

Health and Social Care Pension Board

Annual Report

Year ended 31 March 2021

June 2021

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Annex A – HSC Pension Service – Key Performance Indicators

1. Introduction

This is the fifth Annual Report by the HSC Pension Board (HSCPB) which was established under The Public Service Pensions (Northern Ireland) Act 2014. From the 1 April 2015 the HSCPB had the responsibility for “assisting the Scheme Manager” in securing compliance with all relevant pensions law, regulations and directions in respect of the Health and Social Care Pension Scheme, as well as with the Pension Regulator’s Codes of Practice No.14 - for Public Sector Schemes.

2. Foreword by the Independent Chair

The HSC Pension Board met four times with meetings being held on 30 June 2020, 14 October 2020, 13 January 2021 and 14 April 2021.

The Board were able to meet almost all of its performance targets as detailed in the 2020/21 business plan.

HSC Pension Service were able to confirm that additional staff provided to deal with pension data/payroll issues had be made permanent. In addition, a Compliance Officer was secured and their role will be to ensure that the scheme is administered in compliance with scheme regulations. These developments were welcomed by the Board.

Following the Department of Finance consultation on proposals to address the unlawful age discrimination identified by the McCloud ruling, it was notified that the NI public service pension schemes will be implemented as a ‘deferred choice underpin’ (DCU) scheme. This approach was favoured by the majority of respondents, for removing the discrimination of transitional protection.

The Employment Liaison Officers continued to deliver a wide range of bespoke Pension Engagement Sessions/Workshops to both employers and employees. although the number seminars were reduced as a result of the covid-19 situation.

The Board continued to monitor the Key Performance Indicators as outlined in the SLA with BSO, which were largely met.

A revised Training Plan for Board members was agreed at the January 2021 meeting.

Matters to be address in the coming financial year (2021/22) include: an on-going focus on data accuracy; monitoring of plans for implementation of the outcome of the McCloud/Sergeant legal case; development of the risk register; and training for Board members.

Around 85% of Pension Service staff worked from home and this was having little impact on the day to day administration of the scheme. I would express my appreciation to BSO staff for the quality and timeliness of pension services provided during this difficult period.

3. Background – HSC Pension Scheme

The Health Service Pension Scheme (HSCPS) provides pensions to employees who have worked in Health and Social Care. It has two sections (1995 Section and 2008 Section) and provides defined benefits based on final salary for most members, with the exception of practitioners who were on the career average. The 1995 section has a normal pension age of 60 and an accrual rate of 1/80 (with an automatic lump sum of 3 times the pension). The 2008 section has a normal pension age of 65 and an accrual rate of 1/60 (with lump sum by commutation only). Both sections provide benefits to practitioners on a career average, rather than final salary, basis.

The HSCPS 2015 scheme was introduced from 1 April 2015. The 2015 scheme provides benefits on a career average basis, has normal pension age equal to State Pension Age, an accrual rate of 1/54, and revaluation of CPI+1.5% a year while in service and CPI out of service to all. In both schemes member contribution rates are tiered based on members' pay. Both schemes are unfunded occupational schemes backed by the Exchequer.

The 2015 scheme is open to all HSC employees and employees of other approved organisations. Most active members of the HSCPS transferred to the HSCPS 2015 Scheme on 1 April 2015. Transitional arrangements which were introduced to provide protection for those nearest retirement age were the subject of a court ruling and were deemed to be unlawful.

As a result, all members regardless of age, will be required to join a new pension scheme based on the provisions of the 2015 scheme from the 1 April 2022.

There are 100,000 current and deferred members across the schemes with pensions paid to around 37,000 pensioners. Both members and employers contribute to the schemes. Members pay between 5% and 14.5% of pay, depending on their earnings. With effect from 1 April 2019 employers pay a contribution rate of 22.5%.

4. HSC Pension Board – Membership

Two-thirds of the voting members of the HSC Pension Board represent a quorum (8) for Board meetings to go ahead. The Chair must be present for meetings to be quorate.

Independent Chair: David Best

Employer representatives included:

Noleen McCreanor	South Eastern HSC Trust
Maryna Chambers	Northern HSC Trust
Cara McLaughlin	Western HSC Trust
Catherine Shannon	Belfast HSC Trust

Alan Stout NIGPC

Andrea Henderson South Eastern HSC Trust/ Health & Social Care Board

Member Representatives included:

Kevin McAdam UNITE

Roberta Magee UNISON

Maria Morgan NIPSA

Desmond Lowry RCN

Mary Caddell RCM

Dr Padhriac Conneally BMA

Attendance Record of Board Members

Meeting Date	30 June 2020	14 October 2020	13 January 2021	14 April 2021
David Best (Chair)	✓	✓	✓	✓
Noleen McCreanor		✓	✓	✓
Cara McLaughlin (joined October 2020)		✓	✓	✓
Catherine Shannon	✓	✓	✓	✓
Maryna Chambers				
Alan Stout				
Andrea Henderson	✓	✓	✓	
Kevin McAdam		✓	✓	✓
Roberta Magee	✓	✓	✓	✓
Maria Morgan	✓	✓	✓	✓
Desmond Lowry	✓	✓	✓	✓
Dr Padhriac Conneally		✓	✓	✓
Mary Caddell	✓	✓	✓	✓

5. HSC Pension Board – Responsibilities

The Terms of Reference for the Pension Board were revised in October 2020 and can be found on the HSC Pension Service website www.hscpensions.hscni.net under the heading 'Pension Board'.

The Pension Board is responsible for assisting the Scheme Manager in:

- Providing overall assurance and governance of the HSC Pension Scheme administration;
- Assuring effective and efficient administration of the scheme;
- Seeking assurance that decisions made by the scheme administrator are fully legally compliant, including consideration of cases that have been referred to the Pension Regulator and/or the Pension Ombudsman; recommending changes to processes training and / or guidance where necessary;
- Supporting continuous improvements;
- Assuring the scheme administrator supports employers to communicate the benefits of the HSC Pension Scheme through effective communication to members;
- Assuring the scheme administrator 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 CARE pension outcomes;
- Ensuring compliance with the Pension Regulator's codes of practice;
- Fostering good working relationships with the Pension Regulator;
- Considering of the annual report from the Pension Regulator, including any responses to recommendations;
- Producing an annual report outlining the work of the Board throughout the scheme year
- Enabling Board members to have the ability to identify, prioritise and where appropriate quantify the material risks to the scheme.

6. HSC Pension Board – Business Plan Progress Report

The Business Plan for 2020/21 was approved at the Board meeting on 30 June 2020 and included on the website.

The Business Plan Progress Report for 2020/21 was considered at each Board meeting. This contained 21 performance indicators under the following 5 headings:

1. To ensure compliance with pension service requirements
2. To monitor the provision of accurate and timely reporting to stakeholders
3. To foster continuous improvement in the pension service provision
4. To be proactive in responding to change both within HSC and external influences
5. To develop the knowledge of Board members and maximise their participation at Board meetings.

An internal Audit report was received during the year and the recommendations were accepted and addressed during the year.

The Annual Accounts for the year ended 31 March 2020 were presented to the meeting on 31 January 2021 and it was noted that the NIAO had given a clean audit opinion and any errors identified were not material. The Board reviewed the DoH Pensions Report on in-year expenditure.

Almost all of the performance indicators in the 2020/21 Business Plan were achieved.

In addition to the performance indicators in section 5 of the Business Plan, the Board also considers a number of standing agenda items that have been agreed on which the Pension Board should focus their work during the reporting year.

STANDING ITEMS:

- Conflicts of Interest
- Scheme Manager's Report / Data Improvement
- Legislative and policy changes
- Risk Register
- Training
- Scheme Valuation

A summary of progress on some of these and other issues is set out below:-

Conflicts of Interest

No conflicts of interests were declared throughout the course of the reporting year. Members have also completed a Register of Interests.

Scheme Manager's Report / Data Improvement

At the June 2020 meeting the Scheme Manager advised that around 85% of Pension Service staff were working from home and this was likely to continue in the long term. He added that working from home was working well and was having little impact on the day to day administration of the scheme. He further confirmed that no services had been stood down other than pension workshops, but that these workshops had now re-commenced across a number of but not all Trusts. He advised that Pension Service had enough resources at the moment to carry out its functions. With regard to ill health retirement applications there was significant delay in cases being assessed by the scheme medical advisor (DoF OHS). This was raised subsequently with the Department and it was reported to the Board that good improvement has taken place in subsequent months.

At the October 2020 meeting it was highlighting that there had be a 50% increase in new pensions and an increase in pension forecast requests of 100%. It was noted that the DoH has introduced a Life Assurance Scheme for HSC staff who die as a result of coronavirus. Payment is a set amount of £60,000 tax free and will be paid in addition to any scheme member benefits that are payable. A scheme compliance officer had been secured and their role will help ensure that the scheme is administered in compliance with scheme regulations, and will provide the Board with another level of assurance in addition to Internal Audit. The post holder will take on the role of Pension Board Secretariat. The Board were pleased that see the tax

announcements made in the 2020 Tax Budget that provides some alleviation of the pension tax problems experienced by high earners.

At the January 2021 meeting a request was to Scheme Manager for an update on the outstanding interface issues between the employers and HSC Pensions. This is in relation to the outstanding change request for system changes and as to the current position on testing. Risk Register

Risk Register

A Risk Management training session was provided to Board members at the April 2021 meeting. The main objectives for participants were to:

- understand the main principles of risk management
- introduce practical tools and strategies to help manage risk
- begin conversations to apply this to the NI Health and Social Care Pensions Board

Scheme Valuation / McCloud Judgement

Members were informed of DoF consultation on proposals to address the unlawful age discrimination identified by the McCloud ruling and notified that the NI public service pension schemes will implement as a 'deferred choice underpin' (DCU), the approach favoured by the majority of respondents, for removing the discrimination of transitional protection.

Members were informed that work on finalising the 2016 scheme valuation still remains paused.

Recent Legislative changes

No legislative changes were introduced in year 2020/21

Annual Allowance Tax Charges

Issues concerning annual allowance tax charges have been largely resolved by HMT increasing the tapered annual allowance limits by £90,000 as announced in the March 2020 budget

The Board welcomed the fact that the HSC Pension Service Annual Allowance team has now been made permanent.

Key Performance Indicators (KPI)

The key Performance Indicators for the scheme are included in **Annex A** and show overall good performance.

7. Board Member Training

A revised training plan was approved at the January 2021 meeting. It was agreed that members should complete a Training Log for events completed during the year.

Several Board members attended the virtual public pensions conference on the 24 March 2021.

8. Breaches of Law

No Breaches of Law were reported during the period of this report.

9. Internal Disputes / Pension Ombudsman

The Scheme managers' report for June 2020 states there were 4 IDR stage two cases considered, one was accepted in relation to MHO status and three were declined in relation to Added Years and MHO status (2).

Furthermore, there was one case considered by the Pension Ombudsman which was in relation to ill health retirement benefits. the complaint was not upheld.

At the October 2020 meeting Scheme Manager stated all that all internal disputes this quarter related to members seeking access for mental health officer status and all had been denied.

At January 2021 meeting Deputy Scheme Manager stated all that all internal disputes this quarter related to members seeking access for mental health officer status and all had been denied.

10. Finance

Total income received by the Scheme during 2019/20 was £685,550k (2018/19 - £532,365k), with total expenditure of £1,762,994 (2018/19 - £2,021,565k), resulting in net expenditure of £1,077,444 recorded as the outturn for 2019/20 (2018/19 - £1,489,200k). There was an actuarial loss of £4,780,00 in 2019/20 (gain of £1.659billion in 2018/19).

Total net liabilities (including pension liabilities) were £30,289.209k at 31 March 2020 (£24,265,247k at 31 March 2019). It is considered appropriate to adopt a going concern basis for the preparation of the financial statements, as on a year-to-year basis the Scheme is self-funding as the income received from pension contributions covers the benefits payable. On an overall basis, the future pension liability does not present a going concern issue as the Department is supply financed and draws its funding from the Consolidated Fund therefore there is no liquidity risk in respect of the liabilities due in future years.

11. Forward Work Plan – 2020/21

Matters to be address in the coming financial year (2021/22) include: an on-going focus on data accuracy; monitoring of plans for implementation of the outcome of the McCloud/Sergeant legal case; development of the risk register; and training for Board members.

12. Conclusion

The fifth full formal year of operation has continued to ensure that the HSC Pension Board is an effective forum to oversee the administration of the HSC Pension Scheme and to provide robust challenge and good governance.

I would like to thank all Members of the HSC Pension Board for their contributions during the year, as well as all stakeholders and observers who have played a key role in enabling us to reach this point. I would also express my appreciation to the BSO for providing an effective pensions service. In particular, for maintaining service standards during the Covid-19 period for the full reporting period of this report.

Any queries on the content of this report should be sent in the first instance to greg.doherty@hscni.net

David Best

Independent Chair

Health & Social Care Pensions Board

HSC Pension Service
Key Performance Indicators

		% Number of Procedures Within Target
Joiners/rejoiners	<ul style="list-style-type: none"> The BSO shall validate interface details within 15 working days of receipt of the relevant interface data BSO will allocate joiners/rejoiners to correct section of the HSC Pension Scheme 	99%
Correspondence	<ul style="list-style-type: none"> The BSO will acknowledge all ad-hoc correspondence within 15 working days of receipt of all information 	99%
Leavers	<ul style="list-style-type: none"> The BSO will provide members who leave with less than 2 years membership details of options to take either a transfer value or refund of contributions within 12 months of the member leaving. The BSO will refund contributions within 3 months of receiving the application The BSO will preserve benefits 132 months after the date any member with at least 2 years membership leaves the Scheme 	99%
Transfers In:	<ul style="list-style-type: none"> The BSO shall acknowledge receipt of Member's request for transfer value within 15 working days, once in receipt of all relevant information. The BSO will issue request for transfer value to sending scheme within 15 days of receiving member's request The BSO shall send a reminder to the sending scheme after 60 days with further reminders at regular intervals The BSO shall process transfer amount within 15 working days of receipt of members instruction to transfer their rights 	99%

Transfers Out	<ul style="list-style-type: none"> The BSO shall acknowledge receipt of instruction from Member's pension scheme within 15 working days once in receipt of all relevant information The BSO shall provide a transfer quote within 8 weeks of receiving the request once in receipt of all relevant information (quote guaranteed for 3 months) The BSO shall complete the transfer within 20 working days of receiving the member's instruction to transfer their rights 	99%
Additional Pension/Half cost Added Years/ERRBO's	<ul style="list-style-type: none"> The BSO shall issue estimate of costs to Members within 15 working days of receipt of request once in receipt of all relevant information The BSO shall send notification for payroll deduction within 20 working days of receipt of the appropriate authority. The BSO will send confirmation of correspondence to scheme member on completion of additional pension request. 	99%
Death In- Service/preserved/Retired member	<ul style="list-style-type: none"> The BSO shall calculate and issue award details within 15 working days of receipt of the application and all relevant documents. 	99%
Age Retirement	<ul style="list-style-type: none"> The BSO shall calculate and issue final award details on receipt of the fully completed application for payment of award and at least 1 week prior to pension start date where all relevant information has been received 	99%
Ill-Health retirement	<ul style="list-style-type: none"> The BSO shall refer the application to its Medical Adviser within 5 working days The BSO shall notify employer/member whether ill health criteria have been met within 5 days of receipt of Medical Adviser's advice The BSO shall calculate and issue award details on receipt of the fully completed application for payment of award and at least 1 week before pension start date where all relevant information has been received 	99%
Early Retirement	<ul style="list-style-type: none"> The BSO shall calculate and issue final award details on receipt of the fully completed application for payment of award. And at least 1 week before pension start date where all relevant information has been received 	99%
Cash Equivalent Transfer Values for Divorce or Separation purposes (CETV's)	<ul style="list-style-type: none"> The BSO acknowledge receipt of request within 15 working days. The BSO will calculate and issue CETV within statutory time limit of 3 months from date all relevant information received. The BSO shall send confirmation of correspondence to scheme member on 	99%

	completion of CETV.	
Injury Benefit	<ul style="list-style-type: none"> The BSO will calculate and issue award details within 20 working days of receipt of all required information. 	100%
Pension Sharing Orders	<ul style="list-style-type: none"> The BSO will acknowledge receipt within 15 working days. The BSO will calculate and issue revised statements for both Debit and Credit Member as at valuation date (as defined in Welfare Reform and Pensions Act 1999) of pension sharing order within statutory time limit of 4 months from valuation date. The BSO shall send confirmation of correspondence to scheme member / credit member on completion of Pension Sharing Order 	100%
Annual Benefit Statements	<ul style="list-style-type: none"> The BSO will issue Members an annual benefit statement, based on data as at 31 March, and deferred Members every 5 years. 	98%
Benefit Estimates	<ul style="list-style-type: none"> The BSO will provide an estimate of benefits for members within 20 working days of receipt of a request, provided they have not received an annual benefit statement or been provided with an estimate in the previous 12 months. 	99%
Payroll Administration	<p>The BSO will:</p> <ul style="list-style-type: none"> Pay all existing pensions on due date Ensure 100% of existing pensions are correct at point of payment based on the information we receive Ensure 100% of new pension awards are correct at point of payment based on the information we receive Pay the lump sum into new pensioner's or dependant's accounts by the end of the week following their retirement where all relevant information has been received. Pay the first pension payment into new pensioners and dependants accounts by the end of the month following retirement / death where all relevant information has been received. Issue P60's annually and within statutory deadlines Apply pension increases on an annual basis in accordance with HMT guidelines Issue a Pay advice note to existing pensioners in any month with a variance of £5 net. Issue a pay advice note to new pensioners Ensure GMP is applied on time and accurately in accordance with Statutory Regulations Monitor debits and credits to the Scheme account to ensure payroll transactions are complete, accurate and validated. 	100%

	<ul style="list-style-type: none">• Collect employer and employee contributions from GP practices and Direction bodies within timely and relevant timescales and ensure the completeness and accuracy of these• Recover early retirement and Injury Benefit costs from employers in accordance with legislation	
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