

NHS Pension Scheme Scotland Scheme Advisory Board

Minutes

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| Date | 7 March 2023 |
| May | Virtual meeting via Microsoft Teams |
| Chair | Matt McLaughlin (Unison) |
| Attendees | Alan Robertson (BMA) Anne-Marie Pettie (GAD) Derek Lindsay (NHS Ayrshire & Arran) Graham Pirie (RCPOD) Greg Donaldson (GAD) Jackie Mitchell (RCM) Jane Christie-Flight (Unite) Lorraine Hunter (NHS Grampian) Philip McEvoy (BDA) Robin McNaught (State Hospital) Ros Shaw (RCN) |
| SG / SPPA Officials | Daniel MacDonald (SG) Finn Mackenzie (SPPA) Greg Walker (SPPA) Iain Coltman (SPPA) Paul Gibson (SPPA) |
| Secretariat | Lesley Hood (SPPA) |
| Apologies | Andrew Carter (NHS Borders) |

1. Welcome and Apologies

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

2. Minutes of previous meeting and action log

Paper 2a – Draft SAB minutes of 3 November 2022

2.1 Phil McEvoy highlighted an error for correction, paragraph 5.3 page 6 - request for the word 'staff' to be changed to 'members'.

2.2. Derek Lindsay notified of typographical corrections. Amendments to be actioned and final minutes published on the SPPA website.

Paper 2b – Action Log

2.3 **Action point 2021/02**, SPPA to investigate Pensionable Allowances – Passed to Technical Working Group for consideration. The next scheduled meeting is 28 March with pensionable allowances noted on the workplan. A further update will be provided following this meeting.

2.4 **Action Point 2021/25**, SPPA to confirm if electric cars could be an approved salary sacrifice scheme under the pension scheme. Previous minutes noted that employers would consider a collective position. Derek Lindsay highlighted a proposal discussed at a Management Steering Group (MSG) meeting where flexibility for the employee/members to determine if this should be pensionable. SPPA intend to align with the Teachers Scheme regulations, which allow for the Scheme Manager to provide decisions on which salary sacrifice can be pensionable. Derek Lindsay will seek clarification from MSG on how they wish to take forward. In addition, legislative amendments require to be signed off by Treasury.

2.5 **Action Point 2022/06**, SPPA to provide new contributions consultation document to SAB ahead of publication. Greg Walker previously provided SAB members with an update in February. Ministers continue to consider timing and decision of changes, unlikely to be concluded by 1 April.

2.6 Ros Shaw enquired on awareness of timescales and if a full consultation will be undertaken before implementation. Greg Walker confirmed decisions on timing are with Ministers. When an implementation date is determined, where possible, SPPA aim to provide a full consultation.

2.7 Lorraine Hunter also asked if there was any indication of implementation date, as system development is a key area for consideration, which requires a 3 to 6 month timeframe depending on complexities. Greg Walker highlighted Ministers are aware of the challenges faced and the Technical Working Group will be consulted when notification is received.

2.8 Alan Robertson echoed views regarding the timeline for consultation and system update. Highlighting the continued delay results in Scottish members experiencing difficulties around a less than favourable deal compared to the remainder of the UK where individuals work less than full time hours but continue to pay whole time contributions.

2.10 **Action 2022/10**, SPPA to explore with Practitioner Services if GP data can show all members in scheme during the relevant period, including start and end dates. Greg Walker advised that updated information cannot be provided at this time. Alan Robertson enquired if the query could be run monthly which could be more practical under the current system. Greg will take this forward.

2.11 **Action 2022/11**, SPPA to explore adding retirement figures to the participation report to be presented at the Q1 2023 meeting. A request from SAB members was made for 'Leaver Opt Out & Leaver data'. This information has been added to Annex 8, paper 4.

2.12 **Action 2022/14**, SPPA to ask TWG to consider administration implications of flexible accrual proposal. Greg Walker will raise at the meeting scheduled for the 28 March.

2.13 **Action 2022/16**, SPPA to check if there is any potential for the amount of scheme pays loan to be shown on the Annual Benefit Statement. This action is carried forward for further consideration.

Paper 3 - Consultation on Retirement Flexibilities and changes to Pension Rules Regarding Inflation – Summary of Consultation Responses

3.1 Greg Walker provided a summary of responses to the consultation which ran from the 22 December 2022 until the 16 February 2023. 414 responses were received.

3.2 Derek Lindsay highlighted a fundamental issue for the pension pot in terms of CARE if impacted by 10% inflation this year, which will result in a greater number of individuals receiving a pension tax bill. The proposed remedy whilst desirable through the Finance Act, will be delivered through pension regulations.

3.3 Alan Robertson highlighted, in relation to the 10% reduction in pensionable pay required to access partial retirement, that in England and Wales employers have an ability to offer flexibility and split contracts. Therefore, a reduction in the number of contracted sessions would reduce the member's pensionable pay and would allow the member to work additional sessions beyond their contract which would then be non-pensionable.

3.4 Phil McEvoy echoed above points and enquired as we move forward with regulations, if there is a timescale for individual elements to be implemented. In addition, Phil indicated when regulations are being written it would be helpful if

changes could be consolidated into the original regulations so that one document is viewed.

3.5 Greg Walker confirmed that SPPA will advise Ministers on the response to the consultation and with their agreement, retrospective changes will be implemented for CPI and pensionable re-employment from the 1 April. From an SPPA perspective, further consideration is required on ability to implement partial retirement - to be decided before a consultation response is published. The Department of Health have now published their response, committing to the 1 October.

Paper 4 – Participation Rates Report

4.1 Paul Gibson provided an overview of the paper highlighting trends in NHS Scheme participation, based on information provided by the Scottish Government and the Scottish NHS. Analysis is based on staff groups, pay banding, gender and age groups.

4.2 Since the last paper up to the 30 June 2022, overall staff numbers across agenda for change staff, medical & dental and senior management groups saw a marginal increase by the 31 December 2022. Despite an increase in the overall staff numbers a slight decrease in participation was noted.

4.3 The greatest reduction in overall staff numbers is evident in pay bands 1, 2 and 5.

4.4 Alan Robertson noted a request to amend categories to allow extraction of more useful information.

4.5 Ros Shaw thanked SPPA for the information shared and raised concerns for the agenda for change staff, noting a significant reduction in levels of staff within bands 2 and 5, who are highly affected by the cost of living and suggested contribution rates. Helpful for Ministers to consider when provided with Opt Out information.

4.6 Lorraine Hunter enquired if auto re-enrolment potentially had an impact on agenda for change staff for the periods noted.

4.7 Derek Lindsay provided comment around Test and Protect staff redeployed during 2022. Leaver information suggests end of fixed term contracts were high around this period which ties in with the end of many contracts for Test and Protect staff around August/September 2022. In addition, Derek enquired if Category 19 – Retirement Age - changes to the pension scheme from 1 April 2022, had any impact on members choosing to retire before these changes. Derek also enquired if members were fully informed as this could be an issue.

4.8 Alan Robertson suggested it would be beneficial to receive this information in an excel spreadsheet with tabs for previous years for comparison.

4.9 The Chair mirrored concerns around leavers in bands 2 – 5 which also appear to be higher around female scheme members, possibly due to the cost of living and

financial pressures. Although data is helpful, it would be more beneficial in a consistent regular format. Greg Walker will take this forward.

5. GAD Update on Scheme Valuation

5.1 Anne-Marie Pettie provided an overview of the current stage of the 2020 valuations for the NHS Scotland Scheme. Detailing the 'Data Phase, Assumptions Phase' and 'Results Phase'. In terms of plans for engagement with SAB members, GAD would like to hold a deep dive into valuation assumptions in the June meeting. A refresher training session ahead of this would also support in assumption discussions and results which will follow.

5.2 For information, Phil McEvoy noted, England & Wales Technical Advisory Group, held 4 sessions to consider assumptions in depth. Anne Marie will discuss further with SPPA to consider the most suitable format of sessions.

5.3 Alan Robertson, discussed preliminary data from a survey undertaken by BMA which indicates most members are still considering retirement at age 60 years regardless of which scheme they are in. Alan asked how much do GAD assume if a member is in the 2015 scheme, they will retire at the normal state pension age. Anne-Marie indicated this is a key issue for consideration in the long-term assumptions.

5.4 Derek Lindsay noted, the only assumption different for Scotland in the last valuation was around 'Mortality'. Derek asked if this is something GAD could provide advice on, to determine if there should be a variation from England & Wales on these various types of indicators. GAD noted this will be built into assumption advice with awareness to reflect scheme specific circumstances.

5.5 In respect of training sessions, the Chair enquired if SAB members have a specific view on format. As a collective, further consideration will be undertaken with SPPA accommodating preference.

6. McCloud 2015 Remedy Update (Paper 5)

6.1 Finn MacKenzie provided an update on the 2015 Remedy Sub-Group Meetings held from September 2022 to February 2023.

6.2 Alan Robertson discussed communication plans for sharing information with members. Finn highlighted careful consideration for development of communication materials is required, especially around the more technical elements of Remedy. Our communications lead is in the process of developing a number of website products which will hopefully provide members with more clarity. Access for receiving member information is also a key consideration as a number of individuals receive information through employer and representative bodies. Finn is keen to work with the SAB to understand how we can better communicate with members before Remedy is live and would welcome comments on how we can work together to deliver communication.

6.3 Derek Lindsay thanked the SAB Subgroup for the work undertaken. In terms of compensation, Derek discussed individuals who have had a tax liability, but as we consider Remedy this may no longer apply - will this be dealt with as compensation for a tax loss or separately by HMRC. Finn updated, where members incur a tax charge when moved back to the Legacy Scheme, it depends on when the charge occurred, and whether it is in or out of scope for HMRC tax years. For in scope, HMRC will recalculate and reimburse through tax, out of scope dealt with through compensation. HMRC are developing a calculator for affected members to input information provided from their pensions saving statement. Further information will be cascaded in due course.

6.4 Phil McEvoy said it would be helpful for SPPA to look at the work undertaken by DHSC on communications, as staff and employer sides have been involved in this.

6.5 The Chair provided a note of thanks to both the Sub-Group and officials for the level of work undertaken.

6.6 Finn indicated, if SAB members where agreeable, the existing Sub-Group set up could provide a session to preview communications. SPPA will facilitate arrangements.

7. Any Other Business

Derek Lindsay enquired if there was an update on the flexible accrual submission. Greg highlighted ideas of DHSC were not incorporated as it wasn't ready to go forward. Final comments on the draft have been submitted to Treasury – awaiting a reply.

Action Point 2023/01 - Greg will share final draft with SAB members.