

NHS Employers
2 Brewery Wharf
Kendell Street
Leeds
LS10 1JR

NHS Pensions Policy Team
Department of Health
Room 2W09 Quarry House
Quarry Hill
Leeds LS2 7UE

Sent via e-mail: nhspsconsultations@dhsc.gov.uk

7 April 2021

NHS Pension Scheme: proposed changes to scheme regulations

Thank you for the opportunity to comment on the above consultation. NHS Employers would like to respond to the consultation in our role as the voice of workforce leaders in the NHS.

Our response to the consultation is based on the collective views, feedback and suggestions received from employers in the NHS. Our response focuses on the proposals in relation to final pay controls.

Employers strongly support the proposed changes to the final pay control regulations in the 1995 NHS Pension Scheme (the scheme). Employers agree final pay controls should be in place to protect the scheme against the cost of excessive increases in pensionable pay, and believe that the proposed changes will ensure employers are only charged where they award a pay increase that is within the aim of the policy. The proposals will also ease the associated administrative workload for employers locally, and for NHS Pensions.

We would like to suggest some further areas of improvement for consideration:

- The effective date of the amendments

Employers suggested the changes should be backdated to the introduction of the regulations in April 2014. A process should be put in place for employers to receive a refund for any charges paid previously which would now fall out of scope.

- A formal appeals process

Employers suggested the regulations should allow employers to appeal a final pay control charge, if they think the calculation is incorrect or the pay rise should be

exempt. There is a requirement for employers to pay the charge within 30 days of the invoice to avoid late payment charges. We suggest the 30-day period should be put on hold or extended if the employer requests to investigate or appeal a final pay control charge.

Although the list of proposed exemptions seems sufficiently broad, it's possible that new kinds of pay increases may arise in future which should be exempt. This appeals process may help to continually review how the policy is working in practice.

- An online calculator

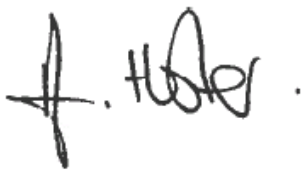
Employers asked for an online calculator tool to be developed to allow employers to calculate and predict potential costs for planning purposes.

- Interaction with the McCloud remedy and the deferred choice underpin

Employers asked if they may receive new, or adjusted final pay control charges if they award a pay increase that exceeds the allowable amount to a member of the 2015 Scheme and that individual then subsequently chooses to take their benefits in respect of the remedy period from the 1995 Scheme. Employers would welcome clarity on how the McCloud remedy and the deferred choice underpin will interact with the final pay controls.

Please contact us if you have any questions or if you require any further detail on any of the points in our response. We look forward to seeing the government response in due course.

Yours Sincerely,



Andrea Hester
Deputy Director of Employment Relations and Reward