

## For Decision

Agenda Item: 11.1  
Date of Meeting: 21/01/26

**To:** The Management Committee

**From:** The Director

**Subject:** Proposed Changes to DB Pension Scheme – Outcome of Staff Consultation

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### 1. Introduction and Purpose

1.1 Following Committee's decisions at its October and November meetings, the consultation with staff over the proposed changes to the DB Pension Scheme began on 27<sup>th</sup> November. The consultation ran to 9<sup>th</sup> January.

1.2 The purpose of this report is to present the findings of the staff consultation for Committee's consideration and to enable it to make its final decision on the following:

- Proposed closure of DB pension scheme to new entrants, effective from 1<sup>st</sup> May 2026;
- The split of the future service contribution rate which has overall reduced to 21% - 50/50 split of the savings of 12% which equates to 12% for the employer and 9% for employees.

1.3 Committee is reminded that in terms of the split of the future service contribution rate, that we must notify the Pension Scheme before the end of January of Committee's decision about this.

1.4 Committee is asked to note that its decision to close the growth plan for the DB pension scheme with immediate effect, was notified to all staff on 27<sup>th</sup> November.

### 2. Staff Consultation

2.1 The two written notifications (one on the proposed closure of the DB scheme to new entrants and, the proposed split of the future service contribution rate; the second to notify staff of the closure of the DB pension growth plan) were issued to all staff on 27<sup>th</sup> November, which began the consultation process.

Proposed closure of DB Pension Scheme to New Entrants, effective from 1<sup>st</sup> May 2026

- 2.2 The proposed closure of the DB pension scheme to new entrants affects staff who are not currently in the DB pension. Those staff were invited to attend a pensions consultation session to hear direct from a Committee Member about the proposed change and why this was being proposed. It was also an opportunity for staff to ask questions or share their views. The session was run twice to give staff a choice. The first session was held on 3<sup>rd</sup> December and Dan Wilson attended to represent the Management Committee. Six staff attended the session. Following Dan talking through the proposed closure of the DB scheme to new entrants, it was opened for discussion. A total of three questions were asked. The second session held on 9<sup>th</sup> December, was attended by Paula McCann and again following Paula presenting Committee's proposal and reasons for it, the session was opened for discussion. Only one question was asked. Two staff members attended this session.
- 2.3 At the end of each session staff were advised that a Q&A sheet would be produced from both sessions and this, along with the script and presentation would be shared with staff. Staff were further advised that a survey would be issued to enable staff to submit any further questions or comments before the consultation ended on 9<sup>th</sup> January. In addition staff were advised that a follow up session could take place if that would be helpful. For Committee's information the script and supplementary information and the Q&A sheet based on the 2 sessions are attached.
- 2.4 Following the 2 sessions and the sharing of the information from them, I issued a further survey to the staff to ascertain if a follow-up session would be helpful. As there was little discussion at the consultation sessions and only a total of 4 questions asked, I had checked with our solicitor whether a follow-up session was required or I could simply ask staff if they would want a follow-up session. Our solicitor advised due to the low number of queries from staff, it was acceptable to ask staff if a follow-up session would be helpful. This was on the basis that even if only one staff member replied yes, the session would take place. The outcome of the survey was that all staff members who responded, replied no.
- 2.5 In terms of the survey that provided staff with a further opportunity to ask questions or provide feedback by the 9<sup>th</sup> of January, it was first issued on 10<sup>th</sup> December, and then reminders were issued on 23<sup>rd</sup> December and the 8<sup>th</sup> January. By the deadline a total of 8 responses were received. No-one had any further questions or comments to make.
- 2.6 Staff were made aware that they could still join the DB pension scheme before the proposed closure to new entrants on 1<sup>st</sup> May 2026. If they wished to do so, they must notify our finance team by 27<sup>th</sup> February to ensure sufficient time for the required processes (internal and the pension

scheme) to be completed to ensure employees can join before 1<sup>st</sup> May. At the time of writing this report, 3 employees have indicated an interest in joining the DB scheme.

#### Proposed Split of Future Service Contribution Rate

2.7 The current members (7 including me) of the DB pension were issued a short survey asking them if they had any questions or comments about the proposal to split the new reduced contribution rate of 21% - 12% for employer and 9% for employees. This consultation also ran to the 9<sup>th</sup> January. By the deadline 6 responses had been received. Only one staff member had a question about whether they could still make voluntary contributions to their pension. I advised the staff member that Committee had decided to close the growth plan for the DB scheme to current and new staff. The staff member was reminded that a written notification had been shared with all staff about this on 27<sup>th</sup> November. The staff member had made it clear in their survey response that they were happy with the proposed split of the future service contribution rate. None of the other respondents had any questions or comments about the proposed split. I did not complete the survey but would confirm that I had no comments or questions on the proposed split of the future contribution rate.

#### Absent staff

2.8 Four staff members were absent during the course of the consultation, three of whom are not in the DB scheme and one who is.

2.9 In terms of the three staff not in the DB scheme, all the consultation information (including the shared information following the 2 consultation sessions) was emailed to them. One staff member had acknowledged, via their Line Manager, that they had received all the information and the survey link to submit any further questions or comments. Another staff member responded to me to advise that they didn't require a follow-up session. Both of these staff members completed the survey (enabling them to provide any further comments or questions) by the deadline of 9<sup>th</sup> January. The third staff member hasn't responded to any information shared with them.

2.10 The staff member who is in the DB pension scheme was sent the original email containing the written notifications which was shared with all staff and which began the consultation process. They were also sent the survey link to ask questions or make comments about the proposed split of the future contribution rate. During the consultation period I asked their Line Manager to remind them of the survey and the closing date for the consultation. The staff member submitted their survey responses on 8<sup>th</sup> January.

## Summary

- 2.11 In relation to the staff not currently in the DB scheme, those who participated in the consultation process (attending consultation sessions and/or completing survey) did not have any further comments or questions about the proposed closure of the DB pension to new entrant and only a total of 4 questions were raised between the 2 consultation sessions. No staff advised that a follow-up session was required. No-one has indicated any objections to the proposal. Three employees so far have indicated an interest in joining the DB pension.
- 2.12 Those staff currently in the DB scheme (with the exception of me) completed the survey about the proposed split of the future service contribution rate. None of the staff, including me, had any comments to make and only one staff member submitted a question which I have addressed with them.

### **3. Notification to Unite the Union**

- 3.1 In my report for the November meeting, I advised I would be sharing the written notifications being issued to staff, with Unite the Union. I can confirm that this was done and there has been no response from the Union.

### **4. Notifiable Event**

- 4.1 As reported at the last Committee meeting in November, having sought clarity from our Regulation Manager about whether the proposed changes to the DB pension should be a notifiable event (NE) I received confirmation that it was. I arranged with our Chair that she would submit the NE which was done following the committee meeting. I had provided the Chair with a number of pension related reports and relevant extracts from minutes of Committee meetings to submit to The Regulator as part of the NE. The Chair received an initial response from The Regulator looking for some more information before it could consider the matter fully. The requested information was to advise them of the outcome of the consultation and any updates on the proposed implementation of this. The Chair responded as follows:

“The consultation has only just begun, with the written notification of the proposed change to the DB pension issued to staff yesterday. Staff have the choice of attending 1 of 2 consultation sessions being held this month. The first is next week. We will hold a follow-up session, which we envisage will be before Christmas, to cover any questions or issues raised at the consultation sessions. The overall deadline for the consultation is 9th January. All feedback will be considered by the

Management Committee at its January meeting (21st) at which time it will make its final decision.”

4.2 There have been no further responses from SHR. The Chair will upload a copy of this report and attachments to The Regulator’s portal following the Committee meeting.

**5. Risk**

5.1 Over the last several months, we have considered risk in relation to pensions, and specifically defined benefit pensions, and have identified the key risks. At this stage in the process the risks being specifically considered are in relation to staff consultation over the proposed changes to the DB pension scheme. We first considered these at the November meeting and they are included below with any relevant updates.

Risk Category	Mitigating Measure
<p><b>Governance:</b></p> <p>Inadequate information provided to Committee leading to poor decision making and ineffective governance</p>	<p>Financial information provided through annual budget and 30 year projections;</p> <p>Independent Pension advice provided to Committee re: decisions required re: DB scheme</p> <p>Pension Review Session with Independent Pension Advisor held in early October.</p> <p>Legal advice sought from employment solicitor on required processes to be undertaken to consult staff on proposed changes to DB scheme</p>
<p><b>Legislative and Regulatory:</b> as above and, Fail to meet regulatory requirements Contractual entitlement to DB pension due to length of time it has been in place; Affected staff could claim breach of contract;</p>	<p>As above Sought advice on any contractual entitlement to DB pension; No statutory requirement to consult with staff as we have less than 50 employees but as a matter of good practice consultation will be undertaken. Sought advice from EVH and legal advice on issue of contractual entitlement to DB pension.</p>

	<p>Employment solicitor outlined process to be followed for staff consultation. Also reviewed and advised on written notifications to be issued to staff and the survey for DB members about proposed split of future service contribution rate.</p> <p>As EVH members we are part of a collective bargaining framework and as some of our employees are union members, as recommended by our employment solicitor, the written notifications were shared with the Union.</p>
<p><b>People:</b></p> <p>Staff unhappy with decision about DB pension (potential for claims of breach of contract)</p> <p>Staff feel that they have not had enough opportunity to provide feedback or ask questions.</p>	<p>Committee's decision will be based on independent, expert pensions advice;</p> <p>Consultation with staff is following legal advice provided by employment solicitor.</p> <p>Staff given opportunity to attend a consultation session to hear from a Committee Member about Committee's proposals and the reasons for them, session also included a Q&amp;A session. Staff had choice of 2 dates to attend.</p> <p>Proposing a follow-up session depending on outcome of 2 consultation sessions. However, following advice from employment solicitor, as only 4 questions were raised between both sessions, only needed to ask if staff would find a follow-up session helpful. Would only proceed with the follow-up if at least one staff member requested it. Outcome, no staff felt a follow-up session was needed.</p> <p>On completion of both consultation sessions, staff were issued copies of the presentation, the script, supplementary information and the Q&amp;A from both sessions.</p>

	<p>Staff also issued with a link to a survey to submit any further comments or questions before the consultation ended on 09/01/26. 2 reminders about the survey were issued.</p> <p>Staff were also made aware that they could join the DB scheme before the proposed closure to new entrants from 1<sup>st</sup> May. Date for doing so is 27/02/26. To date 3 staff have expressed an interest in joining the DB pension.</p>
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## 6. Delivery of our Strategic Objectives

Area	Related Strategic Objective(s)
Staff Consultation on proposed changes to DB pension scheme.	<p>7) Achieve the highest standards in all that we do</p> <p>6) Use resources efficiently and effectively</p>

## 7. Application of our Core Values

Area	Related Core Value(s)
Staff Consultation on proposed changes to DB pension scheme.	<ul style="list-style-type: none"> <li>• Engaged and Responsive;</li> <li>• Fair and approachable;</li> <li>• Accountable and Compliant;</li> </ul>

## 8. Compliance and Assurance

- 8.1 Periodically reviewing the matter of the defined benefits pension scheme, including taking account of any information published by the Pension Scheme (e.g. results of 3 yearly actuarial valuations) and seeking independent pensions advice when required, should ensure Committee is making well informed decisions and keeping our participation in the DB scheme under review. Where changes are being proposed that legal advice is sought on the requirements for carrying out staff consultation. This means we are compliant with Legal and Regulatory requirements. In particular:

Compliance Source	Details
The Standards of Governance and Financial Management for RSLs	<b>Standard 3</b> - The RSL manages its resources to ensure its financial

	<p>well-being, while maintaining rents at a level that tenants can afford to pay.</p> <p><b>Guidance 3.6</b> – The governing body ensures that employee salaries, benefits and its pension offerings are at a level that is sufficient to ensure the appropriate quality of staff to run the organisation successfully, but which is affordable and not more than is necessary for this purpose.</p> <p><b>Standard 4</b> - The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation’s purpose.</p> <p><b>Guidance 4.1</b> – The governing body ensures it receives good quality information and advice from staff and, where necessary, expert independent advisers, that is timely and appropriate to its strategic role and decisions. The governing body is able to evidence any of its decisions.</p> <p><b>Guidance 4.4</b> - The governing body identifies risks that might prevent it from achieving the RSL’s purpose and has effective strategies and systems for risk management and mitigation, internal control and audit.</p>
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## 8.2 Evidence Bank

Evidence	Assurance Exercise Location
<ul style="list-style-type: none"> <li>Report for 21/01/26 meeting and attachments;</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory Standard 3 – Guidance 3.6</li> <li>Regulatory Standard 4 – Guidance 4.1 and 4.4</li> </ul>

8.2.1 Committee is reminded that our Assurance Exercises are available in the Committee Log-in Area of our website, which Committee can access at any time.

## **9. Summary and Decisions Sought**

- 9.1 Following Committee's approval, at the last meeting in November, of the written notifications to be issued to staff and the arrangements for the consultation sessions with staff, the consultation process has now been completed.
- 9.2 The outcome of the consultation has been set out in Section 2.
- 9.3 Committee will note from Section 3, that there has been no response from the Union, following issuing copies of the written notifications for staff to the named Union Rep.
- 9.4 A notifiable event was submitted to The Regulator by the Chair following the November Committee meeting. Section 4 shows the responses exchanged between the Chair and The Regulator to date. Committee is asked to note that the Chair will upload a copy of this report and attachments, following the Committee meeting on 21<sup>st</sup> January.
- 9.5 Risk has been considered at Section 5.
- 9.6 Section 6 shows how our approach to consulting staff over the proposed change to the DB pension scheme contributes to the delivery of our strategic objectives.
- 9.7 Section 7 shows how our approach to consulting staff over the proposed change to the DB pension scheme contributes to the application of our core values.
- 9.8 Section 8 demonstrates how we comply with legal and regulatory requirements.
- 9.9 Committee is asked to consider the outcome of the staff consultation and decide on the following:

Whether to proceed with the closure of the DB pension scheme to new entrants, effective from 1<sup>st</sup> May 2026;

Whether to proceed with the proposed split of the future service contribution rate, which has reduced overall to 21%, as follows:

- Employer rate – 12%
- Employee rate – 9%

9.10 Committee is reminded that the deadline for notifying the Pension Scheme of the split of the future service contribution rate is the end of January 2026.