

# NHS Pension Scheme Scotland Scheme Advisory Board

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## Final Minutes

<b>Date</b>	17 September 2024
<b>May</b>	Virtual meeting via Microsoft Teams
<b>Chair</b>	Matt McLaughlin (Unison)
<b>Attendees</b>	Alan Robertson (BMA) Andrew Carter (NHS Borders) Derek Lindsay (NHS Ayrshire & Arran) Jane Christie-Flight (Unite) Lorna Low (RCM) Philip McEvoy (BDA) Robin McNaught (State Hospital) Ros Shaw (RCN) Ruth Kelly (NHS Lothian) Tim Weir (GAD)
<b>SG / SPPA Officials</b>	Finn Mckenzie (SPPA) Greg Walker (SPPA) Iain Coltman (SPPA) Jack McAllister (SPPA) Lorraine Spalding (SPPA)
<b>Secretariat</b>	Carole Bertram (SPPA)
<b>Apologies</b>	Daniel MacDonald (SG) Graham Pirie (RCPOD) Lorraine Hunter (NHS Grampian)

## **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 13 June 2024**

2.1 Derek Lindsay highlighted a typo on page 5 Paper 7B. The minutes of the previous meeting were otherwise held as accurate.

### **Paper 2b – Action Log**

2.2 **Action point 2024/05, 2024/06 & Action point 2024/07** – Greg Walker confirmed these action points are carried forward.

2.3 **Action point 2024/08** – Greg Walker confirmed that this action is now closed.

### **Paper 3 – The NHS Superannuation and Pension Schemes (Scotland) (Miscellaneous Amendments) Regulations 2024**

3.1 Jack McAllister gave an update on the Statutory Instrument being laid in the Scottish Parliament later this month which will retrospectively introduce legislative changes to the NHSPS(S) which have already been implemented administratively and previously consulted on with SAB. The instrument will be effective from 29 November 2024.

3.2 The Chair confirmed there were no comments, the SAB noted and were content for the instrument to proceed.

### **Paper 4 – Approaching normal pension age communications to members (1995 section).**

4.1 Alan Robertson provided an update on discussions at the E&W Technical Advisory Group (TAG) about communication with members approaching normal pension age (NPA) and potential for members who continue to work past their NPA to potentially lose out financially. Alan also highlighted details of a calculation presented to TAG which uses a number of assumptions to evidence potential detriment.

4.2 Ros Shaw agreed the absence of late retirement factors in the 1995 Section does not seem to be something members are aware of and would be supportive of any communication approach that would raise awareness of this matter.

4.3 Andrew Carter advised that from an employer's perspective, he would be happy to collaborate with SPPA and trade union representatives to ensure members are aware of the lack of late retirement factors.

4.4 Phil McEvoy queried if there was scope within official pension communications to strengthen up this message and gave an example of including lines within Annual Benefit Statements (ABS) regarding this matter. Phil also queried if there was scope to write to affected members on their 59<sup>th</sup> birthday to raise awareness.

4.5 Derek Lindsay raised the fact that this really became an issue with the introduction of partial retirement and so queried if this could be picked up by the Communication Subgroup which some SAB members attend.

4.6 Greg Walker replied highlighting that it would be useful to have the Communication Sub-group to look at this and identify where communication could be strengthened to raise awareness of this issue but stressed that SPPA cannot be seen to be providing financial advice to members. Greg also outlined that SPPA do not currently write out to members approaching NPA if they are in pensionable employment and so there would be an additional cost in writing to members approaching their NPA.

4.7 Iain Coltman asked if there could be unintended implications on the scheme or NHS service delivery because of raising awareness to this matter and queried with SAB if other mitigation strategies would have to be considered because of this.

4.9 Alan Robertson highlighted that his main concern is regarding those members who worked beyond NPA and have not elected to take partial retirement and do not have any awareness that for working beyond NPA they are potentially missing out financially regarding unclaimed pension benefits.

4.10 The Chair concluded that SAB have agreed to ask the Communication Sub-group to look at ways to better sign post this matter using Alan Robertson's paper as a basis to work from. **Action Point 2024/09**

## **Paper 5 – Examples of McCloud Remedy Impact**

5.1 At the SAB's request, Tim Weir presented a paper to illustrate the impact or benefit of the McCloud remedy for members of the NHS Pension Scheme. There are a range of different factors that can affect whether a particular individual will be better off in the legacy scheme or the 2015 scheme.

5.2 Alan Robertson highlighted that it shows how critical it was that there was a deferred choice underpin within the McCloud process and it was key that members did not have to decide on their pension benefits relating to McCloud period until closer to retirement.

5.3 Phil McEvoy echoed Alan Robertson's point and asked in relation to Tim's paper, if therefore the CARE 2015 section of the scheme would seem more attractive for the younger members of the scheme with higher state pension age.

5.4 Tim Weir discussed this point and stated that in relation to the examples presented in the paper, where a member retires beyond the age of 60 and closer to state pension age, the higher the pension in the 2015 section of the scheme becomes as there are less early retirement factors applied. Whereas beyond age 60, the 1995 Section of the legacy pension will remain unchanged as there is no late retirement uplift in this section of the scheme.

5.5 The Chair highlighted that the key message is that everyone's journey is different in relation to McCloud Remedy.

### **Paper 6 – 2015 (McCloud) Remedy Implementation: Update from NHS HR Directors Network**

6.1 Following request from SAB for an update on various aspects of the McCloud Remedy implementation, Greg Walker presented a paper which was provided to the NHS HR Directors Network on 22 August 2024 and gave an update on Remedy implementation. The paper was updated to reflect the latest updates provided to the NHS Pension Board meeting on 9 September 2024.

6.2 Phil McEvoy thanked Greg for his comprehensive paper. Phil also highlighted that being informed about any delays of remedy implementation and administration is extremely important, especially for members tax purposes. Phil therefore outlined the significance of messaging to members regarding remedy and the effects this may have on their reporting of tax to HMRC.

6.3 Alan Robertson echoed Phil's comments and outlined the worry many members have about the delay to RPSS and their ability to report accurate tax returns to HMRC on time. Alan raised that this will not be possible for a vast amount of members and stressed that HMRC should have some process in place that allows flexibility for tax reporting purposes where people are affected by remedy and the lack of RSS and PSS. Alan stressed the need for HMRC to take the same policy position regarding this as last year.

6.4 The Chair asked if we could get an absolute decision from HMRC regarding their policy position for this year.

6.5 Greg Walker advised that SPPA regularly liaise with HMRC and said although this will not be a SPPA decision, SPPA will ask HMRC if the same flexibility can be applied this year as was granted by HMRC last year.

6.6 Iain Coltman explained it is not within SPPA's gift and stressed that it is a UK Government department decision, and that last year was an exception with the legislation now in place. Iain suggested that SPPA may wish to write to HMRC to reiterate the concern Scottish scheme members have on the deadline of 6 October 2024 being missed.

6.7 Derek Lindsay highlighted that Greg previously clarified that although the deadline for the scheme manager to provide PSS was 6 October 2024, HMRC deadline is 31 January 2025 and so suggested there is some time between the two to get messaging clear.

6.8 Andy Carter thanked Greg & Finn for their presentation and commented that HR directors may find more guidance and training as well as various communication channels from SPPA useful in relation to Remedy to ensure awareness and accuracy of messaging is achieved from an employer's perspective.

6.9 Phil McEvoy advised that his understanding is that three quarters of members will receive statements by November. Then for the remaining members whose calculations are more complicated the lack of provision of these statements to them will drag on. Phil then questioned if SPPA is going to get the most recent tax years to members on time.

6.10 Greg Walker explained that the latest tax years information hinges on earlier years information from the remedy period and so could not commit that members will get them on time unfortunately.

6.11 Alan Robertson confirmed members usually need this information a minimum of 3 months in advance of the deadline in January. Alan queried how does HMRC expect members to calculate the relevant information without the required information and worries that SPPA have not communicated this effectively and as urgently enough as necessary. Alan also highlighted that we may need to advise members to put £1 on the Scheme Pays form because otherwise they may become locked out which has not been communicated. Alan also outlined if this is a Scotland specific issue then we need to be highlighting this problem to HMRC as soon as possible to ensure our members are not going to be negatively affected.

6.12 Iain Coltman replied noting concerns of SAB members and confirmed he will take an action to write to HMRC on behalf of SPPA operations colleagues and will share a draft correspondence with the SAB. **Action point 2024/10.**

## **Paper 7a – NHS Pension Scheme (Scotland) – Remedy communications overview**

7.1 Finn Mackenzie provided a summary of recent discussions at the McCloud Remedy and Communications Sub-group. There were no further comments by SAB members.

## **Paper 7b– 2015 Remedy - Pensions Tax Update**

7.2 Finn Mackenzie provided an update to the SAB on the procurement of specialist tax support services, the HMRC digital service and amendments to the unauthorised payment charge as a result of an immediate choice.

7.3 Alan Robertson advised the Communications Group has been useful and outlined that members in Scotland have been asking about the cost claim back scheme as it is now live in England and Wales.

7.4 Finn Mackenzie replied recognising that there is an urgency to launch this process like that in England and Wales. Finn also stated that once we have confirmation of the capacity for accepting those applications, SPPA will launch that process formally but there is no set timescale yet.

7.5 Derek Lindsay highlighted paragraphs 7 & 8 relating to tax returns and deadlines and the HMRC digital service. Derek suggests it would be appropriate to communicate the HMRC digital service alongside the tax returns and deadline issues.

7.6 Phil McEvoy highlighted that getting the messaging right around what will and will not be compensated or eligible to claim back is extremely important.

## **AOB**

8.1 Derek Lindsay explained that he attended a Practitioner Contribution Project/Prevention short life working group hosted by SPPA that relates to an ongoing project to ensure Practitioner contributions taken since around 2008 are correct. Derek stated that the default contribution rate for Practitioners is currently 9.8% contribution yield rate. Derek was unaware that this was the default rate and explained that most those that would be covered by Practitioner contributions would be paying closer to the higher rate contribution tiers and so the question was asked whether the default contribution rate should be 12.7% which is the higher contribution rate of the scheme which would avoid charges for under contributing in the future.

8.2 Phil McEvoy thanked Derek for flagging this and stated that it was the first he had heard of this proposal, and it seems wrong to charge Practitioners the highest contribution rate as a default just to protect against administrators getting it wrong in the first place. Phil would like to see more details of this and where the proposal came from.

8.3 Derek Lindsay clarified that the thought process behind setting 12.7% as a default rate rather than 9.8% was that when it comes to reconciliation at the year end for contributions it is easier to give members money back for overpaid contributions than it is to recover overpayments for under contributing to the scheme at any given time.

8.4 Alan Robertson understanding of this project was that it was evenly balanced between overpayment and underpayments of contributions over the period.

8.5 Greg Walker advised he is happy to feedback to the Project Team comments made by SAB today. **Action Point 2024/11.**

**Meeting closed 13.50.**

