



SCOTTISH PUBLIC PENSIONS AGENCY

7 Tweedside Park
Tweedbank
Galashiels TD1 3TE

Superannuation (Health Service) Circular No. 6/2003

NHS and other participating employers
NHS Trades Unions and Staff Associations

Telephone: 01896 893100
Fax: 01896 893214
SPPA.NHS@scotland.gsi.gov.uk

24 June 2003

Dear Sir or Madam

NATIONAL HEALTH SERVICE SUPERANNUATION SCHEME (SCOTLAND) – CHANGES TO THE SCHEME

This Circular provides information about changes to be made to the Scheme by the National Health Service Superannuation Scheme (Scotland) Amendment (No.2) Regulations 2003 (Scottish Statutory Instrument No 2003/270), which come into force on 30 June 2003.

2. These Regulations further amend the National Health Service Superannuation Scheme (Scotland) Regulations 1995. The main changes are summarised below but more detailed information is given in **Appendix A**, attached. **Appendix B**, also attached, constitutes a **Notice to Staff** and, in accordance with the requirements of the Occupational Pensions Schemes (Disclosure of Information) Regulations 1996, **should be brought to the attention of all employees**.

3. The main changes are:-

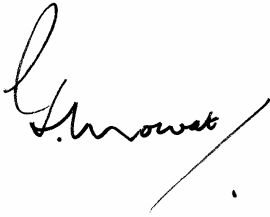
- To enable, from 1 April 2002, additional categories of medical practitioners to count their earnings in respect of the provision of locum services, which run concurrently with other practitioner service, towards rights under the Scheme.
- To include the cost of pensions increase, a Scheme liability from 1 April 2003, in employer contributions (see Superannuation (Health Service) Circular No 1/2003).
- To ensure that employers maintain a record of all contributions paid to the Scheme.
- To enable any member returning to NHS employment as a result of a transfer of an undertaking to receive, if they wish, payment of a preserved pension at age 60 whilst continuing in NHS employment.
- To disapply abatement to a pension in payment where the member has returned to NHS employment as a result of a transfer of an undertaking.



Enclosed are replacement pages for insertion in the loose-leaf version of the National Health Service Superannuation Scheme (Scotland) Regulations 1995 (as amended), previously issued to NHS Employing Authorities and which should be kept up to date and made available to NHS employees for reference.

5. Copies of the Amendment Regulations have been supplied to Trusts and Health Boards and further copies can be purchased from The Stationery Office. They may also be accessed on the HMSO website - www.hmso.gov.uk. Additional copies of this Circular and its Appendices can be obtained from SPPA by contacting Mrs Sharon Liptrott on 01896 893228.

Yours faithfully

A handwritten signature in black ink, appearing to read 'G. Mowat', with a long horizontal stroke extending to the right.

GAVIN MOWAT
Director of Policy

NATIONAL HEALTH SERVICE SUPERANNUATION SCHEME (SCOTLAND) – CHANGES TO THE SCHEME

This Appendix describes in more detail the amendments made to the National Health Service Superannuation Scheme (Scotland) Regulations 1995 (as amended) (the 1995 Regulations), by the National Health Service Superannuation Scheme (Scotland) Amendment (No.2) Regulations 2003 (Scottish Statutory Instrument No. 2003/270).

- 1. Regulations 1 and 2** are formal.
- 2. Regulation 3** amends regulation D2 (contributions and other payments by employing authorities) to provide that employing authorities shall make contributions to the Scheme to account for the cost of pensions increases to NHS pensions, payable by virtue of Part I of the Pensions (Increase) Act 1971. It also provides that employers, over and above meeting the standard cost of pensions increase, will still be liable to meet pensions increase costs up until the member reaches age 55 (special class and MHO) or age 60 (normal retiral age), for members who have retired early under regulations E3 (early retirement pension (redundancy etc)) or E4 (early retirement pension (employers consent)). It also provides that employers continue to meet the cost of pensions increase when a benefit is awarded under regulations 4(1) (payment of compensation), 6(1) (compensation payable to widow or dependants) and 7 (compensation where death gratuity becomes payable) of the NHS (Compensation for Premature Retirement) (Scotland) Regulations 1981, as amended.
- 3. Regulation 4** amends regulation E6 (preserved pension) to disapply the provisions of paragraph (4) where paragraph (4A) applies. Two new paragraphs, (4A) and (4B), are inserted.

Paragraph (4A) allows any member, who has returned to NHS employment as a result of a transfer of an undertaking to receive payment of a preserved pension at age 60, while still continuing in NHS employment.

Paragraph (4B) provides that where a member has taken payment of preserved benefits at age 60, any benefits accrued in the new employment will be calculated without regard to any previous pensionable service in any earlier NHS employment. It also provides that, for the purposes of determining the maximum service a member is allowed to accrue under the Scheme, the service in the earlier employment and in the new employment shall be aggregated.

- 4. Regulation 5** amends regulation S2 (reduction of pension on return to NHS employment) to disapply the provisions of paragraph (1) where paragraph (1A) applies. A new paragraph, (1A), is inserted.

Paragraph (1A) provides that a pension which is in payment, or which comes into payment at age 60, will not be abated where a member returns to NHS employment as a result of a transfer of undertaking.

- 5. Regulation 6** amends regulation U3(5) (accounts and actuarial reports) to require employers to maintain records of all contributions paid to the Scheme.

- 6. Regulation 7** provides for the amendment of Schedule 1 to the 1995 Regulations (medical and dental practitioners) in accordance with regulations 8 to 11.
- 7. Regulation 8** amends paragraph 1 of Schedule 1 to substitute a new definition of “locum practitioner” to include principal practitioners, assistant practitioners, and associate general practitioners, in order to allow these additional categories of practitioner to count their earnings in relation to the provision of locum services, from 1 April 2002, towards rights under the Scheme.
- 8. Regulation 9** amends the definition of “listing authority” in paragraph 2(1A) of Schedule 1, to identify the employing authority for those principal practitioners, assistant practitioners and associate general practitioners eligible to count earnings from the provision of locum services towards rights under the Scheme. This regulation also amends paragraph 2(2) of Schedule 1 to allow practitioners to include as pensionable earnings any payments made in respect of locum services which have been undertaken concurrently with practitioner service. It also makes a consequential amendment to the definition of “the appropriate contracting party”, contained in paragraph 2(1A) of Schedule 1.
- 9. Regulation 10** amends paragraph 3 (meaning of pensionable of earnings) to enable principal practitioners to count earnings in respect of the provision of locum services as pensionable earnings. In addition, under this regulation a new paragraph, (4), is inserted, which gives a meaning to the term “locum services”.
- 10. Regulation 11** makes a consequential amendment to paragraph 6 (Meaning of “pensionable earnings” in relation to other practitioners).

Scottish Public Pensions Agency
24 June 2003

***THIS NOTICE GIVES EMPLOYEES IMPORTANT INFORMATION
ABOUT CHANGES TO THE NHS SUPERANNUATION SCHEME
(SCOTLAND) REGULATIONS 1995***

The Regulations that set out the NHS Superannuation Scheme in Scotland have been amended by the National Health Service Superannuation Scheme (Scotland) Amendment (No.2) Regulations 2003 which come into force on 30 June 2003. This notice is designed to inform **ALL NHS EMPLOYEES** about these changes and their effect for individuals.

Briefly, the main changes are:-

- From 1 April 2002, additional categories of medical practitioners will be able to count their earnings in respect of the provision of locum services, which run concurrently with other practitioner service, towards rights under the Scheme.
- The cost of pension increases will be included in employer contributions.
- To ensure that employers maintain a record of all contributions paid to the Scheme.
- To allow any member returning to NHS employment as a result of a transfer of an undertaking to receive, if they wish, payment of a preserved pension at age 60 whilst continuing in NHS employment.
- To disapply abatement to a pension in payment where the member has returned to NHS employment as a result of a transfer of an undertaking

More detailed information is given below and your employer can, on request, let you see the full Superannuation (Health Service) Circular No. 6/2003. Your employer can also let you see the Regulations that govern the Superannuation Scheme.

1. Pensioning locum work

The 1995 Regulations were amended with retrospective effect from 1 April 2001, to allow freelance locum practitioners to join the Superannuation Scheme, and count earnings in respect of locum services toward rights under the Scheme. The Regulations have been amended to enable *all* practitioners, held on Health Board and Trust lists, to count earnings in respect of the provision of locum services toward rights under the Scheme, including those which run concurrently with practitioner service. This new provision is retrospective to 1 April 2002.

2. Pensions increase costs to be met through employer contributions

To maintain their purchasing power, public service pensions are increased annually at the same time and at the same rate as State pensions. Historically, the cost of pensions increase was met directly by the Exchequer. Following discussions with the Treasury, liability for pensions increase transferred

to the Superannuation Scheme, from 1 April 2003. The Regulations have been amended to enable the cost of pensions increase to be met by the employer. It has been agreed that NHS employer budgets will be increased to meet the cost of pensions increase and, as such, the effect will be broadly cost neutral. This change does not affect the level of contributions which employees will pay, which remains at 5% of pensionable pay for manual workers and 6% for all other members.

3. Staff affected by a transfer of undertaking (TUPE transfer)

A couple of changes have been made to the provisions in place where staff have returned to NHS employment as a result of a transfer of an undertaking. Staff in this position may, if they wish, receive payment of a preserved pensions at age 60, whilst still remaining in NHS employment. Similarly, any staff transferring back to the NHS under these circumstances, who have benefits already in payment, will not have them abated.

For further information about the changes you should contact SPPA enquiries on 01896-893100

Scottish Public Pensions Agency
24 June 2003