Scottish Public Pensions Agency
Buidheann Peinnseanan Poblach na h-Alba

# NHS Pension Scheme (Scotland): proposed changes to member contributions from 1 April 2022

## Scottish Government consultation 2022

## About This Consultation

The NHS Pension Scheme (Scotland) continues to be an integral part of the NHS remuneration package and offers significant value in retirement to people who have chosen to dedicate part, or all, of their careers to the NHS in Scotland. The NHS Pension Scheme (Scotland) offers the security of a guaranteed income in every year of retirement for all its members, on some of the most generous terms available from a pension scheme.

In 2008, tiered contribution rates were introduced to reflect that higher earners were likely to receive proportionally more benefits than lower earners in a final salary pension scheme. To ensure the cost of the NHS Pension Scheme was fairly distributed and affordable for all members, these tiered contribution rates asked higher earners to pay proportionally more than lower earners to access the valuable benefits of the scheme.

As part of the McCloud remedy, from 1 April 2022 all members will move to the NHS Pension Scheme 2015 which is a career average revalued earnings (CARE) scheme where members earn a percentage of their salary for each year they work. This change ensures that the costs and benefits of the scheme are more evenly shared.

Now is an appropriate time to seek views from all interested parties to inform changes to member contributions, with a view to preserving participation in the Scheme while protecting its substantial value for members in retirement. This consultation is seeking views on the proposed changes to the member contribution structure and the rationale for those changes

## Duration of Consultation

This consultation will run for a period of five weeks commencing on Monday 24 January 2022 and ending on Sunday 27 February 2022.

## How to respond

Please use the consultation response form and once completed send to sppapolicy@gov.scot before midnight on the closing date.

Alternatively, responses can be posted to:

NHSPS(S): Member Contributions Consultation
SPPA,
Tweedside Park
Tweedbank,
Galashiels, TD1 3TE

## Further information

If you are unable to access an electronic version of the document, please write to the above address and a paper copy will be provided.

## Data Protection Statement

The Scottish Public Pensions Agency (SPPA) is an executive Agency of the Scottish Government and forms part of the legal entity of the Scottish Ministers (Framework Document).

This framework of statutory powers and responsibilities, as agreed with the Scottish Ministers, enables SPPA to undertake the role of data controller for the processing of personal data which is provided as part of your response to the consultation. Any response you send us will be seen in full by SPPA staff dealing with the issues which this consultation is about or planning future consultations.

The process allows informed decisions to be made about how SPPA exercises its public function.

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In order to show that the consultation was carried out properly, the SPPA intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response.

If you do not want your name or address published, please tell us this in writing when you send your response. We will then redact them before publishing.

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- to require us to rectify inaccuracies in that data

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For further details about the information the SPPA holds and its use, or if you want to exercise your rights under the GDPR, please refer to our Privacy Policy in the first instance or contact:

Agency Data Protection Officer
Scottish Public Pensions Agency
7 Tweedside Park
Tweedbank
GALASHIELS
TD1 3TE

Tel: 01896 892 469

Website: [https://pensions.gov.scot/](https://pensions.gov.scot/)

The contact details for the Information

Commissioner’s Office are:
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

Tel: 01625 545 745 or
0303 123 1113

Website: [https://ico.org.uk](https://ico.org.uk)

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# Contents

## 1. Background

1.1. The NHS Pension Scheme (Scotland) is a valuable and valued part of the reward package for NHS Scotland staff, helping employers recruit and retain their workforces. It is one of the best pension schemes available, providing generous retirement and life assurance benefits including a retirement lump sum (optional in some cases), an annual pension that increases yearly in line with price inflation, and pensions for a surviving partner and dependants.

1.2. The scheme is contributory, meaning that members and their employer are required to pay towards the cost of benefits they build up in the scheme. An actuarial valuation is conducted every four years to ensure the level of contributions made by members and employers meet the full cost of their pension rights as they accrue them.

1.3. At present employers contribute 20.9% of each member's pensionable earnings towards the cost of scheme benefits. Members are required collectively to contribute 9.8% across the whole scheme membership. This is known as the member contribution 'yield'.

1.4. Prior to April 2008, NHS employee pension contribution levels were 5% for manual workers and 6% for non-manual workers. From April 2008 to March 2012 there were four contribution tiers (based on whole time equivalent pensionable pay) ranging from 5% for members earning below £19,683 to 8.5% for members earning above £102,500.

1.5. In 2010, the Independent Public Service Pensions Commission (IPSPC), chaired by Lord Hutton, concluded in its interim report that reform of public service pension schemes was necessary and that there was a case for a fairer distribution of the cost of public service pensions between employees and other taxpayers. The 2010 UK government Spending Review announced that public service workers would be asked to contribute more towards their pensions as part of wider reforms to put public service pensions on a sustainable footing. The yield rose from 6.6% to the present 9.8%, with the increase phased in over the three years from 2012/2013 to 2014/ 2015. The 9.8% yield was factored into the costings and design of reforms to the 2015 NHS Pension Scheme in England and Wales, set out in the 2012 Proposed Final Agreement (PFA), which was subsequently adopted for the NHS Pension Scheme (Scotland).

1.6. While the yield is a fixed percentage, there are a range of approaches that could be taken to ensure that 9.8% is collected from across the whole scheme membership. The simplest method is to ask each member to contribute a flat rate of 9.8%. An alternative is to share out the 9.8% requirement across the workforce by charging a sliding scale of rates to members according to their pensionable earnings. The aggregate amount collected across members adds up to 9.8%. This approach is known as 'tiered contributions' and is the method adopted across most public service pension schemes in the UK.

1.7. The tiering of member contributions has allowed the NHS Pension Scheme (Scotland) to reduce potential financial barriers and encourage all staff to participate in the pension scheme which is intended as a mutual scheme for the whole of NHS Scotland. The NHS workforce encompasses a broad range of professions and occupations with a wide difference in earnings - from porters and healthcare assistants to senior nurses and doctors. Tiering has also allowed the scheme to recognise through higher contribution rates the beneficial effect of income tax relief on contributions and the additional value that higher earners tend to achieve from pension benefits built up under the 'final salary' accrual method that is a feature of the 1995 and 2008 pension schemes.

1.8. Tiering has helped deliver the following shared priorities that underpin the current approach to member contributions:

- include protections for the lower paid
- minimise the risk of opt-outs from the scheme across the whole membership
- ensure that the scheme remains sustainable and a valuable part of the reward package and affordable to all members

Both the Scottish Government and the NHS Pension Scheme (Scotland) Advisory Board (SAB), comprising trade union and employer representatives, remain committed to these principles.

Current Rates

1.9. As part of the tiered contribution approach, pensionable pay amounts are grouped into tiers and a contribution rate is set for each tier. The member pays the contribution rate on their actual pensionable earnings that corresponds to their notional whole-time equivalent (WTE) pensionable earnings. From 2015/16 there were seven tiers ranging from 5.2% for below £15,828 to 14.7% for above £111,377 which are shown in table 1 below:

**Table 1 – 2015-16 Contribution Structure**

| Tier | Whole-time Equivalent Pay | Contribution Percentage Rate |
|---|---|---|
| 1 | Up to £15,828 | 5.2% |
| 2 | £15,829 to £21,601 | 5.8% |
| 3 | £21,602 to £27,089 | 7.3% |
| 4 | £27,090 to £49,967 | 9.5% |
| 5 | £49,968 to £71,337 | 12.7% |
| 6 | £71,338 to £111,376 | 13.7% |
| 7 | £111,377 and above | 14.7% |

1.10. While this broad structure has been in place since 2015/16 and the percentage rates have remained the same, the pay bands have increased annually in line with

Agenda for Change (AfC) pay awards. These increases were part of a commitment to avoid members being moved into a higher contribution tier as a result of the pay award. The current structure for 2021-22 is shown in table 2 below:

**Table 2 – 2021-22 Contribution Structure**

| Tier | Whole-time Equivalent Pay | Contribution Percentage Rate |
|---|---|---|
| 1 | Up to £20,605 | 5.2% |
| 2 | £20,606 to £24,972 | 5.8% |
| 3 | £24,973 to £31,648 | 7.3% |
| 4 | £31,649 to £64,094 | 9.5% |
| 5 | £64,095 to £89,731 | 12.7% |
| 6 | £89,732 to £119,560 | 13.7% |
| 7 | £119,561 and above | 14.7% |

## 2. Review of member contributions

2.1. Over the last nine months the SPPA has been working with the SAB to review the member contribution structure. The SAB is a statutory board made up of staff side (trade union) and employer representatives. They have been commissioned to make recommendations on a new contribution structure from 1 April 2022, as part of their responsibility to provide advice to Scottish Ministers on the desirability of changes to the scheme.

2.2. The SAB review considered a number of design aspects, including the range and number of tiers, whether the rate payable should be determined using whole-time equivalent (WTE) or actual earnings, and providing for the earnings ranges in each tier should continue to be revalued in line with AfC pay awards.

2.3. In 2018, the SAB provided advice to SPPA on potential options for rectifying the then provisional cost cap floor breach arising from the 2016 scheme valuation. These proposals included the following in relation to member contributions:

- Use **actual** pay rather than WTE pay to determine the tier used to set member contribution rates
- Combine the three highest member contribution rates [12.7%, 13.7%, 14.7%] at 12.7% of pay
- Index the pay tier boundaries of the member contribution rate structure annually in line with the general AfC pay award.

2.4. These changes to the contribution structure (as well as member benefit improvements) were not implemented due to the 'pausing' of the cost cap. A subsequent decision to treat costs arising from the McCloud remedy as member costs meant that cost cap rectification was no longer required.

2.5. Following extensive consideration during 2021, the SAB submitted advice to Scottish Ministers which indicated the areas on which SAB held a consensus view, and those on which the majority of the SAB agreed. The SAB is in full agreement that the current member contribution structure needs to be amended and has considered a number of potential options.

2.6. There are several aspects of a future member contribution structure with which all employer and staff side SAB representatives are in full agreement, and which SAB would expect to be reflected in the member contribution structure from 1 April 2022:

- Moving to actual pensionable pay rather than WTE pay to determine the contribution rate payable by an individual
- Maintaining the indexing of contribution tiers to remove cliff edges from the structure by ensuring that inflationary pay increases alone do not push individuals into a higher tier.
- Minimising opt-outs across the whole membership

Staff side consensus view

2.7. While the staff side were not able to reach unanimous agreement, they did express a consensus view on the importance of the following three principles:

- include protections for the low paid;
- minimise the risk of opt outs from the scheme;
- ensure that the scheme remains sustainable and a valuable part of the reward package.

2.8. In addition, the staff side were also in unanimous agreement that any review of member contributions should deliver a structure that is perceived to be fair and equitable across the whole of the pension scheme membership.

AfC staff side view

2.9. With the exception of the British Medical Association (BMA) and British Dental Association (BDA), there was agreement amongst AfC staff side representatives in support of the following principles:

- It is felt that the minimum change to contributions is appropriate given the uncertainties arising from the McCloud judgement. (It should also be noted that some staff representatives do not agree with the outcome that the cost of the McCloud remedy is treated as a “member cost”.)

- SAB feels that the challenges posed by COVID-19 and the subsequent pressures on service delivery make it an inappropriate time to introduce wholesale changes in the contribution structure.

- Moving to actual pensionable pay is appropriate for determining contributions for a CARE scheme. Also, some part-time workers will pay a lower contribution rate which aligns to the benefit building up rather than linked to WTE pay.

- The structure should retain broadly progressive contribution rates before and after income tax relief on contributions

- The number of tiers should be reduced from the current structure so that the scope for cliff edges due to individual pay increases is reduced.

- The contribution tiers should be indexed to reduce the scope for cliff edges due to general pay increases.

- It is important that the structure protects the lower paid.

- The new structure should reduce the highest contribution levels (which will involve some flattening of the tiering).

- A significant tranche of the membership should pay the 9.8% contribution rate which is required by HM Treasury in order to appropriately balance mutuality and affordability.

- The contribution structure could act as a staging post to a flatter structure in the longer term which perhaps better matches a CARE benefit structure. However, the high required yield makes this a difficult task to balance with retention of staff, particularly staff at the upper and lower ends of the pay scale.

2.10. The AfC staff side do not believe there should be significant changes to the member contribution structure at this time given the uncertainties arising from issues such as McCloud and COVID-19. They are, therefore, in favour minimal change to both contribution increases and change to tiers at this stage.

<u>BMA and BDA view</u>

2.11. The BMA and BDA highlighted the importance of moving towards a much flatter contribution structure given that all staff are building up their pension in a CARE scheme from April 2022.

2.12. The BMA and BDA do not agree with some of the principles put forward by AfC staff side (above) for the following reasons:

- A minimal change to contributions is not appropriate because historical mistakes in the contribution structure that did not take into account pension taxation or the move to a CARE scheme need to be rectified.

- They support some mutuality within the scheme but only in a contribution structure which takes into account all applicable taxes (not just income tax relief).

2.13. The BMA/BDA are of the view that the current contribution structure fails to take into account the impact of pensions taxation. This means that whilst the headline tiers of 5.2% for the lowest paid and 14.7% for the highest paid, the true cost of scheme membership for the highest paid is significantly underestimated.

2.14. The BMA/BDA highlight a further difficulty with the target net yield of 9.8% which has been set by the UK government. The BMA/BDA feel there has been no justification for this figure, which is significantly higher than other public sector pension schemes.

2.15. Consequently, the BMA/BDA feels that no contribution structure can simultaneously include protections for the low paid, address the impact of pensions taxations, and minimise the risk of opt-outs across the whole membership whilst achieving the required 9.8% yield.

2.16. The BMA and BDA are of the view that the current contribution structure is a significant factor in the disproportionately high cost of scheme membership for higher earners and needs to be corrected.

2.17. We recognise that the Scheme Advisory Board are unable to recommend a preferred option due to the wide range of stakeholder views. While this means that we cannot put a consensus option out to public consultation, we have taken the advice received into account in developing the member contribution structure proposed by this consultation.

## 3. Contribution Yield

3.1. As summarised above in paragraph 1.5., following the IPSPC interim report in 2010, the UK government announced an average 3.2% increase to employee contributions across the public service pension schemes in 2010. As a result, the required yield in the NHSPS(S) rose from 6.6% to the present 9.8% of pensionable pay. The continued requirement for a 9.8% yield was then set out in the Proposed Final Agreement for the 2015 NHS Pension Scheme England & Wales and was automatically adopted for the scheme in Scotland.

3.2. The tiered contribution structure implemented from 1 April 2015 (shown in table 1 above) was designed accordingly so that the 9.8% yield was achieved. In addition in Scotland, but not in England & Wales, a further 0.2% was added to each contribution tier allow for the contribution tiers to be increased annually in line with Agenda for Change pay awards. This ensured that members were not moved into a higher contribution tier as a result of an annual pay award. The additional 0.2% was to recognise the potential reduction in contribution yield over time as the tier thresholds continued to rise.

3.3. However, as a result of changes in workforce distribution, the NHSPS(S) has begun to underperform against the target yield and over the last three years has achieved a yield of around 9.6%. This was recognised at the last scheme actuarial valuation in 2016 which set the employer contribution rate for the 2019 to 2023 and estimated that the scheme would only achieve a yield of 9.6% for the same period. The employer contribution rate was therefore set at 20.9% in the context of a lower expected employee contribution yield of 9.6% up to March 2023 and in the knowledge that the original 9.8% target yield would not be met.

3.4. Notwithstanding the increase made to the employer contribution rate to account for the NHSPS(S) delivering only a 9.6% member contribution yield over the period 2019 to 2023, HM Treasury require that the revised member contribution structure for the year 2022-23 must achieve the original target yield of 9.8%.

3.5 While, the Scottish Ministers have executively devolved responsibility for the NHSPS(S), occupational pensions in general are a reserved matter outside the powers of the Scottish Parliament. The Scottish Ministers must therefore implement policy which reflects UK government primary legislation and any secondary legislation introduced by Scottish Ministers requires HM Treasury approval. Therefore, the Scottish Government must comply with HM Treasury's requirement that member contributions in NHSPS(S) deliver a yield of 9.8%.

3.6. As a result, before any structural changes to member contributions can be considered, the contribution rates for all members need to increase by 0.2%, as compared to the current rates, to ensure the target 9.8% contribution yield is met. Given the extremely challenging circumstances for our valued health workforce, with high inflation and National Insurance contribution increases from April 2022 set to impact on pay, the Scottish Government is reluctant to increase contribution rates for NHS staff further and would prefer to continue with a structure which delivers the current yield of 9.6% for 2022-23. This in line with the expectation at the 2016 scheme valuation on which the employer contribution rate was set.

3.7. However, if the Scottish Government continued with the yield position of 9.6% for 2022-23 this would result in a shortfall in the yield of around £12m per annum. HM Treasury will require that this shortfall is met from within the Scottish Government budgets and taking this approach would mean additional spending on pension contributions will almost certainly divert resources away from essential NHS provision.

3.8. The Scottish Government continue to seek flexibility from HM Treasury for contribution rates to be set to continue to yield 9.6% of pensionable pay for 2022-23, on the basis that 9.8% would be achieved in subsequent years. However, for the purposes of this consultation it is assumed that implementing a contribution structure which achieves only 9.6% would require a shortfall payment of £12m to made by the Scottish Government for 2022-23.

| |
|---|
| **Q1.** Do you agree or disagree that the Scottish Government should pursue a yield position of 9.6% to avoid increasing contribution rates by an additional 0.2% to meet the target yield required by HM Treasury? Recognising that maintaining the 9.6% yield will require the Scottish Government to divert £12m of vital health budget spending to pay for the pension contribution shortfall in 2022-23. |

## 4. Proposed changes to member contributions

4.1. This section sets out a proposed new member contribution structure for implementation from 1 April 2022. This is summarised below, with detailed explanation of the changes to the structure set out in later sections.

4.2. The 2015 reforms introduced a new scheme where pension is built on a CARE basis. The McCloud remedy will close further final salary accrual in the 1995/2008 scheme from 1 April 2022 and move all members into the 2015 career average scheme for future service from that point. Accordingly, it is now appropriate to review the current member contributions.

4.3. In a CARE scheme, members accrue the same proportional benefit and there is an argument that everyone should pay the same rate - that is the 9.8% yield. However, it is proposed that a tiered contribution approach is retained, recognising the mutual intention of the scheme and the continuing desirability of facilitating participation across the whole NHS Scotland workforce having regard to potential affordability concerns for lower earners. In addition, many members will have a 'final salary link' applied to their accrued 1995/2008 scheme service, meaning that higher earners will continue to derive more value from that service than members who experience steadier pay progression through their career.

4.4. The earnings ranges for each tier would be increased annually, in line with general uplift applied to AfC pay bands. This will mitigate the cliff edge issue that sees some members charged a higher contribution rate because a pay uplift has put them into a different tier.

4.5. It is also an appropriate point to start assessing contributions based on a member's actual pensionable pay rather than their notional whole-time equivalent. This is fairer for members who work less than full-time and accrue pension in a CARE scheme. It will mean that most part-time members will pay lower contributions from 1 April 2022.

4.6. Whilst retaining tiering remains the preferred approach, we accept there is a need to reduce the steepness of the tiers, moving over time towards more members paying closer to the 9.8% yield. This is more appropriate in view of the CARE scheme accrual method and means that high earners would pay lower contribution rates. Rebalancing the rates will mean that lower earners will be asked to contribute more than they currently do. It is therefore proposed that adjustments to contribution tiers are done gradually to reduce the impact on take home pay for staff and mitigate the risk of staff leaving the scheme on grounds of affordability.

4.7. The structure set out in the following table aims to strike the right balance and will be phased in over 2 years. For the purpose of determining a member's contribution tier, their pensionable earnings are rounded down to the nearest whole pound. In practice, the tier thresholds will be increased annually in line with AfC pay awards and therefore the figures will be slightly different for future scheme years.

**In table 3A below the option of not meeting the target yield for 2022-23 and achieving only 9.6% is shown in column C and the option which achieves the 9.8% target yield is shown in column D.**

**Table 3A – Proposed contribution structure**

| A | B | C | D | E |
|---|---|---|---|---|
| Current tiers | Pensionable earnings (rounded down to nearest pound) | Rate from 1 Apr 2022 (9.6% yield) | Rate from 1 Apr 2022 (9.8% yield) | Rate from 1 April 2023 (9.8% yield) |
| | | (Actual pay) | (Actual pay) | (Actual pay) |
| Tier 1 | Up to £13,330 | 5.5% | 5.7% | 5.9% |
| Tier 2 | £13,331 to £21,614 | 5.9% | 6.2% | 6.5% |
| Tier 3 | £21,615 to £25,981 | 6.5% | 6.7% | 6.9% |
| Tier 4 | £25,982 to £32,915 | 7.9% | 8.4% | 8.8% |
| Tier 5 | £32,916 to £48,784 | 10.3% | 10.5% | 10.8% |
| Tier 6 | £48,785 to £65,376 | 10.9% | 11.0% | 11.4% |
| Tier 7 | £65,377 and above | 13.7% | 13.7% | 12.7% |

4.8. Table 3C below shows a comparison of the existing contribution structure and tier thresholds against the proposed new structure. Where the proposed structure has contribution tier thresholds which are related points on the AfC pay scale, these have been updated to the 2021-22 pay increment points.

**Table 3B – Comparison of proposed new structure with existing structure**

| A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|
| **Current Structure** | | | **Proposed new structure** | | | | |
| | | | | Rates from 1/4/2022 | | Rates 1/4/2023 | |
| Current tiers | Pensionable earnings based on 2020/21 AfC Pay Rates | Current rate | Pensionable earnings based on 2021/22 AfC Pay Rates | **9.6% yield** | **9.8% yield** | **9.8% yield** | New tiers |
| | | WTE pay | | Actual pay | Actual pay | Actual pay | |
| Tr 1 | Up to £20,605 ➔ | 5.2% | Up to £13,330 | 5.5% | 5.7% | 5.9% | Tr 1 |
| | | 5.2% | £13,331 to £21,614 | 5.9% | 6.2% | 6.5% | Tr 2 |
| Tr 2 | £20,606 to £24,972 ➔ | 5.8% | £21,615 to £25,981 | 6.5% | 6.7% | 6.9% | Tr 3 |
| Tr 3 | £24,973 to £31,648 ➔ | 7.3% | £25,982 to £32,915 | 7.9% | 8.4% | 8.8% | Tr 4 |
| Tr 4 | £31,649 to £64,094 ➔ | 9.5% | £32,916 to £48,784 | 10.3% | 10.5% | 10.8% | Tr 5 |
| | | 9.5% | £48,785 to £65,376 | 10.9% | 11.0% | 11.4% | Tr 6 |
| Tr 6 | £64,095 to £89,731 ➔ | 12.7% | £65,377 and above | 13.7% | 13.7% | 12.7% | Tr 7 |
| Tr 7 | £89,732 to £119,560 ➔ | 13.7% | | | | | |
| Tr 8 | £119,561 and above ➔ | 14.7% | | | | | |

4.9. The SAB will be asked to keep the contribution rates under review, monitoring membership and participation data to inform the timing and nature of future adjustments.

**Change 1: move to assessing contribution rates on actual pensionable pay**

4.10. Contribution rates for employed members are currently calculated based on their notional WTE earnings, and self-employed members (e.g. GP and Dental practitioners) are based on their actual earnings. A notional WTE is used for part-time members, where the member is assigned a contribution rate based on their full-time earnings for the role but pays a percentage of their actual earnings. This provides fairness in a final salary scheme where part-time and full-time members both pay the same rates but part-time members only pay a percentage of their actual pay which reflects that they are accruing less pensionable service.

4.11. In a CARE scheme, members accrue pension based on what they actually earn in each scheme year. However, a large proportion of the current scheme membership benefit from the 'final salary link' which provides transitional protection for those moving from the final salary schemes and means that their benefits will be calculated using their pensionable pay at retirement, rather than the date of leaving the old scheme. Therefore, WTE has been retained as the basis for deducting contributions during the initial years of the new CARE scheme.

4.12. As we move forward, there will be an increasing number of members who do not have transitional protection provided by the final salary link and the justification for continuing to use of WTE will diminish over time. In addition, active accrual in the legacy scheme will cease for all relevant members from 1 April 2022 as a result of the McCloud remedy. Consequently, 1 April 2022 is proposed to be the appropriate date to remove WTE as the basis for determining contribution tiers and instead to use actual annual salaries to calculate the relevant member contribution rate.

4.13. The move to using actual annual rates of pensionable pay (instead of WTE) would benefit members who work part-time, as the member contribution will be lower for many and better reflective of the amount of pension that they are building. Around 35% of the NHSPS(S) membership work part-time, and the majority would pay less contributions as a result of moving to actual annual rates of pay.

4.14. Members would have their contributions based on their previous years' pensionable pay to allow members to have their pension contributions deducted regularly through their payroll, in anticipation of the full year earnings. This is similar to how contributions are currently assessed under the WTE approach.

4.15. For members who join the scheme part-way through the year or who change employment terms during a year (for example due to a promotion or increasing or decreasing their contracted hours), it is either impossible or inappropriate to calculate their contribution rate on their previous year's pensionable earnings. In these circumstances, contributions should be assessed based on their current pay, and increased to represent a full year earnings. Members who are on zero-hours contracts (for example, bank staff) will have their contribution rate based on their previous year's pensionable pay in order to avoid the administrative burden of constant reassessment due to the flexible nature of these contracts.

4.16. Consequently, scheme rules (regulations) will set out two contribution rate tables: one based on the previous year's pay, and one based on pay effective in the current scheme year. The regulations will be updated annually to include a revised table which reflects the AfC pay increases as soon as possible after any such pay increase has been announced. It is proposed that the regulatory changes required to bring in the additional table will be subject to a short consultation period in order to update the contribution table in regulations in a timely manner.

4.17. The amendments to the regulations that are set out in this consultation document will allow members' contribution rates to be based on their actual annual rates of pay, instead of their WTE, and will mean that many part-time members will see a reduction in their member contributions.

4.18. For members who are building up pension benefits in multiple concurrent employments, the intention is that these members should have their contribution rate based on the aggregate of their annual rates of pay. This means that a part-time member with multiple roles would build up pension at the same rate as a full-time member earning the same overall amount and means that there is no unfair advantage in dividing up a role into multiple part-time roles.

4.19. It is intended that members who are earning the same amount and building up the same pension benefits should pay the same amount of member contributions. If members only pension one post, then their contribution rate can be based on their salary for that post.

4.20. Practically, there may be some difficulties in aggregating multiple pension records for part-time staff for 1 April 2022, particularly for a relatively small number of members who have multiple employers for their part-time roles. We are working in partnership with employer and member representatives to develop a transition period where members' rates are set on their annual salary for each post for the short-term, with a view to moving to aggregation in the future. While aggregation is key to ensuring that members pay the correct rates and that there is parity across the membership between members earning the same annual rates of pay, it is important that the administration involved in aggregation does not delay the move to actual annual rates of pay instead of WTE. This is set out in further detail in the section below 'Implementing the proposals: phasing in the new rates'.

4.21. Currently, members may only pension benefits up to whole-time hours. Any salary that is earned as a result of working in excess of whole-time (for example, a member has multiple employments which combine to more hours than whole-time) will continue not be pensionable in the NHS Pension Scheme. This is separate to the issue of moving to actual annual rate of pay instead of WTE and not considered as part of this consultation.

**Q2**. Do you agree or disagree that the member contribution rate should be based on actual annual rates of pay instead of members' notional whole-time equivalent pay? If you disagree or don't know how to answer, please explain why.

**Change 2: Rebalancing contribution rates**

4.22. The existing contribution structure is tiered on the basis that those earning more pay a higher contribution tier than those earning less. This tiering recognises that in a final salary scheme high earners tend to derive more value from their ultimate pension benefits relative to the amount contributed over their career. However, in a CARE scheme, there is no pay progression benefit; pension is calculated based on earnings in each year of membership and therefore this reduces the justification for retaining the very highest tiers in a CARE scheme and generally should result in a narrower range of employee contribution rates.

4.23. However, as mentioned above, members who have transferred to the 2015 CARE scheme from the old scheme will still benefit from the final salary link. This is a valuable benefit to those members who were in the old scheme and will increase the value of a member's final salary benefits even though no further rights are accrued under the old scheme.

4.24. The proposed changes to the member contribution structure would come into effect on 1 April 2022. The new structure would use annual rates of pay and would require a rebalancing of the contribution rates because most part-time members would pay lower contribution rates. It is estimated that this would lead to a 0.5% reduction in the contribution yield. Therefore, the member contribution structure would need to be adjusted to accommodate this change.

4.25. The table in 4.7 above shows the proposed contribution structure which is planned to be phased in 2 over two years beginning on 1 April 2022. The tier boundaries shown reflect the 2021/22 AfC pay points as uplifted for the pay increase announced for this year. In practice, the tier thresholds will be increased annually in line with AfC pay awards and therefore the figures will be slightly different for future scheme years.

4.26. The proposed structure aims to reduce the highest contribution tiers, initially from 14.7% to 13.7% from April 2022 and then to 12.7% from 1 April 2023. This is because a high level of cross-subsidy between higher and lower earning members is no longer appropriate in a CARE scheme, where all members get the same proportional benefit. Compared to the current member contribution structure, this proposal increases the value of the scheme for higher earners.

4.27. As a result of the need to narrow the range of contribution rates, the cost of moving to actual annual rates of pay to determine contribution rates (0.5%) is not added the highest member contribution rate but is instead spread across the other contribution tiers.

4.28. The proposal also includes a discounted rate for members earning less than £13,331 a year in order to retain the affordability of the scheme for members who are earning less than this amount. These members will all work less than full-time hours and are unlikely to receive income tax relief on their pension contributions which may reduce the affordability of the scheme. Additionally, many part-time members will see their contribution rate decrease as they move down the tiers, due to using actual annual rates of pay to set the contribution tier, instead of notional WTE.

4.29. Tier 4 of the existing structure has been divided in two in this proposal, with those earning up to £48,784 paying 10.50% and those earning between £48,785 and £65,376 paying 11.00%. This change is designed to align with the point at which members start to benefit from the availability of higher rate tax relief on all contributions.

**Q3.** Do you agree or disagree with the proposed member contribution structure set out in this consultation document? If you disagree or don't know how to answer, please explain why.

**Change 3: Change to the approach of increasing tier boundaries in line with annual AfC pay awards**

4.30. When the current member contribution structure was implemented in 2015, one design feature was that the pay/earnings bands set out in each tier were to be increased each year in line with national NHS pay awards in Scotland. The intention was to ensure that the tiers remained in line with annual increases in individual members pay and to avoid individual scheme members being moved into a higher contribution tier as a result of the national NHS pay awards.

4.31. The approach that has been taken since 2015 to avoid scheme members' seeing a reduction in their take-home pay as a result of the AfC pay award, has been to link the tier boundaries to a particular pay point in the AfC pay scales and for the tier boundary to track that pay point. However in recent years, as the number of points has been reduced in each pay band, this has caused issues with setting the tiers and led to some tier boundaries increasing well in excess of the headline pay increase. This has subsequently impacted on the contribution yield as the tier boundaries have increased and is part of the reason why the scheme is currently underperforming against the target yield.

4.32. In order to avoid negatively impacting the yield going forward, it is proposed that all tier boundaries will be increased by the overall average uplift in AfC pay, which for example was 4% in 2021/22. Whilst there are different processes for determining the pay award for different parts of the workforce, it is proposed that the earnings ranges in the contribution tiers will be increased each year in line with the average AfC pay award. This means that the contribution tiers would remain consistent across all areas of the workforce.

4.33. Most members would have their contribution rate based on their previous year's pensionable pay. However, for some members who join the scheme mid-year or receive a promotion it will be either impossible or inappropriate to use their previous year's pensionable pay to calculate their contribution rate. Consequently, an updated table which increases the thresholds in line with the AfC pay award terms will be brought forward for consultation and included in regulations.

**Q4**. Do you agree or disagree that the thresholds for the member contribution tiers should continue be increased in line with annual Agenda for Change pay award? And that the increase should be based on the average uplift in AfC pay rather than tracking individual pay points. If you disagree or don't know how to answer, please explain why.

## 5. Implementing the proposals: phasing in the new rates

5.1. From 1 April 2022, all members will be moved to the 2015 CARE scheme for future accrual. As discussed above, this is considered to be an appropriate point for moving to using actual annual rates of pensionable pay rather than WTE when assessing a member's contribution rate.

5.2. Phasing the new member contribution in slowly would protect scheme affordability for some scheme members and minimise the risks to take home pay of large increases to member contribution rates. However, this should be balanced against certainty and stability for members and gradual phasing over a long period of time might not be desirable.

5.3 Therefore, it is proposed that the new member contribution structure be phased in over 2 scheme years - 2022 to 2023 and 2023 to 2024. This phasing will help to minimise opt-outs and reduce the impact on take-home pay for members who will be paying higher contribution rates under the new structure, while ensuring that the new member contribution structure is implemented in a timely manner.

5.4. It is proposed that the new member contribution structure would be phased in, in the steps set out in table 3 above.

5.5 For the purpose of determining a member's contribution tier, their pensionable pay will be rounded down to the nearest whole pound. In practice, the tier thresholds will be increased annually in line with AfC pay awards and therefore the figures will be slightly different for future scheme years

**Q5.** Do you agree or disagree that the proposed member contribution structure should be phased over 2 years? If you disagree or don't know how to answer, please explain why.

## 6. Concurrent part-time employments

6.1. It is proposed that where members have multiple concurrent roles which they build up pension benefits for, their contribution rate should be based on the aggregate of these different employments. It is important that members who have multiple part-time roles will pay the same contribution rate as members earning the same amount through one, single employment and ensures consistency across different types of working arrangements.

6.2. Through discussion with stakeholders, we understand that aggregating multiple roles will be administratively difficult, particularly where members hold different contracts of employment with more than one employer.

6.3. Therefore, it is proposed that the NHSPS(S) will move to aggregation of multiple posts over a longer period of time. Members who hold multiple posts with different employers will not be aggregated for 1 April 2022. Instead, the intention is to bring forward further proposals for consultation during 2022 on approaches to aggregating posts with different employers with the aim of making regulatory amendments for 1 April 2023.

## 7. Proposed draft amending regulations

7.1. To apply the proposed changes, we will need to amend scheme rules. The rules of the NHSPS(S) are set out in regulations, which is a form of secondary legislation. Those rules can be amended or replaced by new regulations drawn up in accordance with the powers and requirements of the Public Service Pensions Act 2013 and the Superannuation Act 1972 as relevant.

7.2. The National Health Service Superannuation and Pension Schemes (Miscellaneous Amendments) (Scotland) Regulations 2022 are presented for consultation in draft. These regulations would amend the 2015 regulations only, to implement:

- the new tiered contribution rates from 1 April 2022 that correspond to the first year of the proposed phased introduction
- the assessment of a tiered contribution rate for part-time employed members based on their actual annual rate of pay rather than the notional whole-time equivalent
- a mechanism in regulations that uses two contribution rate tables to allow:

- members who have their contribution rate based on their previous year's pensionable earnings to use the contribution rates before any increase to tier boundaries is applied
- members who have their contribution rate based on current pensionable earnings to use contributions rates that have increased in line with the AfC pay award for that scheme year (which will be updated by amendment regulations following the AfC award announcement)

7.3. This section describes how the draft regulations amend the scheme regulations to deliver those objectives. It should be read in conjunction with the draft regulations which are published alongside this consultation. Please note that these are draft regulations and the drafting approach and other technical aspects may change following the consultation and before the final instrument is laid before the Scottish Parliament.

**Q6.** Do you agree or disagree that the proposed draft amending regulations deliver the policy objectives of implementing the first phase of changes to the tiered contribution rate structure and the assessment of a tiered rate using actual annual rate of pensionable pay for part-time members rather than notional whole-time equivalent? If you disagree or don't know how to answer, please explain why.

7.4. A further set of regulations would be required to implement the contribution rates from 1 April 2023 that correspond to the second year of phasing, together with applying any increase to the 2022 to 2023 contribution tier boundaries in line with the general AfC pay award for that year. Those draft regulations would be published for consultation in 2022.

**Assessment of a tiered contribution rate for employed members (Regulation 30 and Schedule 9)**

7.5. Regulation 30 (members' contributions: employees) requires employed members to make scheme contributions at the rate that applies to the member for a scheme year. A scheme year runs from 1 April to 31 March each year. The contribution rates for each scheme year from 2015/16 to 2021/22 are currently set out in tables 1 to 7 in regulation 30 (the contribution tables). The contribution tables show the percentage contribution rates that apply to a member's pensionable earnings depending where those earnings fall within 7 pensionable earnings bands.

7.6. Schedule 9 (determination of pensionable earnings: setting contribution rates) sets out how a member's pensionable earnings are determined for the purpose of establishing which band and therefore which contribution percentage rate applies to the member.

7.7. Employed members active in the scheme before the beginning of a scheme year generally have their contribution rate assessed using pensionable earnings received during that preceding year. If a member started a new job or their contribution rate changed during that preceding year, pensionable earnings from the date of change are used to determine the member's band. Such earnings are increased so they are representative of a full year. Likewise, if a member changes jobs or has a pay increase during a current scheme year their contribution rate is reassessed. New earnings increased to represent a full year are used to see if those earnings fall into a different band and therefore a different percentage rate should apply from the date of change to the end of the scheme year.

7.8. Currently, each employment is assessed separately in this way and the applicable whole-time rate of pay is used to assess contribution rates for a part-time member. A part-time member's contribution rate is only reassessed in a current scheme year if the whole-time rate of pay for their job changes.

7.9. The draft Scottish Statutory Instrument (SSI) makes changes to both regulation 30 and Schedule 9 in order to:

- implement the proposed contributions tiers corresponding to the first year of phasing
- provide the necessary structure in regulations to allow for the tiered contribution rates for members being assessed or re-assessed for a contribution rate using earnings in a current scheme year to be assessed against a contribution table in which the tier thresholds have been increased in line with any AfC pay award for that year
- begin the transition from assessment of contributions for part-time members from whole-time equivalent pay to aggregated actual pay

7.10. These changes, as implemented by the amending regulations in the draft SSI, are described in detail below.

7.11. **Amending regulation 1 and 2** provide for the National Health Service Superannuation and Pension Schemes (Miscellaneous Amendments) (Scotland) Regulations 2022 to come into operation on 1 April 2022 and for the 2015 Regulations to be amended..

7.12. **Amending regulation 3** amends regulation 30 (members' contributions: employees) by replacing the existing contribution table with 2 new tables that will be used to assess members' contribution rates for the scheme year 1 April 2022 to 31 March 2023.

7.13. The first contribution table for the scheme year 2022/23 is added to the list of contribution tables paragraph 3 or regulation 30 for each scheme year. This table will be used to set a contribution rate in respect of members who are in pensionable employment on the last day of the previous scheme year and the first day of the current scheme year and who fit the description in one of the revised cases in Schedule 9 at paragraph (2). Earnings from the previous scheme year are used to determine the contribution rate for members in this group (see the changes described below for amending regulation 7).

7.14. The second contribution table inserted at new paragraph (3A) of regulation 30 also applies to the scheme year 2022/23. This table will apply to any member who cannot be matched to a case description in Schedule 9, or who starts a new job or whose annual rate of pay changes during the course of the current scheme year. Earnings for the current scheme year increased to represent a full year are used to determine the contribution rate or the revised contribution rate for members in this group (see again the changes described below for amending regulation 7).

7.15. The second table is, for now, the same as the first table but will be updated to take account of any AfC pay uplift that may apply from the beginning of the 2022/23 scheme year as soon as reasonably practicable (see section 4.33). Providing the necessary structure in regulations to facilitate this in advance of any such changes has two purposes. Firstly, it is hoped that it may aid understanding of how contribution assessment will work in future and, secondly, it will assist with the timely implementation in regulations of any newly updated contribution table.

7.16. **Amending regulation 7** amends Schedule 9 (determination of pensionable earnings: setting contribution rates) to implement changes to contribution assessment in respect of part-time members and to ensure that Schedule 9 works correctly with the two new tables inserted into regulation 30.

7.17. Schedule 9 paragraph 1 (introduction) is amended by amending regulation 7(2) so that part-time concurrent pensionable employments will only be assessed separately for a contribution rate if the employments are held with different employing authorities. Where the concurrent employments are held with the same employing authority, pensionable earnings from all employments with that authority are added together for the purposes of determining the pensionable earnings as set out in the cases descriptions in paragraph 2 of Schedule 9.

7.18. Schedule 9 paragraph 2 (continuous employment spanning two years) is amended by amending regulation 7(3). The twelve case descriptions in paragraph 2 that currently set out how a member's pensionable earnings should be determined in order to set a tiered contribution rate are replaced by five new case descriptions. Cases that covered part-time employment and combinations of part-time and whole-time employment are no longer necessary. However, one bespoke case description for part-time members is retained at new case 5 to assist with transition to the new assessment method for the first year of implementation (see the description for that case below).

7.19. All five of the new cases apply to actual pensionable earnings, not notional whole-time equivalent for part-time members. This is a result of changes made to paragraph 1 of Schedule 9, which would allow part-time pensionable earnings for concurrent employment with the same employing authority to be aggregated for the purposes of establishing the pensionable earnings for assessing a contribution rate. The five new cases used to determine pensionable earnings are explained in detail below:

- **Case 1** applies to members who were employed continuously throughout the previous scheme year with an employing authority and who paid the same contribution rate throughout that year.

  If the case 1 description fits a member, pensionable earnings assessed for a contribution rate for the next scheme year will be pensionable earnings received in that previous scheme year.

- **Case 2** applies to members who were employed continuously throughout the previous scheme year with an employing authority and who did not pay the same contribution rate throughout that year. This will be because a new job was started, or a member's annual rate of pay changed during that year.

- If the case 2 description fits a member, pensionable earnings assessed for a contribution rate for the next scheme year will be determined by taking the member's pensionable earnings for the period starting when their contribution rate last changed to the end of the previous scheme year, dividing that amount by the number of days in that period and multiplying the result by 365 so that the final amount represents a full year of pensionable earnings.

- **Case 3** applies to members who started pensionable employment with an employing authority during the previous scheme year and who paid the same contribution rate through to the end of that year.

- If the case 3 description fits a member, pensionable earnings assessed for a contribution rate for the next scheme year will be determined by taking the member's pensionable earnings for the period starting when their pensionable employment started to the end of the previous scheme year, dividing that amount by the number of days in that period and multiplying the result by 365 so that the final amount represents a full year of pensionable earnings.

- **Case 4** applies to members who started pensionable employment with an employing authority during the previous scheme year and who did not pay the same contribution rate through to the end of that year.

- If the case 4 description fits a member, pensionable earnings assessed for a contribution rate for the next scheme year will be determined by taking the member's pensionable earnings for the period starting when their contribution rate last changed to the end of the previous scheme year, dividing that amount by the number of days in that period and multiplying the result by 365 so that the final amount represents a full year of pensionable earnings.

- **Case 5** applies to part-time members who were employed throughout the previous scheme year with an employing authority and who paid the same contribution rate throughout that year but whose annual rate of pensionable earnings changed during that year (this change to pensionable earnings could be because they reduced or increased the number of part-time hours worked).

- If the case 5 description fits a member, pensionable earnings assessed for a contribution rate for the next scheme year will be determined by taking the member's pensionable earnings for the period starting when their pensionable earnings changed to the end of the previous scheme year, dividing that amount by the number of days in that period and multiplying the result by 365 so that the final amount represents a full year of pensionable earnings.

- Case 5 is needed for the first year that changes are implemented for part-time members because, under the current method of assessment, their contribution rate only changes during a current scheme year if the whole-time rate of pay for their job changes. This means that without case 5, no account would be taken of an increase or decrease to actual pensionable earnings during the scheme year 2021/22 when using earnings from that year to set a contribution rate for scheme year 2022/23. This could mean that pensionable earnings used to set a contribution rate are overstated or understated in relation to the members likely pensionable earnings for the coming scheme year.

**Cases that do not fall into any of the cases described above**

7.20. To better distinguish between circumstances when the table at paragraph (3A) of regulation 30 applies instead of the table at paragraph (3) of that regulation, amending regulation 7(3) also removes existing sub-paragraphs (3) and (4) of paragraph 2 of Schedule 9. Sub-paragraphs (3) and (4) cover circumstances where the member does not fit any of the case descriptions in sub-paragraph 2 of Schedule 9.

7.21. Amending regulation 7(4) then re-inserts those sub-paragraphs into a new paragraph 2A entitled 'Members who do not fall within any of the cases in paragraph 2'. This is a technical change only, and, as now, in those circumstances new paragraph 2A requires the scheme manager to determine the member's pensionable earnings having taken advice of the scheme actuary, and having taken account of pensionable earnings attributable to earnings for service comparable to the members, prevailing pay scales and prevailing rates of allowances. The table that applies when pensionable earnings for a current scheme year are used to assess a contribution rate (at paragraph (3A) of regulation 30) is then used to determine the contribution rate for the member. Sub-paragraphs (4), (5) and (6) of new paragraph 2A replicate the current provision made at as sub-paragraphs (5), (6) and (7) of paragraph 2. They make the same provision in respect of unpaid absences, pensionable earnings the member is deemed to have received and the rounding up of earnings to the nearest number of whole pounds.

7.22. Paragraph 3 of Schedule 9 (change to employment or rate of pensionable earnings or allowances) provides for a contribution rate to be assessed or re-assessed in circumstance where a member starts a new job or a change is made to a member's annual rate of pay or allowances during the current scheme year. Paragraph 3 is amended by amending regulation 7(5) as follows. The requirement that a contribution rate is only re-assessed for a part-time member if the whole-time rate of pay changes is removed.

7.23. The table to be used for the assessment or re-assessment of a contribution rate during the current scheme year is changed to the table at paragraph (3A) of regulation 30 (the table that will be updated to take account of any AfC pay uplifts). Finally, the formula for determining the pensionable earnings to be assessed against that table is also changed so that elements that required WTE pay to be used for part-time members are removed. Pensionable earnings for both part-time and whole-time members who start a new job or have a pay change during a current scheme year will be determined by dividing the pensionable earnings the employing authority estimates will be payable to the member from the start of the new employment to the end of the current scheme year by the days in that period and multiplying the result by 365 so that the final amount represents a full year of pensionable earnings. (For members who have a pay change, a new employment is deemed to have started from the first day of the next pay period immediately following the period in which the change is made).

**Assessment of a tiered contribution rate for practitioners and non-GP providers (Regulations 31, 37, 38 and Schedule 10)**

7.24. Regulation 31 (members' contributions: practitioners and non-GP providers) requires practitioners and non-GP providers to make scheme contributions at the percentage contribution rate that applies to a member's pensionable earnings depending where those earnings fall within seven pensionable earnings bands. The contribution rates and pensionable earnings bands for this group of members in respect of each scheme year scheme year are currently set out in a contribution tables in regulation 31.

7.25. Regulations 37 (members' contributions: supplementary: medical practitioners and non-GP providers) and regulation 38 (members' contributions: supplementary: dental practitioners) provide a bespoke process for the estimation of pensionable earnings and the setting of a temporary contribution rate for this group of members pending the confirmation of their final earnings for each scheme year. Once final pensionable earnings are confirmed for a scheme year, members in this group pay contributions at the rate set out in the table that applies to that scheme year and the temporary rates and contributions paid based on estimated pay are adjusted. The temporary contribution rate is set by reference to the latest available table, the confirmed rate is set by the table that applies to each scheme year.

7.26. The draft SSI makes changes to regulation 31, 37 and 38 in order to:

- retain the existing contribution table for the scheme year 2021/2022 so that the final contribution rate that applies to a member can be confirmed once earnings for that scheme year have been finalised

- insert the latest table containing the revised contributions tiers for the purpose of setting a temporary contribution rate based on estimated pensionable earnings for the scheme year 2022/2023
- provide the necessary structure in regulations to allow for the potential insertion of a new contribution table for each scheme year, starting with the 2022/23 scheme year, so that a final contribution rate can be confirmed once earnings for that scheme year have been finalised

7.27. These changes, as implemented by the amending regulations in the draft SSI are described in detail below.

7.28. **Amending regulation 4** amends regulation 31 (members' contributions: practitioners and non-GP providers) to add Table 8 for scheme year 2022/23'.

7.29. **Amending regulation 5** amends regulation 37 (members' contributions: supplementary: medical practitioners and non-GP providers) and **Amending regulation 6** amends regulation 38 (members' contributions: supplementary: dental practitioners).

## 8. Equality impact assessment

8.1. The Public Sector Equality Duty ('PSED') was created by the Equality Act 2010 and is supported by the specific duties contained in the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, as amended.

8.2. The PSED requires the Scottish Government to assess the impact of applying a proposed new, or revised, policy or practice. Scottish Ministers must have 'due regard' to the need to eliminate discrimination, advance equality of opportunity and foster good relations between people with different protected characteristics when carrying out their activities.

8.3. There are nine protected characteristics identified in the Equality Act 2010: (1) sex, (2) age, (3) disability, (4) race, (5) religion or belief, (6) gender reassignment, (7) pregnancy and maternity, (8) sexual orientation, (9) marital or civil partnership status.

8.4. Our initial Equality Impact Assessment has determined that the proposed changes do not differentially impact on any of the protected groups. However, the Scottish Government would like to take this opportunity to ask stakeholders the following question in relation to equality:-

| |
|---|
| **Q7:** Are there any considerations and evidence that you think should take into account when assessing any equality issues arising as a result of the proposed changes? |

8.5. The Equality Impact Assessment will be reviewed based on responses received during the consultation.