

**NHS Pension Scheme**  
**Scheme Advisory Board**

---

**Annual Report 2022-23**

# Contents

Co-chair statement .....	3
Introduction.....	4
Meetings held in 2022-23 .....	4
Work areas in 2022-23.....	5
SAB arrangements and training in 2022-23.....	9
Appendix A – SAB and TAG membership 2022-23.....	11
Appendix B – SAB work plan 2022-23 .....	14

# Co-chair statement

We are pleased to publish this report to highlight the work of the Scheme Advisory Board (SAB) for the NHS Pension scheme (England and Wales) during 2022-23.

We would like to take this opportunity to pay tribute to Alan Fox, who was a dedicated member of both SAB and the Technical Advisory Group (TAG) for many years. Alan's technical knowledge and commitment to the members of Unison were matched by his consistently professional, friendly manner and his sense of fairness. He was very well considered by the board, and we continue to be grateful for his contributions over the years.

This has been a particularly busy period for scheme changes, and we are pleased that the board has been able to voice our support for several scheme changes that support retention in the service, such as abatement, removal of the 16-hour rule and extension of partial retirement provision. We have taken an active role in the implementation of the next stage of the McCloud remedy.

Changes to pension taxation in March 2023 have aligned with the boards' aims to minimise opt outs and ensure the scheme remains attractive and valuable for all members of the NHS workforce.

A key focus for next year will be ensuring we use new data available to encourage scheme membership.

It has been a pleasure to be able to hold face to face meetings again during the year. We have reached a balance between the flexibility offered by holding some virtual meetings and the very valuable ability to meet in person to exchange views and further strengthen working relationships.



**Sue Jacques**  
Co-chair (employers)  
County Durham and Darlington  
NHS Foundation Trust



**Jon Restell**  
Co-chair (NHS Trade Unions)  
Managers in Partnership

# Introduction

The role of the Scheme Advisory Board (SAB) of the NHS Pension Scheme is to advise the Secretary of State for Health and Social Care on the desirability of changes to the NHS Pension Scheme for England and Wales.

SAB has an ongoing request for advice from the Department of Health of Social Care (DHSC) in the form of an annual work plan (Appendix B). As well as fulfilling its responsibility to respond to requests for advice from DHSC, SAB will often consider and respond to other public consultations from the government, as appropriate.

SAB is a partnership board, with its members representing both NHS employers and NHS trade unions (Appendix A). When considering its advice to government, SAB aims to reach decisions by consensus between its employer and staff side representatives.

This report outlines the work of the board in 2022-23.

Further information about the responsibilities and operation of the Scheme Advisory Board can be found on the [NHS Employers website](#).

## Meetings held in 2022-23

The Scheme Advisory Board met four times between April 2022 and March 2023, these were a mixture of face to face and virtual meetings held on the following dates:

- 8 June 2022 (virtual)
- 7 September 2022 (face to face)
- 7 December 2022 (face to face)
- 8 March 2023 (virtual)

# Work areas in 2022-23

Work during the year was aligned to the Scheme Advisory Board work plan 2022-23, which is DHSC's formal request for advice from SAB (Appendix B). The key aspects of SAB's work this year are detailed below.

## McCloud: removing age discrimination from public sector pension schemes

In 2018, the McCloud judgement ruled that the transitional arrangements to the 2015 pension schemes across the public sector gave rise to unlawful discrimination on the grounds of age. This discrimination must be removed from all affected schemes, including the NHS Pension Scheme. The McCloud Bill sets out the framework for the remedy in two stages:

- The first stage ended discrimination by closing legacy schemes to future accrual for all members from 1 April 2022. SAB responded to requests for information and advice during 2021-22.
- The second stage is to rectify the discrimination that occurred in the period between 2015 and 2022 (known as the remedy period).

SAB and TAG members attended McCloud workshops run by the DHSC on 24 and 31 January 2023. These workshops were designed as an opportunity for members to identify priority regulatory areas and gain an understanding of the changes required to implement phase two of the McCloud remedy.

SAB and TAG members reviewed provision definition documents (PDDs) which describe the rationale, policy intent and effect of the technical changes that will be made to public service pension schemes under the Public Sector Pensions and Judicial Offices Act 2022. Members were able to give their feedback to the DHSC to help prepare for a consultation on the required changes to legislation. The PDDs cover 16 key areas:

1. Abatement
2. Added pension
3. Bulk transfers
4. Cash equivalent transfer values
5. Club transfers between LGPS and unfunded schemes
6. Club transfers between reformed and unfunded schemes
7. Deferred choice underpin and immediate choice
8. Early retirement
9. Eligibility
10. Partial retirement
11. RSS
12. Contributions
13. Late retirement awards
14. Divorce and dissolution
15. Ill-health retirement
16. Death.

SAB members were clear that any communications must be as simple and clear as possible so that members are able to make a considered and informed decision about their future financial position.

In March 2023, the DHSC published the [public consultation](#) on part two of the remedy. SAB will consider its response to the consultation and this work will therefore continue into 2023-24.

## Member contributions

In July 2022, the DHSC launched a [public consultation](#) setting out how the pensionable earnings thresholds in the member contribution structure will be uplifted to account for the Agenda for Change (AfC) pay award. SAB responded to the consultation in August 2022 suggesting that the tier 1 boundary be brought in line with the AfC pay award, improving the affordability of the Scheme for the lowest-earning members. It also raised the issue of potential confusion for members and increased administrative burden on employers if there were two re-banding exercises in the year, if the pay award was implemented before the new contribution structure came into force on 1 October 2022.

SAB was pleased to see that the DHSC [response to the consultation](#) included an increase to the upper boundary of tier 1 contributions, however, the DHSC confirmed that the reassessment and potential re-banding exercises will continue as normal.

SAB's work on member contributions, annualisation and aggregation will continue into 2023-24.

## Scheme valuation

The 2020 NHS Pension Scheme Valuation was delayed for the effects of the McCloud Remedy on scheme costs to be calculated and taken into consideration. The outcome of the SCAPE rate consultation, which is key to the 2020 valuation process was released in March 2023.

SAB and TAG members attended a training session on 11 May 2022. Delivered by the Government Actuary's Department (GAD) and First Actuarial (independent actuary to SAB). The training gave an overview of the valuation process and expectations for the work TAG will undertake.

DHSC commissioned SAB to undertake a review of the scheme specific assumptions to be used in the 2020 valuation and to give a view on whether the assumptions proposed by GAD seem reasonable and are based on sound evidence. TAG carried out this review from September 2022 to January 2023, scheduling an additional meeting to complete the work.

Work will continue on the 2020 Valuation into the 2023-24 SAB work plan.

## Pension abatement

During the pandemic, abatement rules that applied to certain early retirement pensions were suspended until 31 October 2022 to encourage workers back into the workforce to help meet workforce challenges. SAB was asked by DHSC to undertake a review to develop a more detailed understanding of rationale, costs, and unintended consequences of

permanently removing these restrictions. SAB commissioned TAG to explore the different types of abatement and the 16-hour rule, with supporting data provided by NHS Business Services Authority (NHSBSA, the scheme administrator) and GAD.

In July 2022, SAB provided advice to the DHSC supporting the permanent removal of the 16-hour rule and continuation of its suspension. SAB did not reach a consensus with regards to the removal of abatement. All sides broadly supported the notion that the reasons for introducing the suspension had not gone away in terms of workforce shortages. Employers supported the re-introduction of the abatement rules on 1 November 2022. Staff side supported the continued suspension of abatement beyond 31 October 2022 and wanted to use the time to further explore the impacts of permanently removing abatement.

In August 2022, the DHSC published a [public consultation](#) on proposed amendments to continue the suspension of restrictions on return to work. SAB agreed that the temporary easements should continue beyond 31 October 2022. SAB responded to the consultation supporting the continued suspension of the rules but called for a substantial extension to allow SAB to work with the DHSC to form a long-term policy view on abatement. SAB supported the permanent removal of the 16-hour rule.

The [outcome](#) of the DHSC consultation was published in October 2022 and it was confirmed that the easements would be suspended until 31 March 2023 and Special Class Status abatement until 31 March 2025.

## Retirement flexibility

In December 2022, DHSC [consulted on proposals](#) to extend partial retirement to members of the 1995 Section of the scheme and to remove barriers to retiring and returning to work in the service to support the retention of skilled, experienced staff. The proposals also introduced a solution to the CPI disconnect, reducing the risk to NHS staff facing an annual allowance tax charge due to the high rate of CPI for September 2022.

SAB members discussed the proposals in December 2022 and TAG had a detailed discussion around the CPI disconnect in January 2022. SAB welcomed changes to increase retirement flexibilities and the ability for more members to access partial retirement. They also broadly welcomed the solution to the CPI disconnect to mitigate against the impact of the annual allowance on workforce capacity.

SAB submitted a response to the consultation, agreeing that the retirement flexibilities should be introduced, supporting the extension of partial retirement to 1995 Section members, the ability to continue to build up benefits in the 2015 Scheme when returning to work and the removal of the 16-hour rule.

SAB asked for clear communication, information and education for employers and staff to ensure partial retirement could be implemented and used effectively. SAB was pleased to see the inclusion of the CPI disconnect solution as it had previously corresponded with HMT on this issue. SAB asked if an alternative solution of changes to the Finance Act 2004 had been considered, but supported the proposals if an alternative was not viable, noting that changes to scheme rules are only part of a wider relationship between Annual Allowance and inflation.

DHSC provided a verbal update on the outcome of the consultation at the March 2023 SAB meeting, noting that partial retirement would be introduced from October 2023. Concerns were expressed by the board about delaying the introduction of partial retirement, the difficulties of reducing pensionable pay by 10 per cent on workforce capacity and the knock-on effect that 1995 Section members taking their 1995 benefits earlier may have on future scheme valuations.

## **Scheme participation and value**

NHSBSA provided SAB with regular updates on the number of members opting out of the scheme, along with reasons. NHSBSA also provided updates on the number of members accessing their Total Reward Statements (TRS). This has allowed SAB to monitor key trends in scheme membership and TRS uptake.

NHSBSA has been developing a new NHS Pensions opt out dashboard to give more detailed information and data to the board on opt out numbers and trends. This work has been ongoing throughout the year and the report will be available in 2023-24. SAB will continue to monitor membership trends.

## **Total Reward Statements (TRS)**

The board have received updates from NHS BSA about TRS access trends, including the numbers of staff members accessing their statement. SAB were updated by NHS BSA on progress towards launching “My NHS Pension”, an app which will include information currently provided in TRS. SAB will continue to be updated on TRS uptake and with roll out of the app and this work will therefore continue into 2023-24.



# SAB arrangements and training in 2022-23

## Training

Training sessions are provided to SAB members on issues relating to the work plan, to ensure that this work can be delivered effectively.

A virtual training session was held on 11 May 2022 for SAB and TAG members on the 2020 valuation process to equip members with the background to the valuation process, data, assumptions, and information they would need to be aware of, the key results from the 2016 valuation and the role and responsibilities of SAB during the valuation. The session was recorded to allow members to revisit as required.

SAB and TAG members attended McCloud workshops run by the DHSC on 24 and 31 January 2023. These workshops were designed as an opportunity for members to identify priority regulatory areas and gain an understanding of the changes required to implement phase two of the McCloud remedy.

## Interaction with the NHS Pension Board

The NHS Pension Board provides scrutiny and assurance of the administration of the NHS Pension Scheme.

Several representatives of the Scheme Advisory Board are also members of the NHS Pension Board, and meeting minutes are shared between both boards. This ensures that links are maintained between the two boards and their respective functions. In addition, the SAB co-chairs set up discussions with the chair of the NHS Pension Board to share information as necessary.

More information about the role of the NHS Pension Board can be found on the [gov.uk website](https://www.gov.uk).

## Further information and contact details

Further details about the Scheme Advisory Board are available on the [NHS Employers website](#). For more information about SAB, or to contact one of the co-chairs, please use the following details:

Emma Skitt

Programme Manager, Pensions and Reward, NHS Employers.

*Contact number:* 0113 306 3000

*Email:* [pensions@nhsemployers.org](mailto:pensions@nhsemployers.org)

# Appendix A – SAB and TAG membership 2022-23

## Scheme Advisory Board: Members

Employer representatives	
Name	Organisation
Alison Risker	Cambridge University Hospitals NHS Foundation Trust
Andrea Ashman (vice co-chair)	East Kent Hospitals University NHS Foundation Trust
Andrea Hester	NHS Employers
Carla Beechey (to June 2022)	West Midlands Ambulance Service University NHS Foundation Trust
Carey Southward	Imperial College London
Jacqueline Bilcliff	Gateshead Health NHS Foundation Trust
Jan Armstrong	South Tyneside and Sunderland NHS Foundation Trust
Rachel Jones	NHS Employers
Richard Tompkins (to April 2023)	NHS Wales Employers
Robert Simcox	Sherwood Forest Hospitals NHS Foundation Trust
Sarah Hayden	Kent Community Health NHS Foundation Trust
Sue Jacques (co-chair)	County Durham and Darlington NHS Foundation Trust
Current vacancy	Ambulance Trust representative
Member representatives	
Alan Fox (to June 2022)	Unison
Alan Lofthouse (from October 2022)	Unison
Andy Blake (to December 2022)	British Medical Association
Chris Musgrave	Royal College of Nursing
Dean Rogers	Society of Radiographers
Geoff Lester	Federation of Clinical Scientists
George Georgiou	GMB
Glyn Jenkins (from September 2022)	Unison
Graham Pirie (from September 2022)	Royal College of Podiatry

John Neal	Unite the Union
Jon Restell (co-chair)	Managers in Partnership
Lynne Galvin	Royal College of Midwives
Neil Lark (to February 2023)	The Chartered Society of Physiotherapy
Phil McEvoy	British Dental Association
Sarah Tennant (from September 2022)	Hospital Consultants and Specialists Association
Vishal Sharma (from February 2023)	British Medical Association

## Advisors

<b>Name</b>	<b>Organisation</b>
Charlotte White	First Actuarial
Dale Walmsley	First Actuarial
Garry Swann	Government Actuary's Department
Hilary Salt	First Actuarial
Jo Bronstein	First Actuarial
Julie Murphy	NHS Business Services Authority
Matt Howgate (from March 2022)	First Actuarial
Sue Vivian	Government Actuary's Department

## Observers

<b>Name</b>	<b>Organisation</b>
Annie Jones	Welsh Government
Gareth Probert	Department of Health and Social Care
Greg Walker	Scottish Government
Johanna Rhodes	Department of Health and Social Care
Paula Peppas	Department of Health and Social Care
Tim Sands	Department of Health and Social Care
Tom Bolton (from March 2023)	Department of Health and Social Care

## Secretariat

<b>Name</b>	<b>Organisation</b>
Lauren Baxter	NHS Employers
Olivia Desmond (to July 2022)	NHS Employers

Imogen Gerard (from January 2023)	NHS Employers
Jen Amps (from June 2022)	NHS Employers

## Technical Advisory Group: Members

<b>Employer representatives</b>	
<b>Name</b>	<b>Organisation</b>
Allison Nicholson (from September 2022)	Durham and Darlington NHS Foundation Trust
Andy Coles	Dorset Healthcare University NHS Foundation Trust
Martina Govindraj	King's College Hospital NHS Foundation Trust
Olivia Desmond (to July 2022)	NHS Employers
Rachel Jones	NHS Employers
Lauren Baxter (from July 2022)	NHS Employers
<b>Member representatives</b>	
Alan Fox (to June 2022)	Unison
Glyn Jenkins (from May 2022)	Unison
John Neal	Unite the Union
Phil McEvoy	British Dental Association
Tony Goldstone	British Medical Association

TAG members are supported by advisors from GAD, First Actuarial and the NHS Business Services Authority.

# Appendix B – SAB work plan 2022-23

The work plan is DHSC’s formal request for advice from SAB in 2022-23.

Policy Area & Context	Questions / Advice Required	Advice Requested By
<p><b><u>McCloud</u></b></p> <p>The Public Service Pensions and Judicial Offices Bill provides appropriate powers for scheme regulations to enact the remedy.</p> <p>Two sets of regulations are anticipated.</p> <p>The first set facilitates the movement of all staff into the 2015 for future accrual from 1 Apr 2022.</p> <p>The second set implements the Deferred Choice Underpin and other compensation arrangements with retrospective effect from 1 Oct 2023 at the latest.</p> <p>HMT are working with departments to produce a series of ‘provision definition documents’ (PDDs) that set out a lower level of policy detail for the remedy. Scheme specific customisation will be necessary.</p>	<p>Consideration of the second set of regulation changes.</p>	<p>September 2022, subject to timings for the availability of PDDs.</p>
<p><b><u>Total Reward Statements</u></b></p> <p>A redesign of TRS &amp; ABS is necessary to reflect any McCloud remedy service. There is an opportunity to reconsider the format and contents more broadly, and take a view on how</p>	<p>Review report and recommendations.</p>	<p>TBC</p>

<b>Policy Area &amp; Context</b>	<b>Questions / Advice Required</b>	<b>Advice Requested By</b>
staff access and engage with the information.		
<p><b><u>Member contributions</u></b></p> <p>A new contribution structure and approach will take effect from 1 October 2022, with the new rates phased in over a two-year period.</p> <p>The tiers will be uplifted in line with the general AfC pay award.</p> <p>Consultation response noted that further work is required to explore proportionate ways to set a single contribution rate based on pensionable earnings aggregated across multiple employments. For the time being, the rate is assessed for each employment separately.</p>	<p>Monitoring of scheme participation rates.</p> <p>Consideration of whether and how the scheme and employers could operationalise the principle of aggregating pensionable earnings.</p>	<p>Each meeting</p> <p>March 2023</p>
<p><b><u>Scheme valuation</u></b></p> <p>2020 valuation</p> <p>GAD will run a session in May providing an overview of valuation stages and where SAB will feed in.</p>	<p>Consideration of assumptions and data report</p>	<p>September 2022</p>