meeting Actions Log to be updated accordingly.

30/23

Risk Register

The Board received the Risk Register and the Chief Executive (CEO) covered various items and also advised that updates covering the following items had been made to the register;

Item 2 – Changes to Police Regs Lump Sum

Item 3 – Cost Sharing (Risk Register item to be amended given all schemes now had cost sharing applied to them)

Item 4 – PSPA Operational Budget for 2023/24 approved by Treasury. Mantle now chosen as the preferred supplier (in principle) for the new Pensions Administration System.

Item 5 – DC Arrangement

Item 7 – Capital Expenditure - Procurement of a new Pensions Administration System.

31/23

Governance and Compliance Schedules

The Board received PSPA Paper No. 09/23 and Governance and Compliance Schedules, and the CEO gave an update to the Board. Updates to the Schedules covered the following;

- Actuarial Valuation – Member data now with actuaries

- Cost Sharing - Cost Sharing for the Judicial Scheme has now been approved by the members of the scheme and legislation will go to June 2023 Tynwald for its approval.
- Cost Sharing – The Executive and the Scheme Actuary are compiling a project plan for the first cost sharing results and this will be presented to the Board shortly. In accordance with the Cost Sharing legislation, the Technical Advisory Group (TAG) of employee representatives (Union pension’s specialists) will be formally consulted with to consider the findings. The Board emphasised that all communications with scheme members will reiterate that any change to any scheme benefit accrual or contribution rate will be formally consulted upon and approved by Tynwald.
- PSPA Scheme Accounts - 2021/22 Accounts signed by Board and PWC and will go to CoMin in May 2023 and be laid before June 2023 Tynwald.
- Procurement of new pensions administration system – to be covered later in the meeting under PSPA Paper 10/23
- No data breaches reported.

The Board noted the above.

32/23

Procurement of New Pensions Administration System

The Board received PSPA Paper No. 10/23 and the Deputy Chief Executive (DCEO) gave an update to the Board. The DCEO advised that following the selection process, the Mantle system had been chosen as the preferred new pensions administration system from bids from 4 of the leading suppliers in the market. The cost of the project is expected to be just over £1 million and the Business case for funding approval will go to the Treasury meeting next week and before Tynwald in June 2023. Implementation is expected to take approximately 12 months and

will involve a Project Team with support from specialist pension IT consultants. The new system is more agile and will allow the PSPA to make changes quicker and more easily than is currently the case, reducing the need to refer these to the supplier to be done at extra cost.

It is not expected that the new system will completely resolve the current issues in respect of the process for checking and uploading of information from PiP. However, the system has a Pensioner Payroll function which if taken up, would allow PSPA to run Pensioner Payroll and potentially release a small resource in OHR Payroll to concentrate on other areas.

The new system has a member self-service function, to allow more direct access by and to scheme members which in some cases may enable the PSPA to limit its reliance on employer data.

33/23

Any Other Business

i) DC Arrangement – The DCEO advised that internal issues with setting up Aviva direct debits had now been resolved.

The PSPA does not have the vires to act on behalf of all employers and therefore each employer has to contract separately with Aviva. Currently, the following employers have done so: PSC, Dept of Home Affairs, PSPA, Gambling Commission and the MUA. The PSPA is seeking the advice of the Attorney General's Chambers to explore if the Public Sector Pensions Act 2011 could be amended to give the PSPA vires to contract with a third party Pension Scheme provider, on behalf of the participating employers, which will negate the need for individual employer contracts in the future.

It is anticipated that with effect from 1st May 2023, eligible new employees will be given the opportunity to join either the DB or DC pension arrangements.

ii) Recruitment of SEO – The DCEO advised that the process is underway to recruit a Senior Executive Officer to join the Executive. The post has been advertised on the Isle of Man and in the UK but no suitable applicant has been identified so far. The PSPA will now use pensions recruitment consultants to assist in the recruitment process.

iii) PSPA Delegation of Functions – The DCEO advised that as the PSPA's Delegation of Functions to the Executive and Staff, were recently approved by the Board in January 2023 (see Minute 08/23), these should stand despite the recent change to the PSPA Chair. The Board agreed and approved that the PSPA Delegation of Functions should remain unchanged.

iv) Annual Benefit Statements (ABS) – a question was asked as to when ABS's would be issued this year. The DCEO advised that ABS's for Active Members would usually be issued around October / November. However, given that work on the new pensions administration system would be underway and resources are to be diverted to work on this project, the Executive was considering not producing ABS for all members. Various alternative options are being considered including issuing statements only to Active Members over age 50 and the rest on demand. No decisions have yet been taken and the DCEO will keep the Board updated.

A further question was asked as to whether members would be charged if they asked for an ABS and the DCEO confirmed that members would not be charged for an ABS in these circumstances.

ABS's for Deferred Members would not be affected and would be issued as normal.

34/23

Date of the next meeting – 22 May 2023 at 12 noon

The meeting closed at 12.45 pm