

# NHS Pension Scheme Scotland Scheme Advisory Board

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## Draft Minutes

<b>Date</b>	17 September 2025
<b>Location</b>	St Andrews House/ 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) Lorraine Hunter (NHS Grampian) Lorna Low (RCM) Philip Coghill (RCN) Philip McEvoy (BDA) Robin McNaught (State Hospital) Ruth Kelly (NHS Lothian) Tim Weir (GAD)
<b>SG / SPPA Officials</b>	Daniel MacDonald (SG) Elle O’Kane (SPPA) Greg Walker (SPPA) Iain Coltman (SPPA)
<b>Observer</b>	Kate Solomon (DHSC)
<b>Secretariat</b>	Carole Bertram (SPPA)
<b>Apologies</b>	Graham Pirie (RCPOD)

## 1. Welcome and Apologies

- 1.1. The Chair welcomed attendees and asked if there were any conflicts of interest.
- 1.2. No conflicts of interest were declared.

## 2. Minutes of previous meeting and action log

### Paper 2a – Draft SAB minutes of 12 June 2025

2.1. The Chair asked for his apologies to be noted in the minutes for this meeting as he had advised he would be on holiday. Alan Roberston asked for point 2.3 to be amended to read joint working group on communications & point in 8.2 to remove the words “against international best practice. The minutes of the previous meeting were agreed

### Paper 2b – Action Log

- 2.2. The Chair invited Greg Walker to talk through the outstanding open actions.
- 2.3. **Action point, 2024/06** – Greg Walker confirmed the NHS retirement forms have been amended to allow Health Boards to indicate whether the retiring member is an AfC, Medical and Dental or Senior Manager member of staff. This will allow SPPA to report on which member types are taking partial retirement, as per the SAB’s request. The action point will be kept open until SPPA are able to provide the first report. Collecting this data relies on employers using the most up to date retirement form. **Action point carried forward.**
- 2.4. **Action point 2024/09** – Following earlier discussions at the communications sub-group and consideration of draft communications. The website has now been updated to provide members with information on the absence of late retirement factors in the 1995 Section of the scheme. **Action point closed.**
- 2.5. **Action point, 2024/12** – Greg Walker explained that NHS data analysts have not been able to provide a new report with corrected data on FY1 and FY2 doctors for Q2 2024/25. However, this data has been corrected on subsequent reports. **Action point closed.**
- 2.6. **Action point, 2025/01** Greg Walker confirmed that the Practitioner Contributions Project remains at the data reconciliation stage. A full report will be provided to SAB once that stage is completed and the total scheme and member liabilities are known. **Action point carried forward**
- 2.7. **Action point, 2025/02** Greg Walker confirmed that a further paper on the Gender Pensions Gap was on the agenda of this meeting. **Action point closed.**

2.8. **Action point, 2025/04** Greg Walker confirmed that the Joint Working Group between SAB and PB has been set up and at the first meeting the Terms of Reference were agreed. **Action point closed.**

2.9. **Action point, 2025/06** Greg Walker explained the Circular on Normal Minimum Pension Age was published on the SPPA website and distributed by email on 31 July 2025. SPPA will keep the circular updated as we move towards 2028 when more information becomes available. **Action point closed.**

### **3. The Gender Pensions Gap**

#### Paper 3 – The Gender Pensions Gap in the NHS Pension Scheme (Scotland)

3.1. Greg Walker introduced Paper 3 on the Gender Pensions Gap (GPG) which reflected on the GPG analysis shared at the SAB meeting of 12 March 2025 and considered proposals put forward in the recent LGPS Consultation aimed at closing the gap. The paper suggested areas that SAB might wish to focus on to address the GPG in the NHS Pension Scheme (Scotland).

3.2. After summarising the paper Greg initiated discussion by asking SAB which areas they would like to focus on aimed at closing the GPG and how SAB would like to take this forward.

3.3. Phil McEvoy thanked Greg for his very comprehensive report. Phil highlighted that the NHS England and Wales SAB's Technical Advisory Board recently held a meeting where the GPG was the only item on the agenda. Phil commented that there is wide agreement the gap is significant and can primarily be attributed to the gender pay gap which this group can't solve. Phil also commented that most of the scheme related issues had been identified in the paper, but further discussion is required about how these are addressed.

3.4. Alan Robertson noted that the paper was useful and that the issue is a tricky one. Alan recognised the advantages of making small periods of unpaid leave automatically pensionable, rather than the member having to elect to make them pensionable. This would help address all the small breaks in pensionable service that some members can have during a career which add up to a significant reduction in pensionable service.

3.5. Alan also expressed support in principle for the proposal for making some child-related leave automatically pensionable with the cost being met by employers.

3.6. Andrew Carter noted that he would be hesitant to support any recommendations which would result in additional costs for employers without seeing details of the figures. Andrew did, however, express full support for improvement member communications making sure members are absolutely aware of the impact of taking breaks from pensionable service on their final benefits.

3.7. Derek Lindsay explained the first two areas in the paper, about authorised absences, are generally covered by the existing regulations. Therefore, SAB would have to consider whether it would be desirable to make these periods automatically pensionable.

3.8. Iain Coltman highlighted that the employer costs involved in the child-related leave proposals, if taken forward, would be met through adjustments to the employer contribution rate as part of the scheme valuation. Iain noted the SPPA could work with GAD to understand the materiality of the costs in the context of total scheme costs in the valuation.

3.9. Tim Weir noted he would take this away for further investigation.

**AP 2025/07** – GAD to work with SPPA to provide SAB with analysis on employers costs of members accruing pension benefits whilst on additional maternity leave.

3.10. Philip Coghill thanked Greg for the Paper which he felt moved the conversation on from initial SAB discussions held in March. Phillip noted that some of the causes of the GPG are out with the SAB's immediate control but advocated pressing forward with suggested scheme changes, including certain absences being automatically pensionable and improving members communications.

3.11. Lorraine Hunter noted that in practice the vast majority of members who take a career break don't want to continue contributing to the scheme. Lorraine also noted that in practice female members tend to spread their maternity payments equally over 52 weeks. Therefore, this might impact on the application of any proposed policy to make the 13 weeks of unpaid maternity leave pensionable and this requires further consideration.

3.12. Alan Robertson suggested potential communication improvements could possibly be taken forward by the communications sub-group.

**AP 2025/08** – SPPA to consider how the communications sub-group could take forward communications improvements in relation to the GPG and to ensure members taking breaks from pensionable employment are aware of the potential impact on their pension benefits.

#### **4. NHSPS(S) Participation Rates**

##### Paper 4 – NHSPS(S) Participation Rates – Q3 and Q4 2024/25

4.1. Elle O'Kane talked through the analysis of scheme participation over quarters three and four of 2024/25.

4.2. Phil McEvoy highlighted there was a typo on 4.9 should read 93.4%. This was acknowledged by SPPA and will be corrected.

4.3. Jane Christie-Flight highlighted that auto-enrolment helps to catch people who are not in the scheme and put them back in at regular intervals. Therefore, continuing to highlight the benefits of the scheme is vital for retaining those members.

4.4. The Chair recognised this point and asked if it was possible to identify the impact of auto-enrolment in the participation figures. It was concluded that employers will have different auto-enrolment dates, therefore it is difficult to assess impact.

## **5. Scheme Valuation Timelines**

5.1. Tim Weir gave a verbal update confirming work is underway on the 2024 scheme actuarial valuation. The valuation will determine the employers' contribution rate from 1 April 2027 and establish if there has been a breach of the employer cost cap. GAD are aiming to provide valuation results towards the end of 2026.

5.2. GAD are slightly behind on the NHS Scheme due to challenges with extracting the required membership data from the pension administration system. SPPA are working with their system provider to develop a tool to enable them to extract this data more efficiently. GAD will keep SAB updated on timelines as this progresses. Valuation Training will be provided to SAB over 2026 in preparation for consideration of assumptions and results.

5.3. Phil McEvoy asked if GAD had received any data to work with yet. Tim Weir replied that this had not happened yet. Tim confirmed that SPPA are working on providing all the data at once through the development of the extraction tool.

5.4. Phil also asked if HM Treasury had come forward with any proposals on assumptions or specifically about changes to the SCAPE discount rate. Tim commented that the financial assumptions were expected around April 2026 and that he is not aware of any plans to change the approach taken on the discount rate.

5.5. The Chair highlighted concerns with the timescales outlined and the potential for the valuation not to be completed by the April 2027 deadline. Tim Weir commented that the timescales would become clearer in spring 2026 and committed to keep SAB updated.

## **6. Member Contributions from 1 April 2026**

### Paper 5 - Increasing Thresholds in the Member Contribution Structure from 1 April 2026

6.1. Greg Walker provided a full account of the proposed increases to member contribution tiers from 1 April 2026. Greg explained that, as previously agreed, the contribution tiers will increase in line with the average increase in AfC pay from April 2026. The paper included the revised tiers for review by SAB. Greg noted, however, that if there is a backdated pay award as part of the inflation guarantee in the latest AfC pay

award, then these tiers will need to be revisited. If there were a backdated pay award SPPA would need to update tiers.

6.2. Greg confirmed SPPA aim to publish a short public consultation on the new contribution structure but was initially seeking SAB's view on how the tiers had been determined.

6.3. The Chair asked Greg on the proposed timescales around consultation. Greg confirmed that the consultation would probably run towards the end of the year. However, if inflation figures remained high and there was an increased likelihood of an adjustment to the pay award because of inflation, SPPA may have to hold off until the final 12-month inflation figure is known in January 2026.

6.4. Alan Robertson asked when SAB could discuss revising member contribution structure. Greg commented that following the previous consultation on member contribution reform in 2023, the SPPA's consultation response noted that a cautious pace would be appropriate for any future changes to contribution rates and it would be prudent to align future adjustments to valuation cycles. Therefore, SAB will be asked to consider a review of the contribution structure ahead of the implementation of the latest valuation outcomes from 1 April 2027.

6.5 There was general agreement amongst the SAB that the proposed contribution tiers were aligned with the average increase in AfC pay.

## **7. Review of refund rules for members who have retired and returned**

7.1. Greg Walker presented a paper on a proposal to take forward a regulatory change to allow contribution refunds in the scenario where members are re-enrolled in the 2015 scheme following full or partial retirement. The members in question normally don't wish to contribute further to the pension scheme, immediately opt out, and leave behind very small pension amounts which they seek to have refunded.

7.2. Alan Robertson commented it seems very sensible to change. However, he expressed some concern about whether this would receive HM Treasury approval. Alan was interested to know if this change was also being pursued in England and Wales (E&W).

7.3. Kate Solomon confirmed that this has not been raised in E&W scheme.

7.4. The Chair commented on the admin costs involved in administering small pensions and that this proposal would alleviate that cost.

7.5. Alan Robertson agreed and also noted that complaints from members who are facing this issue will take up SPPA staff time.

7.6. The Chair asked Greg Walker to confirm what he required from the SAB. Greg confirmed that he was seeking agreement from SAB that SPPA should continue to explore this option further. There was general agreement from SAB that SPPA should pursue this change.

## **8. Virgin Media legal case and Section 37 certificates**

### Paper 8- Impact of Virgin Media/Section 37 ruling on Public Service Pension Schemes

8.1. Iain Coltman talked through the paper which reflected on amendments to the Pension Schemes Bill in light of the Virgin Media case and confirms the approach taken for actuaries to retrospectively confirm that relevant scheme amendments between 1997 and 2016 would have complied with Section 37 of the Pension Schemes Act 1993.

8.2. Iain explained that this information was being provided to SAB for information and the issue was nothing for SAB to be overly concerned with. SPPA are confident that the NHSPS(S) benefit structure would have met the Reference Scheme test throughout the relevant period and that GAD will be able to provide the necessary confirmation as required once the legislation is enacted and further guidance is available. Provided this is the case, changes which have been made to the scheme will then be deemed to have always been validly made.

## **9. Pensions Landscape Updates**

9.1. Greg Walker gave the following verbal account of pension landscape updates:

### UK State Pension Age Review

9.2. The UK Government (Department for Work and Pensions) is conducting its third review of the State Pension Age (SPA). A part of the review there is currently a call for evidence which seeks views on what factors the UK government should consider in determining (SPA) for future decades.

9.3. Greg asked if the SAB wished to answer the call for evidence by sending a submission on the link between SPA and Normal Pension Age in NHSPS(S) in response to question 4.4 in the consultation on, "what other factors do you think the (UK) government should consider when making decisions regarding the State Pension age.

9.4. The SAB agreed to submit a response to the call for evidence. SPPA will provide an initial draft for SAB review prior to submission.

**AP 2025/09** – SPPA to draft a response to the UK Government’s call for evidence as part of the State Pension Age review and circulate to SAB for review prior to submission.

#### Inheritance Tax on Pensions Consultation

9.5. The UK Government announced a consultation on changes to inheritance tax on pensions from 6 April 2027. One of the key changes was to make pension scheme administrators responsible for reporting any inheritance tax due on death benefits, instead of the personal legal representative. This threatened to place a significant burden on SPPA, however, following the consultation, HMRC have responded by significantly reducing the additional requirements on scheme administrators, which is a positive outcome.

9.6. HMRC also confirmed, following consultation, that from 6 April 2027 that all death in service benefits payable from registered pension schemes will be out of scope of Inheritance Tax, regardless of whether the scheme is discretionary or non-discretionary.

### **10. AOB**

#### McCloud Contingent Decisions – Opt out buy-back and tax implications

10.1. Alan Robertson raised the issue of the members who have not received an RPSS being able to understand the tax implications of buying back previously opted out service.

10.2. Greg Walker replied due to capacity constraints, SPPA are currently unable to provide an RPSS for members in this position.

10.3. Alan Robertson reflected on SPPA’s position and asked, if that is the case, could the timescales be extended for opt out buy-back.

10.4. Greg noted that SPPA were due to provide a McCloud delivery update at a meeting with NHS stakeholders on Friday 19 September. This issue could be raised directly with Operations and McCloud senior leaders at the meeting. Alan was content to raise this issue in that forum.

#### SAB Meeting Dates

10.5. Alan Robertson asked SPPA to begin look at meetings for next year. Greg Walker agreed to do this.

**AP 2025/10** - SPPA to schedule SAB meeting dates for 2026.