

To: All Practices in Surrey and Sussex LMCs

10 January 2019

Dear Colleague

Consultation on proposed changes to the NHS Pension Scheme Regulations (2019)

I am writing as the LMC has been contacted by several colleagues following the publicity around the above consultation. In summary the main proposals are:

- Implement a new contribution rate of 20.6% for employers from 1 April 2019, current employee contribution rates would continue
- Give civil partners and same sex spouses the same survivor pension rights as widows (but not widowers, see sections 3.5 – 3.22 of the consultation).
- Extend the Secretary of State's forfeiture rules so that if a member or beneficiary is charged or convicted with certain offences all or part of those benefits can be forfeited.
- Various other minor changes to correct current arrangements and apply updated HMRC rules.

In terms of more detailed discussion, the consultation document, which includes details of how to respond, is available at:

<https://www.gov.uk/government/consultations/nhs-pension-scheme-proposed-changes-to-scheme-regulations-2019>

However, assuming colleagues are members or beneficiaries of the Scheme and are not contemplating any action which might result in forfeiture [which includes treason, offences under the Official Secrets Acts and other crimes "gravely injurious to the State" or leading to a serious loss of confidence in the public service] then the likely main concern for colleagues will be the scheme contribution rates.

Member Contribution Rates

The current contribution rates are as below:

Whole time equivalent pensionable pay used to determine contribution rate	Contribution rate (before tax relief) (gross) 1 April 2015 to 31 March 2019
Up to £15,431.99	5%
£15,432.00 to £21,477.99	5.6%
£21,478.00 to £26,823.99	7.1%
£26,824.00 to £47,845.99	9.3%
£47,846.00 to £70,630.99	12.5%
£70,631.00 to £111,376.99	13.5%
£111,377.00 and over	14.5%

Local Medical Committees for
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These were set from 1.4.15 to 31.3.19. The Advisory Board in relation to this issue recommended the current contribution structure should be retained for a further two years, but there was a strong concern that [as has been publicised elsewhere] opt-out rates from the Scheme are increasing, 'cliff-edge' effects in the tiered rates need to be addressed, and a move to use actual pay, rather than whole time equivalent pay, to determine contribution rates would be appropriate. All these issues will be addressed prior to 31.1.21.

Employer Contribution Rates

Employers currently pay 14.3% of a member's pensionable pay into the NHS Pension Scheme together with an administrative charge of 0.08%. Actuarial estimates indicate an increase in anticipated scheme benefit costs require a 6.3% rise in the employer's contribution rate to 20.6%, to continue to manage the Scheme efficiently. The Government (Para. 2.4) of the Consultation "have committed to providing additional funding to meet costs arising from the current actuarial valuation of the NHS Pension Scheme alongside the long term funding settlement for the NHS"

There are references to this commitment in an earlier article in the Health Service Journal (HSJ) as below:

<https://www.hsj.co.uk/news/treasury-confirms-it-will-provide-nhs-pension-funding/7023481.article>

Although not strictly part of the GMS Contract Agreement 2019/20, which is currently in negotiation, I hope an announcement regarding the support to GP practices employers in relation to the Employers Contribution rate change will be made as part of this agreement.

With best wishes

Yours sincerely



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Chief Executive

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