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NHS Pensions Employer Newsletter 2 - February 2017

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1. Auto enrolment reminder

All NHS employers have a duty under the NHS Pension Scheme legislation and the Auto Enrolment legislation to enrol **all** eligible NHS employees into the NHS Pension Schemes either:

- when they first begin NHS employment, or
- on the employers staging/re-enrolment date.

There is no minimum pay requirement to becoming a member of an NHS Pension Scheme. When an employer reaches their staging/re-enrolment date the pay and age restrictions in the Auto Enrolment legislation do **not** prohibit any NHS employee, between the ages of 16 and 75, from being enrolled into the NHS Pension Scheme. However, employers should

take note of those employees who have previously opted out within The Pension Regulator's timescales or who have Lifetime Allowance Protection from HMRC.

Alternatively, if an NHS employee is not eligible to join either of the NHS Pension Schemes, the employer must enrol that employee into an Alternative Qualifying Pension Scheme (e.g. NEST).

Information about auto enrolment and how it affects NHS employees and the NHS Pension Schemes is available [on our website](#).

Further information can be found on [NHS Employers](#) and [The Pensions Regulator's](#) websites.

2. Year end submissions – data errors

To support employers in their preparation for the 2017 year end, there are a number of 2016 updates outstanding in error handling that still require attention.

There are currently 50,000 annual updates for year end 2016 or earlier allocated to employers in Pensions Online (POL) Employer Error Handling. If these errors are not resolved when the 2017 update is received this will mean the 2017 update will be rejected.

Your member records will not be updated to 31 March 2017, this means that we will be unable to provide your members with an up to date Annual Benefit Statement. There may also be delays in providing other NHS Pensions information and it will potentially increase the number of queries you receive from members and NHS Pensions.

HMRC legislative requirements place a responsibility upon employers to provide information to NHS Pensions that will enable us to provide an Annual Allowance statement to members who could be affected. The legislative requirements specify that employers must provide pay (and membership) information to us by 6 July following the end of the tax year.

Please see our [May Employer Newsletter](#) for information about the fines and charges that HMRC could impose on employers

Please check your employer error handling and take appropriate action to clear any errors prior to the submission of your 2017 year end data. Errors allocated to NHS Pensions can only be returned to us with a comment giving the information required for us to clear the error. Please see the [August 2016 Employer Newsletter](#) for more information about this.

3. Non Pensions Online users

We will be writing to all non POL users to confirm their contact details in readiness for the year end, you can either return the paper copy of your contact details or complete the [‘Employer Organisation Contact Details’](#) form available on our website and email it to nhsbsa.stakeholderengagement@nhs.net.

4. Non ESR and non Pensions Online (POL) year end submissions

On 8 March we will be holding webinars for employers who do not provide annual updates via ESR.

There will be two sessions, one covering POL and the other for non POL users who use the excel spreadsheet. The sessions will cover:

- NHS Pensions and employer responsibilities
- year end 2017 data submission process and timeline
- walk through of POL or the spreadsheet and guidance on completion
- an open question and answer session to submit questions on data submission.

The registration details for the webinars will be emailed to all employers who provide their updates using POL or spreadsheets. Book your place as soon as possible so as not to miss out on this important information.

5. Maximum membership and age in the 1995 and 2008 Sections

Members with maximum membership in the 1995 and 2008 Sections

NHS Pensions identify individual members who have exceeded [maximum membership](#) as part of our data cleanse work. Where possible, NHS Pensions will close the employment down using an 11 exit code, write to the Pensions Officer instructing them to return any over deducted contributions and request form SD55E for the correct leaver figures. If there are any queries at this point, they should be directed to: nhsbsa.datamanagement@nhs.net.

Where an estimate is generated through Pensions Online where calendar length service is more than 40 years, employers must refer the case to NHS Pensions for confirmation the estimate can be issued to the member. Please email the member’s name and membership number to nhsbsa.pensionemployers@nhs.net with the heading ‘Maximum membership’ for checking.

If the member is in the 2008 Section, they have the opportunity to continue paying contributions into the Scheme. Members should be made aware as soon as possible of this provision and the application process to continue contributions. If a member is given permission to continue contributions beyond maximum membership, their termination code

becomes 01 at retirement, however further SD55s will need to be applied manually by NHS Pensions.

Where an employment has been closed down for maximum membership, it is important that employers do not reopen the employment or amend the termination date beyond the Maximum Service date, as this could delay payment of benefits.

When a member claims their benefits after they have ceased to be pensionable, or continued contributions beyond maximum membership, the AW8 must be posted to NHS Pensions, marked "Not POL'd – Maximum membership" and include the last day of employment as well as the last pensionable day.

Members who reach maximum age

NHS Pensions also identify individual members who have exceeded their [maximum pensionable age](#), either for Special Class status or where they reach age 75.

If you believe a member should not hold Special Class status, please email nhsbsa.datamanagement@nhs.net with supplementary evidence as the case will need to be referred to the Service Team for checking. If you have an AW8 on hand, please mark your email 'Award Pending' in the subject.

Please note that all membership must cease at age 75, with employments closed on the day before a member's 75th birthday with termination code 11. The AW8 can then be completed and forwarded to NHS Pensions as there is no requirement for a 24 hour break and benefits are payable from their 75th birthday.

6. Individual Protection 2014 – reminder

Members who are thinking about making an application for Individual Protection 2014 (IP2014) are reminded that the last day to make an online application is 5 April 2017, as detailed in our [October Employer Newsletter](#).

To make an application for Individual Protection 2014, members need to know the capital value of their pension benefits on 5 April 2014.

To establish the capital value of their NHS Pension benefits, members may need to request an Individual Protection 2014 Valuation from NHS Pensions. Valuation requests should be made via the employer using [AW295 \(GP - IP2014\)](#) or [AW295 \(Officer - IP2014\)](#) which are available on the website. Our service target is to provide Individual Protection estimates within 40 working days of receipt of the completed forms, however it is paramount that NHS Pensions has sufficient information to complete the estimate requested and that payment is received in line with our existing Schedule of Charges.

NHS Pensions will endeavor to provide Individual Protection estimates requested prior to 8 February 2017 within our normal service level agreement. Unfortunately, we will not be able to fast track or prioritise applications received after this date.

Applications submitted where a member's record has not been updated, or where payment has not been received and processed, will be rejected.

7. Equitable Life Money Purchase Additional Voluntary Contributions (MPAVCs) - Change of bank details

Equitable Life Assurance Society (ELAS) have contacted NHS Pensions to confirm that the bank account for the payment of contributions for members of the NHS Money Purchase Additional Voluntary Contribution (MPAVC) Scheme has changed with immediate effect.

The new bank details are:

Barclays Bank
East and South Region 1
1 Churchill Place
LONDON
E14 5HP

Account number: 23324443
Sort code: 20-03-62

Previously contributions should have been paid to HSBC:

Account number: 81021338
Sort code: 40-02-50

NHS Pensions have been informed that any contributions that are incorrectly sent to the HSBC account will not be redirected. They will be returned to the NHS employer which may result in loss of investment income for the scheme member.

Please note this change in bank details is not in relation to a service that a NHS employer is purchasing but the transfer of pension contributions from a member to ELAS in respect of the NHS MPAVC Scheme. NHS employers must ensure that the correct amount of member contributions has been paid to ELAS and that payments have not been missed.

It is impractical for NHS Pensions to complete change of bank detail forms for individual employers. Employers should instead update ELAS' bank details in line with this notice and ensure that any overdue contributions are paid to ELAS as soon as possible. Where appropriate NHS Pensions will consider reporting any breaches of payment to The Pension Regulator and the NHS Pensions Board.

Please note the bank details in respect of contributions for the NHS MPAVC Scheme for Prudential and Standard Life have not changed.

8. GP retirements

If a GP is retiring and a 'Retirement benefits claim form (AW8)' is completed, this should not be signed by the practice manager or be submitted directly from the GP practice. In these cases, the form should be sent to Primary Care Support England or Local Health Board (in Wales). They will then submit the form to NHS Pensions through Pensions Online (POL) where possible.

9. Free estimate clarification

If a member does not have access to an Annual Benefit Statement (ABS) or Total Reward Statement (TRS) one will be provided by NHS Pensions free of charge upon request. The estimate provided will be an Annual Benefit Statement. Other types of estimates may be chargeable according to our current [Schedule of Charges](#) which is available on our website.

10. Non calculation of an Annual Benefit Statement in 2016

There are numerous reasons why it may not be possible for us to produce an Annual Benefit Statement calculation for 2016:

1. **Joined after Total Rewards Statement calculation date** - The member joined the NHS Pension Scheme after 31 March 2016, or rejoined after this date following a transfer out or refund of earlier membership.
2. **Pay** - The bulk processing functionality is unable to calculate the pay figure to be used in the calculations or the employer pay figures provided are very low (less than £20) or very high (more than £250K)
3. **No annual update received** - The member is in the 2015 Scheme but the record has not been updated, or the only open employment is after the latest update.
4. **Employments exceed whole time** – The member has more than one open employment which together exceed whole time.
5. **Data Issue** – Such as missing part time hours
6. **Complex rules or manual calculations required** – For example the member is:
 - subject to the earnings cap
 - a Re-employed Pensioner
 - a Male Nurse – Special Class

- subject to Pensions on Divorce / Dissolution of a civil partnership registered
- a Practitioner Choice Optant.

11. Added Years information for transitioned members only – Annual Benefits Statement (ABS) via the TRS Portal.

Added Years contributions paid in 2016 for members who have transitioned into the 2015 Scheme are correctly displayed in the Added Years contributions field on the 1995 Section element of the statement. However they are incorrectly showing that they were paid in year ending 31 March 2015 and not 31 March 2016.

The additional membership purchased as a result of the contributions paid in 2016 has not yet been included in the 1995 Section pension benefits, as these benefits have been calculated using the service built up at Scheme transition date which for most members will be 31 March 2015.

This issue is currently under investigation, but please be assured the information will be included when they become payable ensuring members receive their correct entitlement.

There is no impact for members with full protection who remain in the 1995 Section or who have not yet transitioned to the 2015 Scheme.

12. Secondment without Retention of Employment

With effect from 1 April 2014 access to the NHS Pension Scheme was made available to organisations that held a 'qualifying contract' and did not already have access to the Scheme. A 'qualifying contract' was an NHS Standard contract, APMS (Alternative Provider of Medical Services) contract, or a Local Authority contract. The primary purpose of the contract had to be the provision of clinical health care services.

Organisations that qualify for Scheme access via this route are called Independent Provider Employing Authorities.

The Independent Provider EA access provision brought an end to previous arrangements whereby Scheme employers could retain membership for staff by seconding them to a non NHS organisation. The cessation of the previous arrangements was on the understanding that the staff would qualify to become Scheme members by way of the Independent Provider access provision.

To enable a smooth transition from the secondment arrangement to Independent Provider EA access a three year 'grace period' was made available in respect of those NHS contracts already in place at that time.

As the 'grace period' is due to come to an end on 31 March 2017 please advise NHS Pensions if your organisation has any arrangements in place whereby Scheme members are seconded to a non NHS organisation and that organisation could apply to gain NHS Pension Scheme membership for the seconded staff via the Independent Provider access provision. Our email address in this regard is nhsbsa.directionapplication@nhs.net

With effect from 1 April 2017, and subject to Parliamentary approval, the definition of a 'qualifying contract' in respect of Independent Provider EAs is expected to extend to a NHS Standard subcontract, a Multispecialty Community Provider (MCP) standard contract and an MCP standard subcontract.

13. 2017-18 NHS Pension Scheme contributions estimate

The NHS Pension Scheme (Amendment) Regulations 2014 require organisations to provide a statement of estimated total contributions due to the Scheme no later than one month prior to the beginning of the Scheme year. The following link outlines this requirement: http://www.legislation.gov.uk/ukxi/2014/570/pdfs/ukxi_20140570_en.pdf

Organisations should provide this information on the form entitled '2017-18 NHS Pension Scheme Contributions Estimate'. The form is available on the [website](#). It should be completed and returned no later than 3 March 2017.

The form should be signed off by a senior manager within the organisation, e.g. Chief Executive or Finance Director. For employer organisations such as GP practices this should be the senior/fund holding GP.

14. NHS Pension Scheme Administration levy from April 2017

As mentioned in the November 2016 Employer Newsletter, the Department of Health intends to introduce a levy to cover the cost of Scheme administration from 1 April 2017. Consultation on the proposed levy and amendments to the NHS Pension Scheme Regulations ended on 9 January 2017 and the Department is currently considering the responses received

The proposed levy equates to 0.08% of each active member's pensionable pay and, if approved, will be collected through the standard employer contribution by increasing the Scheme contribution rate for employers from 14.30% to 14.38% from 1 April 2017.

As soon as the outcome of the consultation is known and we are informed of the decision, a further update will be published with any actions that may be required.

15. Digitisation priorities for 2017

It has been a busy period recently for the Pensions Digitisation programme. We have successfully completed a GDS Alpha assessment for the 'Submit your NHS Pension contributions' service, which will provide an online channel for all employers to use, not just those on the N3 network with access to POL.

Thank you to all employers who have been involved in testing the prototypes to date. Your feedback has helped shape the system we are now going to start building for the next phase of the project; Private Beta. We anticipate this service being available in the next few months, and will continue to need your help testing the system. We will keep you up to date about our progress and how we would like you to be involved through this newsletter and the national and regional pensions groups.

This is the second GDS Alpha assessment the programme passed in recent months following on from the 'My NHS Pension' service. The programme is also focussed on delivering a solution for accessing TRS once Government Gateway is decommissioned in 2018. Again, we plan to have a service available for private beta over the next few months and will keep you up to date with our plans.

16. Annual Pay Awards

If a Scheme member receives a promotion or a pay increase during a Scheme year on or after 1 April (this includes the annual pay award), it is the employers responsibility to re-assess the tiered contribution rate banding and apply a new rate if appropriate.

17. Have you viewed our new videos?

We have three new videos available for you to use with your members. The first one explains [the different parts of the Scheme and the different member types](#). The second video promotes [the benefits of being a member of the NHS Pension Scheme](#) and the third video explains [what members would be giving up if they opted out of the Scheme](#).

The videos are also available on the NHSBSA's [YouTube channel](#) where there are other videos to help explain the Scheme and Total Reward Statements/Annual Benefit Statements.

Please let us now what you think about the videos by emailing the Communications Team at nhsbsa.communicationsteam@nhs.net

18. The new look NHS Pensions website is on its way

We are pleased to say that we will soon be launching a new look website. Taking on board your feedback from the annual Customer Satisfaction Survey, we have designed the new

site so it is easy to navigate and fully searchable. The website has many more new user friendly features. We will tell you more about this and the timeline for the switch over in the next edition of this newsletter.

19. Most viewed Ask Us articles

Each month we provide you with the 10 most viewed employer articles in Ask Us. The results for December are below:

| Most viewed article | Hits |
|--|------|
| What is my EA code? | 181 |
| Where can I find guidance on completing the SD55 terminating a period of employment? | 156 |
| How can I calculate the notional whole time salary for a part time staff member? | 135 |
| What should I do if I have paid the incorrect amount of contributions to NHS Pensions? | 119 |
| Ethnicity codes | 113 |
| What is an AW171 and how should it be submitted? | 59 |
| Do I need to submit the SD55 and SD55T when a member is retiring? | 59 |
| How does an employer pay their pension contributions to NHS Pensions? | 58 |
| Where can I find guidance on completing the SD55 annual update? | 57 |
| When would it be necessary for me to post an AW8 application form to NHS Pensions? | 54 |

20. Pensions Online downtime

Pensions Online (POL) will be unavailable between the following times:

- 7pm on Friday 3 March and 7am on Monday 6 March

Please note: at times we may need to take POL offline at short notice. Updates will be provided on our website when possible.

We apologise for any inconvenience this may cause.

The March issue of the Employer Newsletter will be published at the end of February.