

## Frequently Asked Questions for employers of eligible clinicians

### Introduction

This document is designed to give employers an overview of some commonly asked questions in respect of the Policy, its benefits and how clinicians who are members of the NHS Pension scheme apply for them.

### Q What is the 2019/20 compensation scheme?

The compensation scheme compensates eligible clinicians in retirement for any 2019/20 pensions Annual Allowance charges which they choose to meet using the NHS Pension Scheme's 'Scheme Pays' mechanism.

Under the scheme pays mechanism, any Annual Allowance charges are met through a deduction to the member's pension (or lump sum, if applicable) at retirement. The policy will make payments to eligible clinicians in retirement to offset reductions to their pension due to using scheme pays to meet annual allowance charges for the year 2019/20.

### Q How will an employer know who is eligible?

For individuals to be eligible they must be employed or engaged in a clinical role that requires registration with an appropriate healthcare regulatory body during the 2019/20 tax year, see: [Professional Standards Authority – Which professions are regulated.](#)

You will not automatically know which of your clinical staff may be eligible as you will not know about any private income they may have. This can reduce their Annual Allowance, and result in them having a charge. We only need you to endorse the eligibility of employees who approach you from a clinical perspective (see below).

### Q How will NHS Pension Scheme members know about their Annual Allowance charge liability?

Many members who are likely to incur an Annual Allowance charge from the increase in value of their pension will automatically receive a Pension Savings Statement for 2019/20 from the NHS Business Services Authority (NHSBSA) before 6 October 2020. Receipt of the Pension Savings Statement may prompt clinicians to:

1. Check whether they are subject to an Annual Allowance charge and submit a scheme pays election to NHSBSA (which they need to do no later than 31 July 2021); and
2. Contact you to endorse the application form in respect of the Policy (see below). Please note that for administrative ease, endorsement will be undertaken by the NWSSP/PCSW/NHS Dentists as appropriate.

Please note that not all clinicians who may be liable for an Annual Allowance charge will receive a Pensions Savings Statement prior to 6 October 2020. If these clinicians are expecting to have an Annual Allowance charge for 2019/20 (for example, because they had one previously) they should consider submitting an estimated scheme pays election prior to the scheme pays deadline and complete a Policy application form to ensure that they don't miss out.

### Q What do employers have to do?

There are four key actions for employers, described below.

1. **Issue a letter to clinicians setting out the offer that is being made by Welsh Ministers** (if you have not already done so)

A template letter to provide to individuals who may be eligible for the Policy is [here](#)

*Higher Education Institutions:*

UCEA has previously provided you with a letter to provide to individuals who may be eligible for the Policy (notably, clinical academics).

Please note that these letters to clinicians **do not** need to be in the form of an individual letter; and can be emailed to all clinicians who could be eligible. However, if letters/communications are not issued there is a chance that eligible clinicians miss out on the Policy's benefits.

You may also wish to contact recent retirees to tell them that they can now apply for the Compensation Scheme, pointing them to the NHS Welsh Employers website. Those that are high earners will already know that, if they wish to make a scheme pays election, they must do so before they draw their pension (and will have to have done so already if they wanted to take advantage of the compensation policy).

2. **Support staff in applying for the compensation**

Members will need to complete an application form to access the Compensation Scheme's benefits. The form confirms that the named member of staff has been working in an active clinical role that required registration with the appropriate professional body in 2019/20.

For most employees:

- The form will be endorsed by the NWSSP who will keep a copy for their records and send the form on to the NHSBSA.

Employers of eligible Dentists and salaried GPs do not need to complete the form. Forms for these individuals will be endorsed as follows:

- **Dentists** will complete an electronic form on Compass ([here](#)) for NHS Dental Services to endorse. This will be sent directly to NHS BSA once endorsed.
- **Salaried GPs** will need to send the form to PCSW for endorsement. This will be sent directly to NHS BSA once endorsed.

Employing authorities will need to retain a copy of the form for their records for many years. This is because compensation may not come into payment for many years and will continue to be paid until the clinician dies. Although all administration of the scheme will be carried out centrally by the NHSBSA, and the payments directly funded by Welsh Ministers, the payments are deemed to come from the employer for 2019/20. It is therefore important that you retain the forms.

3. **Support members if they have any questions about the Policy**

As a key contact, members may come to you with questions about the Policy. We would recommend pointing members towards the following resources with their questions:

- **NHSBSA** – the NHS Pension Scheme administrator, who will also administer Policy benefits <https://www.nhsbsa.nhs.uk/nhs-pensions>
- **NHS Wales Employers website** – contains:

- **An infographic** setting out the Compensation Scheme and process in brief
- **The 'Quick guide for members'** this sets out the Compensation Scheme at a high level and lists many useful sources of extra information for members
- **The Clinician FAQ document** - this sets out detail on the Compensation Scheme and application process in more detail

#### **4. Decide whether to make a provision for the Policy in your accounts**

As the Policy's benefits will be paid for many years you will need to decide how and whether to account for them.

Health Boards / Trusts will be sent Welsh Accounting Guidance.

Higher Education Institutions have also been provided with accounting guidance by UCEA.

#### **Q What do employers need to do after completing the actions above?**

Once you have completed the above steps we expect the requirements from employers to be minimal.

As indicated above, the application process will open in April 2021 but you may have people coming to ask you to endorse the form as late as March 2022 (as 31 March 2022 is the current deadline for final receipt of the application forms by NHSBSA).

We would ask that employers prioritise endorsing the application forms when they are approached by their clinical staff. This will ensure that eligible clinicians can access the Compensation Scheme benefits when they retire, and that NHSBSA will know how many people are applying as soon as possible.

#### **Q Do I have any ongoing responsibilities in relation to the Compensation Scheme?**

Employers will have minimal responsibilities in relation to the Scheme on an ongoing basis. All administration of the policy will be carried out by NHSBSA.

Your only responsibilities are in respect of the Compensation Scheme are:

- Retaining a copy of the application forms you endorse (as the payments will be in pay for many years) (in practice this will be done by the NWSSP/PCSW on behalf of primary and secondary clinicians);
- Accounting for the Scheme (if required following advice from your auditors); and
- Responding to any queries from NHSBSA (should they have them).

#### **Q Are the Welsh Ministers really standing behind this (with a cast iron guarantee)?**

Yes. The benefits for eligible clinicians from the Compensation Scheme will be funded centrally, and will be administered centrally by NHS Business Services Authority. NHSBSA already administer the NHS Pension Scheme, and payroll for some organisations.

For Health Boards / NHS trusts and GP practices / holders of contracts to provide front line services the Welsh Ministers stands behind the Compensation Scheme as set out in the letter from Andrew Goodall dated 19 December 2019.

For HEIs which are the substantive employer of 'clinical academics' who meet the eligibility criteria, the promise to make the payments under the Policy will be made by the HEI, but on the condition

that the Health Boards / Trusts (who hold the honorary contracts with the individuals) will guarantee to meet the costs of the payments under the Scheme. The legal framework for this is being established and is ultimately backed by the Welsh Ministers commitment (see above).

For independent sector providers, the promise to make the payments under the Compensation Scheme will be made by the independent providers, but on the condition that Welsh Ministers will guarantee to meet the costs of the payments under the policy under the existing contracts to provide services.

## **Q What extra support will be offered to Trusts and other employers in respect of implementing the Policy?**

### **a) Communications**

Employers have been provided with letters to send to potentially eligible individuals aware of the Policy, together with the eligibility requirements. Links to these documents are set out earlier in the FAQs.

We will keep the FAQs up to date and provided additional communications for employers to use, should Welsh Ministers believe that they are required.

### **b) Costs**

The delivery will be managed by NHSBSA who are also responsible for running the NHS Pension Scheme. Welsh Ministers will directly fund NHSBSA for the costs of making payments to eligible clinicians who apply for the 2019/20 Policy on behalf of employers.

There will be some short term local administrative and implementation costs for employers.

### **c) Accounting**

The Compensation Scheme's benefits commit employers to long term liabilities with an offsetting long term liability for Welsh Ministers to meet the benefit costs. We expect that employers will need to recognise these assets and liabilities in their accounts. Information previously provided about accounting is set out in the FAQ entitled 'What do employers need to do?'

In future years, organisations with clinical staff who apply for the Compensations Scheme will be given summary information by NHSBSA stating the number of clinical staff who worked for you in 2019/20 who have applied for the Scheme, together with the information required to calculate an appropriate reserve in your accounts, if required. Further guidance on this will be provided.

## **Q What if employers communicate with anyone not eligible or miss someone eligible from the mailing?**

The initial communication letter should be sent to anyone who a Trust or other employer believes could be eligible.

If a non-clinician receives the letter in error, then it is clear that the Compensation Scheme does not apply to them. If a clinician whose entitlement under the Compensation Scheme is nil because they

do not breach the annual allowance receives the letter, then there is nothing misleading or incorrect with the statements in the letter (but their entitlement is nil).

Equally, if a person who is entitled to the Compensation Scheme has not yet received the letter then they will still be entitled to payments under the scheme and any contractual entitlements can be established at a later date. Therefore, we do not see a problem with sending the letter to all clinical staff, but this is a local decision.

**Q Can Health Boards / NHS Trusts and other employers extend the scheme to non-clinical staff and those not deemed eligible?**

There will be no national support or accountability for any other arrangement offered to employees outside the Compensation Scheme's scope/eligibility criteria.

**Q As an employer, what if I have further questions**

If you have any further questions about the Compensation Scheme or your responsibilities in respect of it, please contact NHS Wales Employers.

If you or your employees have questions about the Policy benefits please contact NHSBSA on

Calling from the UK 0300 330 0012

Calling from abroad 0191 279 0813