

NHS Scotland Pension Scheme Review: 2006 Consultation Summary

Summary

- The level of responses was much lower than to the previous consultations (in 2005), possibly indicating general agreement. 29 responses received by closing date.
- In general the proposals were endorsed (especially retention of normal pension age (NPA) 60 for existing staff) but some concerns were raised about NPA 65 for new staff.
- No views were raised in the responses about the method of fixing member contribution rates.

Background

In Scotland the review of the pension arrangements for NHS staff has been taken forward by SPensiR, a partnership group between employers, Trade Unions, professional organisations for the NHS in Scotland and the Scottish Executive.

The consultation of the NHS Pension Scheme in Scotland began on the 2nd of October 2006 and ended on 5th January 2007.

The Scottish Public Pensions Agency (SPPA) conducted an open consultation on behalf of SPensiR inviting both employers and scheme members to register their views via mail and e-mail. NHSS delegates were also invited to attend a series of presentations and workshops across Scotland with a view to discussing the review proposals and to provide them with additional information to allow further dissemination to the wider NHS staff.

In addition NHS Trade Unions consulted with their respective members and have each provided a formal response to the exercise.

Consultation Responses

2 NHS employers groups (payroll managers) responded to the consultation. One group indicated agreement with the proposals in particular to the retention of final salary. The other did not indicate if they agreed with the proposals or not however both groups did raise concerns over the transfer window being considered for members moving from the existing scheme to the new scheme suggesting it should be longer and also requesting that members should have more than one opportunity to transfer. Concern was also raised about the additional resources that may be required in assessing pensionable pay under the proposed new definition using the average pay over three consecutive years in the last ten.

The **4 NHS trade unions/professional organisations** (BMA, BDA Unison and RCN) that responded to the consultation endorsed the overall agreement for existing scheme members. Comments are summarised in Annex A). In particular they welcomed:

- Retention of final salary scheme for both existing and new scheme members

- Retention of Normal Pension Age 60 for existing staff
- Increase in lump sum choice
- Introduction of pensions for partners
- Cessation of survivor pensions on remarriage
- Additional flexibilities – will retain staff
- New accrual rates for both for officers and practitioners in the existing and new schemes.

The NHS trade unions did however signal up some areas of concerns of their members:

- The employer contribution cap
- Increase in Normal Pension Age to 65 for new entrants
- Value of pension purchase compared with the current scheme facility
- Communication of changes and effective administration /implementation of proposals

UNISON also stated they would also welcome discussion and agreement on:

- Private contractors and the retention of an NHS pension
- Public Sector Transfer Club and the role it plays.

SPPA received 23 responses from individual staff members; this represents a sharp drop in comparison to the last review, in which 1269 individual staff responded. Those who did respond appear to have felt strongly about particular aspects of the proposals

In total 26% of the member responses agreed and 13% disagreed with the changes to the existing and new schemes; a key factor seems to have been the introduction of higher contribution rates. The remaining 60% gave no overall view.

Concerns or further improvements were suggested in the following areas:-

- there being no improvement in benefits for single members
- the widowers/widows position was not improved within the current scheme
- un-partnered members would object to paying for unmarried partner benefits
- transfers option should not be one off but available at anytime
- more flexibility to take more or less lump sum within the current scheme
- previously restricted service due to maximum service of 40 years now be allowed retrospectively
- a wider review required in the context of creating equal and transferable amongst other public schemes
- tiered member rates seen as impacting unfairly on higher paid members

Annex A

Trade Union Responses:

British Dental Association (BDA)
 British Medical Association (BMA)
 Royal College of Nursing (RCN)
 UNISON

The above unions provided responses to the consultation, the main issues are summarised in the following table:

Issue	BDA	BMA	UNISON	RCN	Comments
Retention of final salary scheme	√	√	√	√	Supported by all
Retention of NPA 60 for existing scheme	√	√	√	√	UNISON: Restriction of 40 yrs service should be lifted for all staff
Addition of unmarried partner pensions	√	√	√	√	BDA & BMA: Would like all NHS Pension pre 88 to be considered for survivor benefits. UNISON: Would like these introduced on same basis as married couples
Retention of special class status		√		√	BDA: Would like dentists and other surgeons in specialities to be given special class with a right to retire at age 60 UNISON: Would like NPA reduced for certain workers such as ambulance workers
Increased flexible working patterns for new scheme members		√	√	√	BMA: Consider this option should be extended to the existing scheme to aid the retention of existing doctors
Tiered rate employee contributions	√	√	√	√	BDA: Acknowledge that this may be a fairer way of distributing scheme costs in a mutual scheme BMA: Generally accepted that the proposed structure broadly matches benefit value to contributions paid; this will need to be kept under review to ensure the structure remains appropriate as better data emerges UNISON: Rise in contribution rates accepted on the basis that

					revenue generated is fed back into scheme benefits RCN: Governance arrangements and decisions affecting scheme re valuation should remain within NHS Staff council
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Note: response also received from The Chartered Society of Physiotherapy (CSP) after analysis completed.

SPPA
January 2007