



NHS Pension Board Annual Report

Covering the period April 2018 to March 2019

Published April 2020

Contents

| | |
|--|----|
| Introduction | 3 |
| Executive Summary | 4 |
| Background – NHS Pension Scheme | 6 |
| NHSPB – Membership..... | 7 |
| NHSPB Terms of Reference..... | 8 |
| 2018/19 Objectives and Work Plan..... | 9 |
| 2019/20 Objectives and Work Plan..... | 17 |
| Conclusion | 19 |
| Annex A - NHS Pension Board – Membership | 20 |
| Annex B - NHS Pension Board – Terms of Reference | 21 |
| Introduction..... | 21 |
| Accountability | 22 |
| Responsibilities of the NHSPB | 22 |

| | |
|---|----|
| Membership..... | 23 |
| Decision Making Process | 24 |
| Quorum | 24 |
| Conflicts of Interest..... | 24 |
| Training requirements..... | 24 |
| Meeting arrangements..... | 25 |
| Expertise | 25 |
| Relationship to the NHS Pension Scheme Advisory Board | 25 |
| Remuneration | 26 |
| Tenure..... | 26 |
| Review..... | 26 |
| Annex C - 2018/19 Work plan..... | 27 |
| Annex D - Pension Regulator Code Compliance | 28 |
| Annex E – Training delivered in 2018/19 | 30 |
| Annex F – Pension Board Risk Dashboard – March 2019..... | 31 |
| Annex G – Referrals to the Pensions Ombudsman | 33 |
| Annex H – Continuous Improvement Activity April 2018 – March 2019..... | 34 |
| Annex I – Terms of Reference for the Service Improvement and Development Board..... | 35 |

Introduction

This is the fourth annual report by the NHS Pension Board (NHSPB). NHSPB was established, as required under the Public Service Pensions Act 2013. From 1 April 2015, the NHSPB has had responsibility for “assisting the Scheme Manager” (Secretary of State for Health and Social Care) in securing compliance with all relevant pensions law, regulations and directions in respect of the NHS Pension Scheme (NHSPS) for England and Wales, as well as with the Pension Regulator’s (TPR) Code of Practice no.14 Governance and administration of public service pension schemes.

Executive Summary

The NHSPB met four times during 2018/19. Its main priorities during the year have been:

- continued development of its capability to ensure the 2015 NHSPS and the older 1995 and 2008 sections are rigorously governed;
- ensuring compliance with relevant legislation and regulations in pursuit of its statutory obligations and;
- working with the NHS Business Services Authority (NHSBSA), which administers the NHSPS on behalf of the Scheme Manager, to continue improving scheme administration and service to members.

Critical Key Performance Indicators reported to the NHSPB focus on payments made to members of the NHSPS and their beneficiaries. For 2018/19 these were

First Award payments - 99.50% by 1 calendar month from the due date

Death Gratuity payments - 98% by 1 calendar month from the due date

Partner pensions - 99% by 1 calendar month from the due date

Child allowances - 98.50% by 1 calendar month from the due date

NHSBSA service levels were adversely impacted during 2018 by knock-on effects of work to insource pensioner payroll and other activities which had previously been undertaken by a third party supplier. This had a material impact on the timescales for paying awards for new pensions, and also on dealing with benefits payable following the deaths of NHSPS members. The delays which materialised were reflected in higher complaint volumes than would normally be experienced. The NHSPB challenged the NHSBSA over the pro-activity of its communication with members over the impact of these delays and over the plans which it put in place to recover the service position. As a result, the NHSBSA has improved the forecasting of activity volumes and has enhanced staff skills resulting in service standards beginning to return to previous levels, and complaint volumes reducing.

The NHSPB established an Engagement and Communications Steering Group (ECSG) in 2015, reviewing its progress during the year which has led to refreshed membership and revised terms of reference. The ECSG will now be formally constituted as a sub-committee of the NHSPB, to ensure greater oversight and more strategic focus.

The Stakeholder Engagement Team (SET) which was established in the previous year has added real value in working collaboratively with employers to enhance mutual understanding of respective challenges and obligations.

Meanwhile the NHSPB has continued to build constructive working relationships with TPR to ensure full compliance with TPR codes of practice. A small number of potential breaches of law have been identified during the course of the year and these have been reported to TPR. In each case, TPR investigated the issues giving rise to the breach of law and decided to take no further action.

There have also been a small number of cases referred to the Pensions Ombudsman following escalation through the NHSBSA Internal Dispute Resolution (IDR) procedure. These are referenced in Annex G.

Increased communication and collaboration with the Chairs of other Public Service Pension Schemes has continued during the year with greater focus on the benchmarking of cost effectiveness and service provision between schemes, and the sharing of best practice.

The resignation and term expiry of some NHSPB members has meant succession planning has been a higher priority this year, together with the on-boarding and induction of new NHSPB members. This is likely to continue as other member terms expire.

Going forwards the NHSPB will continue its focus on enhancing NHSPS member experience whilst encouraging improved administrative efficiency and effectiveness to ensure optimum value is obtained from the NHSPS levy. The levy, introduced from April 2017, is 0.08% of employers' pensionable paybill which funds NHSPS administration.

Background – NHS Pension Scheme

The NHSPS provides pensions to NHS employees and eligible staff of third parties providing healthcare services under qualifying NHS contracts. The 1995 and 2008 sections provide defined benefits based on final salary for most members, with the exception of general medical and dental practitioners¹ⁱ and locums whose benefits are calculated on a career average basis.

The 2015 NHSPS provides benefits on a career average basis for all members.

There are 1.56 million contributing members across the NHSPS with pensionable pay of over £46.6 billion per annum (pa). Pensions are paid to around 0.92 million pensioners and dependants amounting to around £8.7 billion pa paid weekly or monthly. A further 0.68 million members no longer contribute to the NHSPS (known as deferred members) but retain an entitlement to receive a pension at retirement. Both members and employers contribute to the NHSPS. Member contribution rates which range from 5% to 14.5% of their pensionable pay are tiered based on members' earnings and 8,486 employers pay 14.38% of their pensionable paybill. Of this 0.08% is to cover the cost of NHSPS administration. Total contributions to the NHSPS are around £11.2 billion pa; with benefit payments of around £11.1 billion pa (this includes lump sum payments). The cost of NHSPS administration was £0.04 billion during 2018-2019.

Both NHSPSs are unfunded occupational pension schemes backed by the Exchequer.

¹ Practitioners include General Medical Practitioners and General Dental Practitioners

NHSPB – Membership

Members of the NHSPB are listed in Annex A.

NHSPB member changes during the year were as follows:

- Nina Singh (The Royal Marsden NHS Foundation Trust) replaced Louise Tibbert (North West Anglia Foundation Trust) who resigned on 23 October 2018.
- Stuart Murdoch (Capita plc) replaced Christine Boon (Care UK) who resigned on 31 March 2018

With effect from October 2018, it was agreed that one-half of the voting members of the NHSPB will represent a quorum for NHSPB meetings to go ahead. The Chair must be present for meetings to be quorate. Three of the four meetings during 2018/19 have been quorate.

NHSPB Terms of Reference

Terms of Reference for the NHSPB as at 31/03/2019 are at Annex B. They are reviewed annually and were last updated in January 2019

2018/19 Objectives and Work Plan

The NHSPB work plan for 2018/19 has been completed, and is at Annex C.

A summary of performance against the 2018/19 objectives is as follows:

1. Ensure that all responsibilities under the NHSPB's Terms of Reference are met, including legislative and regulatory compliance, efficient and effective service delivery and the provision of the necessary assurance to the Scheme Manager.

The NHSPB believes that the NHSPS has been administered in compliance with legislative and regulatory requirements throughout the year, with a very small number of exceptions, including the late payment of awards of benefits. This occurred as a result of issues arising from the insourcing of pensioner administration and payroll.

The NHSBSA developed robust plans to recover service levels and the NHSPB requested and received regular updates on progress throughout the period of service failure.

A breach of law report in respect of the late payment of awards was submitted to TPR on 30 August 2018, along with a recovery plan. NHSBSA recovery surpassed the expectations of the recovery plan and TPR took no further action.

During the year, the NHS BSA also submitted breach of law reports to TPR in respect of 5 employers who failed to pay employer and employee pension contributions by the legislated deadline.

A breach of law report was submitted on 29 May 2018 in respect of failures of the organisation commissioned to administer pension contributions, reports and returns on behalf of general medical and dental practitioners, to effectively administer General Medical and Dental Practitioner pensions.

On 24 September 2018 a breach of law report was submitted in respect of the failure to provide Annual Benefit Statements to 100% of the NHSPS membership. TPR are aware of the constraints facing the largest centrally administered pension scheme and will take no further action.

The table in Annex D shows how the NHSPS complies with the key aspects of TPR's Code of Practice No. 14.

The table in Annex G shows the small number of cases referred to the Pensions Ombudsman following escalation through the NHSBSA Internal Dispute Resolution (IDR) procedure and their outcomes.

2. Continue the development of the Risk Management framework and ensure that key risks are effectively identified and managed.

During 2018/19, administrator risks have been reviewed and updated at the NHSPB pre meetings between the Chair, NHSBSA and the Department of Health and Social Care (DHSC) and then reported to the NHSPB. NHSPB risks and external risks (those which can only be mitigated by stakeholders other than the NHSPB and its partners), are considered by the NHSPB at each of its meetings. The risk dashboard as at March 2019 is at Annex F. These are aligned to specific NHSPB meeting agenda items to ensure that mitigation of risks is adequately considered at each meeting.

3. Ensure that the Engagement and Communication Strategy (ECS) is reviewed and remains fit for purpose, and oversee its ongoing delivery.

The ECS is reviewed via the ECSG which oversees the development of communications to meet the various audiences' information needs by ensuring:

- information is explained in the simplest terms using plain English;
- communications are cost effective and represent value for money.

During 2018/19 the ECSG identified a number of areas for review -

- the re-development of the NHSBSA website
- the development of ways in which to measure the effectiveness of NHSBSA communications
- the identification of key messages for members about the benefits of the NHSPS
- identification of opportunities to promote the value of the NHSPS to members and potential members.

The NHSPB decided to review the terms of reference of the ECSG during the year and the revised ECSG from April 2019 will focus on

- minimising the NHSPS opt out rate through promotion of the NHSPS and its benefits
- increasing the uptake of Total Reward Statements (TRS) and Annual Benefit Statements (ABS)

ECSG will report to the NHSPB at each of its meetings.

4. Consolidate and continue NHSPB member training and development, to ensure all members are able to perform their responsibilities effectively with particular focus on the induction and upskilling of new NHSPB members. An overview of training delivered in 2018/19 is shown at Annex E.
 - Individual and generic NHSPB training needs were identified through a series of one to one discussions between NHSPB members and the Chair, as well as through collective NHSPB discussion. NHSPB member training and development was then incorporated into the 2018/19 work plan
 - NHSBSA provide an overview of the administrative function for new NHSPB members on site
5. Ensure suitable succession planning is in place as member terms expire. Ensure that the process for recruitment of a new Chair to replace the current incumbent, whose term expires 31 March 2019, is initiated in a timely and effective way.

Following a recruitment process in line with requirements set out by the Commissioner for Public Appointments, Helen Miles, has been appointed Chair of the NHSPB for a period of three years with effect from 1 April 2019.

6. Continue to focus on the role of employers in delivering effective outcomes for their staff who are NHSPS members and ensuring areas for improvement in employer performance are identified and implemented.

The NHSBSA SET works with employers to identify areas for improvement, for example the submission of end of year data and applications for access to the scheme for non-NHS bodies. In addition, the Service Improvement and Development Board (SIDB) allow employers to directly advise NHSBSA about areas for improvement. The Terms of Reference for SIDB are at Annex I. The NHSPB receives regular reports on the progress being made by the SET in improving employer performance and relationships. The SET presented to the NHSPB in November 2018 and a further deep dive on stakeholder engagement is planned for November 2019.

In 2018/19 the SET has continued to improve engagement with employers and have:

- Hosted 15 stakeholder engagement events across the country throughout 2018:
 - Over 800 practice managers attended our GP Practice stakeholder events

- Participants at our events asked 1,715 questions
- Held two joint events with Electronic Staff Record colleagues for employers who use ESR
- Led two events and three conference calls for employers who don't use Pensions Online/ESR
- Topics covered at events were:
 - Employer Insight
 - Administration of pension events
 - Managing member records
 - Overview of Practitioner Pensions
 - NHS Pensions Scheme Access
- Delivered bespoke training sessions to our different employers' groups
- Shared our performance in monthly newsletters
- Managed the implementation of the new medical service contract to provide expertise on ill health retirement applications
- Managed both the Stakeholder and Employers emails accounts answering 20,511 queries.
- Introduced Employer resources section on the website
- Implemented new end of year process for Non-Pension Online employers reducing errors from approx. 3500 to 137 for financial year end 2018
- Continued to recover outstanding contributions from non-compliant employers which now stands at £4.8m (Since August 2016)
- Piloted several member events to test the appetite for pension information
- Attended 2 national exhibitions engaging with about 900 members and employers.

For 2019, and in addition to the above, the SET are:

- Expanding the team to:
 - Support member engagement and scheme specific related events

- Support employers to help them improve the data and services they provide to members
- Support the internal processing areas for improved internal communications and knowledge
- Increase customer insight survey frequency to receive feedback on a continual basis to implement action plans quickly where required
- Attend more exhibitions to engage with different stakeholders

7. Consider and respond to any findings made by TPR in its annual survey of public service pension schemes.

The table below sets out the key findings from the 2019 TPR annual survey, together with the position of the NHSPS in respect of these findings. Overall, the NHSPS is in a good position in terms of its adherence to Regulatory requirements and its responsiveness to key areas of Regulatory focus.

Key Findings from 2019 TPR annual survey

| Key Finding | NHSPS Position |
|--|--|
| Pension Board Meetings – concerns that only 50% of schemes had four or more pension board meetings in the previous 12 months | The NHSPB meets quarterly and all four meetings were held in year 2018/19 (as was the case for previous years). A full work plan outlining Agenda items for forthcoming meetings is established prior to the commencement of the reporting year. |
| Knowledge and Understanding – Only 82% of schemes evaluate the Board's knowledge and understanding annually. 39% of schemes see recruitment, training and guidance as a barrier to improving governance and administration | The NHSPB has documented processes for ensuring that board members acquire and retain key knowledge and understanding. The process includes training needs analysis for new members and on an annual basis thereafter, a training plan and individual training logs. Annual training needs analysis forms part of the work plan mentioned above. |
| Board Membership – Concerns that delays in the appointment of new board members has led to schemes breaching the law | The Department of Health and Social Care will take steps to ensure that the appointment process is robust and that new board members are recruited in time for an effective handover to take place. |

| | |
|--|--|
| by operating with fewer than the minimum number. | |
| Risk registers – Only 50% of schemes had reviewed their exposure to risk within the previous 12 months | The NHSPB has documented processes for capturing and reviewing risks. Risks are reviewed, and if necessary raised, at each quarterly meeting, with each risk having a corresponding Agenda item to ensure that it has the necessary focus. A full in-depth risk process review takes place on an annual basis. This forms part of the work plan mentioned above. |
| Cyber security – Vital that schemes consider their cyber footprint, security processes and incident response plans | Cyber security features on the NHS board risk register. In addition, NHSBSA has held a deep dive meeting with TPR to provide assurance on cyber resilience. All data centre services are compliant with the required standards and protections. |
| Data quality – Concerns around accuracy of common data Support for common definition and standard reports | <p>The NHSPS has a Data Strategy which has been shared with TPR. Regular common and scheme specific data reviews take place, the results of which have also been shared with TPR. The most recent data accuracy results are:</p> <p>Common Data Score at 31/07/18 93.34%</p> <p>Based on:</p> <p>Total members: 3,732,495 Total unique members with a fail: 248,549</p> <p>Improvement activities:</p> <p>Dental Services have launched an exercise to obtain missing National Insurance (NI) numbers from their members – 500 member NIs amended to date.</p> <p>Address tracing – procurement of a tracing service is ongoing.</p> <p>We have identified an issue where deleted, duplicate records still show an "active" status and are included in the above fails. We are in the process of scoping and implementing a fix on the 20k affected records.</p> |
| Annual benefit statements General improvement in number of annual benefit statements issued on time Unlikely to take action on the basis of a breach of law where there is a reasonable plan for rectification or improvements | <p>The NHSBSA provides Annual Benefit Statements (ABS) to members (both active and deferred) via NHS Total Reward Statements. In August 2018, NHSBSA provided ABS to 92.14% of NHS scheme members, an increase from 2017 of 2.14% or 114,652 members.</p> <p>A breach of law report was submitted to TPR to advise that due to the unique challenges faced by the NHSPS, including multiple data sources, sheer volume of scheme</p> |

| | |
|--|--|
| | members, complexity of multiple scheme calculations and practitioner (i.e. self-employed members), 100% of ABS provision was unlikely to ever be achieved. However, the NHSBSA will strive to improve the % provision year on year. TPR accepted this position. |
| Administration – Only 75% of schemes have administration on the Agenda at every meeting | The NHSPB considers administrative performance, including timeliness and quality, at each quarterly meeting. An annual review of the administrative information pack takes place. This is included on the work plan agreed prior to the start of the reporting year. |

8. Ensure continued focus on developing and implementing a programme of activities driving service improvement in respect of NHSPS administration, utilising the output from benchmarking and considering employers and members' priorities.

At each of its meetings, the NHSPB considers opportunities for making service enhancements. Some examples of the continuous improvement activity undertaken in 2018/19 are at Annex H.

Continuous improvement activities for 2019/20 will include:

- Full review of the quality assurance process
- Full review of 'Brought Forward' processes and creation of new process reparation documentation
- Prioritisation and delivery of calculator solutions to support casework excluded from the pensions processing system,

A Benchmarking survey undertaken in 2018/19 demonstrated that total costs for the NHSPS are more than £18 per member lower than other public service pension schemes and about £2.30 per member lower for administration costs.

9. Continue the development of effective working relations with all key stakeholders

The NHSPB has developed working relationships as follows:

- DHSC – presenting the annual report to ministers on time.
- TPR – the Chair had a meeting with TPR to discuss the role of the NHSPB in 2018. TPR also presented to the NHSPB on the findings of its Survey of Public Service Pension Schemes.

- Other Public Service Pension Board Chairs – the Chair has also met informally with the Chairs of the other centrally administered Public Service Pension Schemes, to share experience and identify potential areas for collaboration and sharing of best practice (e.g. benchmarking, communication etc.). Further meetings are planned.

10. Ensure future legislative and regulatory developments which may impact on NHS Pension provision are identified and responded to in a timely and effective manner.

DHSC has reported to the NHSPB on forthcoming changes in legislation and regulation as they have arisen. The NHSPB has a specific item on its work plan each year to 'horizon scan', identifying potential future changes which may impact on the administration of the NHSPS in the future.

2019/20 Objectives and Work Plan

The NHSPB has agreed the following objectives for 2019/20:

- Ensure that all responsibilities under the NHSPB's Terms of Reference are met, including legislative and regulatory compliance, efficient and effective service delivery and the provision of the necessary assurance to the Scheme Manager.
- Continue the development of the Risk Management framework and ensure that key risks are effectively identified and managed.
- Establish the new ECSG to ensure that it operates to drive strategic improvement in the communication of benefits to members, with a particular focus on delivering and promoting digital capabilities.
- Consolidate and continue NHSPB member training and development, to ensure all members are able to perform their responsibilities effectively, with particular focus on the induction and upskilling of new NHSPB members and ensuring the transition to the new Chair takes place seamlessly.
- Ensure suitable succession planning is in place as member terms expire, and that any necessary replacements of Members whose terms expire on 31 March 2020, is initiated in a timely and effective way.
- Continue to focus on the role of employers in delivering effective outcomes for their staff who are NHSPS members and ensuring areas for improvement in employer performance are identified and implemented.
- Consider and respond to any findings made by TPR in its annual survey of public service pension schemes.
- Ensure continued focus on developing and implementing a programme of activities driving service improvement in respect of NHSPS administration, utilising the output from benchmarking, member feedback activities and employers' priorities.
- Continue the development of effective working relations with all key stakeholders.
- Ensure future legislative and regulatory developments which may impact on NHS Pension provision are identified and responded to in a timely and effective manner.

- The work required to oversee delivery against these objectives has been built into a new work plan for 2019/20 as set out below

Work Plan 2019/2020

| Aug 19 | Nov 19 | Feb 20 | April 20 |
|--|--|---|--|
| <ul style="list-style-type: none"> • MI & compliance pack review • Full review of key risks • Review Terms of Reference • Continuous improvement initiatives • Agree 20/21 meeting dates • Review PB member appointments • Review Pension Board Annual Report for 2018/19 • Finance Deep Dive • Pension Board effectiveness review – review results • Scheme Advisory Board update • TPR Survey results | <ul style="list-style-type: none"> • MI & compliance pack review • Review key risks • Engagement & comms update • Review Risk Mgt approach • Continuous improvement initiatives • Update from Stakeholder Engagement Team • Data Quality deep dive • Review of Engagement & comms strategy for 2020/21 • One to ones and training needs review • NHSBSA Workforce Directorate update | <ul style="list-style-type: none"> • MI & compliance pack review • Review key risks • Engagement & comms update • Continuous improvement initiatives • Agree outline of Pension Board Annual Report 2019/20 • Consider changes to MI pack for 20/21 • Benchmarking output • Training plan review • Training Policy and Process • One to ones and training needs review • Outcome of Flexibilities consultation | <ul style="list-style-type: none"> • MI & compliance pack review • Review key risks • Engagement & comms update • Horizon scanning – future developments • Sign off work plan for 2020/21 • Pension Board effectiveness review • One to ones – training needs review • Formal Review of MI Pack • Continuous improvement initiatives • TPR Survey results • Measuring Customer Experience Deep Dive |

In addition to the planned agenda, it is anticipated that any 'live' issues emerging from the quarterly performance management information presented to the NHSPB may result in additional work on specific issues as they arise.

Conclusion

The fourth formal year of operation has built on the NHSPB's role in overseeing NHSPS administration and providing robust challenge and effective governance. Whilst there was some deterioration in timescales of service provision during the year following on from the insourcing of various activities, the NHSPB provided rigorous challenge to the NHSBSA throughout this period, and oversaw the return to a good standard of service.

Going forwards, the NHSPS has formalised the role of its ECSG, to ensure a greater focus on the delivery of enhanced tools to improve member understanding of the value of their pension benefits. It will continue to support the NHSBSA as it works to enhance service delivery timescales and quality, whilst continuing to ensure effective compliance of the NHSPS with all relevant legislation and regulations.

As this is my last year as Chair, I would like to thank all members of the NHSPB for their excellent contributions during the last four years, as well as all stakeholders and observers who continue to play a key role in our work. I would also like to wish my successor as NHSPB Board Chair, Helen Miles, all the very best as she takes up her new role.

Any queries on the content of this report should be sent in the first instance to pension.board@dhsc.gov.uk

Rachel Court

Chair

As I join the NHSPB in the role of Chair, I would like to reflect on the excellent work done by Rachel, with NHSPB colleagues, since the NHSPB was established. There is much for the NHSPB to continue doing in the years ahead. I look forward to progressing the tasks of the NHSPB.

Helen Miles

Annex A - NHS Pension Board – Membership

Chair:

Rachel Court

Member Representatives:

Dr David Bailey, British Medical Association – Chair of BMA Pensions Committee

Geoff Lester, Federation of Clinical Scientists – NHS Pension Board Representative

Nicola Lee, Royal College of Nursing – Employment Relations Adviser

Paul Moloney, Society of Radiographers – Industrial Relations Manager

Alan Fox, Unison - National Pensions Officer

Colenzo Jarrett-Thorpe, Unite – National Officer

Employer Representatives:

Andrea Hester, NHS Employers – Deputy Director of Employment Relations and Reward

Wayne Evans, NHS Wales Shared Services Partnership – Deputy Payroll & Pensions Manager

Bryan Logan, Torbay and South Devon NHS Foundation Trust – Payroll Manager

Amanda Bromley, Tameside and Glossop Integrated Care NHS Foundation Trust - Director of Human Resources

Nina Singh, The Royal Marsden NHS Foundation Trust - Director of Workforce

Stuart Murdoch, Capita PLC – Senior Pension Integration Advisor

NHS Pension Board meetings – Members' attendance 2018/19

April 2018 – 92%

July 2018 – 66%

October 2018 – 83%

January 2019 – 92%

Annex B - NHS Pension Board – Terms of Reference

Revision History/Review

| Revision Date | Summary of Changes | Section | Made By |
|---------------|--|---------|---------|
| 30/04/2018 | Revision history added | Quorum | NHSBSA |
| 30/01/2019 | Reference to DH amended to DHSC Revision to requirements for meetings to be quorate | | Chair |

Approvals

| Name | Role / Job Title | Date of Issue | Version |
|-------------------|------------------|---------------|--------------|
| NHS Pension Board | Board members | 30/04/2018 | Feb 2018 |
| NHS Pension Board | Board members | 18/07/2018 | April 2018 |
| NHS Pension Board | Board members | 30/01/2019 | January 2019 |

Distribution

| Name | Role / Job Title | Date of Issue | Version |
|---|-----------------------------|---------------|--------------|
| NHS Pension Board members and observers | Board members and observers | 18/07/2018 | April 2018 |
| NHS Pension Board members and observers | Board members and observers | 23/01/2019 | January 2019 |

NHS Pension Board – Terms of Reference

Introduction

The Public Service Pensions Act 2013 (the Act) required the establishment of a Pension Board with responsibility for “assisting the Scheme Manager” in securing compliance with all relevant pensions law, regulations and directions – as well as the Pension Regulator’s relevant codes of practice. This role is one of providing assurance over and governance of the pension scheme’s administration.

The Act also specified that Pension Boards should have equal numbers of member and employer representatives – currently six each on the NHS Pension Board (NHSPB).

The NHSPB covers England and Wales.

Regulation 4 of the National Health Service Pension Scheme Regulations 2015 (UK Statutory Instrument 94 of 2015), effective from 1 April 2015, established the NHSPB in law. Schedule 1 of those Regulations adds further detailed regulatory provisions relating to the NHSPB.

In addition to the member and employer representatives, government representatives attend NHSPB meetings, including DHSC, and Wales. Government representatives are non-voting board members. Professional advisors, for example, accountants, Government Actuary's Department and lawyers can be instructed from the DHSC's resource allocation providing the requirement for that advice is in line with the NHSPB's legislative responsibilities.

The scheme administrator (NHSBSA) will provide the necessary input to support the NHSPB in delivering its assurance responsibilities.

The NHSBSA will provide the secretariat with DHSC seeking nominations and making appointments to the NHSPB based on the regulatory provisions. The NHSPB meets quarterly.

Accountability

The NHSPB collectively and members individually are accountable to the Scheme Manager, the Secretary of State, the responsible authority for the NHSPS.

DHSC continues to be responsible for contractual arrangements, including delivery against agreed KPIs, for NHSBSA.

Responsibilities of the NHSPB

The NHSPB is responsible for assisting the Scheme Manager in:

- overall assurance and governance of the NHSPS administration;
- assuring effective and efficient administration of the NHSPS;
- assuring that decisions made by NHSBSA are fully legally compliant, including consideration of cases that have been referred to TPR and/or the Pension Ombudsman; recommending changes to processes, training and/or guidance where necessary;
- supporting continuous improvement in the administration of the NHSPS;

- assuring NHSBSA supports employers to communicate the benefits of the NHSPS and fully utilise it as part of the NHS total reward offer through effective communication to members;
- assuring NHSBSA supports members with a range of tools to improve their understanding of their pension benefits as part of the total reward offer, and to inform their personal financial and career planning;
- supporting effective implementation of the Employer Charter;
- enabling data quality improvements to deliver Career Average Revalued Earnings (CARE) pension outcomes;
- complying with TPR's codes of practice;
- fostering good working relationships with TPR;
- consideration of TPR reports including responses to recommendations;
- producing an annual report outlining the work of the NHSPB throughout the NHSPS year.

Membership

The membership of the NHSPB includes:

- member representatives nominated by the staff side of the NHS Staff Council to ensure a broad representation of NHSPS membership; for example, to include deferred and pensioner representation. Member representatives will be voting members;
- employer representatives nominated by NHS Employers to ensure a broad representation of employers with NHSPS members including for example, NHS employing organisations, general medical practice and independent providers of clinical services as defined within a standard NHS contract. Employer representatives will be voting members
- an independent Chairperson appointed via the Public Appointments process. The Chair holds the deciding vote if any vote taken by the member and employer representatives on the Board results in an equal vote;
- representatives from DHSC, who are non-voting members;

- representative from the Welsh Government, who is a non-voting member

Attendance is expected of NHSPB members at all meetings; no alternate representation or substitution is allowed. The appointed employer and member representatives will remain equal in number at all times.

Decision Making Process

The NHSPB operates on a consensus basis; however, each member (except government representatives) has individual voting rights. In the event that consensus cannot be reached, a vote is taken. The Chair does not vote at this stage; only if the vote is equal will the Chair have the deciding vote. The scheme manager is made aware when a decision is reached in this manner.

Quorum

Half of the voting members of the NHSPB represent a quorum for Board meetings to go ahead, with at least 3 member representatives and 3 employer representatives being present. The Chair must also be present for the meeting to be quorate. Non-quorate meetings may proceed in exceptional circumstances, but no binding decisions are made nor votes taken.

Conflicts of Interest

The Act requires that members of the NHSPB do not have conflicts of interests. All members of the NHSPB are required to declare any potential conflicts of interest in line with legal requirements in the Act and TPR's code of practice. These declarations are required as part of the appointment process, as well as at regular intervals throughout a member's tenure.

Training requirements

Members of the NHSPB will be expected to have a good, sound knowledge and understanding of the NHSPS rules, the NHSPS's administration policies and pension law. This will require on-going updates and training as legal requirements change and develop including relevant regulations and directions from Her Majesty's Treasury and the Department for Work and Pensions. This is set out in TPR's Code of Practice number 14, "governance and administration of public service pension schemes".

Meeting arrangements

The NHSPB meets quarterly. Frequency of meetings is kept under review to ensure NHSPB responsibilities are discharged. There is the possibility for ad-hoc meetings if required at the Chair's discretion.

The NHSBSA undertakes the NHSPB's secretariat function ensuring:

- facilities are available to hold meetings;
- an annual schedule of meetings is organized;
- suitable arrangements are in place to hold additional meetings if required – ensuring adequate notice;
- papers are distributed 7 days before each meeting except in exceptional circumstances;
- minutes of each meeting are circulated within 14 working days following each meeting.

Expertise

It may be necessary to draw on particular experts or expert groups to support the responsibilities of the NHSPB, such as actuaries and lawyers. This is done on an 'as required' basis; any expert advisor attending the meeting is not a NHSPB member and does not have a vote. If required, sub-groups may be established to assist the NHSPB.

Relationship to the NHS Pension Scheme Advisory Board

Whilst the function of the NHS Pension Scheme Advisory Board (SAB) is to provide advice to the Responsible Authority (i.e. Secretary of State) about the desirability of NHSPS changes – there are occasional needs for some sharing of information and discussion between the Boards. The NHSPB Chair holds regular meetings with SAB co-chairs; and the SAB minutes are a standing agenda item for NHSPB meetings.

Remuneration

Remuneration for NHSPB members is limited to a refund of actual expenses incurred in attending NHSPB meetings, in accordance with DHSC's expenses policy. The Chair's remuneration is agreed on appointment.

Tenure

Tenure period for NHSPB members is three to five years on a rolling appointment basis – with a maximum of nine years in any continuous period of 12 years.

Tenure is decided by the scheme manager during the appointment process; NHSPB members have different tenures to ensure continuation of membership in equal numbers for the employer and staff-side members. The Chair's tenure is agreed on appointment, again between three and five years.

Resignation of NHSPB members is documented in writing to the NHSPB Chair and DHSC. A minimum 1 month notice period must be given to enable a replacement member to be found in time for the next NHSPB meeting.

The performance of NHSPB members is assessed on a periodic basis to ensure all members are adequately meeting their duties. Poor performance will result in corrective action being taken, and in exceptional circumstances the removal of the NHSPB member.

Review

These terms of reference are reviewed periodically.

Annex C - 2018/19 Work plan

| April 18 | Jul 18 | Oct 18 | Jan 19 |
|---|--|---|---|
| <ul style="list-style-type: none"> • MI & compliance pack review • Review key risks • Engagement & comms update • Horizon scanning – future developments • Sign off work plan for 2018/19 • Pension Board effectiveness review – agree template • Complaints & Ombudsman cases deep dive • One to ones training needs assessment • Formal Review of MI Pack • Continuous improvement initiatives • Board input into setting of KPIs • Review progress with GDPR implementation • Re-procurement update | <ul style="list-style-type: none"> • MI & compliance pack review • Full review of key risks • Re-procurement update • Review Terms of Reference • Continuous improvement initiatives • Agree 19/20 meeting dates • Review PB member appointments • Review Pension Board Annual Report for 2017/18 • Review impact of move to employer payment of pensions admin costs • Finance Deep Dive • Pension Board effectiveness review – review results | <ul style="list-style-type: none"> • MI & compliance pack review • Review key risks • Engagement & comms update • Review Risk Mgt approach • Review Continuous improvement initiatives • Update from Stakeholder Engagement Team • Data Quality deep dive • Pensioner Admin update • GAD Valuation outcome • Review of Engagement & comms strategy for 2018 | <ul style="list-style-type: none"> • MI & compliance pack review • Review key risks • Engagement & comms update • Review Continuous Improvement initiatives • Agree outline of Pension Board Annual Report 2018/19 • Consider changes to MI pack for 19/20 • GDPR implementation review • Benchmarking output • Training plan review • Training Policy and Process • One to ones and training needs review |

Annex D - Pension Regulator Code Compliance

Governing your scheme

| Code of Practice | Pension Board |
|---|---|
| Knowledge and understanding required by NHSPB members | New members carry out a Training Needs Analysis (TNA), this is reviewed by the member and the Chair, and an individual training plan is produced. Annually all existing NHSPB members will be asked to complete a further TNA to establish if any new needs have arisen. Other training needs may be identified on an ad hoc basis during the course of the year. |
| Conflicts of interest and representation | The NHSPB has a Conflict of interest policy and at the start of every meeting members are asked to declare if they are aware of any potential conflicts of interest. |
| Publishing information about schemes | The NHSPB has established a media policy and a 1 page summary of the key issues discussed at each meeting is published on Gov.uk. |
| Managing Risks | The NHSPB has established a risk management policy and risk register. This is reviewed at each meeting. |

Administration

| Code of Practice | Pension Board |
|----------------------------------|--|
| Scheme record keeping | NHSBSA compliance activity includes reviews of record keeping by NHSBSA and employers. |
| Maintaining contributions | NHSBSA compliance activity includes reviews of maintaining contribution payments. Employers are reported to TPR if they fail to pay contributions within 90 days of the due date |
| Providing information to members | NHSBSA compliance activity includes reviews of disclosure obligations and effectiveness of member communications for all areas of scheme administration. |

Resolving Issues

| Code of Practice | Pension Board |
|-----------------------------|---|
| Internal dispute resolution | Unresolved internal disputes may be referred to the Pensions Ombudsman. |
| Reporting breaches of law | Suspected breaches of pensions law are reported to TPR, as required. |

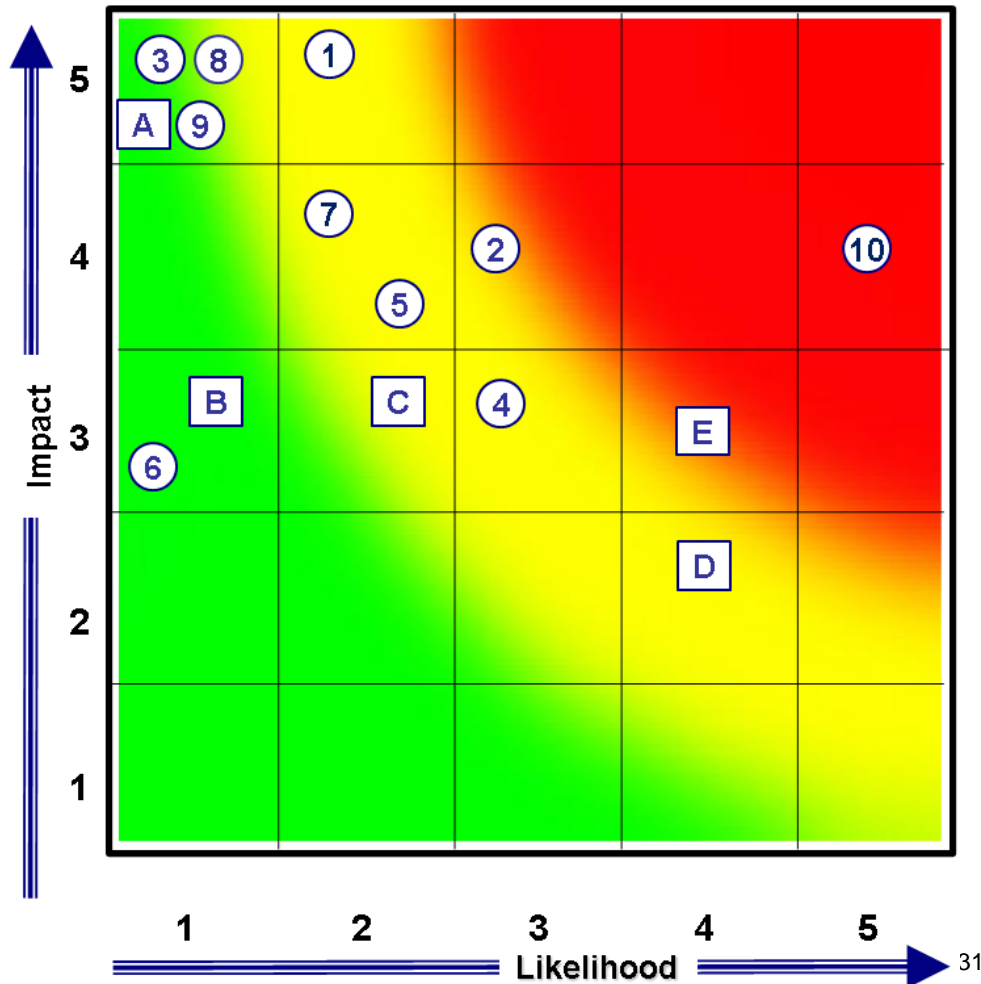
Annex E – Training delivered in 2018/19

| Training module | Purpose of training |
|---|--|
| Finance Deep Dive | To provide an overview of the NHS Pension Scheme finance, including a review of the impact of the move to employer payment of pensions admin costs |
| Data Management | To provide an overview of the NHSPS Data Strategy |
| Benchmarking with other public sector schemes | To understand how the NHS schemes perform relative to others, and to identify areas for improvement |

Annex F – Pension Board Risk Dashboard – March 2019

PENSION BOARD

RISK DASHBOARD (March 2019)



Pension Board Risks

- A. Failure to declare conflict of interest
- B. PB expertise to identify appropriate MI and scrutinise/ challenge administrators
- C. Inability to fulfil regulatory requirements due to membership turnover
- D. Reputational risk relating to NHSBSA strategic decisions/ lack of control.

Administrator Risks

1. Untimely/inaccurate employer/administrator communications.
2. Members' lack of understanding of benefits.
3. Major data loss/confidentiality/GDPR breach.
4. Systematic data quality issues.
5. Systematic errors in calculating member benefits.
6. Increase in Late/Non-payment of contributions.
7. Increase in complaints leading to sanctions, potential reputational damage.
8. Major service failure.
9. Major IT failure/cyber attack.
10. Continuity of service post re-procurement

Annex G – Referrals to the Pensions Ombudsman

The NHSBSA has dealt with 107 cases accepted for investigation by the Pensions Ombudsman (TPO) from April 2018 to March 2019. In respect of the 59 cases TPO has responded to so far, the number of Final Determinations where TPO has upheld or partially upheld a complaint against the NHSBSA within this period is 22, with 37 complaints not upheld. The upheld and partially upheld cases are described in the table below.

Upheld and partially upheld cases by TPO

| Type | Partly Upheld/Upheld | Month |
|--------------------|--------------------------------------|-----------|
| Service/Membership | Partly Upheld | April |
| Injury benefits | Upheld | April |
| Additional pension | Upheld | April |
| Ill health | Upheld | April |
| Age Benefits | Partly Upheld | June |
| Ill Health | Upheld | June |
| Practitioners | Partly Upheld | June |
| Service/Membership | Upheld | July |
| Practitioners | Partly Upheld | August |
| Injury benefits | Upheld | August |
| Injury benefits | Partly Upheld | September |
| Age Benefits | Partly upheld but not against NHSBSA | September |
| Practitioners | Partly Upheld | September |
| Transfers | Upheld | September |
| Service/Membership | Partly Upheld | September |
| Practitioners | Partly Upheld | October |
| Service/Membership | Upheld | December |
| Injury benefits | Upheld | December |
| Service/Membership | Partly Upheld | February |
| Service/Membership | Partly Upheld | February |
| Service/Membership | Partly Upheld | February |
| Service/Membership | Partly Upheld | March |

In respect of these cases, the NHSBSA has taken the remedial action required to prevent a recurrence of the same errors in future.

Annex H – Continuous Improvement Activity April 2018 – March 2019

| Activity | Benefits | Update |
|---|--|--|
| Automation of Award payment calculations and worksheets | Improved accuracy and processing time | Over the last 12 months a number of new calculation tools have been developed and released to the Awards Team. At development stage, the users have been involved in the design and testing of each calculator and they have supported the roll out to the team. These calculators have included: Allocation calculator Benefit Calculation Worksheet |
| Insourcing of Pensioner Admin work from Paymaster | Seamless transition of service for our customers | A review of the current Paymaster process guides was carried out to understand the current processes. These guides have then been updated with the processes now followed by NHS Pensions. |
| Development of the Pencil Suite | Improved accuracy and processing time | All backlogged development items for existing calculators have been prioritised. The highest priority items have been developed, tested and implemented. New calculation tools that are required outside of the pensions processing system have also been prioritised and are currently in development. |

Annex I – SID Board Terms of Reference

NHS Pensions - Terms of Reference for the Service Improvement and Development Board

Purpose

This board is a senior forum for the discussion of NHS Pension Scheme administration between the NHSBSA (NHS Pensions) as central Scheme administrator, employers as local scheme administrators, NHS Electronic Staff Record (ESR) and NHS Employers (NHS E).

The purpose of the Board is to:

- Provide a forum for the NHSBSA, NHS E and NHS ESR to discuss with employers updates on high level strategic issues within the NHS Pensions landscape in terms of current and future changes.
- Provide a forum for employers to be solution ambassadors
- Provide a senior group of stakeholders which the NHSBSA can discuss with to help deliver statutorily required change or service enhancements. This may involve board members becoming involved in other change specific projects or meetings.
- represent the views of NHS employers to NHS Pensions
- oversee that mechanisms are in place so that Scheme administration is being correctly undertaken - from the submission of membership information, the update of individual records, the collection and transfer of Scheme contributions and the effective administration of pension events.

This will enable:

- the Chair/Representative of each regional employer group to feedback to their respective membership in terms of the discussion and actions of the Service Improvement and Development Board.
- a two way discussion between the NHSBSA and employers about current and future Scheme administration, establishing a solid base from which to work in partnership to successfully manage the NHSPS and implement future changes effectively.
- identification and subsequent prioritisation for action of current/future issues in regard to maintaining effective NHSPS administration.

The purpose of the Board is not to:

- discuss minor technical or individual service issues regarding NHSPS administration with NHS Pensions; the regional forums or NHS Pensions Stakeholder Engagement Team are the correct channels for these to be raised.

Ethos of the Board:

- all members of the Board are required to act in a business-like and professional manner during the meetings themselves and in any related correspondence.
- it is a requirement that everyone in attendance is given the opportunity to contribute freely with the ability to share their views openly and honestly without hindrance.
- all attendees are expected to be transparent in terms of the constraints and issues that they are facing in terms of NHSPS administration. Attendees will respect this openness and keep such matters confidential within the meeting.
- the notion is that this meeting is proactive and constructive in nature and seek to resolve issues collectively. All attendees are encouraged to share ideas, issues, lessons learnt or best practice to improve overall NHSPS administration.

Membership of the Board

The NHS Pensions Service Delivery Manager will chair the meeting.

A representative from each regional group will attend as well as any required third party organisation.

Meeting agenda

The standing agenda items for the meeting are as follows:

- Introductions
- Overview of agenda (noting AOB and allocating sufficient time)
- Approval of minutes from last meeting
- Review of actions from last meeting
- Relevant strategic updates
- Review and prioritise business justifications
- AOB
- Date of next meeting.

Governance arrangements

- The meeting will be chaired by the NHS Pensions Service Delivery Manager. The meeting will be minuted by the NHSBSA with all actions recorded. These will be written up and distributed to all attendees by email as soon as possible following the meeting (within a maximum of two weeks).
- Attendees are requested to submit business justifications at least two weeks before the meeting.
- An agenda will be issued one week before the meeting is held.
- The meeting will be held on a quarterly basis with dates set in advance. The NHSBSA will organise meeting dates with attendees.
- An email list of attendees will be held and managed by the NHSBSA. This will be used to issue meeting papers and should be used for any correspondence between board members.

- The terms of reference will be prepared and updated by the NHSBSA. These will be reviewed by the board on an annual basis.

Development requests

- Change requests will follow the procedure agreed by the Board.
- Pension SIDB representatives will forward the business justifications to be considered by the Board to nhsbsa.stakeholderengagement@nhs.net

Justifications must be forwarded at least two weeks before the meeting. Any requests received after this time will be submitted at the following meeting

© Department of Health and Social Care 2020

Published to GOV.UK in pdf format only.

Acute Care & Workforce/ Workforce/NHS Pay & Pensions

www.gov.uk/dhsc

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.



