

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 22 May 2023 at 12 noon.

Present: PSPA

Mr J Carter (Chair)

Mr I Wright

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 R Mercer MLC

Minute No. Minute

35/23 Minutes

The Board approved the Minutes of the meeting held on 17th April 2023. The Vice Chair to sign the previously approved minutes of the February and March 2023 meetings.

36/23 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.

37/23 Matters Arising

All matters were covered on the Agenda or under Any Other Business. The PSPA Board Meeting Actions Log was reviewed and will be updated for next meeting.

38/23

Operations Report Q4 2022/23

The Board received the Operations Report Q4 2022/23 and the Deputy Chief Executive (DCEO) gave an update covering various items including;

- Annual Expenditure of £120m
- Annual Income of £83m
- Annual Net cashflow of £37m
- Reduction of outstanding tasks to 513 as a result of dedicated project to clear historic preservations backlog.

The Board noted the report and the Chair asked that the DCEO express his thanks to the PSPA staff on behalf of the Board for the good work done in reducing the number of outstanding tasks.

39/23

DC Arrangement - Governance Committee

The Board received PSPA Paper No.11/23 from the Chief Executive Officer (CEO) and advice from Hymans Robertson with recommendations on the formation of a Governance Committee for ongoing supervision of the DC arrangement, once established. The CEO advised that with DC arrangements becoming more prevalent among large employers in the UK, governance around DC arrangements was now significantly enhanced, particularly around employee take up numbers, contribution levels, provider administration and support and fund performance.

The Deputy Chair had submitted comments by email prior to the meeting for consideration by the Board.

The CEO advised that given that participation in the DC arrangement was only available to new employees, and that membership was a voluntary choice between DC and the statutory defined benefits schemes, it is anticipated that initial

take up would be minimal and as such a more proportionate governance regime may be more appropriate.

The Board discussed this item and it was agreed that;

- i) ongoing governance of the DC Arrangement will be included as part of the Governance issues, currently considered by the Board as an Agenda item on a quarterly basis;
- ii) a Governance Committee was not required at this time;
- ii) a framework on the composition of a Governance Committee and its Terms of Reference to be established by the Executive to be implemented if/when required;
- iii) Diarise this item for review in roughly 6 months time (January 2024 agreed).

The Chair also noted that Keystone Law (PSPA legal advisers) had concluded that the PSPA can reasonably go ahead with the AVIVA GPP and that any conflict of interest was not material at this time. However, the PSPA should satisfy itself that MAC Group is effectively managing its conflicts going forward should a future issue arise.

40/23

New Administration System Procurement

The Board received PSPA Paper No.12/23, an update to Paper No.10/23, and the Deputy Chief Executive Officer (DCEO) gave an update to the Board. The DCEO advised that the PSPA's Capital Project bid in respect of the procurement of a new pension administration system had missed the Treasury's 1st round of capital projects process (2022/23 Pink Book Approval). The bid had been approved by Treasury and the Council of Ministers and would now go to Tynwald in June 2023.

The DCEO advised that initial work on the project planning had already commenced and over the next 3 months, a provider

contract would be signed and work will start on the first phase of the project plan, which includes preparing the data, scope and build calculations and the member engagement strategy.

The CEO advised that member self-service, where members can access their pension information via an App, will be a key deliverable of the project.

The Board noted that it will receive quarterly updates on the progress of the project.

41/23

Any Other Business

- i) Chief Executive Officer - The CEO advised that he would be leaving his post on 31 March 2024. He would be giving formal notice of 3 months prior to that date, however, he wanted to give the PSPA as much time as possible to find a suitable replacement. Ideally, there would be a crossover period for the current CEO and his replacement.

The Chief Executive Officer position is a Board appointment and the Chair asked for a strategy to be discussed at the next Board Meeting. It was noted that a recruitment process had already commenced given the relatively short timescales and potential recruitment difficulties.

- ii) PSPA Board Membership - The CEO advised that letters would be issued imminently to the 2 Employee Representatives on the Board who are nearing the end of their 5 year tenure. The letters would confirm their eligibility to be nominated for a further 5 year period.
- iii) Cost Sharing - The DCEO gave the Board an update on cost sharing. The results of the cost sharing valuation are expected in September 2023 and an extraordinary Board

Meeting is likely to be called in August 2023 to discuss the assumptions before these are shared with the TAG Group.

Consultation will take place around implementation of the results with Treasury and an approach agreed by October 2023 with consultation with the TAG group and other parties taking place over a period of 3 months from November 2023 to January 2024. Following which it is anticipated the Board will make the amending regulations, for Tynwald approval in by May 2024.

42/23

Date of the next meeting – 26 June 2023 at 12 noon

The meeting closed at 12.48 pm