

NHS Pension Scheme

Shadow Scheme Advisory Board

Annual Report 2014/15

March 2015

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Co-Chair statement

Welcome to the NHS Pension Scheme Shadow Scheme Advisory Board Annual Report for 2014/15.

The Scheme Advisory Board is a statutory requirement from April 2015 under the Public Service Pensions Act 2013. The decision was taken to establish the Board in shadow form from April 2014 and the Board have met four times during the shadow period (April 2014-March 2015).

The shadow period has allowed the Board to become established ahead of formal implementation in April 2015. This period has resulted in agreed processes and established relationships, both of which will continue through into 2015/16.

This has been a successful year and the supporting arrangements are now in place to allow the Board to operate in a formal capacity from April 2015. This includes the creation of the Board Terms of Reference, specifications for the different member types, annual work plans and training requirements.

We would like to express our thanks to all those who have helped to ensure the success of this shadow year, including members of the Board, NHS Employers as secretariat, the Health Departments of England and Wales and NHS BSA who administer the scheme.

We look forward to continuing the work of the Board into 2015/16.

Edward Colgan
co-Chair (NHS employers)
Somerset Partnership NHS Foundation Trust, Chief Executive

Gerry O'Dwyer
co-Chair (NHS Trade Unions)
Royal College of Nursing, Senior Employment Relations Advisor

Background

The Public Service Pensions Act 2013 established in law the requirement for a NHS Pension Scheme – Scheme Advisory Board to operate from 1 April 2015. Previously, the NHS Pension Scheme has been supported by a NHS Pension Scheme Governance Group since 2005. The decision was taken to evolve the existing Governance Group into the Shadow Scheme Advisory Board during 2014/15 in preparation for full implementation in April 2015.

The Governance Group had been previously established as a sub group of the NHS Staff Council to oversee the implementation of the 2008 section of the NHS Pension Scheme, as well as future scheme valuations. The group met on a quarterly basis and was underpinned by the principle of partnership working between trade unions and employer representatives to reach joint outcomes. As a result of this, effective and sound relationships have already been established between parties.

Due to these effective established relationships and the similar nature of work, the decision was taken to evolve the Governance Group into the Scheme Advisory Board.

In addition to the establishment of the Scheme Advisory Board, the Public Service Pensions Act 2013 established the requirement for a NHS Pension Scheme Pension Board. This Board has also operated in shadow form during 2014/15 and will be formally established from April 2015. The Pension Board has responsibility for assisting the Scheme Manager (Secretary of State) in securing compliance with all relevant pensions law, regulations and directions as well as the relevant Pension Regulator's codes of practice.

Purpose of the Shadow Scheme Advisory Board

The Board's role is to provide advice to the Responsible Authority, at the Authority's request, on desirability of changes to the scheme. The responsible authority for this purpose is the Secretary of State for Health. The Board will be working on the basis that there is an 'ongoing' request for advice from the Responsible Authority.

The Shadow Scheme Advisory Board is responsible for:

- providing advice on the desirability of changes to the NHS Pension Scheme

- making recommendations on adjustments to the NHS Pension Scheme in the event that costs breach the employer cost cap
- responding to policy issues and changes to scheme rules.

Function of the Shadow Scheme Advisory Board

The Board is required to meet no less frequently than annually. The Shadow Scheme Advisory Board has met on a quarterly basis from June 2014.

The secretariat function is undertaken by NHS Employers who ensure that:

- facilities are available to hold meetings
- an annual schedule of meetings is organised
- when additional meetings are required a minimum of 2 weeks' notice is provided where possible
- papers are distributed 7 days before each meeting
- minutes of meetings are circulated within 7 working days following each meeting.

The meetings are chaired on a rotating basis between the staff side co-Chair and the employer side co-Chair.

The Shadow Scheme Advisory Board reach decisions through consensus between both the consent of employer and employee representatives. In the event of failing to reach a consensus the Responsible Authority will be informed accordingly and individual or collective submissions may be made.

The Shadow Scheme Advisory Board met on the following dates during 2014/15:

- 11 June 2014
- 17 September 2014
- 10 December 2014
- 11 March 2015.

Membership

The membership of the Shadow Scheme Advisory Board is made up of representatives from the following:

Members

- staff side representatives nominated by the staff side of the NHS Staff Council to ensure a broad representation of scheme membership; for example to include the interests of deferred members and pensioners
- employer representatives from across England and Wales nominated by NHS Employers, that offer the breadth of employer representation for the NHS Pension Scheme; for example to include Foundation Trust and independent provider representation
- scheme administrator (NHS Business Services Authority).

Observers

- Welsh Government
- Department of Health (England); to include finance, pension policy and advisors
- devolved governments of Scotland and Northern Ireland.

Actuaries and professional advisors

- Independent Actuary appointed to work with the Board
- Government Actuary's Department
- other professional advisors (e.g. lawyers, auditors) as required.

Tenure of membership remains, whilst a member is still employed by the organisation they are representing. Membership for the independent actuary is time limited as determined by their contract. Members may resign from the Board by writing to the co-Chairs via the secretariat, giving as much notice as possible.

Attendance is expected of members at all meetings; no alternative representation or substitution is allowed. A full list of members of the Shadow Scheme Advisory Board can be found in Appendix A. It is intended that these members will remain in place for the formal implementation of the Scheme Advisory Board from 1 April 2015.

Work areas 2014/15

Work during the shadow period has been carried out in line with the Shadow Scheme Advisory Board Work Plan 2014/15 which can be found in Appendix B.

In summary the group has considered the following:

- consultation on 2015 NHS Pension Scheme Regulations
- implementation of 2015 NHS Pension Scheme
- Total Reward Statements
- Choice 2 exercise
- protection opt-out exercise
- monitoring of NHS Pension Scheme membership
- Automatic Enrolment
- Access
- New Fair Deal
- scheme valuation (March 2012 valuation)
- NHS Pension Scheme communications
- Additional Voluntary Contributions (AVCs)
- Salary sacrifice.

In addition, the shadow period has been used to establish the governance arrangements which underpin the work of the Board, including establishing the following documentation both for the shadow period and formal implementation:

- Terms of Reference
- Co-Chair Role Specification
- Vice co-Chair Role Specification
- Member Role Specification
- Independent Actuary Role Specification
- Work plan 2014/15
- Work plan 2015/16
- Training proposal
- Training needs analysis.

Training

In order to operate successfully, members of the Board have access to training on issues related to the annual work plans.

An annual training plan was established for the shadow period and all members were requested to undertake a training needs analysis on the following areas during 2014/15:

- Governance
- NHS Pension Scheme legal framework
- Monitoring scheme membership
- Total Reward Statements
- Choice 2
- Protection opt out
- Automatic enrolment
- New Fair Deal
- Access.

Members are responsible for assessing their own training needs and maintaining accurate records of training undertaken.

Looking ahead 2015/16

The Scheme Advisory Board will be formally established on 1 April 2015. The Board will meet on a quarterly basis from June 2015 and the membership will reflect the current membership of the Shadow Scheme Advisory Board.

Contact Details

If you would like more information on the Board or would like to contact one of the co-Chairs, please use the following details:

Stephanie Leary – Pensions Programme Lead, NHS Employers

Contact number: 0113 306 3000

Email: pensions@nhsemployers.org

Appendix A.

Shadow Scheme Advisory Board membership, April 2014 – March 2015.

Members	
Name	Organisation
Jan Armstrong	City Hospitals Sunderland NHS Foundation Trust
Matthew Ashton (member until 9 March 2015)	Sheffield Teaching Hospitals NHS Foundation Trust
Rehana Azam	GMB
Gordon Benson	NHS Employers
Laura Best	NHS Business Services Authority
Andy Blake	British Medical Association
Paul Bromley	Society of Radiographers
Caran Chamberlain (member until Jan 2015)	Chartered Society of Physiotherapy
Edward Colgan (co-Chair)	Somerset Partnership NHS Foundation Trust
Joanna Cousins	Peterborough and Stamford Hospitals NHS Foundation Trust
Alan Fox	UNISON
Bryan Freake	Unite
Martina Govindraj (Vice co-Chair)	Royal Brompton and Harefield NHS Foundation Trust
Brian Harris	Society of Chiropractors and Podiatrists
Andrea Hester	NHS Employers
Celestine Laporte (Vice co-Chair)	UNISON
Neil Lark (member since 11 Feb 2015)	Chartered Society of Physiotherapy
Geoff Lester	Federation of Clinical Scientists
Amy Leversidge	Royal College of Midwives
David Levy	Tees, Esk and Wear Valleys NHS Foundation Trust
Wallace Mair	British Dental Association
Heather Mawson	The University of Manchester
Philip McEvoy	GMB
Ann Molyneux	Countess of Chester Hospital NHS Foundation Trust
Julie Murphy	NHS Business Services Authority
Gerry O'Dwyer (co-Chair)	Royal College of Nursing
Jon Restell	Managers in Partnership
Jim Rowley	Retired NHS Director
Eddie Saville	Hospital Consultants and Specialists Association
Ray Thomas	Countess of Chester Hospital NHS Foundation Trust
Richard Tompkins	NHS Wales Employers

Observers	
Name	Organisation
Julie Badon	Department of Health (England)
Andrew Brown	Department of Health (England)
Malcolm Clarke	Scottish Government
Ian Owen	Welsh Government

Actuaries and Other professional advisors	
Name	Organisation
Steve Simkins	KPMG
Catherine Snape	KPMG
Gary Tansley	Government Actuary's Department
Sue Vivian	Government Actuary's Department

Secretariat	
Name	Organisation
Farhan Aziz	NHS Employers
Emma Brown	NHS Employers
Stephanie Leary	NHS Employers

Appendix B.

Shadow Scheme Advisory Board Work Plan 2014/15

Work area	Objectives	Timescale
SSAB work plan 2014-15	Following approval and input from the responsible authority, the SSAB will determine relevance and priorities of the work plan under shadow arrangements for 2014-15.	June 2014
Consultation on 2015 NHSPS regulations	Review and provide a response to the 2015 NHSPS regulations.	Autumn 2014
Implementation of 2015 NHSPS	Provide advice and feedback on plans to introduce the new 2015 NHSPS and impact on employers and members.	September 2014 onwards
Total Reward Statements	Provide advice on introduction of Total Reward Statements and pilot for practitioners.	June 2014 September 2014 December 2014
Choice 2 exercise	Provide advice and input on introduction of the Choice 2 exercise.	June 2014 September 2014
Protection opt out exercise	Provide advice and input on introduction of protection opt out exercise.	December 2014
Monitoring of NHSPS membership	Monitoring the NHSPS membership levels to ensure the Government's opt-out target is not exceeded and that NHSPS sustainability is maintained.	Ongoing throughout year
Automatic enrolment	Monitor the impact of Automatic enrolment on the NHSPS.	Ongoing throughout year
Access	Have an overview of the overall impact on the NHSPS of the introduction of Access arrangements. Provide input into the	Ongoing throughout year Review arrangements March 2015

	review of the access arrangements.	
New Fair Deal	Have an overview of the overall impact on the NHSPS of the introduction of New Fair Deal. Provide input into the review of New Fair Deal.	Ongoing throughout year Review arrangements March 2015
Valuation	Provide advice on the impact and implementation of HMT valuation directions.	June 2014 Review throughout year
Communications	Provide input and advice on requested communication messages and products in relation to implementation of the 2015 NHSPS and other policy changes.	Throughout year as appropriate
Training	Follow the training plan to ensure that members are informed and equipped to effectively advise the authority.	Throughout year as appropriate Regulations consultation workshop Autumn 2014
Review of SSAB arrangements	Evaluate and review the effectiveness of shadow governance arrangements for the SSAB in preparation for full implementation in 2015.	Ongoing throughout year March 2015
Additional Voluntary Contributions (AVC)	Consider pros and cons of AVCs alongside consideration of any work produced by TAG.	January – March 2015
Salary Sacrifice	Request consideration of salary sacrifice arrangements at TAG and consider outcomes of this work.	January – March 2015