Access to the NHS Pension Scheme for Independent Providers

September 2014
Introduction

• The Health & Social Care Act 2012 signalled a sea-change in the ‘traditional’ model of clinical provision, from one provided solely by NHS Employers, to one performed by a range of providers from both the NHS and Independent sectors

• NHS Employers are entitled and required to automatically enrol into the NHSPS all eligible staff they recruit

• In contrast, Independent Providers (IPs) often found it prohibitively expensive to include comparable pension benefits in their reward packages, creating recruitment barriers

• Regulations effective from 1 April 2014 now offer IP’s ‘same cost’ Access to the NHSPS, in line with the policy aims of the 2012 Act
Wider Access to the NHSPS

- Responses to consultation on the 'National Health Service Pension Scheme (Amendment) Regulations 2014' were published on 10th March 2014

- Regulations enabling the new access arrangements came into force on the 1st April 2014

- The new Access arrangements build on HMT’s ‘New Fair Deal’ policy, extending NHSPS access to non-NHS Employers providing NHS Clinical Services (IPs)

- This supports the delivery of a ‘fair playing field’ in pension provision, and the continued viability of the NHSPS, by allowing IP’s to offer staff delivering NHS services a new recruitment and retention incentive
Scope of Access

• The policy applies to:

- Non-NHS Employers (Independent Providers) delivering NHS Clinical 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 can cover both clinical and non-clinical staff delivering that clinical service.

- IPs can choose the default position of compliance with New Fair Deal or two broader levels of NHSPS access
Qualifying for Access

- IP’s can apply to Scheme Administrator for IP employing authority status

- Must hold one or more NHS Standard or APMS contracts, or a Public Health related Local Authority contract to provide NHS Clinical Services

- Follow NHSPS rules as set out in the Employers Charter and NHS Pensions guidance

- Comply with HMT and regulatory Access monitoring requirements
Access to the NHSPS - Timing

• With effect from the 1st April 2014 an IP who holds one of the above contracts can apply to become an Employing Authority (EA)

• However,

  • IPs must be directly commissioned holders of the named contracts (sub-contract work does not qualify)

  • An application to become a NHSPS EA must be from a forward date
Access to the NHSPS

• IPs can choose from the two levels of access described below
• or
• choose to maintain the default position of compliance with New Fair Deal only

• The choice will apply to ALL qualifying NHS contracts held by the Employer, so is an important ‘Board Level’ decision
Access to the NHSPS – Level 1

- **Level 1: Access for previous 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.
  - All staff must be ‘wholly or mainly’ engaged in NHS work to retain access to the NHSPS
Access to the NHSPS – Level 2

• Level 2: Access for all eligible IP staff: IPs are required to auto-enrol into the NHSPS:

  ➢ From the date of commencement as a NHSPS employing authority, all existing eligible staff, whether or not they have previously been entitled to join the NHS scheme, and

  ➢ From the date of recruitment, all new eligible staff, whether or not they have previously been entitled to join the NHS scheme.

  ➢ All staff must be ‘wholly or mainly’ engaged in NHS work to gain access to the NHSPS
Managing Risk

In order to manage potential risks to the NHSPS and to protect the taxpayer, HMT required several control mechanisms to apply including:

- NHS Standard or APMS Contracts only
- Normal overall threshold for maximum NHSPS pensionable pay of 75% of gross contract value
- The employer must manage a requirement for employees under a ‘single contract’ to be “wholly or mainly” engaged in NHS work, i.e. more than 50%. A lower commitment can be managed if ‘split contracts’ are used
- Increases in final pensionable pay for 1995 section scheme members only will be capped at CPI + 4.5%
- All Employers will be charged interest of CPI + 3% for late payment of pension contributions
- NHS Pensions will apply ‘spot audits’
IP Responsibilities

• Complete an initial application/declaration form
• Notify NHS Pensions whenever NHS contracts start or cease
• Maintain accurate pension records including pay and hours
• Identify staff who meet the ‘more than 50%’ rule and make them aware of their pension rights
• Collect employee and employer contributions and pay them to NHS Pensions by the 19th day of the month after deduction
• Inform NHS Pensions when a pensionable employee starts or leaves
IP Responsibilities (continued)

• Provide required information to NHS Pensions and support audit/review processes
• Give 6 months notice if they choose to withdraw from NHSPS Employer status
• Give 3 months 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 IP’s are the same as for all NHSPS employers – currently 14%

- However, the Employer contribution rate will be 14.3% from April 2015

- Employee contributions currently range from 5% to 14.5%

- All employers are required to comply with any future rate changes, both for employer and employee contributions
Next Steps…

• HMT required formal reviews of the new Access arrangements at 1 and 5 years

• The reviews will be conducted in the Staff Passport Group with stakeholder representatives and include:
  • the fit and effectiveness of regulations and administrative procedures in the light of experience
  • opportunities for procedural and regulatory simplification/improvement
  • opportunities for changes in scope

• Any changes considered must follow the introduction of new ‘career average’ public service pensions, from April 2015
Further information and contact details

The NHS Pensions website contains the following help for Independent Providers (IP’s):

IP Guidance:
http://www.nhsbsa.nhs.uk/Pensions/4328.aspx

Contact Details:
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