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Supporting those who support the nation

✓ **At a time when NHS staff have worked tirelessly to support the country through the Covid-19 crisis, Sophie Smith explores the work that NHS Employers and the NHS Business Services Authority have done to support NHS Pension Scheme members**

The past year has shone a spotlight on the amazing work done by the NHS in the UK and the country's appreciation has been shown in a myriad of ways. But prior to the pandemic, it was the NHS' pension scheme that had been making headlines, thanks to the tax issues facing members, with NHS providers warning of a potential "exodus from the scheme".

"NHS Employers' reward team has worked closely with employers to understand their concerns around the impact of pensions tax issues for staff," a spokesperson for NHS Employers states, explaining that the group also commissioned research from First Actuarial, which examined the impact and potential impact of pensions tax issues on NHS staff and on delivery of NHS services. This research, as well as engagement with employers, showed that staff had considered reducing their hours, avoided promotions and additional work due to the pension tax issues, whilst others considered retirement, opting out of the scheme, or even leaving the NHS altogether.

Based on these findings, and wider engagement with members, a suite of dedicated online resources to support employers in guiding staff who may be at risk of being affected by pension tax issues was created by NHS Employers. These tools ranged from resources on pension tax issues, advice on how the pension tax issues can be communicated, as well as tools to support staff in

understanding their allowance.

After months of uncertainty and emergency interim plans, the Chancellor's March 2020 Budget then confirmed that the government was no longer pursuing pension flexibilities options for clinical staff, announcing instead that the annual allowance taper and the income thresholds associated with the taper were to be increased by £90,000.

Despite this, NHS Employers states that it recognises that some people may still be impacted by the standard annual allowance, commissioning First Actuarial

to develop the 'ready reckoner' to help staff understand the benefits they are building up in the NHS Pension Scheme and the annual allowance.

Its spokesperson explains: "The ready reckoner presents staff with a traffic-light system to assess the potential risk of breaching their annual allowance. The purpose of the traffic-light system is to highlight when an employee can have relative comfort in their position, or when they ought to be seeking independent financial advice.

"It will also provide an estimated

➤ Supporting the front-line

NHS staff have worked tirelessly to support the nation throughout the pandemic, and Dawson emphasises that the NHS Pension Scheme has worked to maintain critical payments throughout the pandemic, working quickly to ensure staff could work remotely, and achieving a full recovery from the effects of the initial lockdown by September 2020. Furthermore, the government also included easements around the scheme in its coronavirus action plan. Dawson explains that this temporary suspension of a number of regulations governing the administration of NHS Pensions allowed skilled and experienced members who have recently retired from the NHS to return to work. "The measures also allow retired members who have already returned to work to increase their commitments if needed, without affecting their pension benefits," he adds.

In addition to these legislative changes, the scheme also introduced a number of easements to support members, particularly its frontline healthcare workers. This included extending the voluntary scheme pays deadline for 2018/19 until 31 March 2021 and temporarily removing the 10-week time period freelance GP locums have to declare their pensionable income. "We continue to work closely with and support scheme members, and scheme employers who are responsible for local administration of the scheme across England and Wales and over the past year we have introduced a number of easements and contingency measures to support members and employers, particularly those who may be working remotely due to the pandemic," concludes Dawson.

breakdown of the total annual cost of scheme membership and estimate how much their NHS pension is projected to increase by. Staff using the ready reckoner can save a summary of their results, which can be used to discuss potential solutions to any annual allowance problems.”

The tool, which looks at the 2020/21 tax year only, has been shared with members through a wide variety of communication channels with employers and staff working in the NHS, including a webinar, which introduced employers

to the tool to ensure they could support staff, and a variety of support resources. The NHS Employers’ spokesperson adds: “The tool has been well accessed and we have received positive feedback on it from our employer audience, and also independent financial advisers who will be supporting affected staff, who have said using the tool will help give staff a realistic insight into any potential pensions tax liability.

“The NHS Pension Scheme is and should be regarded as a highly competitive and valuable part of the

overall reward package NHS staff receive. It continues to offer a competitive benefit for members, which can be used as a key tool in attracting and retaining staff. Utilising and highlighting the value of the scheme is vital. We believe using the ready reckoner tool can support that.”

Indeed, NHS Pensions head of service, Chris Dawson, echoes this, highlighting the NHS Pension Scheme as a “cornerstone” of the NHS’ reward package since its creation in 1948. He adds: “Alongside other NHS Business Services Authority services, we believe NHS Pensions has an important role to play in supporting the aims of the plan to ensure the NHS has more people, working together differently, to deliver patient care.

“That’s one of the reasons we’re continuing our efforts to offer guidance to help NHS staff better understand scheme benefits and create a user-friendly experience for our members through our ongoing digitisation and optimisation efforts.”

Furthermore, Dawson says that the majority of NHS members are not affected by the pensions tax regulations around annual allowance, stating that those who are, are supplied with a pension savings statement to support them in completing their tax returns. “Each year we administer annual allowance in two ways; providing the majority of pension savings statements to members who exceed the ‘standard’ annual allowance, through our automated process by the 6 October, and providing on demand statements to members who did not receive a statement by the 6 October but believe they may be impacted by annual allowance,” he explains. He also stresses that the scheme continues to examine procedures and resources around the annual allowance to make further changes through system automation to improve the service to members.

➤ **Readying the ready reckoner**

NHS Employers worked with First Actuarial in the creation of the tax-ready reckoner tool, having worked with the provider for many years and developing a strong relationship, according to First Actuarial project lead, Dale Walmsley. “We were delighted to work with NHS Employers to design and build a ‘ready reckoner’ to raise awareness of this complicated and sensitive issue,” he says, stating that the provider was keen to develop “pragmatic solutions to complicated problems”. “We approached the tool with a member focus and looked to balance the desire for giving meaningful and detailed information in a complex area with ease of use/accessibility,” he explains.

After developing high-level proposals for what the modeller might do, Dale says that the team then created a prototype for testing with a selection of NHS staff. He continues: “It is always amazing how some really simple changes can make huge differences when this approach is taken, whether it’s changing the language used or adding an extra button.”

Next up was the development stages, which saw First Actuarial working with NHS Employers and other stakeholders, such as the NHS Business Services Authority, to finalise the tool, ensuring there was consistency in terminology and approach to calculations, whilst also supporting the development of communications to get it released.



➤ **Written by Sophie Smith**