NHS Pensions - Guide to administering the NHS Pension Scheme for Out of Hours Providers

Employer Guide
January 2014
## Contents

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>About this Guide</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>The NHS Pension Scheme</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>NHS Pensions Responsibilities</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Out of Hours Providers Responsibilities</td>
<td>6</td>
</tr>
<tr>
<td>5</td>
<td>Pension Records &amp; Contributions</td>
<td>7</td>
</tr>
<tr>
<td>6</td>
<td>Other Pensions Issues</td>
<td>11</td>
</tr>
</tbody>
</table>
Chapter 1: About this Guide

The purpose of this Guide is to provide basic pension administration guidance to Out of Hours Providers (OOHPs) who are NHS Pension Scheme Employing Authorities. This includes a hospital Trust that is the local OOHP.

The Guide is divided into several chapters covering different aspects of NHS Pension Scheme administration. Further help is available from the NHS Pensions website (http://www.nhsbsa.nhs.uk/pensions).

For general (non-GP related) pension enquiries OOHPs should contact NHS Pensions at the following email address:
nhsbsa.pensionsemployers@nhs.net

However if the enquiry is GP related OOHPs should send their enquiry by email to
nhsbsa.practitioners@nhs.net

NHS Pensions address is:

NHS Pensions
Hesketh House
200/220 Broadway
Fleetwood
Lancashire
FY7 8LG

Telephone Number:- 0300 3301 346 member helpline and 0300 3301 353 employer helpline

The key pension rules that OOHPs must adhere to are:

- All (non-GP) salaried staff (i.e. Practice Staff) must be put into the NHSPS on day one of their employment unless they opt out or are ineligible.

- OOHPs must never send in pension forms or contributions in respect of GPs directly to NHS Pensions. A GP SOLO form must be sent to the GP’s Area Team/LHB and can be found by clicking on this link. The GP must tell the OOHP who their relevant (i.e. host) Area Team/LHB is. The only alternative to the SOLO route is where the OOHP enters into a contract/service level agreement with a practice/surgery rather than a specific GP; refer to page 8.

- The tiered employee contribution rate must be applied; the contribution rate rules for GPs differ to those for Practice Staff.

- A GP who sets themselves up as a unique limited company for the purposes of their OOHs work cannot pension their OOHs income.
Chapter 2: The NHS Pension Scheme

The NHS Pension Scheme (England & Wales) is administered by the NHS Pensions based at Hesketh House, Fleetwood, Lancashire.

There are currently two sections to the NHSPS; the 1995 section and the 2008 section. The 2008 section is sometimes referred to as the ‘new Scheme’. From April 2015 there will be a new Scheme.

The NHSPS is a statutory occupational pension scheme that is ‘contracted’ out of the Second State Pension (formally State Earnings Related Pension Scheme). This means that Scheme members pay reduced National Insurance contributions.

Pension benefits at retirement are based broadly on membership and pensionable pay. Every NHS employee is a member of the NHSPS, unless they proactively opt out in writing or are ineligible.

The NHSPS Contracted out number (SCON) is: S2730000B
The Employers Contracted out Number (ECON) is: E3900000M

The NHSPS offers a range of index-linked pension benefits at retirement and life assurance cover. Employer contributions are based on 14% of pensionable pay. Employee contributions are tiered and currently range from 5% to 14.5% and attract tax relief. More information regarding contributions can be found at [http://www.nhsbsa.nhs.uk/Pensions/4134.aspx](http://www.nhsbsa.nhs.uk/Pensions/4134.aspx).

NHSPS benefits are paid for by the contributions made by members and employers and are underwritten and guaranteed by the Government (i.e. Treasury). The NHSPS ‘fund’ is not invested in stocks or shares and is not subject to the vagaries of the Stock Market, unlike most private pension schemes.

The terms of the Scheme are set out in statutory regulations, which can be viewed on NHS Pensions website.

The NHSPS offers:

- An annual pension and tax-free lump sum at retirement.
- Life Assurance benefits including a death gratuity, nominated spouses/partner pensions, and child allowances for dependent children under the age of 23.

Pension benefits are index linked to protect their value. Pensions awarded from age 50 (1995 section only) normally do not attract cost of living increases until age 55 unless the member retires due to ill health.
The normal pension age under the 1995 section of the NHS Pension Scheme is 60; under the 2008 section it is 65.

NHSPS members may retire voluntarily before normal pension age; however, their benefits would be actuarially reduced.
Chapter 3: NHS Pensions Responsibilities

NHS Pensions operational functions are to:

- Maintain records of Scheme members and pensioners
- Award pension benefits
- Ensure that Employing Authorities pay contributions on time
- Preserve benefits for early leavers
- Provide basic estimates of benefits entitlement on request
- Pay transfer values to members moving out of the Scheme and receive payments for people transferring into the Scheme
- Pay refunds of contributions
- Process applications to purchase additional benefits under the Scheme
- Publicise the Scheme and encourage awareness
- Comply with statutory pension legislation.
Chapter 4: Out of Hours Providers Responsibilities

OOHPs are legally bound to administer the NHSPS locally in accordance with the NHSPS Regulations and the Pensions Act. They must offer the NHSPS to all of their eligible employed staff, including those who work part-time and on ‘the bank’. The main responsibilities are to:

- Maintain pension records

- Deduct Practice Staff employee contributions and forward these along with employer contributions (at the correct rate) to NHS Pensions on time, i.e. by the 19th day of the month following payment. **Different rules apply for GPs.**

- Collect GP employee and employer contributions (except freelance GP Locums) and forward these to the relevant (i.e. host) Area Team/LHB at the correct rate and by the 7th day of the month following payment.

- Maintain pension records, including informing NHS Pensions of joiners and leavers. **Different rules apply for GPs.**

- Provide form (SD502) on request only, to those employees who choose to opt out of the Scheme. **GPs cannot opt out of selective OOHs posts.**

- Complete benefit claim **forms.**

- Pay initial widows/widowers and dependants pensions.
Chapter 5: Pension Records & Contributions

Almost all NHS staff are eligible to join the NHSPS. They also have the freedom to opt out and to either join the Second State Pension or a personal pension instead. OOHPs have a legal duty to make their staff aware of their pension rights. If anyone requires advice they should always be referred to an independent financial advisor.

Pensionable (non-GP) salaried staff are Practice Staff in NHS pension terms. They enjoy exactly the same pension rights as (non-GP) salaried staff working in a GP practice.

GPs are always afforded Practitioner NHSPS rights. The Employing Authority for an OOHs GP is always NHS England/LHB, even if an OOHP may employ a GP.

Most NHSPS Employing Authorities use Pensions Online (POL). The advantages are:

- Overnight updating.
- Guidance on how to complete forms etc.
- Sturdy validation checks that will lead to fewer processing errors.
- Reduces the potential loss of forms in transit to the Agency.
- The ability to produce estimates of benefits for some employees.

An OOHP cannot use POL for GPs.

Joining the NHSPS

NHSPS rules require all (non-GP) salaried staff to be automatically joined by using the starter form SS10 (GP), which can be completed by accessing Pensions Online (POL). If an OOHP does not have access to POL then they must complete a manual SS10 (GP) and send it to NHS Pensions by clicking on this link.

Non-GP salaried staff already in a whole-time NHS pensionable post elsewhere cannot join the NHSPS at their OOHs employer. However there is scope for a (non-GP) employee to join the NHSPS if they are a part-time member elsewhere; their aggregate hours must not exceed whole-time.

The SS10 (GP) joiner form must include:
- The member’s full name and permanent address.
- Their National Insurance number.
- A verified date of birth.

The SS10 (GP) joiner form must not be used for GPs.
Remember: A GP who sets themselves up as a unique limited company for the purposes of their OOHs work cannot pension their OOHs income.
Opting Out

If a (non-GP) employee does not wish to join the NHSPS they must formally opt out on form SD502. More information regarding joining the Scheme and which section of the Scheme they will join (i.e. 1995 section or 2008 section) can be found here.

GPs cannot opt out of pensioning their OOHs income if they have other GP pensionable posts.

Updating Records - Practice Staff

The following instructions (under this heading) apply only to employed staff who are not GPs. In respect of pensionable (non-GP) employed staff an OOHP must complete the annual SD55 update form every year covering the period 1 April to 31 March. The SD55 must include the following information.

- An annual exit code of ‘05’ if the person remains employed.
- A record of part-time hours if the member is on a PT contract.
- A record of any changes during the period; i.e. PT to WT or vice-versa.
- A record of main (and any additional) Scheme contributions.
- Pensionable pay.

The SD55 must be completed and sent to NHS Pensions within two months of year-end; i.e. no later than the 31st May.

An SD55 must never be completed in respect of an OOHs GP; the correct form to use is the SOLO form.

For Practice Staff there is no minimum number of hours that can be pensionable in the NHSPS. The maximum numbers of hours that can be pensionable are the standard whole-time hours for the relevant job. If a part-timer works additional hours they are pensionable up to the standard whole-time equivalent working week. If a Practice Staff member has 2 or more NHS posts, which together will exceed the whole-time hours, the aggregated hours in excess of the whole-time are not pensionable.

There are variations to the SD55 form as follows.

- SD55T; to be used when the member retires, leaves employment, or opts out.
- SD55G; to be used for updating personal details; i.e. a change of address.
- SD55E; to be used for amending data already submitted on a SD55.

AW171; to be used when pensionable pay, hours, or contributions have changed after pension benefits have been awarded.
Contributions & Pay – Practice Staff

The tiered contributions rate for Practice Staff is broadly based on their whole-time equivalent (WTE) pensionable pay in the previous year. All Practice Staff contributions must be sent to NHS Pensions (under the direct debit arrangement) by the 19th day of month end.

Newsletters 1/2012, 2/2012, and 7/2012 provides detailed information about 2012/13 tiered contributions. Newsletter 3/2013 provides detailed information about 2013/14 tiered contributions. Information regarding the tiered employee contributions for 2014/15 can be found at the following link http://www.nhsbsa.nhs.uk/Pensions/4134.aspx.

OOHPs must take note of Employer Newsletters and should refer to NHS Pensions website (the Employers section/hub) on regular basis for updated guidance on tiered contributions.

Pay in respect of overtime (i.e. in excess of the whole-time working week) is not superannuable.

Bonuses and expenses are not superannuable.

The employer contribution rate is 14%.

Contributions & Pay – GPs

Different rules apply to GPs because their tiered employee contribution rate is based on their total GP ‘in year’ pensionable pay; not pay from the previous year.

OOHPs must ensure that they take account of a GP’s global NHS pensionable GP income when collecting tiered employee contributions; they must not base the tiered rate solely on the OOHs income. In most cases GPs will pay at the ‘top end’ of the tiered rate even if their OOHs income is relatively low. If an OOHP has collected tiered employee contributions at the wrong rate they will have to rectify this at year end.

Unless an OOHP enters into a contract/SLA with a practice/surgery (see below) form SOLO must be used to record a GP’s OOHs income; this can be downloaded from NHS Pensions website. The employer contribution rate is 14%. This does not apply to a GP who sets themselves up as a unique limited company.

All NHSPS contributions must reach the Area Team/LHB by the 7th day of month end.

The Employing Authority for an OOHs GP is always the NHS England/LHB, even if an OOHP may employ a GP.

Where an OOHP enters into a into a contract/SLA with a practice/surgery rather than a specific GP there is no need to complete form SOLO however the 14% employer contributions must be included
in the cash envelope and this must be made clear to the practice/surgery. The GPs will superannuate this income themselves.

Any GP related enquiries should be sent to:
nhsbsa.practitioners@nhs.net
Chapter 6: Other Pensions Issues

Abatement

Abatement basically means the amount a person can earn in NHS re-employment, after taking their NHS pension, before it adversely affects their NHS pension benefits. Abatement may apply where a member retires on ill health grounds or is a ‘special class’ and retires before 60 in the 1995 section or retires before 65 on ill health grounds if they are in the 2008 section.

Added Years

Although the option to take out a new added years contract no longer exists OOHPs must ensure that existing contracts (i.e. additional contributions) are honoured. OOHPs must ask new staff if they have an existing added years contract. They may terminate their added years contract early however only prospectively.

Many GPs have added years contracts. Their added years contributions must be collected from the OOHs income, forwarded to the Area Team/LHB and declared on the SOLO form.

Additional Pension

This was introduced in April 2008 and replaced added years. More information can be found here. You should ask new staff if they have an additional pension contract.

Death in Service

If an employee dies in service, and is a member of the NHSPS, NHS Pensions bereavement team must be contacted straightaway.

Maternity and Paternity Pay

When a (non-GP) employee goes on maternity/paternity leave and intends to return to work they can pension the whole period of leave. Their employee contributions are based on their actual pensionable pay. If their NHS pay stops the employee contributions are based on their pay immediately before pay was suspended. The contributions should be collected during the absence or immediately upon a return to work.

If they choose not to pay pension contributions during unpaid maternity/paternity leave NHSPS membership ceases on the day they last paid contributions. If they change their mind and decides not to return to work or decide to opt out of the NHSPS then the last date of pensionable membership will be the date contributions were last paid.

In all cases employers (14%) contributions are based on the person’s actual pay before any reduction in pensionable pay for the time the person is on reduced pay.

For GPs email nhsbsa.practitioners@nhs.net for advice.
Refunds of Employee Contributions

NHSPS members who have less than two years total NHSPS membership when they leave NHS employment or who opt out of the Scheme within two years may claim a refund of employee contributions. There is more information on NHS Pensions website, http://www.nhsbsa.nhs.uk/pensions.

Self Assessment Form – Career OOHs GPs

From April 2009 a GP who is type 2 medical Practitioner must complete a self-assessment form to ensure that they have paid tiered employee contributions at the correct rate.

If an OOHP engages the services of a career OOHs GP or a (Practice based) Salaried GP they may be asked to assist in the completion of this form.

Sick Pay

When a (non-GP) salaried employee is on full pay sick leave then NHSPS contributions are payable on all the sick pay. If they go onto reduced or half pay sick their employee contributions are payable on the reduced amount. However any contributions deducted for an added years or additional pension contract should be deducted from the unreduced pay.

The employers 14% contributions are based on the members ‘normal’ unreduced pay. When the member goes on to ‘no-pay’ then no contributions are payable by either the member or the OOHP. However, the employer should consider if the member should be offered the opportunity to apply for the ill-health NHS pension.

Self-employed contractors are not normally entitled to sick pay.

SOLO form

The SOLO form was born out of the 2004 GP Contract and records a GP’s NHS ‘fringe/ ad hoc’ income such as OOHs.

Transfers In or out of the NHSPS

The NHSPS can accept transfers from most pension schemes, although there are different types of transfer. A transfer value is treated as a single payment and converted into membership, which reckons for pension benefits in the NHSPS.

A member has 12 months from first joining the NHSPS to request a transfer, providing they are not ‘over age’. NHS Pensions always recommends that the member seek independent financial advice, should they be in any doubt that a transfer is the best option for them.

There is more detailed information available on NHS Pensions website http://www.nhsbsa.nhs.uk/pensions.