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EMPLOYER newsletter

January 2012

NHS Pensions

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What type of Employer are you?

Icons (small pictures) will appear throughout this newsletter. These indicate the different types of NHS Employer. Where these appear the article does not apply to all types of NHS Employer. If the icon is crossed out, the article does not apply to that type of Employer and only applies to the types of Employer that are not crossed out. To find your icon, see below:

NHS Direction Employers

NHS GP Practices / APMS Contractors

NHS Employer Authority / Trusts

Contents

1. 2012/13: Tiered Contributions

Background

The Government has given a commitment to review the long-term affordability and sustainability of public service pensions. In a recent review of Public Service Pension Schemes, The Independent Public Service Pensions Commission, chaired by Lord Hutton, concluded that reform is needed. The Government accepted Lord Hutton's recommendations as a basis for consultation in due course with public sector workers and trade unions on long-term reform of pension arrangements. The Government has signaled a clear intention to introduce changes to public sector pension arrangements based on Lord Hutton's recommendations. These changes are expected in 2015.

Ahead of this longer-term reform, the Commission made clear that there is a rationale for increasing pension scheme member contributions to ensure a fairer distribution of costs between taxpayers and members.

The proposed 2012/13 tiered employee contribution rates, which will, subject to normal Parliamentary processes, have now been provided. More detailed information can be found on NHS Pensions website at:

- *http://www.nhsbsa.nhs.uk/Pensions/2657.aspx for members*
- *http://www.nhsbsa.nhs.uk/Pensions/2520.aspx for employers*

As you will see there are now seven contribution tiers. Whilst NHS Pensions will inform the larger payroll providers of these changes, employers must ensure that systems are in place for the correct deduction and collection of contributions.

Important – The contribution rates shown in this letter are the latest rates provided by the Department of Health and may be subject to change following further consultation. Should any of the contribution rates shown in this letter change, Employing Authorities will be informed and the NHS Pensions website will be updated.

The employer's contribution rate remains at 14% in 2012/13. The rules for Officer (including Practice Staff) Scheme members differ to the rules for Practitioner and non-GP Provider Scheme members.

Officer and Practice Staff

Officer or Practice Staff Scheme members are salaried employees of a Trust, Foundation Trust, SHA, PCT, LHB, Direction Body, GP Practice, OOHP, or APMS Contractor who are not GPs or non-GP Providers.

The basic rule is that the tier for existing Officers and Practice staff Scheme members in 2012/13 is based on their 2011/12 full year whole time equivalent (WTE) pensionable pay using the table below.

The table below should also be used for new joiners, and staff who have had a change in their circumstances in 2012/13. Please note that it is their annualised 2012/13 WTE pensionable pay that must be used.

2012/2013 Contribution Rates before tax relief (gross)

Band	Annual pensionable pay (full time equivalent)	Contribution rate (before tax relief) 2011/12 (gross)	Contribution rate (before tax relief) 2012/13 (gross)	Gross rise in contribution rate (percentage points)
1	Up to £15,000.99	5.0%	5.0%	0
2	£15,001.00 to £21,175.99	5.0%	5.0%	0
3	£21,176.00 to £26,557.99	6.5%	6.5%	0
4	£26,558.00 to £48,982.99	6.5%	8.0%	1.5
5	£48,983.00 to £69,931.99	6.5%	8.9%	2.4
6	£69,932.00 to £110,273.99	7.5%	9.9%	2.4
7	£110,274.00 and over	8.5%	10.9%	2.4

* In 2012/2013 a member's contribution rate will be based on pensionable pay in 2011/2012

Practitioners and Non-GP Providers

Practitioners are GPs of any type (excluding GP Registrars), General Dental Practitioners, and Ophthalmic Medical Practitioners.

Non-GP Providers are 'single-handers', partners (including a fixed salary partner), or shareholders in a GP Practice or APMS/sPMS organisation who are not GPs.

The basic rule is that the 2012/13 tiered rate for Practitioners or non-GP Providers is based on their total 2012/13 NHS pensionable income as a Practitioner or as a non-GP Provider.

All Practitioners and non-GP Providers will have their 2012/13 employee tiered contributions based on the following table.

Contribution Rates

Band	Pensionable pay in 2012/13	Contribution rate (before tax relief) 2012/13 (gross)
1	Up to £15,000.99	5.0%
2	£15,001.00 to £21,175 .99	5.0%
3	£21,176.00 to £26,557 .99	6.5%
4	£26,558.00 to £48,982.99	8.0%
5	£48,983.00 to £69,931.99	8.9%
6	£69,932.00 to £110,273.99	9.9%
7	£110,274.00 and over	10.9%

Disclosure - Notifying Members of the New Rates

To alert members to the revised contribution rates and to assist employers in communicating this information, NHS Pension will make the following arrangements:

- **NHS Pensions website -** NHS Pensions website to be updated with the latest details of contribution rates and provide specific factsheets for further information. A link to a calculator on the DH website will also be available for members to determine the effect the changes will have on them.

- **Pay slip Leaflet**
  Under disclosure legislation, employers must ensure that all their staff, not just Scheme members are provided with advance notice of the new rates of contributions. To ensure employers meet their disclosure responsibilities, NHS Pensions will produce a pay slip leaflet for employers to distribute with February/March 2012 pay slips. Supplies of the leaflet should reach Pensions Officers during February. For those employers who use the Electronic Staff Record (ESR) system, the leaflet for each paid employee will be automatically placed in an envelope with the employee's pay slip.

  You can obtain additional copies of the payslip leaflet from 27 February by calling the Stationery Order Line on 0300 123 1002.

  In order to deal effectively with any future disputes or complaints about disclosure, employers are reminded that they should keep records of how such materials are distributed.

- **Poster** – NHS Pensions will make available to employers via the NHS Pensions website an A4 poster to alert members to the forthcoming changes to contribution rates. Employers should download copies and ensure that posters are placed in areas where members are most likely to notice them.

2. Disclosure of Senior Managers' Remuneration (Greenbury)

Our annual exercise to provide details regarding the pension entitlement of senior managers for Accounts and Annual Reports is starting soon.

Please note: GP Practices and most Direction bodies do not need to take part in this exercise.

All requests for information must be received by NHS Pensions between **30 January and 10 February 2012** to enable us to provide you with the necessary disclosure information by **16 April 2012.**

Important Note: NHS Pensions has created this timetable to meet the reporting requirements of HM Treasury on faster closure of accounts. Namely, that NHS Trusts and Primary Care Trusts should have their draft accounts submitted by 23 April 2012. It is in employers' best interests to ensure that all information is requested by the dates stipulated above and that any information supplied by NHS Pensions is checked upon receipt.

NHS Pensions will be unable to guarantee that requests or queries received after 10 February 2012 will be dealt with by 16 April 2012.

Detailed guidance for use by finance, payroll and pensions staff is set out in Annex B and C of this Newsletter.

How to submit Disclosure information requests for 2012 exercise.

- Employers must request Greenbury senior manager remuneration disclosures for the 2011-2012 financial year via Pensions Online (POL).
- These screens will also be used by NHS Pensions to return the requested Pension, Lump Sum and Cash Equivalent Transfer Value to each Employer.
- Each Employer will only be able to view its own disclosure requests.
- The Pensions Online Guidance for Greenbury is available at Annex A next to this Newsletter.

The functionality will be available from the 30 January 2012.

Each Employer will need to nominate a user and allocate Greenbury access to that user before disclosures can be requested. Each Employer will be able to use the previous years user and password details. Any queries relating to registering an administrator on POL should be directed to the POL Helpline 0870 0117108. Any other Greenbury queries should be directed to the Greenbury email account: *greenbury@pensionsagency.nhs.uk*

- The Greenbury screens will also support :-
- Communication between Employers and NHS Pensions concerning Greenbury queries.
- Requests for re-calculation of Greenbury disclosures.
- Comparison of this year's disclosure figures with last year's figures.
- Full guidance on how to register and use the POL system to make your requests is in the Guide available at Annex A along side the January 2012 newsletter on our website, *http://www.nhsbsa.nhs.uk/Pensions/3537.aspx*
- You will also find along side the January 2012 newsletter: *http://www.nhsbsa.nhs.uk/Pensions/3537.aspx*
    - Guidance notes for Finance, Payroll and Pension Staff at Annex B and
    - Worked example calculations at Annex C

Please Note: Cash Equivalent Transfer Values (CETVs)

In the budget on 23 March 2011, HM Treasury confirmed that they were considering a review of the basis for the calculation of CETVs payable from public service schemes, including the NHS Pension Scheme. That review is now complete and revised guidance was issued on 26 October 2011.

CETVs for transfers out of the NHS Pension Scheme (non-Club) This includes Greenbury CETV calculations: The impact of the above guidance has been actuarially assessed and, as a result, the factors used by NHS Pensions to calculate CETVs have changed. This should be considered when comparing 2010/2011 CETV to figures provided for 2011/12.

3. Cash Equivalent Transfer Values (CETVs)

Background: In the budget on 23 March 2011, HM Treasury confirmed that they were considering a review of the basis for the calculation of CETVs payable from public service schemes, including the NHS Pension Scheme. That review is now complete and revised guidance was issued on 26 October 2011.

CETVs for transfers out of the NHS Pension Scheme (non-Club): The impact of the above guidance has been actuarially assessed and, as a result, the factors used by NHS Pensions to calculate CETVs have changed. We are in the process of updating our systems to reflect the new factors, however, until this work is complete, we are not currently able to provide members with a CETV statement, for example if a member needs one because they are:

- Getting divorced; or
- Transferring their NHS Pension Scheme pension benefits to another pension scheme

Club transfers: New factors for transfers to and from pension schemes within the public sector calculated on a Club basis are effective from 1 January 2012. Again, we are in the process of updating our systems to reflect the new factors.

When our system updates are complete, requests will be dealt with as soon as possible. Members should make their request through the normal channels but they must be prepared for a delay in getting a response.

Transfers in to the NHS Pension Scheme (non-Club): We are also expecting the factors to change for transfers of pension benefits from other non-Club pension schemes into the NHS Pension Scheme. This means that we are not currently able to provide members with a statement of the amount of transfer-in credit they could get in return for any transfer payment being made to the NHS Pension Scheme. Once the new factors are available, our systems will need to be updated.

Payment of guaranteed CETVs: If we issued a guaranteed CETV (or statement of entitlement) before 26 October 2011 and the option form to go ahead with the transfer was received by us on or after 26 October 2011 and **within the 3-month guarantee period**, we will pay the better of, the original guaranteed CETV or a revised CETV calculated using the new factors. We are currently in the process of making the comparison calculations and payment will be made as soon as possible.

Further updates will be issued as they become available

4. Pensions Tax Changes Q&A

To: All those responsible for dealing with pensions issues, HR Managers, Payroll providers

In November 2010 we advised you of the changes to the pension tax regime starting from 2011/12. This newsletter can be found on the website at: *http://www.nhsbsa.nhs.uk/Pensions/2993.aspx*. More information was provided in subsequent Newsletters TN2/2011, TN7/2011, TN10/2011 and TN12/2011 which can be found on the website at: *http://www.nhsbsa.nhs.uk/Pensions/3319.aspx*.

Annex D to this newsletter provides further information about the changes that includes Questions and Answers for you to issue to all members of the NHS Pension Scheme. The can be found at: *http://www.nhsbsa.nhs.uk/Pensions/3537.aspx*

Action: The Questions and Answers document (Annex D) should be issued to all NHS Pension Scheme members by 24 February 2012. This can be issued electronically or as a hard copy.

5. Choice update

Current position

All planned Choice deliveries have now been completed, with final deliveries made to employers on 6 December 2011.

Whilst the main deliveries of NHS Pension Choice packs have been completed, we are still dealing with some statement requests where there has been a material change identified, we also have a very small group of members who have not received a statement due to employment inactivity at the point of selection. In addition there is also likely to be a small number of members who return to NHS Pension Scheme Membership, who have had a break of less than five years and who, in accordance with the NHS Pension Scheme regulations are eligible for Choice.

In the above scenarios some or all of these members will require a Choice statement; therefore going forward, employers may find that they continue to receive a small number of packs for distribution.

If you are contacted by a member regarding non receipt of a statement, please direct them to the Choice member helpline on 0300 123 1601.

Returned statement process

The process for returning statements is defined on page 7 of the NHS Pension Choice Planning and Implementation guide. This process is still relevant and should be followed. Please make every effort to ensure that statements are distributed to employees in good time.

If you still have Choice statements in your possession after following the process for distribution, please make arrangements to return them in accordance with the Planning and Implementation guide, guidance. It would be appreciated if you could return any undelivered statements by 6 February.

Change of address's

We are aware that members have been contacting the Choice helpline requesting copies of their choice statement. Whilst performing the call data protection procedure it has been identified that we do not hold the most current address details for some members.

It is the member's responsibility to ensure that they inform their employer and NHS Pensions of their change of address to ensure correspondence is issued to the correct address. This can be done in three ways:

1. Contacting their employer
2. Writing to the NHS Pensions
3. Contacting the NHS Pensions member helpline, on 0845 421 4000.

Please promote these processes where possible.

6. Age Estimates & Benefit Statements (AEBS) – manual cases

We have received several queries from Employers relating to the process for manual cases under the above Pension Online functionality.

To confirm, the validation process has not changed within the new functionality release but, to clarify the process please refer to the guidance below.

Step 1: Pensions Online validation checks are performed to highlight data issues
Step 2: Pensions Online validation checks are performed to highlight manual exclusions.

A case could therefore be displayed on the 'notice board' as submitted for data cleanse. Once cleansed, it would move to show as a 'cleansed case' but, on the second step, it could then, due to a manual exclusion validation fall out to show as a manual case.

Processing information

- You must click on the "OK" button on the manual screen in order for the case to be submitted to NHS Pensions.
- There will only be one manual referral shown on the notice board per case, which will include any requested modelling. It is therefore not necessary to make additional requests for any modelled estimate as this will cause duplication within NHS Pensions workflows and also on Notice board submissions. This could cause tracking issues for both NHS Pensions and Employers.

What has changed within the process?

- Manual cases will not automatically be removed from the notice board when we clear the case at NHS Pensions.
- They will remain on the notice board for 42 calendar days (not working days) and then 'drop off'.
- We are sending these completed estimates to the employer via post for distribution to members.

You should also be aware that

- Manual referrals will continue to be provided within 30 working days of receiving your request, against our statutory target of 40 working days. Subject to all information to process being received.

7. Holistic Data Strategy Project

In last months Employer Newsletter we updated you on the collective progress of the Holistic Data Strategy. We will continue to update you on this project each month.

Progress and actions for this month:

- Redefined ESR Reconciliation Roll Out strategy following feedback from employers and analysis of statistics – This is to be piloted in January/February roll out. If you are expecting reports in January or February then you will be part of this pilot.
- Reviewed the top ten ESR errors and the actions have been agreed on these errors for solutions and/or improvements. More details about this will follow.
- Continuing the review of Business Processes for data management.
- Continuing the review of data errors. If you are fixing errors then to please consider whether you also need to fix the source data i.e. ESR to PREVENT future errors being generated.
- Held internal workshops to map the Interface Processes. These are now being drafted.
- A National Employers Pension Group as been set up and will take place later this month to look at the shape and direction of the Pension Scheme at a strategic level.
- The 2012 year end returns are due in April and should be received no later than the 31 May 2012. It is vitally important that all returns are received on time this year due to changes in legislation in relation to annual allowance and employee contributions. Please ensure that your data is accurate and complete to reduce data errors being returned.

8. NHS Pension Scheme - "Heads of Agreement" Reached 21 December 2011

On 20 December the government announced in Parliament a "Heads of Agreement" on the proposed scheme design for the NHS Pension Scheme to be introduced in 2015.

This agreement will now be considered by the NHS Trade Unions who have agreed to take it to their Executives. Further work on the remaining details of the Scheme will take place in the New Year, and Executives will consult their members as appropriate.

This agreement includes a commitment to suspend any further industrial action while the final details are resolved.

You can read the *Heads of Agreement* itself and Andrew Lansley's (Secretary of State for Health) *Written Parliamentary Statement* on the DH Website by clicking on these links.

9. Internet Updates

These are in addition to the updates in the above articles.

Forms
- *AW8P*- Application form and guidance notes for member to claim their deferred benefits.

Employer Guides
Pensions Online Guide:
- *34.Error Handling*

How to contact us:

By Telephone:

Employer helpline, general enquiries 0845 610 1119
Opening times:
8.00am to 6.00pm – Monday to Friday

Pensions Online, technical enquiries 0870 011 7108

Member helpline 0845 421 4000
Opening times:
8.00am to 6.00pm - Monday to Friday

Stationery Order line (Forms and Booklets) 0300 123 1002

By email:

- Datacleanse@pensionsagency.nhs.uk - For your data queries
- ESR@pensionsagency.nhs.uk - For your ESR queries
- polhelpd@pensionsagency.nhs.uk - For your POL enquiries
- employers@pensionsagency.nhs.uk - For your general enquiries

Fax:

01253 774412

Website addresses:

www.nhsbsa.nhs.uk/pensions
www.nhsbsa.nhs.uk/injury

If you have any comments about the content or format of this newsletter please email them to communicationsteam@nhspa.gov.uk