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Our ref: TN 1/2009

Payroll Managers and Pensions Officers,
Directors of Finance and Human Resources
Direction Bodies, all GP Practices and
Out of Hours Providers

Date: 15 January 2009

Dear Colleague,

Employer Newsletter – January 2009

This newsletter contains information on various subjects:

- 1: Disclosure of Senior Managers' Remuneration (Greenbury);
- 2: Tiered Contributions – Posters for non-ESR employers;
- 3: Pensions Online - RF12 System Error – An Apology;
- 4: Employer Group FAQs – North Thames Pension Group;
- 5: Data Cleanse Update – January 2009;
- 6: Employer Networks – An Update.

1: Disclosure of Senior Managers' Remuneration (Greenbury)

As stated in the December 2008 Newsletter, all requests for information must be received by NHS Pensions between **2 February and 13 February 2009 to enable us to provide you with the necessary** disclosure information by 17 April 2009.

Important Note: NHS Pensions has created this timetable to meet the reporting requirements of the HMT/Government on faster closure of accounts. Namely, that NHS Trusts and Primary Care Trusts should have their draft accounts submitted by 23 April 2009. 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 13 February 2009 will be dealt with by 23 April 2009.

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

2: Tiered Contributions – Posters for non-ESR employers

As mentioned in the December newsletter, an A4 poster for non-ESR employers to use to alert members to the changes in tiered contributions for the financial year 2009/10 is now available to download. You can find it in the Employer's Toolkit section of the Employer's Library on our website.

3: Pensions Online - RF12 System Error – An Apology

Employers had problems processing Refund Claim Forms (RF12's) through Pensions Online after the PenServer system release on Sunday, 14 December 2008. The issue has since been rectified but we would like to apologise for any inconvenience this may have caused you.

A notification to inform you of the problem with the forms should have been placed on Pensions Online immediately. We will endeavour to notify you of any similar issues as soon as they become apparent in the future.

4: Employer Group FAQs - North Thames Pension Group

NHS Pensions attended the North Thames Pension Group in November and a number of issues were discussed. The questions raised and answers provided, are now available on our website in the Employers Library, under Employer Group FAQs, for all employers to view.

We will endeavour to repeat this exercise for each event that we attend in the future.

Please also see Article 6 in this Newsletter, which provides you with an update about NHS Pensions plan to set up Employer Networks.

5: Data Cleanse Update – January 2009

The main update this month is to provide you with some background and an update about the ESR Reconciliation Exercise.

Progress is ongoing in regard to reducing data errors and the current total as at 14 January 2009 was 348,700 (from 375,910 on 12 December 2008). We have now commenced work on any outstanding member service histories to reduce the number of errors further.

What is the ESR Reconciliation Exercise?

As you may know pension data for members is held on the Penserver database here at NHS Pensions. This information is uploaded onto Penserver either manually at NHS Pensions or automatically via the ESR interface.

When data is uploaded onto Penserver there are sometimes inconsistencies between the data that we hold and the incoming data from ESR. This creates data errors in our database.

The objective of the ESR Reconciliation Exercise is to compare the data on the two systems to reduce these inconsistencies and create cleaner member records to ensure quicker and more efficient pension processing when required.

The exercise is initially undertaken by NHS Pensions who compare the data and produce a series of report(s), which highlight any inconsistencies or differences. These reports, based in Microsoft Excel, are then sent to employers to review and process – Full instructions and guidance on what employers need to do is provided when these reports are issued.

The ESR Reconciliation Exercise has now been running for eight months with a number of pilot employers. NHS Pensions now aims to produce ESR Reconciliation Reports for all the remaining employers by the end of January 2009. If you have not received your reconciliation reports by early February please contact us at: esr@nhspa.gov.uk.

To date the exercise has gone relatively smoothly. As this email below, which we recently received, indicates, the exercise has been positive from one employer's perspective in terms of the benefits they have seen so far.

"We received our first reconciliation report in May 2008 and we worked through most of data in the spreadsheets. Doing this helped us to update records, terminate leavers and clear errors on the POL error handling screens. It has also helped to make operational interfaces run more smoothly between NHS Pensions and ESR with more leavers and starters being processed automatically without manual intervention.

I have really noticed an advantage after working on this exercise. We are getting quotes quicker out of POL due to less data cleansing. This helps us respond more quickly to member's queries because the data held at NHS Pensions is cleaner.

We received our second data reconciliation report a couple of weeks ago and it showed the progress that we had made. The inconsistencies have reduced from 15 pages to 4, and those that are on there now seem to relate mostly to 2008/2009 leavers and starters. My main aim is to get this finished so that we can check all of the 2008/2009 data is clean and accurate before it comes to you for the cyclic update. Hopefully then we will be more than ready for the start of the Choice Exercise."

It is hoped that the reconciliation will pay a major part in improving the quality of data held moving forward and that all employers can gain the same benefits as shown above. If you have any questions about this exercise please email: esr@nhspa.gov.uk

6: Employer Networks – An Update

In the November Newsletter (TN28 – 2008), we requested details of existing groups of employers where Pensions Administration is currently discussed or could be a regular topic. We had little response to this request, although we would like to say thank you to the groups who did respond and we will retain their contact details for the future.

We have received numerous requests to provide training that we are unable to fulfil at this present time. The requests are mainly from GP Practices due to their limited knowledge about NHS pension administration. Presently there are no facilities for pension training from NHS Pensions, but this is something that we are actively looking into and we will let you know if and when we are able to offer any presentations for GP Practice Managers.

In the meantime, we have released a new NHS Pension website where you will be able to find more information. This can be accessed at www.nhsbsa.nhs.uk/pensions

The employer guide on the website (in the Employer's Library) requires updating and is being replaced with an employer's toolkit. This toolkit will consist of numerous items including fact sheets to assist pensions officers on various subjects. The first part of the employer toolkit should be available on the website soon, with the complete toolkit in place by Spring 2009.

There is also an employer helpline (0845-610-1119) where our staff will be able to assist you with any query you may have.

The opening hours are:

- Monday, Tuesday, Thursday - 8.30am till 5pm;
- Wednesday – 10.30am till 5pm;
- Friday – 8.30am till 4.30pm.

We endeavour to improve the support that we provide to all employers and we are currently undertaking business and resource planning to see how we can best meet employer's needs in the future.

Yours sincerely

A handwritten signature in black ink that reads "James Davenport". The signature is written in a cursive style with a large initial 'J'.

James Davenport
Communications & Stakeholder Relations Manager
NHS Pensions

P.S - If you have any comments about the content or format of this newsletter please contact me at communicationsteam@nhspa.gov.uk - The next employer newsletter will be published and distributed mid-February.

Disclosure of Senior Managers' Remuneration (Greenbury)

Guidance for Finance, Payroll and Pensions staff

Introduction

This guidance details the actions that employers must be take to meet the specific deadlines for the 2008/2009 year end. Compliance with these procedures will assist NHS Pensions in providing you with the necessary information in time for completion of your annual accounts by 23 April 2009.

Pension information, including accrued pension, lump sum and cash equivalent transfer value (CETV) calculations up to the year ending 31 March 2009 will be provided for requested cases.

Calculation of the real increase in pension and CETV must be calculated locally.

Important Note: When you calculate the real increase in the pension and lump sum, you may notice a significant difference when you compare this year's values with last years.

This difference is due to a change in the factors used to calculate CETV's, which came into force on 1 October 2008 as a result of the Occupational Pension Scheme (Transfer Value Amendment) regulations. These placed responsibility for the calculation method for CETV's (following actuarial advice) on Scheme Managers or Trustees. Further regulations from the Department for Work and Pensions to determine cash equivalent transfer values (CETV) from Public Sector Pension Schemes came into force on 13 October 2008.

This year requests for this information must be made electronically using a special facility within the NHS Pensions website. (https://www.pensionsagency.nhs.uk/Greenbury2009/Disclosure_ea.cfm) This will be available on Monday 2 February 2009 and a link will be posted on our website's homepage providing you with access.

Detailed instructions for the completion of the electronic forms are given later within this guidance.

Key Dates – Timetable of Actions

Requests for information must be received by NHS Pensions between **2 February and 13 February 2009 to enable us to provide you with the necessary** disclosure information by 17 April 2009. A hard copy of the request, signed by the Director of Finance, should also be submitted to NHS Pensions. The hard copy can be printed when your submission has been completed.

Important Note: NHS Pensions has created the above timetable to coincide with the reporting requirements of the HMT/Government on faster closure of accounts, namely that NHS Trusts and Primary Care Trusts should have their draft accounts submitted by 23 April 2009. It is in employers' best interest to ensure that all information is requested by the dates stipulated above and that any information subsequently supplied is checked upon receipt.

NHS Pensions will be unable to guarantee that requests or queries received after 13 February 2009 will be dealt with by 23 April 2009.

Employer Action

To ensure that the above deadlines are met, it is important that there is good communication between the Finance staff co-ordinating the information and the Payroll/Pension staff completing the electronic request form. Staff should be aware of the procedures relevant to both Finance and Payroll.

Finance Staff Action

List all senior managers for whom disclosure of pension information may be required and send it to your Payroll Section/Provider in sufficient time to allow completion of the e-request form within the timetable. The list should include senior managers who have withheld their consent to disclosure, to ensure that NHS bodies have the information available in case the senior manager changes their mind.

Note: Details **are not** required of non-executive Directors, non-pensionable managers and independent GPs who are on the Professional Executive Committees of PCTs/LHBs, since pension disclosures are not required for these groups.

Ensure that procedures are agreed with your Payroll Section/Provider to ensure that the Finance Director or Deputy signs a hard copy of the e-request form and it is submitted to NHS Pensions before the relevant deadline in the timetable above.

Pension/Payroll Staff Action

On receipt of the **full** list of pensionable Senior Managers for whom disclosure of pension information is required, **ensure the pension record is updated to at least 31/03/2008 for each manager listed**. This can be done using Pensions Online. If you cannot access their pension record via Pensions Online, you can complete the e-request form and provide notes in the comments box accordingly.

Completing the E-request Form

This form will be available on 2 February 2009 and will be accessible from NHS Pensions website (https://nww.pensionsagency.nhs.uk/Greenbury2009/Disclosure_ea.cfm), this link will also be available on the homepage of the NHS Pensions (www.nhsbsa.nhs.uk/pension).

Please click on the link entitled **Senior Managers Disclosure 2009** and follow the screen prompt to enter your EA Code. This will lead you to a registration form. When completing the registration form enter the fax and email address of the Finance Manager to whom the response is to be sent. Then complete the following details for each named person:

1. Surname and other name(s);
2. SD and National Insurance number;
3. A start date of 01/04/2008 if the employment started prior to this date, or actual start date if later;
4. An end date of 31/03/2009 if the employment ended on or continues after the current year, or actual end date if earlier;
5. Marital status, select from the drop down menu. If divorced we need the date of divorce as this can affect the lump sum on some calculations (for instance, male members with pre-1972 service);
6. Estimated employee contributions (excluding added years contributions and pay arrears);
7. Estimated employer contributions;
8. Predicted working pattern at end date, select from the drop down menu;
9. Estimated part-time (PT) hours for period employed (leave blank, if not PT);
10. Total Pensionable Pay:
 - If whole time (WT) provide the actual pensionable pay for the period.
 - If PT, please supply only the Notional Whole Time pensionable pay.

- The pay should be for the period 01/04/08 to 31/03/09 unless the employee joined or left the Employing Authority during that 365-day period. If the employee has only been a senior manager for part of that 365 day period please step back into previous employment if employed by you immediately prior to obtain the figure for a full 365 days and note this in the comments box.
 - **As the deadline this year is earlier due to Faster Closure of Accounts you will need to estimate the pay for the months of February and March 2009 and include the estimated figures in the pensionable pay figure you provide to us.**
11. Details of any changes to/from WT/PT during the year should be entered into the comments box;
 12. Is this the last record you wish to submit? Select **NO** and continue with other cases until details of all cases have been entered. **Please note that if you click 'Back' once a record has been completed the information will have already come to us and you will create a duplicate.**

When the last set of member's details has been entered select **YES** in response to the question "Is this the last record you wish to submit" and click on the continue tab. At this point, the completed request list will be electronically submitted to NHS Pensions. Your screen will automatically go to a 'printer friendly' version of the full list. You will then need to print this and have it signed by the Director of Finance responsible for the employing authority. The signed copy should then be sent via fax to 01253 774527, or by recorded delivery, to the Greenbury Team at the following address - **Disclosure Team, Room 144, Hesketh House, 200-220 Broadway, Fleetwood, Lancashire, FY7 8LG**

Important Note: Requests will not be processed without receipt of the hard copy signed by the Finance Director or Deputy.

Any queries regarding completion of the E-request form should be sent by e-mail to greenbury@nhspa.gov.uk, NOT your usual Pension Centre contact.

NHS Pension action

For requests received within the timetable stipulated, NHS Pensions will supply the pension, lump sum and cash equivalent transfer value (CETV) figures as at 31/03/2009, by fax or email to the Finance Manager named in the registration form, within the response dates quoted in the timetable of actions.

Further information/ Making an enquiry

We experience a high volume of calls and queries from employers during the Greenbury exercise. To ensure we deal with your enquiry as quickly and efficiently as possible please may we ask that you contact us via our dedicated Greenbury email account where an experienced member of the Greenbury Team will deal with your enquiry as soon as possible? The Greenbury Team email address is greenbury@nhspa.gov.uk

You can also contact us by telephoning 01253 774666 and leave a message on the answering machine. The Greenbury team will pick up the messages at the end of the day and return your call as soon as possible.

Enquiries will be dealt with in the order they are received to ensure fairness to all parties.

Worked examples of how to calculate the real increase in accrued pension and CETV.

Note: Please note these examples are purely for guidance. If you are still unsure of how to calculate the real increase please consult the Finance Manual on the Department of Health's Website: www.info.doh.gov.uk/doh/finman.nsf

Full year

Example 1: Increase in accrued pension where the person was in post for the entire year.

Accrued pension as at 31 March 2008 (previous year end) =	£ 48,994 (A)				
Accrued pension as at 31 March 2009 (current year end) =	£ 52,613 (B)				
Accrued pension as at 31 March 2008 (previous year end) plus inflation (@ 2.5 %) =	£ 48,994	x	1.025	=	£ 50,219
Real increase in accrued pension during current financial year =	£ 52,613	-	£50,219	=	£ 2,394 (C)

Where:

A = Accrued pension at normal retirement age as at 31 March 2008 (previously provided by NHS Pensions)

B = Accrued pension at normal retirement age as at 31 March 2009 (to be provided by NHS Pensions)

C = Real increase in accrued pension at normal retirement age during current financial year (to be calculated as above)

Please note – where there was no corresponding disclosure in respect of the individual concerned in the 2007-08 accounts and no accrued pension figure as at 31 March 2008 is readily available, NHS Pensions can provide this figure on request.

Example 2: Increase in accrued lump sum where the person was in post for the entire year.

Accrued lump sum as at 31 March 2008 (previous year end) =	£ 146,982 (A)				
Accrued lump sum as at 31 March 2009 (current year end) =	£ 157,839 (B)				
Accrued lump sum as at 31 March 2008 (previous year end) plus inflation (@ 2.5 %) =	£ 146,982	x	1.025	=	£ 150,657
Real increase in accrued lump sum during current financial year =	£ 157,839	-	£150,657	=	£ 7,182 (C)

Where:

A = Accrued lump sum at normal retirement age as at 31 March 2008 (previously provided by NHS Pensions)

B = Accrued lump sum at normal retirement age as at 31 March 2009 (to be provided by NHS Pensions)

C = Real increase in accrued lump sum at normal retirement age during current financial year (to be calculated as above)

Please note – where there was no corresponding disclosure in respect of the individual concerned in the 2007-08 accounts and no accrued lump sum figure as at 31 March 2008 is readily available, NHS Pensions can provide this figure on request.

Example 3: Increase in CETV where the person was in post for the entire year.

CETV as at 31 March 2008 (previous year end) =	£ 500,000 (A)				
CETV as at 31 March 2009 (current year end) =	£ 525,000 (B)				
CETV as at 31 March 2008 (previous year end) plus inflation (@ 2.5 %) =	£500,000	x	1.025	=	£ 512,500
Real increase in accrued pension during current financial year =	£ 525,000	-	£512,500	=	£ 12,500 (C)
Employer-funded contribution to growth in CETV	£12,500	x	0.7 (D)	=	£8,750 (E)

Where:

A = CETV as at 31 March 2008 (as previously provided by NHS Pensions)

B = CETV as at 31 March 2009 (to be provided by NHS Pensions)

C = Real increase in CETV during current financial year (to be calculated as above)

D = Employer funding factor (set by DH)

E = the real increase to be disclosed

Please note – where there was no corresponding disclosure in respect of the individual concerned in the 2007-08 accounts and no CETV figure as at 31 March 2008 is readily available, NHS Pensions will provide this figure on request.

Part Year

Example 4: Increase in accrued pension where the person took up post on 25 July 2008.

Accrued pension as at 31 March 2008 (previous year end) =	£ 48,994 (A)				
Accrued pension as at 31 March 2009 (current year end) =	£ 52,613 (B)				
Accrued pension as at 31 March 2008 (previous year end) plus inflation (@ 2.5 %) =	£ 48,994	x	1.025	=	£ 50,219
Real increase in accrued pension during current financial year =	£ 52,613	-	£50,219	=	£ 2,394 (C)
Real increase proportion for the time in post	£2,394	x	280/365 (D)	=	£1,836 (E)

Where:

A = Accrued pension at normal retirement age as at 31 March 2008 (previously provided by NHS Pensions)

B = Accrued pension at normal retirement age as at 31 March 2009 (to be provided by NHS Pensions)

C = Real increase in accrued pension at normal retirement age during current financial year (to be calculated as above)

D = Number of days in post as a proportion of the year

E = Real increase to be reported

Please note – where there was no corresponding disclosure in respect of the individual concerned in the 2007-08 accounts and no accrued pension figure as at 31 March 2008 is readily available, NHS Pensions can provide this figure on request. Where the officer has joined from another NHS organisation and a comparable disclosure was made for 2007-08, please obtain the corresponding figure from the previous employer. This avoids unnecessary duplication of effort by NHS Pensions.

Example 5: Increase in accrued lump sum where the person took up post on 25 July 2008.

Accrued lump sum as at 31 March 2008 (previous year end) =	£ 146,982 (A)				
Accrued lump sum as at 31 March 2009(current year end) =	£ 157,839 (B)				
Accrued lump sum as at 31 March 2008 (previous year end) plus inflation (@ 2.5 %) =	£ 146,982	x	1.025	=	£ 150,657
Real increase in accrued lump sum during current financial year =	£ 157,839	-	£150,657	=	£ 7,182 (C)
Real increase proportion for the time in post	£7,182	x	280/365 (D)	=	£5,510 (E)

Where:

A = Accrued lump sum at normal retirement age as at 31 March 2008 (previously provided by NHS Pensions)

B = Accrued lump sum at normal retirement age as at 31 March 2009 (to be provided by NHS Pensions)

C = Real increase in accrued lump sum at normal retirement age during current financial year (to be calculated as above)

D = Number of days in post as a proportion of the year

E = Real increase to be reported

Please note – where there was no corresponding disclosure in respect of the individual concerned in the 2007-08 accounts and no accrued lump sum figure as at 31 March 2008 is readily available, NHS Pensions can provide this figure on request. Where the officer has joined from another NHS organisation and a comparable disclosure was made for 2007-08 please obtain the corresponding figure from the previous employer. This avoids unnecessary duplication of effort by NHS Pensions.

Example 6: Increase in CETV where the person was in post at 1 April 2008 but left on 10 October 2008.

CETV as at 31 March 2008 (previous year end) =	£ 500,000 (A)				
CETV as at 31 March 2009 (current year end) =	£ 525,000 (B)				
CETV as at 31 March 2008 (previous year end) plus inflation (@ 2.5 %) =	£500,000	x	1.025	=	£ 512,500
Real increase in accrued pension during current financial year =	£ 525,000	-	£512,500	=	£ 12,500 (C)
Employer-funded contribution to growth in CETV for the year	£12,500	x	0.7 (D)	=	£8,750 (E)
Real increase proportion for the time in post	£8,750	x	193/365 (F)	=	£4,627 (G)

Where:

A = CETV as at 31 March 2008 (previously provided by NHS Pensions)

B = CETV as at 31 March 2009 (to be provided by NHS Pensions)

C = Real increase in CETV during current financial year (to be calculated as above)

D = Employer funding factor (set by DH)

E = the employer-funded real increase for the full year

F = Number of days in post as a proportion of the year

G = the employer-funded real increase to be reported

Please note – where there was no corresponding disclosure in respect of the individual concerned in the 2007-08 accounts and no CETV as at 31 March 2008 is readily available, NHS Pensions will provide this figure on request.