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NHS Pension Scheme consultees

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20 December 2018

Dear Colleague

Consultation on changes proposed by The NHS Superannuation and Pension Schemes (Miscellaneous Amendments) (Scotland) Regulations 2019

Please find enclosed for comments, a draft of The NHS Superannuation and Pension Schemes (Miscellaneous Amendments) (Scotland) Regulations 2019. I would be grateful if you would distribute this letter and attachments as widely as possible.

These Regulations amend the The NHS Superannuation Scheme (Scotland) Regulations 2011, The NHS Superannuation Scheme (2008 Scheme) (Scotland) Regulations 2013, The NHS Pension Scheme (Scotland) Regulations 2015 and The NHS Pension Scheme (Scotland) (Additional Voluntary Contributions) Regulations 2018. The amendments are effective from 1 April 2019.

Member Contribution Rates from 1 April 2019

The current member contribution rates were set for the four-year period from 1 April 2015 – 31 March 2019. Member contribution rates applicable from 1 April 2019 now need to be implemented into the scheme regulations to ensure that deductions can continue.

The NHS Pension Scheme Scotland Scheme Advisory Board (SAB) are currently reviewing the contribution structure as part of its role in advising Ministers on how the employer cost cap should be rectified. The employer cost cap was designed to protect the taxpayer against significant unexpected increases in member costs. Where costs increase or decrease by 2% or more, scheme regulations require action to be taken to bring the costs back to their original value. In line with all unfunded public service schemes the employer cost cap for the NHS scheme has been breached downwards triggering a requirement for steps to be taken to return cost cap costs to target levels. Any resulting proposed changes to the member contribution structure or rates will be set out in draft regulations and subject to the normal consultation process.



Changes to the pay/earnings bands

Revised employee contribution tables (Amendments to the 1995 Section, 2008 Section and 2015 Scheme Regulations)

The member contribution rates are set on the basis that the pay/earnings bands set out in each tier are increased each year in line with national NHS pay awards in Scotland. This ensures that the tiering remains in line with annual increases in individual members pay. This draft SSI will therefore insert into regulations an amended member contribution table at the appropriate points to reflect the pay uplift from 1 April 2018. The revised table below will be applicable from 1 April 2018 for officer members starting or changing employment within the scheme year 2018/19, and practitioners and non GP partners whose contributions which are based on current year income. **For all other members the table will be applied from 1 April 2019.** Please note the table inserts new pay/earnings bands only and does not increase the percentage of contributions payable.

2019/2020 Scheme Year

<i>Band</i>	<i>Column 1 Pensionable earnings band</i>	<i>Column 2 Contribution percentage rate</i>
1	Up to £17,864	5.2%
2	£17,865 to £23,112	5.8%
3	£23,113 to £28,747	7.3%
4	£28,748 to £53,025	9.5%
5	£53,026 to £75,703	12.7%
6	£75,704 to £116,360	13.7%
7	£116,361 and above	14.7%

Employer Contribution Rates from 1 April 2019

All unfunded public service schemes are required to undertake quadrennial scheme valuations. The results of the latest valuation of the scheme based on scheme data as at March 2016 are used to set the employer contribution rate for the period 1 April 2019 to 31 March 2023. Provisional valuation results indicate an increase in benefit costs, requiring an increase in the employer contribution rate from its current rate of 14.9% to 20.9%. This will take effect from 1 April 2019.

While the cost increase has been driven by a number of factors, the key change has been a reduction in the discount rate used to set contribution rates for unfunded public service pension schemes (also known as the SCAPE rate). The SCAPE rate is the notional investment return on contribution income and a change in the SCAPE rate from 2.8% to 2.4% was announced in the UK government's October 2018 Budget statement.



The valuation assesses what each scheme needs now in order to meet future liabilities. The higher the discount rate, the quicker the notional assets grow, so the less is needed now. The lower the rate, the higher the level of funding needed now to meet those future liabilities and that feeds through to employer costs. Hence, a reduction in the discount rate feeds through to higher employer contributions.

Discussions are currently ongoing with HM Treasury regarding the level of funding it will provide to schemes to cover this increase.

The NHS Superannuation Scheme (Scotland) Regulations 2011

Paragraph 3 amends regulation D1 to insert the amended member contribution table which reflects the uplift in pay from April 2019. Paragraph 4 amends D2 to increase employer contributions from 14.9% to 20.9%. Paragraph 5 amends schedule 1 to insert the member contribution table for medical and dental practitioners.

The NHS Superannuation Scheme (2008 Section) (Scotland) Regulations 2013

Paragraphs 7, 8 and 10 amend regulations 2.C.2, 2.C.3, and 3.C.2 to insert the amended member contribution table which reflects the uplift in pay from April 2019. Paragraphs 9 and 11 amend regulations 2.C.5 and 3.C.3 to increase employer contributions from 14.9% to 20.9%.

The NHS Pension Scheme (Scotland) Regulations 2015

Paragraphs 13 and 14 amend regulations 30 and 31 to insert the amended member contribution table which reflects the uplift in pay from April 2019. Paragraph 15 amends regulations 32 to increase employer contributions from 14.9% to 20.9%.

The NHS Pension Scheme (Scotland) (Additional Voluntary Contributions) Regulations 2018

Paragraphs 16 – 20 make minor corrective amendments to the regulations.

You can respond to this consultation on line via the following link:- .

<https://www.surveymonkey.co.uk/r/NHSConsultationDec2019>

Alternatively you may complete the Consultation Response Form attached at Annex A which can be submitted electronically to SPPAPolicy@gov.scot or by post to the following address:

NHSPS Consultation
SPPA Policy
7 Tweedside Park
Tweedbank
Galashiels
TD1 3TE

The consultation will close on **11 January 2019** and we ask that anyone wishing to respond does so by then.



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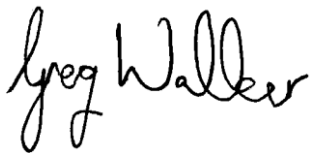


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We intend to publish a summary of consultation responses in due course and would like to be able to include any response you make in that summary. However, if you ask us not to publish your response to this consultation, we will regard it as confidential, and we will treat it accordingly.

Respondents should also be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and will have to respond appropriately to any relevant request made to the SPPA under that Act for information concerning this consultation exercise.

Yours faithfully



Greg Walker
Policy Manager



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Copies to:

Chief Executives NHS Boards
HR Directors NHS Boards
The NHS (Scotland) Advisory Board
The NHS (Scotland) Pension Board
SPPA Technical Working Group
NHS Trade Unions and Professional Organisations
Scottish General Practitioners Committee
Institute of Health Service Management
Scottish Practice Nurse Association
Women's National Committee
SGHD Directorate of Primary Care
SGHD Health Workforce Directorate
SGHD Finance
NHS Retirement Fellowship
Home Office, Police and Firemen's Pension Schemes
Department of Health and Social Services, Northern Ireland
NHS BSA Pensions Division
Department for Children, Schools and Family
Cabinet Office
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Savings, Pensions, Share Schemes HMRC
SGLD
SPPA Scheme Managers
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CONSULTATION RESPONSE FORM

THE NHS SUPERANNUATION AND PENSION SCHEMES (MISCELLANEOUS AMENDMENTS) (SCOTLAND) REGULATIONS 2019

CONSULTATION on The NHS Superannuation and Pension Schemes (Miscellaneous Amendments) (Scotland) Regulations 2019

(please complete and return to the address at the end of the form to ensure that we handle your response appropriately).

1. Name/Organisation

Organisation Name

Title

Surname

Forename

2. Postal Address

Postcode

Phone

Email

3. Permissions - I am responding as... (please complete either sections (a), (b) and (d) or sections (c) and (d):

Individual or **Group/Organisation**

(a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

Please state yes or no: _____

(b) Where confidentiality is not requested, we will make your responses available to the public on the following basis

Please state yes to one of the following:

Yes, make my response, name and address all available

or

Yes, make my response available, but not my name and address

or

Yes, make my response and name available, but not my address

(c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

Please state yes or no:

(d) We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Please state yes or no:



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ABOUT YOU

I am responding ...

- as a scheme member
- on behalf of an Employer Organisation
- on behalf of a Trade Union/Staff Association
- other (please specify)

What is your gender?

- I am female
- I am male

I am employed as...

- an administrator
- a dentist
- a doctor
- a general practitioner
- a junior doctor
- a manager
- a nurse
- I'm retired
- other (please specify)

What is your working pattern?

- I work part-time
- I work full- time
- Not applicable



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CONSULTATION COMMENTS

Please use this space to provide any comments on the amendments.

Comments:

Please e-mail your response to SPPAPolicy@gov.scot or send via mail to:

NHSPS Consultation (2019 Amendments)
SPPA Policy
7 Tweedside Park
Tweedbank
Galashiels
TD1 3TE

The closing date for receipt of comments is **11 January 2019**.



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