

Finance and Resources Committee Meeting –23 June 2009

CPSM PENSION SCHEME UPDATE

Executive summary and recommendations

Introduction

This paper gives an update on the CPSM scheme wind-up.

Decision

The Committee is asked to note the paper.

Background information

A project review meeting was held on 12 June to review the remaining timetable to wind up for the scheme. The parties involved include the trustees, pensions lawyers, scheme actuary, Scottish Life, scheme administrators and HPC the employer.

The next steps to winding up the scheme involve :

- preparing an announcement to members & beneficiaries regarding the winding up,
- obtaining a copy of the contracted out certificate, and
- preparing an updated statement of entitlement to distribute to members & beneficiaries with reference to the scheme rules.

HPC's working assumption is that at wind up, any residual surplus to be returned to the employer is likely at best to only cover the CPSM-related costs incurred by the HPC until wind-up date. Regarding a likely wind-up date, current indications are early in the calendar 2010 year.

Resource implications

Nil

Financial implications

Nil

Appendices

CPSM Scheme Winding Up Checklist

Date of paper

12 June 2009

WINDING-UP CHECK LIST

**Matters to be addressed in connection with winding-up the Council for Professions
Supplementary to Medicine Retirement Benefits Scheme ("the Scheme")**

This winding-up checklist assumes that the trustees have already resolved to wind-up the Scheme in accordance with the Scheme's rules.

Completed items are shaded grey.

	Action	Responsibility	Estimated Timescale	Comments
1.	Update announcement to members and beneficiaries with regards to the wind up.	Sackers to draft. Capita to approve and send.	Originally to be sent by mid-August 2008. Now to send asap.	Capita have confirmed that the data spreadsheet from Scottish Life is now complete and they have all necessary data to mail the announcement to members, with the exception of one member-Miss G Tomlinson. The original announcement provided by Sackers was never sent. It should be superseded by the draft provided on 11 May 2009 (see actions 9 and 15 from previous version).
2.	Section 27 notices placed in London Gazette to locate missing members and beneficiaries.	Sackers	Prior to HPC's Financial Resources Committee (18 September 2008).	Complete. Published 17 October 2008.
3.	Approximate up-to-date financial position of the Scheme determined.	N/A	N/A	Complete.

	Action	Responsibility	Estimated Timescale	Comments
4.	Contracting out certificates surrendered.	Capita Hartshead Administration.	Original update by the end of July 2008. To provide update asap.	Form APSS 155 to be completed and sent to HMRC. As at 16 April 2009, Capita are still awaiting a copy of the contracted out certificate and have chased Scottish Life.
5.	NISPI GMP reconciliation.	Capita Hartshead Administration.	Update by the end of July 2008.	Complete. (Scottish Life have confirmed to Capita that the GMP reconciliation is complete.)
6.	Consider use of surplus.	Trustees	Ongoing.	Complete.
7.	Obtain quotes from insurers in order to buy-out members' benefits.	Capita	Prior to HPC's Financial Resources Committee (18 September 2008).	Complete. Capita have confirmed that no insurers are prepared to quote.
8.	Obtain certificate of actuarial equivalence from Scheme Actuary in relation to pension increases.	Scottish Life	As soon as possible	Scottish Life advised the Trustees that a fixed increase of 4.25% p.a. would be actuarially equivalent to "annual increases in line with RPI with a floor of 3%" - this advice was based on financial conditions at the end of August 2007. However, Scottish Life have indicated that they will need to undertake further calculations in order to certify an up-to-date actuarial equivalent. Trustees to confirm to Scottish Life whether to undertake further calculations.

	Action	Responsibility	Estimated Timescale	Comments
9.	Possible consultation/drafting of member communications re section 67/ actuarial equivalence and refund of surplus (consolidates actions 1, 9 and 15 from previous version).	Sackers	To review and determine timing depending on whether necessary. Allow between two and three months to carry out consultation.	Incorporate into draft of 11 May 2009.
10.	Pensioner benefits secured and final actuarial valuation performed to enable the precise allocation of assets to individual Scheme members.			Capita to compile complete details of members' benefits to be confirmed with members, following which Sackers can draft member communications.
11.	Preparation of final accounts for the Scheme.	Auditors. (Horwath Clark Whitehill- HCW) and Capita		HCW to provide final accounts once benefits have been fully secured. HCW have confirmed they are unable to complete these for a longer period than 18 months.
12.	Establish budget.			Complete. HPC will meet the costs of winding up the Scheme, subject to the terms agreed regarding use of surplus.
13.	Arrange for payment of outstanding expenses in relation to the winding-up.	Principal Employer.		Complete. As above.
14.	Close Scheme bank account.	Scheme administrators.		To be completed.

	Action	Responsibility	Estimated Timescale	Comments
15.	Issue formal announcement to members with details of benefits and policy documentation.	Sackers	Timing will depend on whether consultation is in respect of return of surplus to the employer.	Capita to compile complete details of members' benefits to be confirmed with members, following which Sackers can draft member communications.
16.	Formally document wind-up by deed of determination.	Sackers		To be completed. Trustees to consider if they want trustee indemnity insurance against any possible future member claims. Capita to seek quotes and confirm in due course.
17.	Notify HMRC of wind-up: file an Event Report which can only be online now.	Capita	Immediately following wind-up.	To be completed. Query: is the Scheme's Administrator registered with HMRC's online filing service? If not, we can arrange to authorise Sackers to file on the Scheme's behalf.
18.	Notify Pension Schemes Registry on form PR12 that the Scheme has been wound up.	Capita Hartshead Administration	Immediately following wind-up.	To be completed.
19.	Notify Data Protection Registry that the Scheme has been wound up.	[Sackers/Capita]	Immediately following wind-up.	To be completed.
20.	Archive documentation in case of queries arising after completion of the	Capita	As soon as possible post wind-up of the Scheme.	To be completed. Capita to obtain a quote for archiving and storing Scheme information for up

	Action	Responsibility	Estimated Timescale	Comments
	winding-up.			to six years.

Please note that throughout the winding-up of the Scheme, regular up-to-date announcements should be sent to members informing them of the progress of the wind-up.

Finance and Resources Committee Meeting –23 June 2009

CAPITA FLEXIPLAN SCHEME UPDATE

Executive summary and recommendations

Introduction

This paper gives an update on the Capita Flexiplan scheme wind up.

Decision

The Committee is asked to note the paper.

Background information

In June we recently received a written update from the Employers Consultative Committee (ECC) relating to the proposed wind up of the Capita Flexiplan scheme. In the update, they highlighted an outstanding issue about whether early leavers receive a pension bought by their accumulated contributions or a target pension instead and that resolution may delay the winding up for at least a further year, with potential implications for the scheme deficit or surplus on wind up.

No further information is known at this point but the ECC update indicates an employer update is likely in the early autumn.

Resource implications

Nil

Financial implications

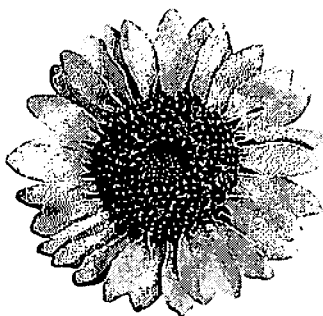
Nil

Appendices

Flexiplan Employers Consultative Committee update, dated 10 June 2009

Date of paper

11 June 2009



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Flexiplan - Employers Consultative Committee
Update No. 17 **10.6.09**

I regret that it is almost three months since I sent you Update 16. Some matters have become increasingly complex and whilst I was hoping to send you something more definitive, yet again this is something of an interim update.

The fundamental issue that remains unresolved relates to whether previous trustees took a definitive decision, going back to the 1980s' and prior, to allocate surplus to early leavers when they left service, or whether it should be allocated at retirement. Historic papers have been searched diligently and a large dossier of some 4 lever arch files has been submitted to Counsel. His opinion has been sought twice but he has suggested that there are two further lines of enquiry that should be followed up before he can give his views. He has indicated, however, that he may not be able to provide a definitive opinion and it may therefore be necessary for the Trustee to take the matter to court. This is likely to delay matters for at least a further year.

The ultimate decision will make a big difference to the pension given to early leavers – do they receive a pension bought by their accumulated contributions or do they receive a target pension? This has a big impact on the surplus now available. Indeed the small surplus could be changed into a significant deficit. You will all appreciate that the current Trustee needs to be very certain of the position before he takes further decisions.

It is anticipated that a further conference with Counsel will take place before the summer recess. We expect this to be followed by the Trustee holding briefings for all employers (probably in the early autumn) to explain in detail how matters might be taken forward.

I will keep you advised of progress as soon as there is something further to report.

Hugh Scurfield
Chairman, Employers Consultative Committee