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Meeting of the HSC Pension Scheme Pension Board

Castle Buildings

Wednesday 18 January 2017

In Attendance:

Deborah McNeilly	DoH - Chairperson
Phil McCusker (PMC)	DoH – Pension Policy and Legislation
Russell McGowan (RMG)	DoH – (Secretariat)
Martin Bradley (MB)	HSC Pension Service
Desi Lowry (DL)	RCN
Kevin McCabe (KMC)	NIPSA
Mary Caddell (MC)	RCM
Pamela Crozier (PC)	Western HSC Trust
Alan Stout (AS)	NIGPC
Oonagh Burns (OB)	BSO
Roberta Magee (RM)	UNISON
Maryna Chambers (MC)	Northern HSC Trust
Andrea Henderson (AH)	BSO
Dr Padhriac Conneally (DPC)	BMA
Jacqui Kennedy (JC)	Belfast HSC Trust

Apologies:

Kevin McAdam (**KMA**) UNITE

1. Welcome / Introductions / Apologies / Conflict of Interest

The Chairperson welcomed representatives and conveyed apologies received.
No conflicts of interests were declared.

Members were advised that Minister had approved a request from the Appointments and Business Unit to proceed with the competition for the appointment of an independent chair

2. Matters Discussed / Action Points

Minutes of last meeting

Board Members were updated on the action points and agreed the minutes of the previous meeting held on 12 October 2016.

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Scheme Managers Report

MB provided members with a Scheme Manager's report which detailed the key achievements and developments for the period July 2016 to December 2016. In particular he highlighted the number of pension / Choice 2 seminars provided by the Pension Liaison Officers that are funded by the Trusts. He advised that there were no internal disputes applications or Pension Ombudsman cases this quarter.

Choice 2 Exercise

MB informed members that the Choice 2 letters (26,000) were issued to members and the deadline for members to make a decision was 20 January 2017. As at 18 January 100 members had opted to transfer their 1995 Section service into the 2008 Section. He stated that Choice 2 had greatly helped with data cleansing and that the scheme's data was now in a much better state which would be beneficial for the scheme valuation.

AS informed members that the feedback he was receiving was that confusion still existed among GPs regarding Choice 2, in particular how benefits accrued in the 1995 Section are calculated at age 60. He asked if the deadline of 20 January could be extended to allow HSC Pension Service to provide example calculations specific to GPs for further consideration.

Discussion then took place between members on whether the 20 January deadline should be extended for all members, just GP members or not at all. Members agreed that the deadline should not be extended for any members and that **MB** should inform the Board if there were cases that he felt should be reviewed based on members having received incorrect information.

GMP Reconciliation Exercise

MB explained that HSC Pension Service had received additional resources from BSO to enable the GMP reconciliation exercise to commence and hoped that continuity of funding would be achieved to complete the exercise which is expected to take up to 18 months. **The Chair** advised that the request for

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additional funding in the next financial year would be considered within the Department's budget for 2017/18.

Protection Opt-Out

MB informed members that HSC Pension Service will be writing directly to the 329 members eligible for protection opt-out with information on the purpose of the exercise and what members who wish to opt-out are required to do, on completion of the Choice 2 exercise.

Annual Benefit Statements (ABS)

MB informed members that the delay in the issuing of ABS statements in November 2016 was as a result of 81,000 data errors, which has now been reduced to approx 5000 as at today's date and that the 'data cleanse' would be complete by end of January 2017. He confirmed that all ABS statements would be issued by 31 March 2017.

Members would be issued with a hard copy of their ABS this year and will be able to access them online next year via the member's self service website. **MB** confirmed in response to a question from **the Chair** that there will be no charge to members for providing ABS. In response to a question from **DPC** he confirmed that the ABS will be suitable for LTA purposes and in response to a question from **MC** he confirmed that deferred members would also receive an ABS.

ACTION POINT 1: HSC Pension Service to issue ABS by 31 March 2017

Annual Allowance Statements

In response to a question from **DPC**, **MB** confirmed that Annual Allowance certificates for this year had been issued.

Scheme Valuation

MB advised Board members that scheme data is the cleanest it has ever been and that the Data Improvement Plan agreed with the Pension Regulator, which includes the development of analytical tools to identify errors, will ensure that the data required for the Scheme Valuation would meet GAD's requirements.

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He confirmed that the data required for the scheme valuation would be provided within the timescale agreed with GAD.

Audit Report

MB informed members that the scope of the audit now includes Payroll Shared Services (PSS) for the first time and although The HSC Pension Service received a clean audit there were 5 priority 1 issues concerning the PSS that are related to pensions.

MB guided members through the main audit recommendations, i.e. that HSC Pension Service should move to fully automated calculation of GP Pensions; that current draft guidance procedures should be finalised; and that the Ill-Health application form (AW33) should be checked by HSC Pension Service for completeness before issuing to Occupational Health.

MB confirmed that GP Pensions were complex and most required some manual intervention, but has accepted the recommendation to work to develop the full automation of GP calculations. He confirmed that the guidance procedures are no longer in draft form and have been finalised / signed off. In relation to checking form AW33 HSC Pension Service will seek the advice of the Occupational Health Department, as much of the information contained in the Form is medical and confidential in nature.

The Chair highlighted that in light of the audit report the HSC Pension Service KPIs should be reviewed. It was also agreed that the Scheme Manager's report should set out any concerns raised by auditors or outside bodies.

MB confirmed that when an incorrect pension payment is identified that has resulted in the underpayment or overpayment of benefits, HSC Pension Service will be seeking the recovery of any overpayment and make payment of arrears due to any underpayment.

MC asked if there was any indication as to how long these issues raised in the audit report have existed.

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AH informed members she was leading a Pension Team within PSS who have devised an extensive implementation plan to help resolve the problems in pensionable pay calculations. She advised that following the implementation of the April 2016 pay award, PSS will be reviewing all pensions for those individuals who have retired since 1 April 2016. She further highlighted that based on the findings of the Internal Audit, any overpayments or underpayments identified were not significant.

PC asked if previous audits had identified similar issues with pensionable pay figures. **MB** advised that pensionable pay calculations would most probably have formed part of any payroll audit undertaken prior to this one, which is the first audit to combine Pension and Payroll functions.

Board members agreed that a letter should be issued to the Chief Executive of the BSO detailing the Board's concerns regarding the issues raised in the audit report, asking from what date the problem has existed and what plans will be put in place to rectify any incorrect pensions currently in payment.

ACTION POINT 2: MB to review the way in which future KPI reports are presented at Board meetings

ACTION POINT 3: Chair to issue a letter to the Chief Executive of the BSO detailing the Board's concerns regarding the findings contained in the Audit Report on incorrect pension payments.

Legislative Changes / Advisory Board

RMG informed members that legislation to provide access to the Pension Scheme for employees of GP Federations came into operation on the 17 November 2016 with retrospective effect from 1 June 2016.

He informed board members that at the Scheme Advisory Board (SAB) meeting on the 23 November 2016 GAD provided members with an overview on the Scheme Valuation and the role of the Advisory Board in the valuation process which will set the employer contribution rate from 2019.

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The SAB considered a draft circular on the forfeiture / offset of benefits where a member has been convicted of certain offences or where a loss to public funds has occurred as a result of a member's crime, negligence or fraud.

SAB also considered the proposed introduction of a pension administration levy for employers in England and Wales and agreed that there was no desire for the introduction of a similar levy in N.I. The Department is to clarify if there are any plans for a levy in NI.

OB asked that copy of the draft forfeiture circular be issued to Board members.

ACTION POINT 4: Secretariat to provide Board members with a copy of the draft forfeiture circular.

ACTION POINT 5: Department to clarify if there are any plans for a levy in NI.

Risk Register

PMC briefly took members through the draft risk register provided. Members were asked to consider the draft and forward any comments to the secretariat. **DL** proposed that the risk register should be a standing item for review at each Board meeting. This was agreed by members.

Conflict of Interest (COI) Policy Document

Members were provided with an updated COI Policy document which included two minor amendments requested at the previous Board meeting on 12 October 2016.

ACTION POINT 6: Board members to complete the Register of Interests Table in the COI Policy Document and return to secretariat by 28 February 2017.

Future Training / Work Plan

Members agreed to consider and forward to secretariat what particular training sessions they would like to see provided at future meetings. **OB** asked if guidance / clarification could be provided on what constitutes a 'Breach of Law' and **MC** asked if guidance could be provided in relation to what constitutes a 'Conflict of Interest'.

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ACTION POINT 7: Board members to forward training requirements to secretariat by 28 February 2017.

ACTION POINT 8: Secretariat to issue guidance on what constitutes a 'Breach of Law' and 'Conflict of Interest'

AOB

AS asked if the locum requirement to submit pension forms within 10 weeks is a statutory requirement. MB confirmed it was.

3. Schedule of Next Meeting

The date of the next meeting has yet to be scheduled for late April / Early May. Members will be contacted shortly for a suitable date.

ACTION POINT 9: Secretariat to write to Board members to seek a suitable date for next meeting.