

**NATIONAL HEALTH SERVICE SUPERANNUATION SCHEME (Scotland)  
08/2011****WHO SHOULD READ:** NHS HR and Payroll Departments**ACTION:** To read and circulate to all relevant parties**SUBJECT:** Premature retirement on Redundancy, Organisational change or in the Efficiency of the Service – payment of employer costs**The purpose of this circular is to:**

- Remind employers that the transitional protection arrangements for redundancy will end on 30 September 2011
- Provide information on the payment of employer costs for retirements from 1 October 2011
- Provide information of a change in the procedure for the payment of costs associated with premature retirement on the grounds of redundancy or efficiency of the service
- Provide information of a change in the procedure for the capitalisation of costs for existing monthly payment cases

**1. Transitional Protection employer cost arrangements**

NHS circular 1/2007 set out the changes to Redundancy arrangements in the NHS from 1 December 2006 in line with the revised Agenda for Change Section 16 agreement. Employers are now reminded that the Transitional Protection arrangements contained within that circular phasing out entitlement to enhancement of benefits for certain scheme members will end on 30 September 2011.

**2. Employer cost arrangements for new pension awards from 1 October**

Employers should note that the option to pay the employer costs associated with the early retirement, under the quarterly billing arrangements will also cease for members retiring on or after 1 October 2011. Payment of employer costs will be by capitalised payment by way of a single lump sum payment or 5 annual instalments payable by 31 October of each financial year following the retirement.

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### **3. Revised procedures for payment of employer all costs from 1 April 2011**

Following discussions with Scottish Government Finance it was agreed that from 1 April 2011 employers should pay all costs associated with the early retirement of a member on redundancy direct to SPPA Finance. The following sets out the procedures for employer action.

#### Requests for estimated costs by employers

When estimates are provided by SPPA to employers they will include information on the capitalised value of the costs associated with the premature retirement of the member. Please note that any estimate provided will be based on annual return information provided to SPPA. Estimates for premature retirement can be intricate and take time to provide. Employers are therefore asked to give as much notice as possible and restrict the requests to those members who have registered an interest in leaving the NHS rather than those meeting the eligibility criteria.

Any requests for bulk data information should be sent for the attention of [robert.butler@scotland.gsi.gov.uk](mailto:robert.butler@scotland.gsi.gov.uk). You should note that any request may be liable for a charge to the employer.

#### Application for payment of benefits

The application form for payment of a members benefit - AW4 has been amended at Section 11 CERTIFICATES RELATING TO PREMATURE RETIREMENT to include a new paragraph 4 which employers must complete to confirm their choice for the payment of costs before any application can be processed by SPPA. On completion of the calculation of the member's benefits, employers will be provided with information confirming the costs associated with the early retirement of the member which will include the capitalised value. SPPA Finance Section will then send an invoice to the employer to arrange payment.

Employers should note that any costs payable, may be liable to revision in cases where SPPA are notified of any change of details by an employer which may affect the level of payment of the members benefits.

### **4. Capitalisation of costs for existing monthly payment cases**

The provision will remain for an employer to choose to capitalise the costs of payments made under the monthly billing arrangements. Any employer wishing to take up this option must complete the revised CAP 1 which is available for download from our website at [www.sppa.gov.uk](http://www.sppa.gov.uk) . The form should then be sent to SPPA at the above address.

**Ian Clapperton**  
**Director of Operations**

## Contact Information:

Should you have any enquiries about this circular, or require further information, please contact: [NHSAwards@scotland.gsi.gov.uk](mailto:NHSAwards@scotland.gsi.gov.uk)

**Scottish Public Pensions  
Agency  
7 Tweedside Park  
Tweedbank  
GALASHIELS  
TD1 3TE**

[www.sppa.gov.uk](http://www.sppa.gov.uk)  
Telephone: 01896 893000  
Fax: 01896 893214