

## **NHS Pensions Employer Newsletter – April 2019**

### **1: Sharing Our Performance March 2019:**

Our level of performance continues to be maintained as we strive to process first pension payments in a timely manner. As of 26 March, a total of 3852 applications have been processed, 97.49% of which were paid on time and of those 92.96% lump sum payments were paid by the members retirement date. Our customers should be seeing a much improved experience of our service now.

We are starting to see an increase in calls to our Contact Centre as we approach year end, so customers may experience a slightly longer wait time on all four pension lines (Member, Employer, TRS and Payroll) but this is fluctuating daily. We have put messages on the lines to further support customers at this time.

### **Revised Pensions (AW171)**

All workstreams of the project are progressing well. A number of the following activities have moved on since the last update:

- Continuing to triage into specific work pots for similar types of casework
- Identified the administrators that will come together to create a ring fenced Revised Pensions Team. We have ensured there is no adverse impact on the other business areas in the creation of this team.
- Prepared a training plan for the resources
- Planned the first stage of the process to submit the forms through our internal Pensions Online system from mid-April.
- Planned for the further stages to process cases to completion from 6 May 2019, initially the volumes will be low but this will increase over time when the system development goes live.

Regular updates will be provided as part of our monthly performance summary so you can see what progress is being made.

### **2019 Year-end**

To ensure your employee pension scheme member records are up to date and correct to the latest financial year, we need you to submit your 2019 year-end updates to March 2019 (for officer employments) between 1 April 2019 to 31 May 2019.

### **ESR Year-end updates 2019**

ESR has notified us that the ESR year-end updates will be sent to us by 24 April 2019. This is slightly later than usual so as a result, our processing will commence later; however we

are still expecting to complete processing by the end of May (this includes the processing of the April and May joiners and April leaver's data files). Please check your records daily from the 26 April to see if your data has processed to enable you to commence cleansing at the earliest opportunity.

### **TRS Refresh 2019**

This year's TRS data cut for the annual refresh will take place after 7pm on Friday 21 June 2019, with refreshed statements being made available by the end of August 2019. The data cut for the mid year refresh will take place after 7pm on Friday 11 October 2019 with statements being made available early December 2019.

### **Greenbury 2018 and 2019**

If you had individuals in last year's (2017/2018) Greenbury exercise you may remember we had a number of issues. As part of the lessons learned exercise, we carried out a full review of the calculations and the processes and found a mistake was made in last year's calculation. This was corrected ready for this year's exercise (2018/2019) to enable a correct comparison with this year's figures. The factors have been updated and the figures shown on the system this year are correct.

We put a number of improvements in place this year and hope that you have all had a better experience as the Greenbury exercise for 2018/2019 draws to a close.

### **Pensions Online (POL) downtime**

POL is scheduled to be down during April between:

7pm Friday 26 April 2019 to 7am Monday 29 April 2019

If we do need to bring POL down at short notice for urgent maintenance, we will advise you as much as we can in advance via the POL homepage.

## **2: Firefighters and judges – the McCloud Judgement**

In April 2015 there were reforms to public service pension schemes for judges, firefighters, armed forces, NHS, teachers and civil servants. This moved employees from final salary schemes to career average schemes with retirement ages equal to State Pension Age. Local Government moved to a career average scheme a year earlier in April 2014.

Protected members within 10 years of their normal pension age at 1 April 2012 were allowed to remain in their final salary schemes.

For us, this meant the introduction of the 2015 Scheme with protected members remaining in their existing section of the 1995/2008 Scheme.

### **Current position**

Firefighters and judges claimed this 'protection' amounted to unlawful discrimination. The Court of Appeal ruled on 20 December 2018 that this protection does amount to direct unlawful discrimination on age grounds. The judgement is referred to as the 'McCloud Judgement'.

The BMA has recently confirmed that it intends to pursue similar age discrimination claims against the Government in relation to the NHS Pension Scheme reforms in 2015, which meant younger doctors were moved into the 2015 Scheme.

We are waiting for confirmation that the Government has sought permission to appeal the ruling.

If you do get any enquiries, you can say that the Government is considering the judgment and is seeking permission to appeal the ruling and in the meantime, you are unable to comment further.

We will publish further updates as they become available.

### **3: The NHS Pension Scheme for England and Wales - proposed changes to scheme regulations 2019**

An email went out to all employers on 5 March 2019 highlighting the proposed changes which were outlined in a consultation document released by the Department of Health and Social Care (DHSC). [www.gov.uk/government/organisations/department-of-health-and-social-care](http://www.gov.uk/government/organisations/department-of-health-and-social-care)

We have highlighted below the main changes that will be implemented as a result of this consultation and what it means for you.

#### **Employer Contribution Rate**

The new employer contribution rate of 20.6% (not including the 0.08% admin levy) is a 6.3% increase from 14.3%.

The increase of 6.3% has been split into two types of payments in the consultation response:

- 3.8% as unforeseen costs
- 2.5% as foreseen costs, initially referenced in Budget 2016

The consultation response confirms that these changes will be transitional and current funding is available to support employers with either the full amount or only the unforeseen costs being funded, depending on employer type.

The Consultation response outlines which organisations will receive funding for the full 6.3%, these are:

- Trusts
- CCG's
- CSU's
- GP Practices
- Dentists
- Independent Providers
- Social Enterprises
- New Fair Deal
- Charities and Hospices

The organisations referenced in the response as only eligible for 3.8% are:

- Non-NHS England Arm's Length Bodies of the Department

- Local Authorities

All Employers, including those outside the full funding scope, will continue to only send 14.38% employer contributions over 2019/2020.

Those eligible to pay the 2.5% foreseen cost will have this recouped by a corresponding reduction to the funding such organisations receive from the Department. The Department is currently considering the optimum way of recouping the costs for those organisations which do not directly receive funding from DHSC. It is important from a scheme administration perspective that all employers pay the same percentage rate.

Welsh Government is currently working through the funding and payment options for the increased employer contribution costs in 2019/20. As part of this they have been in discussions with HM Treasury, DHSC and NHS Pensions.

Arrangements for 2020/21 will be confirmed in due course, with the expectation that the Scheme will return to 'business as usual' arrangements in 2020/21 both in terms of contribution collections and funding flows.

### **Employee Contribution Rate**

The current employee tiered contribution rates will not change until 1 April 2021 at the earliest.

### **Entitlement of 1995 Section survivors of same sex civil partners and marriages'**

Following the Walker v Innospec case, regulatory changes will be introduced to provide that survivors of same sex marriages and same sex civil partners are treated in the same way as widows of opposite sex marriages (survivor benefits on all the member's service where the marriage or civil partnership was before the member's last day of service or 6 April 1978 if the marriage or civil partnership was after the last day of service); and the change applies from the date civil partnerships and same-sex marriages were implemented.

This change does not apply to widowers (male survivors) of opposite sex marriages or Scheme partners (previously nominated partners).

### **Exempting Agenda for Change pay increases from Final Pay Control charges**

There is an exemption of Agenda for Change pay increases from final pay control charges for the Framework agreement on the reform of Agenda for Change adopted on 27 June 2018. This means that employers will not be liable for a final pay control charge where members receive a pay increase further to the nationally agreed Agenda for Change pay award.

DHSC received some comments on final pay controls that were outside the scope of the proposals presented in this consultation. The final pay control mechanism came into force on 1 April 2014 and therefore the Department proposes to undertake a review of the policy in conjunction with the Scheme Advisory Board. The observations and comments received through this consultation will be considered within this review.

### **Removal of the requirement to nominate unmarried co-habiting partners for survivor benefits**

There is no requirement for members to nominate an unmarried co-habiting partner to receive survivor pension benefits upon death of the member. Although it is now no longer mandatory, it is still recommended that members complete nomination forms available on the website.

<https://www.nhsbsa.nhs.uk/member-hub/nominations>

The remaining qualifying criteria remains, namely that for a continuous period of at least two years ending with the member's death, the member and the partner were:

- Living together as if they were married or civil partners;
- Not prevented from marrying or entering into a civil partnership;
- Financially interdependent or the partner was financially dependent on the member, and;
- Neither were living with a third person as if they were married or civil partners.

Nominated partners' will now be referred to as 'Scheme partners' by NHS Pensions  
**Statements of estimated contributions of pensionable income**

The consultation outlines the changes regarding the 'Estimate of Pensionable Earnings' that must be submitted to PCSE or Local Health Board each year. The consultation confirms that where a GP Practice/APMS contractor fails to provide a statement of estimated pensionable pay for all GP's and Non-GP Partners to the 'host board' (PCSE or LHB), then the member GP/Non GP Partner will automatically be set at the maximum employee contribution rate (currently) 14.5% with effect from 1 April 2019.

#### **Recovery of arrears of scheme contributions from benefits**

Where a GP/Non GP Partner has failed to pay over their NHS Pension Scheme contributions, we are able to recover these arrears from their NHS Pension benefit at retirement.

#### **4: Making Contribution Payments to the NHS Pensions Scheme – MCP**

As part of the ongoing programme of digitisation work, we have developed a service for all employers to instruct the collection of employer and member contributions through a web based platform.

This new service will replace the RFT1, GP1 or DIR6 submission that employers currently make on a monthly basis.

The service has progressed through Beta phase (pilot phase) with a small group of employers for almost a year. During March, we worked with 200 employers who have signed up to the new service and are making contributions through the MCP system.

Over the next month, we will be contacting your organisation if you have a Direct Debit mandate in place for the payment of pension contributions, with a short survey. This will provide us with all the information required to set up the MCP account. If you receive the survey, please complete directly and do not forward on for completion.

Please contact [nhsbsa.stakeholderengagement@nhs.net](mailto:nhsbsa.stakeholderengagement@nhs.net) with any questions you have regarding the on-boarding process.

## **5: Customer insight surveys**

As part of our focus to improve our service, members and employers will be asked to take part in a monthly customer insight survey. This will involve 14,000 members and 1,000 employers being invited to take part on a monthly basis. This means you will continue to be sent an invite on an annual basis.

Taking regular feedback will allow us to understand how the changes made internally to refine and improve processes impact customer satisfaction.

Our intention is to work with employers to understand the different challenges organisations face and how we can work more collaboratively to overcome these.

This will provide us with a more measured insight into both employers and members thoughts and feelings of the service provided.

## **6: Annual Allowance update**

This year the Annual Allowance team have experienced a much higher receipt of work requests than in previous years. Particularly, the requests for 'On-Demand' statements have doubled and more recently we have been unable to meet the three month deadline date from receipt to issue with over 5000 requests on hand.

Currently we are still working on statements requested in November 2018 and we are 20 calendar days behind target. Work is underway to improve this within the next 4 weeks. We have been doing analysis of the 'On Demand' work and have identified several trends; going forward we are looking to make system enhancements and process the work differently. It is 6 years since NHS Pensions issued its first Annual Allowance statements and it is clear that members are much more Annual Allowance aware.

We have received a high increase in the amount of revised statement requests with many Employing Authorities submitting data changes following issued statements. Please note that changes outside of the relevant year can have an impact as they affect the members carry forward amounts.

Each year NHS Pensions sends information to HMRC about all members who exceed for Annual Allowance, members and their third parties submit tax returns and scheme pays applications for payment.

## **7: Stakeholder engagement guide update**

Following feedback, the Retire & Return Guide has been reviewed.

You can view version 2 of the Guide on our website on the Employers Hub under technical guidance>joiners section.

<https://www.nhsbsa.nhs.uk/employer-hub/technical-guidance/joiners>

## **Supplementary form - Stepped Back Pensionable Pay**

A new form is available on the website for you to use. The form AW311 can be used to provide supplementary information where the payable /deemed date may differ.

The payable/deemed date may differ where members of the 1995 section or 2008 section have:

- Reckonable membership followed by unpaid sick leave
- Temporary injury allowance followed by annual leave
- Unpaid sick leave followed by annual leave

We are encouraging you to complete form AW311 and send the supplementary information when you submit the AW8 where this applies.

The form has been designed to help you when determining the deemed date and payable date. Completion of the form will also help us to progress a member's retirement application and potentially reduce the need for us to contact you later during the retirement process.

You can find form AW311 on the employer's hub under forms.

### **Educational power point presentations**

Both the special class and final salary linking power point presentations are now available for you to view on the employer's hub under resources. The interactive presentations received excellent feedback and will continue to provide a quick reference tool for you to use.

<https://www.nhsbsa.nhs.uk/employer-hub/nhs-pensions-employer-resources>

### **8: Ill Health Applications**

NHS Pensions have started to receive a number of applications requesting consideration of entitlement for early payment of deferred benefits on grounds of ill health (AW240) where the member could have applied for consideration of entitlement to ill health retirement benefits (AW33E) as their contract of employment had been terminated solely on grounds of ill health. Where contracts are being terminated solely on the grounds of ill health employers and employees should consider submitting an AW33E application for consideration of entitlement to ill health retirement benefits prior to termination of employment.

**Reminder - ill health retirement consideration for former members who have opted out of the Scheme but remain in NHS employment.**

The NHS Pension Scheme Regulations permit the payment of deferred pension benefits before normal benefit age where an employee remains in NHS employment and the Secretary of State is satisfied that the employee is suffering from mental or physical infirmity that makes them permanently incapable of efficiently discharging the duties of that employment. Employers (including Direction employers) should consider submitting form AW33E for consideration in circumstances where a contract of employment is likely to be terminated on grounds of ill health for a former member who has opted out of the Scheme but has remained in NHS employment. The applicant should be made aware that entitlement to Tier 1 equivalent benefits can only be considered and the front of the AW33E form should be clearly annotated that the applicant has opted out of the Scheme. Where an application is successful benefits will become payable from the day after all NHS employments have been terminated.

## 9: Ask Us Articles

Member	Employer	TRS
Where can I find my SD number?	What is my EA code?	How can I access my Total Reward Statement?
How can I get an estimate of my NHS pension benefits?	What should I do if I have paid the incorrect amount of contributions to NHS Pensions?	How is my 1995 Section pension revalued each year on my Total Reward Statement/Annual Benefit Statement?
How do I apply for my NHS Pension?	When would it be necessary for me to post a retirement benefit claim form (AW8) to NHS Pensions?	Why can I no longer access my Total Reward Statement via Government Gateway?
What are the reduction factors for Actuarially Reduced Early Retirement in the 1995 section?	What is an AW171 and how should it be submitted?	What is GOV.UK Verify?
Can I return to NHS work after retiring from the 1995 section of the Scheme?	Do I need to submit the SD55 and SD55T when a member is retiring?	How often is my Total Reward Statement/Annual Benefit Statement updated?
How can I notify NHS Pensions of my change of address?	How can I apply for Mental Health Officer (MHO) status?	I have tried to access my TRS/ABS but my address is incorrect, how long will it take to update?
What is a deferred benefits claim form (AW8P) and when should it be completed?	How does an employer pay their pension contributions to NHS Pensions?	What is a Total Reward Statement?
How will my NHS Pension be paid?	Ethnicity codes	Why don't I have a pension estimate on my Total Reward Statement?
What is an AW8 application form and when is it completed?	How should I submit an AW8 application forms if I do not have access to Pensions Online (POL)?	Can I view a Total Reward Statement from a previous year?
How do I opt out of the NHS Pension Scheme?	How can I calculate the notional whole time salary for a part time staff member?	What is a Annual Benefit Statement (ABS)?