

Frequently asked questions for employers

Pensions tax is a complex subject and the information set out in this document is intended to provide a concise summary of the new NHS Annual Allowance Policy 2019/20. If you have any questions about the annual allowance or how this scheme might affect your personal financial position you should consider advice available on HMRC, BSA and NHS Employers websites, and take independent financial advice.

These questions will be updated based on feedback from both staff and employers.

Last updated: 19 December 2019

Are the Welsh Government really standing behind this (with a cast iron guarantee)?

Yes. Local employers will incur no net extra costs as a result of this policy. This commitment is supported by the Health and Social Services Department, Welsh Government.

Why can't Welsh Government run this scheme centrally?

Welsh Government will provide employers with financial support to ensure they do not face additional costs as a result of these proposals, and implementation guidance to ensure the scheme does not impose additional administrative burdens.

As an NHS body, how do I account for this on my balance sheet?

Subject to a discussion with Wales Audit Office, we expect that Health Boards and NHS trusts will need to create a provision equal to the owed tax charge in 2019/20. This will be funded through AME resource cover. Welsh Government will fund the discharge of these provisions as and when they are released, i.e. as affected members retire under the rules of the NHS Pension Scheme.

Further guidance will be issued to assist organisations to calculate the required provision and to manage the ongoing liability. It is expected a local data collection exercise will be required by all affected entities in the first instance.

I am a GP or Dentist; how will this liability be accounted for in my business?

Medical and Dental General Practitioners (GPs and dentists) make a significant contribution to the resolution of the operational challenges facing the NHS during the winter period. We intend that the proposals will apply to GPs and dentists, although as the majority of GPs are members of the NHS pension scheme by virtue of holding contracts for the supply of NHS services (rather than as NHS employees), we will need to work through the detailed implementation mechanism with GPs, and their representative bodies.

How will my employer reimburse me for costs when they are due?

Payments will typically not need to be made before 2021/22, and the mechanism will be set out before then, in conjunction with employers and trade unions.

Who is eligible for the commitment?

The commitment will only apply to clinicians who:

- are employed or engaged in a role that requires registration with an appropriate healthcare regulatory body, see: [Professional Standards Authority – Which professions are regulated](#)
- have a valid registration for the period of the “Scheme Pays” election
- are members of the NHS pension scheme
- receive a tax charge associated with breaching the annual allowance in 2019/20 in respect of their NHS pension scheme membership.

We expect local employers to verify these requirements for individuals as part of a slightly revised 2019/20 Scheme Pays election process.

Will this commitment apply to non NHS organisations (such as social enterprises)?

Clinicians working for non NHS organisations would also be eligible providing they are delivering NHS services and meet the overall eligibility criteria, including being employed or engaged in a role that requires registration with an appropriate healthcare regulatory body and are a member of the NHS pension scheme.

What impact does this have on the availability of other pensions flexibilities?

The pension flexibilities set out in the NHS Wales Employers guidance remain an important part of the range of measures necessary to support service delivery in 2019/20 and health boards and trusts that have not done so already should make immediate use of the flexibilities available.

How much is this going to cost?

These commitments are inherently long-term in nature and both the scale and timing of costs are uncertain. Costs will be spread over a large number of years, and the total amount that the NHS needs to pay will depend on a number of factors including:

- the extent to which clinicians respond and take on additional work as a result of our commitment to mitigate any tax charge that may become due as a result of that additional work.
- the point at which these clinicians retire.

Is this a permanent scheme?

These proposals will only apply to pensions annual allowance tax charges arising with respect to 2019/20 tax year.

The UK Government through the Department of Health and Social Care has conducted a consultation on an England and Wales basis on a package of new proposals such as the introduction of a flexible accrual rate. As the NHS Pension Scheme is a statutory scheme, adopting any of the flexibilities outlined in this consultation would require legislation and significant amendments to pension administration and payroll systems. As such, they are not currently planned for implementation before April 2020.