



Department
of Health

Access to the NHS Pension Scheme

May 2014

Introduction

- The Health & Social care Act 2012 signalled a sea-change in the 'traditional model of clinical provision, from one provided by the NHS, to one performed by a range of providers from both the NHS and the Independent sector.
- NHS organisations are entitled and required to automatically enrol into the NHSPS all eligible staff they recruit. Independent Providers (IPs) often find it prohibitively expensive to build pension benefits into their reward packages that are comparable to the NHSPS. This has created a recruitment barrier.
- Access to the NHSPS for IPs providing NHS services fulfills the policy aims of the 2012 Act.

Background to the reform

- The Department of Health launched a consultation on plans to widen access to the NHSPS for non-NHS providers of NHS clinical services. In order to introduce these new pension access arrangements, amendments needed to be made to the NHSPS Regulations.
- A consultation on the 'National Health Service Pension Scheme (Amendment) Regulations 2014' commenced on 2 December 2013 and the Government response to that consultation was published on 10th March 2014.
- Government Regulations enabling the new access arrangements came into force on the 1st April 2014.

Wider Access to the NHSPS

- Wider access to the NHSPS builds on the HMT New Fair Deal policy and covers terms of access for non-NHS organisations providing NHS Clinical Services (IPs)
- This supports the delivery of a fair playing field in pension provision by allowing staff delivering NHS services employed by IPs to become members of the NHSPS
- This supports the continued viability of the NHSPS and allows IPs to offer an incentive to staff in terms of recruitment and retention.

Scope of Access

- Policy applies to:
 - Non-NHS organisations providing NHS Clinical Services (Independent Providers),
 - where they are delivering services under an APMS contract
 - or an NHS Standard Contract
 - or a Local Authority contract relating to the improvement and protection of public health under the 2006 Act
 - This includes services procured under 'Any Qualified Provider' and covers both clinical and non-clinical staff delivering that clinical service.
 - IPs can choose from two levels of access or maintain the default position where they comply with the new Fair Deal.

Qualifying for Access

- Apply to Scheme Administrator for IP employing authority status
- Hold one or more NHS Standard or APMS contracts, or a public health related Local Authority contract to provide NHS clinical services
- Follow requirements of the NHSPS as set out in the Employers Charter
- Comply with monitoring requirements

Access to the NHSPS - Timing

- With effect from the 1st April 2014 an IP who holds any of the contracts previously detailed, can apply to become an Employing Authority(EA).
- An application to become an EA cannot be applied for retrospectively.

Access to the NHSPS

- IPs can choose from the two levels of access detailed below **or** choose to maintain the default position where they comply with the new Fair Deal only.
- This position applies to all contracts held by the organisation so is an important board decision to respond to the strategic organisational requirements

Either (Option 1)

Access to the NHSPS – Level 1 and 2

- Level 1: Access for existing members: IPs are required to auto-enrol into the NHSPS :
 - From the date of commencement as a NHSPS employing authority, all existing eligible staff who were entitled to participate in the NHSPS at any time in the previous 12 months, and
 - From the date of recruitment, all new eligible staff who were entitled to participate in the NHSPS at any time in the 12 months before joining the IP. Staff should be ‘wholly or mainly’ engaged in NHS work to retain access
- Level 2: Access for all eligible staff: IPs are required to offer access to all staff who are eligible to join the NHSPS and are ‘wholly or mainly’ engaged in NHS work.

Or (Option 2)

Access to the NHSPS – Level 1 and 2

- Level 1- IP Access “closed” approval – this level of scheme access is optional. In simple terms, an IP that has been approved by the Scheme Administrator as a NHS employing authority can choose to routinely join in the NHS Scheme ALL their staff who have moved to their employment voluntarily and had, within the 12 months prior to joining the IP, been entitled to join the NHS Scheme
- Level 2 - IP Access “open” approval – this level of access is also optional. An IP that has been approved by the Scheme Administrator as a NHS employing authority can choose to routinely join in the NHS Scheme ALL their staff, whether or not they have previously been entitled to join the NHS scheme

Managing Risk

In order to manage the potential risk to the NHS Pension Scheme and to protect the taxpayer HMT required a number of control mechanisms to apply including:

- NHS Standard Contract as the key basis for the arrangement
- Overall threshold for the pensionable pay at 75% of the contract value
- The employer will use a “wholly or mainly” criteria of more than 50%, for each employee. This may require the use of split contracts
- A final pensionable pay cap of CPI + 4.5% will be applied to members from the 1995 scheme
- Interest will be charged to employers for late payment of pension contributions
- Spot audit will be applied by NHS BSA

IPs Responsibilities

- Complete an initial application/declaration form
- Notify NHS Pensions whenever NHS contracts start or cease
- Maintain accurate pension records
- Identify staff who meet the more than 50% criteria and make them aware of their pension rights
- Collect all relevant employee contributions and pay employer contributions at the correct rate and forward these to NHS Pensions by 19th day of month end
- Inform NHS Pensions when a pensionable employee starts or leaves

IP Responsibilities (continued)

- Provide the required information to NHS BSA and support the review process
- Give prior notice if they elect to cease to be an NHSPS Employing Authority
- Give prior notice if they wish to change Scheme access level
- Stay within the 75% pensionable earnings ceiling on an annual basis
- Comply with all pension legislation and the NHS Employers Charter.

Rate of Employer Contributions

- Rates for participating employers will be the same as for NHS employers – currently 14%
- The Employer contribution rate is expected to be 14.3% from April 2015
- All employers are required to comply with any future changes in rate, both for employer and employee contributions

Further information and contact details

The NHSBSA website contains the following in respect of IP:-

IP Guidance:

<http://www.nhsbsa.nhs.uk/Pensions/4328.aspx>

Contact Details:

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