

# ADDING VALUE TO DECISION MAKING IN PUBLIC SERVICES

**UK public sector organisations face increasing challenges in delivering public services efficiently. Critical decisions can often be best informed by combining their own specific knowledge with support from the public sector Analysis Function community.**

**As specialists in advising on long term risk and uncertainty, GAD are part of this cross government professional network. We look at the growth of our collaboration with the Department for Health and Social Care to show how this works in practice.**



Ian Rogers

The long-standing relationship between GAD and the Department of Health and Social Care (DHSC) has grown and developed over many years. Initially this relationship was focussed on the NHS Pension Scheme, with GAD providing expertise and trusted advice as pension actuaries in core areas such as:

- Valuations of the scheme to determine the contribution rates to be paid
- Determining actuarial factors used in the administration of the scheme, eg on early retirement
- Providing disclosures for the NHS accounts
- Advising on bulk transfers in and out of the scheme mainly for staff moved between service providers.

## Developing the relationship

Over the years, the engagement between GAD and DHSC has grown from a client and advisor relationship into a collaborative working partnership. We have been able to expand from dedicated delivery of the core actuarial services to a more holistic understanding of DHSC's needs. Ensuring our approach is aligned with [GAD's values](#) below has been a key part of this success.

In addition to [civil service core values](#), **GAD's values** are:

<b>Agile</b>	through technical innovation and flexible working to meet evolving client needs
<b>Dedicated</b>	to delivering timely advice and first class and cost-effective customer service
<b>Expert</b>	and focused on quality of analysis to provide robust assurance on decision making
<b>Partnering</b>	with our clients to understand their business needs and develop solutions that add value for them
<b>Trusted</b>	to deliver a professional service with integrity

## Expanding our existing areas of support

Better communication and closer working has enabled us to be on hand to provide timely ad-hoc advice and support in a wider range of pensions related areas:

- **Reward:** We have worked collaboratively with the DHSC policy team to carry out analysis in relation to employee pay and reward. An example of this work includes providing estimates of the value of acquiring NHS Pension Scheme benefits in the market. These then enabled an evaluation of the impact of proposed changes to pay on the overall reward packages of various groups of staff.
- **Data improvement:** GAD have worked closely with the NHS Business Services Authority (BSA), who administer the scheme, to monitor and improve the quality of the scheme's membership data. Moving to more regular annual data collection has allowed more errors to be driven out and resulted in more reliable financial reporting and better control of risk and uncertainty in setting employer contribution levels at actuarial valuations.
- **Contribution structure:** Closer collaboration on data has also allowed us to support both NHS BSA and DHSC with several scheme and workforce questions. An example of this is our set of analyses to help determine the appropriate structure of salary tiers and employee contribution rates needed to ensure the scheme receives the correct share of the total NHS payroll in a fair and balanced way.
- **Tax:** Efficient tax treatment is a key part of the UK pension regime, but UK tax and pensions have a complex interrelationship. The maximum pension members can build up within the scheme without incurring a tax charge has tightened annually in real terms over much of the past decade. We have used our specific expertise on the implications of tax for scheme members to give support on areas such as the Annual Allowance and Lifetime Allowance. This has included workforce planning, administrator calculators and analysis of the latest developments.

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## New areas of collaboration

Pension commitments are only one of many sources of financial risk and uncertainty that DHSC face. Similarly, pensions are only one example of an area where GAD can provide expert advice on identifying and addressing risk to public organisations' finances and plans. Over time GAD has been able to demonstrate a track record as a dedicated, expert and adaptable partner who also has a thorough appreciation of public sector context. This has provided a solid foundation on which to extend the areas we work together with DHSC. A significant example is advice around the provision of indemnity cover for legal claims against the NHS.

NHS Resolution, the new operating name for NHSLA, provides this cover for a wide range of NHS bodies via a group of risk pool schemes. Predominantly focussed on clinical negligence claims (but also covering others relating to staff, the general public and buildings), NHS Resolution manages legal claims fairly and quickly on behalf of its members. It recoups each year's expected costs by collecting contributions according to its judgement of the level of risk of each member body.

For several years now, NHS Resolution has been making use of GAD's insurance business knowledge and skills to obtain extensive and detailed advice and analysis. This has been employed to provide much valued support to several areas at the heart of its business:

- calculation of member contributions
- annual reporting of provisions for expected future payments
- monitoring claims experience
- projection of the schemes' future costs.

By working with GAD, NHS Resolution has been able to develop a deeper understanding of its processes and hence more effectively communicate about the reasons contributions have been set at a given level with its members and the risks of the scheme with other stakeholders. This in turn has supported one of its important objectives of assisting its members in identifying their risk of future claims and improving the service provided to the UK public.

*“with GAD, NHS Resolution has been able to develop a deeper understanding of its processes and hence more effectively communicate ... with its members.”*

GPs are not covered under NHS Resolution schemes and have recently been facing considerable increases in costs for indemnity cover. Additionally, changes to the personal injury discount rate used in court awards threatened to raise costs further. DHSC used GAD support to consider the options available. They now plan to develop a more stable and affordable system by introducing a new state-backed indemnity scheme for activities delivered by the general practice workforce under primary medical care contracts. The Welsh government have also announced similar measures. GAD help is informing the key decisions in the design of these arrangements.

## New ways of collaboration

New ways of working such as seconding GAD staff to DHSC and other bodies have been key for us to quickly understand our potential to add value in new areas. A secondment to the technology appraisal team at the National Institute for Health and Care Excellence (NICE) is a recent example. This team assesses the clinical and cost effectiveness of health technologies, including new drugs, procedures and equipment.

During the secondment, GAD and NICE explored whether actuarial risk management methods could be introduced to the technology appraisal process. This has become particularly relevant as more technologies are likely to come to NICE while evidence of their effectiveness is still emerging. We supported NICE in identifying and categorising their key risks around the appraisal assessments. Together we also considered alternative assessment methods. This evolved naturally to considering how much risk other parties can bear, such as industry and NHS England (who fund NICE recommendations), as any changes to the appraisal process would alter the pattern of risk for all involved.

## Future potential

At GAD we look forward to continuing to work with DHSC and its associated public bodies and supporting them in delivering high quality public services in the current challenging environment. We hope to continue to find new areas where we can help. A new secondment to the health care analysis team will hopefully develop into an example of this, providing support both on indemnity issues and also potentially with DHSC activities from long term care to drug pricing mechanisms.

We believe that the values underpinning our approach and the skills in addressing areas of longer term risk and uncertainty have wide applicability to the UK public sector and many of the problems and challenges it faces. If you are interested in finding out more about how GAD can work with you please get in touch with us.