

**RECORD OF THE SIXTH MEETING OF THE NORTHERN IRELAND CIVIL SERVICE PENSION BOARD (NICSPB)**

**Date: Tuesday 4 October 2016**

**Time: 10.30 am**

**Venue: Royston House, Belfast**

**In attendance:**

**Chairperson: Sean McKeever**

**Employer Representatives: Michael Cowan (DoF)  
John Crosby (DoF)  
Jayne Forster (DfC)**

**Employee Representatives: Bumper Graham (NIPSA)  
Michael McKeown (NIPSA)  
Philip Cummings (FDA)**

**Non-voting Representatives: Margaret Coyle (DoF, Policy and Legislation)  
Gary Fair (DE, Finance)**

**Secretariat: Colette Heaney (Scheme Administrator/Head of Operations Branch CSP)  
Finvola Harkin (Policy, Legislation and Communications Branch CSP)  
Diarmuid McKeever (Policy, Legislation and Communications Branch CSP)**

**Apologies: Grace Nesbitt (Head of Pensions Division)  
Peter Philip (Policy, Legislation and Communications Branch CSP)**

**1. WELCOME/INTRODUCTIONS/APOLOGIES**

1.1. Apologies received from Grace Nesbitt and Peter Philip. The Chairperson welcomed members to the sixth meeting of the Pension Board.

**2. CONFLICT OF INTEREST DECLARATIONS**

2.1. Members confirmed they had no “Conflicts of Interest” to declare.

### **3. MINUTES OF PREVIOUS MEETING**

3.1. Jayne Forster indicated that the minutes should be updated to reflect the recent changes in Department names as a result of Department Restructuring. Department of Finance and Personnel (DFP) changed to Department of Finance (DoF) and Department for Social Development (DSD) changed to Department for Communities (DfC).

***Action Point 1: Secretariat to update minutes of 5<sup>th</sup> Meeting to reflect change in Departmental names as a result of restructuring.***

3.2. As the record of the fifth meeting will be published on-line, the Chairperson sought agreement from members on any omissions for the published version of the minutes.

3.3. It was agreed to omit the names of tPR representatives and the Pensions Centre manager and that a redacted version will be circulated for final approval.

***Action Point 2: Secretariat to circulate redacted minutes of 5<sup>th</sup> meeting for final review and agreement before publication. Members to reply to Secretariat within 1 week of circulation.***

3.4. The Chairperson advised that suitably redacted versions of the minutes from previous Board meetings have been approved and published on the DoF website.

3.5. Philip Cummings proposed the Action Log should be split into Active and Archived, with the Active version only being issued for meetings. Members were content with this suggestion.

***Action Point 3: Secretariat to split Action Log into Active and Archived versions. Going forward, the Active version only will be issued prior to meetings.***

3.6. Bumper Graham referred to Paragraph 10.2 of the previous minutes, stating that matters had become very complicated given the fact that shortly after HMT had launched its consultation on reforms to public sector pensions, that Cabinet Office launched their consultation on proposed reforms to the Civil Service Compensation Scheme.

- 3.7. Margaret Coyle advised that this issue would be covered in greater detail under the appropriate agenda item.
- 3.8. Bumper Graham referred to Paragraph 14.4 of the previous minutes requesting further detail on delays in the issuing of ABS to alpha members. CSP confirmed they have written to the Pensions Regulator informing them that due to system functionality difficulties the legislative deadline of 31 August 2016 for delivery of our Annual Benefits Statements for our alpha members could not be met.
- 3.9. CSP have scheduled a further meeting with the Regulator on 17 October to update them that CSP may not be in a position to commence production of ABS until after the New Year when the interface data will be updated to March 2016. Currently data only updated to August 2015.
- 3.10. The Board agreed the minutes of the last meeting.

#### **4. OPEN ACTION POINTS FROM PREVIOUS MEETING**

- 4.1. The Chairperson referred members to the NICSPB Action Log advising that this is the preferred approach for recording action points.
- 4.2. AP 6 – Margaret Coyle advised the SAB Risk Register will be drafted for the SAB meeting scheduled for mid to late October.
- 4.3. AP 2 – query from Bumper Graham on retrospective changes to Scheme Regulation 44. Margaret Coyle advised the item would be discussed in greater detail under the appropriate agenda item.
- 4.4. AP 3 - Death Notification Overpayments, Margaret Coyle advised that CSP had contacted Pensions Centre Manager in the Department for Communities (DfC) and that she had agreed that the service provided by the DfC Bereavement Service should be extended to include notification to Northern Ireland Civil Service Pension scheme and other public service pension schemes. However, a legislative change may be required. The Board agreed that this Action Point should be closed as Margaret Coyle can provide an update at future meetings.

#### **5. THE PENSIONS REGULATOR COMPLIANCE DOCUMENT**

- 5.1. Margaret Coyle advised the Board that the Compliance Document had been updated to reflect matters arising during discussion at last Board meeting and

all documentation with the Board members agreement would be published on the Department of Finance (DoF) website.

- 5.2. In relation to the Learning Log Gary Fair suggested CSP should inform Board members when retraining may be useful in specific areas. Margaret Coyle advised that where members identified any areas of Civil Service Pensions where they would require overviews, specific training or retraining she would be happy to provide. The Secretariat will advise members if there was any specific training which may require refreshing/updating. It was agreed that attendance at Pension Board meetings should also be recorded in the Learning Log.
- 5.3. Bumper Graham recommended that the Chancellors Autumn Statement, the Budget, and the monitoring of the September CPI figures and their implications should be added as specific agenda items to the Autumn meetings of the Pension Board Annual Work Plan. The Board were content for this to be added.
- 5.4. Philip Cummings commented that the section on the Annual Report relating to Performance against Divisional Targets should be amended to reflect that CSP met or exceeded performance targets in all areas with the exception of Death in Service Awards. However, the report should reflect the reason for not attaining this figure and work is ongoing to rectify. In addition some presentational issues were highlighted which require tidying up. The Board were content for these amendments to be made.
- 5.5. Following a short discussion the Board agreed that all documentation relating to the Pension Board should be published.
- 5.6. **Action Point 4: Secretariat to:**
  - ***Update Annual Work Plan to include the Chancellors Autumn Statement, the Budget, and Monitoring of September CPI figures and their Implications to Autumn meetings of Annual Work Plan;***
  - ***Update Learning Log to include attendance at Pension Board meetings and review training of Board members; and***
  - ***Update Annual Report to include amended wording relating to failure to meet Death in Service targets 2015/16, and to reflect that CSP met or exceeded performance targets in all other areas. Presentational issues to be corrected.***

***Action Point 5: Secretariat to publish all documentation relating to Compliance document on DoF website. Link to published documents to be issued to the Board.***

## **6. SCHEME ADVISORY BOARD RISK REGISTER**

6.1. ***Action Point 6: Margaret Coyle to arrange date for next SAB meeting.***

## **7. COST CAP / SCHEME COSTS**

7.1. Colette Heaney informed the Board that CSP hold fortnightly meetings with GAD. Work continues on building the functionality to meet the specification for the 2016 scheme valuation. It had been anticipated that the data set for the scheme valuation in relation to pensioner and deferred members data would have been issued to GAD by the end of September, however this has slipped by a few weeks. The data for active members will not be issued until March 2017. The Board questioned when the report would be available but based on the delays in providing the data this may impact on the initial delivery dates presented by GAD.

***Action Point 7: CSP to check with GAD the impact on the original timeline due the delays in providing the data.***

## **8. RECENT LEGISLATIVE CHANGES**

8.1. Margaret Coyle provided members with an update of recent legislative changes since the last Board meeting on 29 June 2016. It was agreed that a copy of the update will be circulated to all members.

***Action Point 8: Secretariat to issue a copy of the update on legislative changes to the Board.***

8.2. On ongoing legislative changes, Margaret Coyle advised that CSP are currently awaiting an update from Cabinet Office on the ongoing discussions with GB Civil Service Unions on changes to the Civil Service Compensation Scheme. GB Unions are required to respond by 31 October and it is expected that any changes to the GB Civil Service Compensation Scheme to be implemented by the end of the year.

8.3. Bumper Graham referred to the Cabinet Office consultation voicing his opposition to Cabinet Office's stance that the offer is conditional on acceptance from a sufficient number of unions to constitute an agreement. If

the agreement cannot be secured the Cabinet Office will implement an alternative package with less favourable terms.

- 8.4. Bumper argued that the HMT proposed reforms were contradictory to Cabinet Office proposals and voiced concerns on the potential variances on individual scheme implementation and the subsequent impact on the Northern Ireland schemes as HMT had stated it would be for the devolved administrations to determine if and how they wanted to take forward similar arrangements in relation to devolved bodies and workforces. Margaret Coyle clarified that Civil Service Pensions (Northern Ireland) will inform the Minister on the Cabinet Office final decision once GB has received the considered response from GB Trade Unions. However, it should be noted that as NI was a devolved administration they would await an update from DoF Policy and Legislation on the Northern Ireland stance in taking forward reform proposals.
- 8.5. The Chairperson reiterated it was important that the Board be kept up to date with developments regarding Cabinet Office response to the consultation.

***Action Point 9: Policy Lead to provide update on reforms to the Civil Service Compensation Scheme in GB at next meeting.***

- 8.6. Margaret Coyle provided a brief recap on the background to the scheme amendment requirement on in service revaluation for alpha members at 1 April 2016). She advised that CSP is awaiting scheme amendment from Cabinet Office and the Board will be kept informed on further developments on legislative process for implementation.
- 8.7. Bumper Graham emphasised that this issue should be of concern to the Board as the retrospective application of negative CPI does not affect just one year, but will have a cumulative effect on every year going forward. Therefore, having an adverse effect on members' pensions would be subject to affirmative resolution.
- 8.8. Following further discussion the Board expressed their concerns if retrospection was applied however agreed to await outcome of recommendations on how to proceed and the Board then review.
- 8.9. Margaret Coyle advised the Board that in the event that the Finance Minister would decide retrospection was appropriate then potentially going forward she may have to declare a conflict of Interest between her role as a non executive member and her role as Head of Policy, Legislation and Communications.

## 9. CSP Balanced Scorecard 2016/17 and Performance Reports

### CSP Balanced Scorecard 2016-2017

- 9.1. Colette Heaney advised that the complete Balanced Scorecard for 2016/17 has been circulated for members with key objectives from 2015/16 highlighted for ease of reference.
- 9.2. Regarding Objective R5 (Pay Pensions and Other Benefits under the Rules of the Schemes) all actions are on target.
- 9.3. Regarding Objective R6 (Administer NICS Service Wide Exit Scheme and similar schemes for other employers within the agreed time limits) all actions are on target.
- 9.4. Regarding Objective IP5 (to prepare and publish the statutory financial reports for 2015-2016) all actions are completed or on target. The Board were advised that the financial reports will be published shortly and a copy of the Scheme Accounts will be provided at the next Board meeting.

***Action Point 10: Civil Service Pensions Scheme Manager to issue a copy of the Scheme Accounts to the Board in advance of the next meeting.***

- 9.5. In relation to Objective C1 (Deliver Efficient, Effective, Secure and High Quality Pension Services to meet the needs of Scheme Members) all actions were on target with the exception of the legislative requirements to have alpha ABS issued by 31 August 2016.

***Action Point 11: Secretariat to change RAG status in respect of ABS to RED.***

- 9.6. Members were provided with a handout on year to date statistics and were provided with a brief update on key areas.
- 9.7. There ensued a short discussion among Members in which they reviewed and identified additional objectives, which may be of interest to the Board.
- 9.8. The following objectives were identified as being of interest to the Board:
- 9.9. Objective IP3 (Ensure appropriate business continuity arrangements are in place for Pensions Division as well as readiness for emergency planning).

- 9.10. Objective IP6 (Continue to implement new IT system to administer and pay pensions and compensation, including web facility).
- 9.11. Objective C3 (Review all existing literature and update for alpha scheme and hybrid arrangements). The Board agreed that it was only the first part of this Objective that was of relevance to the Board.
- 9.12. Objective C4 (Develop user friendly communications maximising the use of the new DoF website and, on implementation the new member on-line access facility).
- 9.13. Objective R2 (Support Civil Service Departments and their agencies in meeting their requirements to maintain compliance with Civil Service Pension Schemes Policy and Legislation). In relation to this Objective, Bumper Graham referred to the first report to the Assembly on the review of the PSPA (2014) and highlighted the problems that existed regarding the quality of data received from the Public Service Pension Schemes.
- 9.14. Margaret Coyle advised that the wording in this objective will be reworded in order that it relates more appropriately to the aspect of data quality which is the area of interest for Board members.

***Action Point 12: Secretariat to update Balanced Scorecard in relation to key objectives that the Board have identified would be of interest and reword Objective R2.***

***Action Point 13: Board to review Balanced Scorecard and provide comments to Secretariat by 28 October 2016.***

## **10. CSP Risk Register 2016/17**

- 10.1. CSP Risk IP1 (Manage the resources available efficiently and effectively) Colette Heaney referring to the issues previously discussed regarding system functionality advised members that CSP has contingencies in place to mitigate the risk but whilst these actions are in place, the risk nonetheless remains. She also stated that there is a continuous review of workload at key times including prior to 'cut off' and leaving dates of the various tranches of the VES.

## **11. Internal Audit Findings**

- 11.1. The Internal Audit had provided a **draft** report, identifying one **Priority 2** status area relating to Business Continuity. However, CSP have provided evidence on this risk to Internal Audit so it may be removed from the report or



they may accept the management comments made. Four, **Priority 3** risks have also been identified, relating to management checks. It was noted that these areas of risk have already been corrected and management have provided responses to Internal Audit on these risks. The final report will be shared with the Pension Board at the next meeting.

## **12. AOB**

- 12.1. Margaret Coyle recapped with members that the Pension Board mailbox had been set up for receiving feedback or comments from scheme members and employers. As no questions/issues have been received to date she will issue an EPN referring to the Website updates on the Pension Board documentation which will also alert members to the mail box facility.

***Action Point 14: Secretariat to issue EPN to Employers and Scheme members regarding the Pension Board mailbox.***

- 12.2. Bumper Graham requested that the Report on the 2016 Review of the Effects of the Public Service Pensions Act (Northern Ireland) 2014 [PSPA(NI) 2014] should be an agenda item at the next meeting of the Board. This was agreed by the Board.

***Action Point 15: Secretariat to add the Report on the 2016 Review of the PSPA(NI) 2014 to the Agenda for next meeting***

- 12.3. Margaret Coyle provided an update on the future impact of Brexit following the result of the EU Referendum advising the key areas to keep a watching brief on were;

- GMP
- Public Sector Discount Rate
- TUPE transfers
- Trust Schemes

- 12.4. Colette Heaney advised members that under the current IT contract all CSP post should be scanned on by our IT provider and the documents made available for action to CSP on the system. To make the most effective use of this provision all post needs to be directly sent to the IT provider which entails the use of a Darlington PO BOX, not a local one. The literature and return address for forms etc will have to be updated gradually to reflect the introduction of this change. It was noted that this new system will be phased in over a number of months.

12.5. Margaret Coyle advised that since the last meeting, the following four EPNs have been issued;

- HM Revenue And Customs (HMRC) Online Digital Service for Applying for Protection from The Lifetime Allowance Tax Charge
- Northern Ireland Civil Service Pension Schemes Employers Group Meeting
- Northern Ireland Civil Service (NICS) Pension Schemes Annual Benefit Statements
- Notification of State Pension Changes and Cessation of Contracting Out

12.6. It was agreed following discussion that there would be a separate EPN distribution list set up for Board Members.

***Action Point 16: Secretariat to create EPN distribution list for Pension Board members.***

### **13. Date and Venue of next meeting**

13.1. The next meeting will be held in Royston House on Tuesday 17 January 2017 commencing at 10.30am.

***Action Point 17: Date, time and venue of next meeting to be confirmed by calendar invite.***

13.2. Dates for future meetings were agreed as :

- Tuesday 4 April 2017
- Tuesday 27 June 2017; and
- Tuesday 3 October 2017

13.3 The Chairperson thanked all for attending. The meeting closed at 12.15pm.

**NICSPB Secretariat**