

NHS Pension Scheme Scotland Scheme Advisory Board

Draft Minutes

Date	16 May 2022
May	Virtual meeting via Microsoft Teams
Chair	Derek Lindsay (NHS Ayrshire & Arran)
Attendees	Alan Robertson (BMA) Andrew Carter (NHS Borders) Anne-Marie Pettie (GAD) Graham Pirie (RCoP) Greg Donaldson (GAD) Jackie Mitchell (RCM) Jane Christie-Flight (Unite) Lorraine Hunter (NHS Grampian) Matt McLaughlin (Unison) Philip McEvoy (BDA) Robin McNaught (State Hospital) Ros Shaw (RCN) Ruth Kelly (NHS Lothian)
SG / SPPA Officials	Brian Nisbet (SG) Christopher Kowalski (SG) Finn MacKenzie (SPPA) Greg Walker (SPPA)
Secretariat	Paul Gibson (SPPA)
Apologies	Rachael Henry, Daniel MacDonald

1. Welcome and Apologies

1.1 The Chair welcomed attendees and asked if there were any conflicts of interest.

1.2 No new conflicts of interest were declared. Philip McEvoy noted for clarity that he was also a member of the SAB in England & Wales and Northern Ireland

2. Minutes of previous meetings

Paper 2a – Draft SAB minutes of 1 September 2021

2.1. The minutes of the previous meeting were held as accurate

Paper 2b – Action Log

2.2 Greg Walker introduced Action Point 2021/02 and noted that this was due to be covered in Paper 4 and provided definition pensionable pay and regular allowances as contained on SPPA website.

2.3 Alan Robertson started a discussion on the definition of regular allowances and felt that although the paper would apply to management roles, the definition provided applied more to banding supplements.

2.4 Unison felt that a concern surrounded contractual overtime and asked if the subject to be discussed by the Technical Working Group and brought back to SAB once an answer could be found.

2.5 Greg Walker outlined the regulations as they related to Final Salary Linked schemes and noted that they were less clear regarding CARE scheme and noted that intention was that an employee's overtime would not be pensionable if they were employed Full Time and the onus was on employers to explain why a member's additional work did not constitute overtime.

2.6 The Chair suggested that Part 1 in relation to the definition of regular payments be closed, with Parts 2 and 3 relating to contractual overtime and flexibility to manage pensionable pay remain open.

Action Point: AP 2021/02 remains open re: Contractual Overtime and flexibility to manage pensionable pay.

2.7 Greg Walker introduced Action Point 2021/25 and noted that the subject had been raised with HM Treasury to request clarity on what would constitute an approved salary sacrifice scheme.

Action Point 2021/25 carried forward.

2.8 Greg Walker introduced Action Point 2022/01 and noted that the first meeting of the sub-group had taken place and would be addressed in Paper 5.

Action Point 2022/01 closed to address in Paper 5.

2.9 Greg Walker discussed Action Point 2022/02 and noted that a breakdown of the data would be provided after the meeting.

Action Point 2022/02 Closed. Note: McCloud slides and member numbers issued to SAB members 17/05/2022

2.10 Greg Walker introduced Action Point 2022/03 and confirmed that deferred members been contacted as part of the McCloud communications and noted that SPPA intended to instigate a tracing exercise to confirm member contact details for communication.

2.11 Greg Walker confirmed at Action Point 2022/04 that SAB dates had been distributed for the remainder of 2022. In response to an enquiry from the Chair regarding Royal Assent to the McCloud Bill due in May 2022, Finn Mackenzie confirmed that Royal Assent was granted on 10 March 2022 but would be addressed at Item 6.

3. NHS Pension Schemes: Changes to member contributions – Consultation response

3.1 Greg Walker introduced and presented a paper on the Consultation published on changes to NHS member contributions and explained the responses received.

3.2 It was confirmed that the intention was to move contributions from being based on annual whole time equivalent (WTE) to actual pay with SPPA considering the most appropriate uplift mechanism without putting this to further consultation. The group agreed with this position.

3.3 Greg Walker noted that no overall agreement regarding the proposed member contribution structure due to tiering and the impacts on lower-paid staff and confirmed that this would go back to consultation. Alan Robertson raised concerns that the proposed contribution structure did not have any tiers whereby members contributions were 9.8% to match the yield requirements, yet a large number of staff in NHS England and Wales were on 9.8%.

3.4 In response to a request from Philip McEvoy for data to provide a sense of the numbers in the groups affected by the change from WTE to Actual Pay, the Chair asked if SPPA could provide this information.

Action Point 2022/05: SPPA to consider numbers of members in groups affected by change from WTE to Actual Pay and provide to the SAB if possible

3.5 Further discussion took place surrounding the content of the second consultation and a question was raised if the consultation would be on the contribution rate being 9.8% from October 2022. Greg noted that as the HMT position for 2022 was uncertain, it was not possible to confirm the required yield at this point.

3.6 Greg drew the group's attention to Point 7.4 in the consultation response report and confirmed the proposals that SPPA intended to consult further on. It was confirmed that the consultation was intended to take place over the summer of 2022 and the intention was to publish the consultation between 14 June 2022, with 28 June 2022 considered the final date for publication.

3.7 In response to a question about updated actuarial advice being available by 14 June 2022, Anne-Marie Pettie confirmed that GAD were hopeful that the relevant data would be processed and made available by early June.

3.8 Lorraine Hunter raised concerns regarding the timescale for the consultation and advised that the 12 week period appeared too tight to allow for adequate systems and process development and asked if it was possible to bring the consultation time forward.

3.9 Philip McEvoy noted that it would be useful to see the proportions of members in each contribution tier as part of the new consultation and noted that NHS E&W were not going back out to consultation. Philip added that NHS E&W were working on an approximate 18 month phasing-in period and noted that legislation had already been laid.

3.10 Further discussion took place between the group regarding the timescales for the second consultation with concerns raised over the impacts and pressure that the relatively short period would have on members and employer payroll departments. This point was echoed by others in the group who felt that a longer consultation period would be more appropriate given the current cost of living crisis leading many staff to consider opting out of pension schemes to save money and the need to educate staff as to the proposals and benefits of remaining in the scheme.

3.11 The Chair noted to challenges posed by the tight timescales and asked if it was possible for the consultation to be published by 14 June 2022. Greg confirmed that SPPA intended to provide a consultation document to the SAB as soon as possible and noted that there was little opportunity to make drastic changes at this stage.

Action Point 2022/06 – SPPA to provide new consultation document to SAB at earliest opportunity ahead of potential 14 June 2022 publication.

4 – Managing Pensionable Pay Guidance

4.1 Greg presented a paper on pensionable pay guidance and noted that this was a long-standing action point and asked the board for their views.

4.2 A discussion took place between the group with a general acknowledgement of the complexity of the area and the potential impacts on employers' operational staff in administering any such changes.

4.3 The Chair noted that options 1 and 2 within the paper may be acceptable but noted that the board would not want to promote the use of multiple contracts. Ruth Kelly raised concerns association with the time off in lieu (TOIL) arrangements and suggested that this would benefit high earner groups over all others and counselled against publication without further consideration.

4.4 The Chair noted that SAB would take the issue away for further discussion and would return to SPPA with suggested changes at a later date.

Action Point 2022/07 – SAB members to consider managing pensionable pay guidance further and provide feedback to SPPA

5 – Flexible Accrual

5.1. Greg presented a paper on flexible accrual and explained the purpose of the recently established sub-group.

5.2 Greg highlighted that at the first meeting of the sub-group that 10% accrual increments in line with DHSC consultation were proposed and noted the sub-group's view that the scope of flexible accrual was broadened to encompass all NHS staff. It was noted.

5.3 Greg pointed to a proposed data matching exercise with employers and noted that a skeleton business case would be drafted as soon as possible.

Action point 2022/08 – SPPA to draft skeleton business case and bring to next SAB meeting

6 – McCloud Remedy

6.1. Finn MacKenzie provided an update on the McCloud Remedy supported with a series of slides.

6.2 Finn noted that Policy Direction Documents (PDD) were in development and agreement was sought from the SAB on the proposed schedule. In response to a question on the PDDs being publicly available, Finn noted that although this was not necessarily the case, they could be shared with the group if required.

6.3 Finn noted SPPA were willing to work with E&W where possible and align on timescales. Finn confirmed that SPPA would engage with the sub-group to reach agreement on the PDDs and asked if full-SAB approval was necessary or if feedback would suffice; the Chair noted that the task of approving could be delegated to the sub-group and approved the request.

7 – Staff-side co-chair

7.1 The Chair noted that the staff side were due to elect a co-chair and confirmed that discussion would take place and SPPA would be notified in due course.

8- AOB

8.1 A proposal was raised to send a letter of thanks to Willie Duffy from the SAB in recognition of his service. Greg Walker confirmed that SPPA would arrange for this.

Action point 2022/09 – SPPA to provide letter of thanks to Willie Duffy

8.2 The next SAB meeting was confirmed as due to take place 14:00 on 11 August 2022.

8.3 The Chair thanked everyone for their attendance and closed the meeting.