

NHS Pensions Updates – June 2020

Update for employers on NHS Pensions coronavirus (COVID-19) response

In response to the coronavirus (COVID-19) outbreak, we have taken, and continue to take, proactive steps to ensure we support members, employers and colleagues.

This has included introducing a number of easements and changes to processes to proactively support employers administering the NHS Pension scheme, as you adapt to new ways of working.

As we implemented social distancing in our own workplace and set up colleagues to effectively work at home, we also prioritised business areas most directly linked to pensioner payments including retirement applications, bereavement applications and the processing of pensions to current and retiring pensioners. As a result, you may have noticed some disruption to our other services but we have worked hard to limit this impact.

We are pleased to report that we have continued to meet our KPIs in prioritised business areas throughout May.

Over recent weeks we have been able to return our teams to full capacity with all colleagues now working from home and we are working hard to address any outstanding enquiries.

We continue to receive a high volume of calls to our NHS Pensions Employer Helpline and our helpline colleagues remain very busy dealing with enquiries, both for NHS Pensions and other NHSBSA services directly linked to supporting the NHS' frontline.

Please do take a look at the dedicated resources and guidance for employers within our [NHS Pensions Employer Hub](#).

Should you have any queries, you can also contact our team on Twitter @nhs_pensions or via nhsbsa.pensionemployers@nhs.net. We do aim to respond to your email as soon as possible but please be aware there may still be some delays to responses at this time.

We thank you for understanding and for your continued efforts in delivering vital healthcare services at this critical time.

Sharing our performance

Table 1- Total Transactions

Item	Volume
Total Transactions	9,898
First Retirements	3,960
Revised Retirements	1,434
Estimates	1,232
Re-Employment Cases	0
Transfers In	119
Transfers Out	397
5 Year-Rejoiners	31
Pensions on Divorce	33
Life Assurance Lump Sums	170
Partner Pensions	736
Child Allowance	63
Refunds	1,723

Table 2 - First Retirements and Pensioners

Item	Volume
Applications Processed	3,960
On Time	99.60%
Amount paid in Lump Sums	£193,604,335.80
Amount of Pension Paid	£767,397,671.87
No. Pensioners in Payment	979,303

Table 3 - Employer Helpline statistics

Item	Volume
Total Volume Calls	1,888
Average Handling Time (s)	445
Average Speed of Answer (s)	587

Table 4 - Member Helpline statistics

Item	Volume
Total Volume Calls	18,979
Average Handling Time (s)	549
Average Speed of Answer (s)	611

NHS and Social Care Coronavirus Life Assurance Scheme 2020

Following the Secretary of State for Health's announcement of a new life assurance scheme for eligible frontline health and social care workers during the coronavirus (COVID-19) pandemic, information on the NHS and Social Care Coronavirus Life Assurance Scheme 2020 for England is now available on the NHSBSA website.

The scheme recognises the increased risk faced by staff during the crisis.

A payment of £60,000 will be made to the estate of eligible individuals who die from coronavirus contracted during their frontline essential work.

You can access more information on the scheme and a claim form via:

<https://www.nhsbsa.nhs.uk/coronavirus-life-assurance-2020>

Please note the guidance and claim form currently provided on the NHSBSA website is for eligible individuals working in the NHS or Social Care in England only. We are awaiting information for the Welsh scheme, which will be published as soon as it is available.

The NHS and Social Care Coronavirus Life Assurance Scheme is independent of the NHS Pension scheme. Any lump sum or pension benefits payable to the relatives or dependents of NHS Pension scheme members will continue to be processed and paid as before.

TRS Refresh 2020

The TRS data cut for the annual refresh will take place after 7pm on Friday 19 June 2020, with refreshed statements available by the end of August 2020.

The data cut will capture successfully updated records up to and including 31 March 2020.

Employers should ensure they have updated employee pension records and if you are able to, cleansed any data errors by this date.

For any records updated after 19 June, this information will not be reflected in statements until after the mid-year refresh in December 2020.

The data cut for the mid-year refresh will take place after 7 pm on Friday 9 October 2020. Statements will be made available in December 2020.

You can read more [information for employers without access to POL](#) on our website.

Further information and updates will be provided in our Pension Update.

ESR year-end updates 2020

The 2020 ESR year-end data processing is now complete with a total of 1,469,254 annual updates being applied over the last five weeks. Over the last couple of weeks we have spent time catching up on April joiners and leavers and May joiners to bring processing fully up to date.

We will now commence the preparation of the annual heat maps to report the data processing successes to ESR employers, currently scheduled for distribution by the end of July 2020.

Annual updates for Non POL organisations

Many thanks for those employers who have returned their Year End Spreadsheets for 2019/20 prior to the regulatory deadline on 31 May 2020.

We continue to process these spreadsheets and endeavour to complete our processing in time for the August Annual Benefit Statements / Total Reward Statements.

Where possible we ask that you try to provide the updates as soon as possible.

Where it is not possible for updates to be applied by 19 June, information may appear unchanged on an individual's August TRS. However, any updates that have been missed will be captured in the later update to TRS that will be available to view in December.

Annual Allowance information required

Employers are required in legislation to provide information to NHS Pensions which enables Pension Savings Statements to be provided to members. This statement informs members whether they have exceeded the Annual Allowance limit in the NHS Pension Scheme. The requirements specify that employers must provide pay (and membership) information to NHS Pensions by 6 July following the end of the tax year.

We are expecting an influx of requests for Annual Allowance statements in July. In order to be able to respond to these requests, we must have the available pay and membership information from employers for 2019/20 by 6 July 2020 (information for previous years should already have been received). If a member's record is not updated by the employer by this date, HM Revenue and Customs (HMRC) may impose fines and charges on employers of:

- Up to £300 per member, and
- £60 per day per member until the member's records are updated

If the information is not provided, we will not be able to conduct the necessary calculations to check whether the member has exceeded the Annual Allowance limit. We will not be able to generate a Pension Savings Statement and notify potentially affected members in a timely manner. Members could be subject to fines and late payment penalties from HMRC.

Special arrangements were made for PCSE/NHS England in relation to the provision of information for GPs once their end of year certificates have been received and the provision of pension information to NHS Pensions after HMRC's deadline.

Freelance GP locum forms

The guidance on the freelance GP locum forms A and B has been amended to allow for a relaxation of the '10 week' rule in year 2020/21 to take account of the current pandemic.

You can access the updated guidance: [guidance on freelance GP locum forms](#) via our website.

Pensioner P60s, Advice of Payments and Annual Newsletters

P60s, Advice of Payments and annual newsletters are currently being sent to all NHS Pensioners.

A P60 includes information about the pension paid and the tax deducted during the tax year.

P60s are distributed in a phased approach and typically will be received by the end of May.

Due to the impact of coronavirus (COVID-19) there have been delays to some P60s being sent out at this time. As a result, pensioners may not receive their P60, Advice of Payment and annual newsletter until early July or may find that the annual newsletter is missing. Pensioners are asked to contact us, if they have not received their P60 by early July.

We apologise for any inconvenience this may cause.

You can read our annual newsletter:

[2020 Pensioner Newsletter \(PDF: 476 KB\)](#)

You can also read more information and access our frequently asked questions guide on Pensions Increases and P60s via our Pensioner Hub [Useful Information](#)

NHS Pensions and the Coronavirus Job Retention Scheme (CJRS)

Where employers receive public funding for staff costs, and that funding is continuing, it is expected that employers will use that money to continue to pay staff in the usual way and not furlough them. This includes Trusts, GP Practices etc. who should continue to be pay their staff in full. Similarly, non-public sector employers who receive public funding for staff costs should also not furlough their staff.

However, we are aware that for some Direction Body employers, where the organisations are not primarily funded by the government and whose staff can't be redeployed, the CRJS may be appropriate for some of their staff, e.g. Hospices.

NHS Pension Scheme

Furlough earnings, including any employer top-up, are pensionable under the scheme regulations for both the 1995/2008 Scheme and the 2015 Scheme.

Employer contributions:

The employer contribution rate of 20.6%, plus the levy of 0.08%, applies to the actual furlough earnings, not the member's normal rate of pensionable earnings.

Example:

A member's normal monthly earnings are £2,250, under CJRS they will be paid £1,800. The employer would pay £372.24 – a total of 20.68% of £1,800.

Although the CJRS grant includes some money to help with employer pension costs it may not cover the full employer pension contribution payable.

Member contributions:

Standard member tiered contribution rates remain unchanged. The tiered contribution rate a furloughed member pays is based on their pre-furlough Whole Time Equivalent (WTE) pensionable earnings, not their actual furlough earnings.

The standard tiered contribution then applies to the actual furlough earnings, not the member's normal rate of pensionable earnings.

Example:

The member's WTE pensionable earnings are £27,000 the tiered contribution rate is 9.3%, the member's contribution rate is not reduced to 7.1% in respect of the lower furlough earnings.

The furloughed monthly earnings are £1,800 ($£27,000 \times 80\% / 12$), the member will pay £167.40 – 9.3% of their furlough pay of £1,800.

If an employer tops up the furlough earnings to the member's normal 100% pensionable earnings then for pension purposes they are treated as not being furloughed and contributions will be paid at the normal rate.

1995/2008 Scheme benefit accrual:

The amount of service accrued whilst on furlough will be less.

Full-time furloughed members will be treated as working part-time and part-time furloughed members will be treated as having reduced their part-time hours.

Example:

A full-time member who receives 80% of their normal pay, who is contracted to 37.5 hours a week, will be classed as part-time and deemed to have worked 30 hours a week, 80% of the 37.5 hours during the furlough period.

A part-time member contracted to work 30 hours/37.5 hours a week is deemed to have worked 24 hours a week, 80% of the 30 hours whilst on furlough.

The CJRS has an upper limit of £2,500 per month, equivalent to £30,000 a year. If the member's normal pay is more than the upper limit and the employer does not pay a full top-up pensionable membership during furlough will be calculated as a percentage of normal pay.

Example:

A full-time member who has pensionable pay of £40,000 will only receive furloughed (pensionable) earnings of £2,500 per week i.e. 75% of their normal pensionable pay

$$£2,500 \times 12 = £30,000 / £40,000 \times 100 = 75\%$$

Whilst on furlough the member will receive 75% of their full-time hours whilst classed as part-time i.e. 29 hours per week for standard weekly hours of 37.5 (37.5 x 75% = 28.125 hours rounded up to 29).

For a part-time member they will receive 75% of their contracted hours i.e. for a member who normally works 30 out of 37.5 hours per week is deemed to have worked 23 hours per week (30 x 75% = 22.5 hours rounded up to 23).

Updates to the members pension record:

For whole-time members employers will have to submit the date the member went part-time (due to the furlough) when they complete the 2020/21 update and confirm the part-time hours deemed to have been worked during the furlough period. When they cease to be furloughed, they must then also submit the date they returned to full-time.

For part-time members employers will have to submit a 2020/21 update including the deemed hours whilst on furlough; the total part-time hours will include the actual hours worked as well as the deemed (reduced) hours whilst on furlough.

These updates must be made to all members records regardless of whether they are in the 1995/2008 Scheme or the 2015 Scheme.

NHS Pension Scheme benefits:

In the 1995/2008 Scheme the accrual of membership will be lower during the furlough period but retirement benefits will still be based on the normal WTE equivalent rates of pay.

In the 2015 Scheme the pension accrual will be less as it will be based on the furloughed earnings. The accrued pension for 2020/21 will be 1/54th of actual pensionable earnings, including any furlough earnings and top-up paid by the employer.

As the CJRS is a temporary scheme, the impact on overall pension accrual in either NHS Pension Scheme at retirement should be minimal for most members.

Death in service benefits:

If a member were to die while furloughed the death in service will be calculated according to the regulations.

For the lump sum this would be:

1995 Section – 2 times the best of the last three years actual pensionable earnings;
2008 Section – 2 times actual reckonable pay in the 2008 Section; and
2015 Scheme – the higher of 2 times last 12 months actual relevant earnings or the best of the last 10 years revalued actual pensionable earnings.

For surviving adult pension, the enhancement applied to the pension that the member had accrued will be unaffected as it is based on calendar length service. The pension accrued during the furlough period may be lower for the reasons explained earlier in this Newsletter.

The Government has stated that further details on 'flexible furloughing', being introduced from 1 July 2020, are due to be published on 12 June 2020.

Guidance where employees are not furloughed but have a temporary reduction in hours

If an employee has a reduction in contractual hours (e.g. from whole-time to part-time) their pensionable pay will also reduce. As a result, the affected employee will accrue lower pension benefits during the period that their pay is reduced. The benefits they receive in retirement will therefore be permanently affected.

It is important to add that the reduction in pay is also likely to affect valuable life assurance benefits payable from the scheme when a member dies.

Whilst on reduced hours the member will pay employee contributions on their reduced pensionable pay using the same tiered rate as before any reduction was applied. Employer contributions will be paid on the salary actually received.

NHS AVC Scheme transfer from Equitable Life to Utmost Life and Pensions

Although Equitable Life closed to new business in 2001, the NHS AVC Scheme with Equitable Life remained open because it was established before the closure. As a result, members of the NHS Pension Scheme who had previously paid contributions to Equitable were permitted to continue in the AVC Scheme with them.

On 1 January 2020 Equitable Life transferred all its remaining business to Utmost Life and Pensions. This followed a vote by policyholders in November 2019 and approval of the High Court in December 2019. The transfer includes all members of the NHS Pension Scheme who held investments in the NHS AVC Scheme with Equitable Life.

Some employers may already have had contact with Utmost, but this update confirms that as the successor to Equitable Life, Utmost Life and Pensions are now an authorised provider to the NHS AVC Scheme.

Ask Us

You may notice some changes to the look and feel of our 'Ask Us' service on our website in the coming weeks. The functionality of Ask Us and links will remain the same.