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| UN3200<br>1 of 5<br>25 <sup>th</sup> August 2022 | Electronic Staff Record<br>Programme<br>USER NOTICE   |  |
| <b>Title</b>                                     | Payroll & Pensions Webinar August 2022 FAQ's  |   |
| <b>Purpose</b>                                   | <b>To provide responses for questions raised in respect of the Payroll &amp; Pensions Webinar held on the 17<sup>th</sup> August 2022</b> |   |
| <b>Intended Audience</b>                         | <b>ESR Payroll and Pensions Departments</b>   |   |

## SUBJECT

Payroll & Pensions Webinar August 2022 FAQ's

## DETAIL

The NHS Central Team held a Webinar on the 17<sup>th</sup> August 2022 to update Payroll and Pensions Users on the forthcoming changes in respect of the Pay Awards and the NHS Pension Scheme, there was also an overview of the Pension Reassessment process.

A selection of the slides presented are attached to this User Notice. Details of the Pay Awards and action to be taken have been sent out separately, please refer to the following User Notices:

UN3194 – AfC England  
UN3195 – M&D England  
UN3196 – AfC Wales  
UN3197 – M&D Wales

Detailed below are questions that were raised during and after the presentation.

### Mid-Year Pension Reassessment process

#### **Q1. If the Mid-Year process is run for an assignment, will they be re-assessed in the Year End process?**


If an assignment is successfully assessed by the Mid-Year process they will not be assessed again until the next pay affecting change. The Year End process will skip the assignment but can be reported on by setting the NHS Pension Band Allocation Report to run in Annual Summary mode. This will report on both those assessed at Year End and those skipped due to an assessment being actioned by the Mid-Year process.

#### **Q2. Can you run the Mid-Year assessment again if you retry the payroll?**

The process will only assess an assignment once per pay period, running it again would only pick up assignments that have not already been assessed in the period.

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**Q3. Can you run the Ad-Hoc process as well as the Mid-Year process in the same period?**

You can run both in the same period, the Ad-Hoc process requires an assignment set to determine who should be assessed. If the assignment has already been assessed in the main process and there are no other changes, then the record will be skipped by the Ad-Hoc process.

**Q4. What calculation does the Mid-Year assessment use when determining the annual pay for assessment?**

The process looks at the first complete month/week following the assessment, it uses the WTE pensionable pay for the period and multiplies that by the annual number of periods in the pay frequency, e.g. by 12 for a monthly paid assignment.

**Q5. Does Salary Sacrifice get picked up by the Mid-Year reassessment process?**

Adding a permanent Salary Sacrifice would not trigger an assignment to be re-assessed by the main process, however they can be added to an assignment set and included in the Ad-Hoc process.


With regards to the pensionable pay used in the calculation, as a Salary Sacrifice reduces pensionable pay, the pay used by the assessment process would be the reduced amount, i.e. the value after the Salary Sacrifice has been deducted.

**Pay Award/September processing**

**Q1. Should the Mid-Year process be run on both the initial payroll run and the main payroll run?**

The Mid-Year process should be run on the initial payroll run to ensure that any pension arrears will be included with the payment of the Pay Award arrears when retro is processed for the period. If the process is run again, it will only assess assignments not included in the initial run and any contribution arrears will not be actioned until October pay.

**Q2. The advice is to run an initial payroll run with the pension rebanding set to yes, if this is to be done as soon as the release has been applied, not all payments will have been added to the assignment which could lead to an incorrect contribution rate being allocated?**

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The September processing period will be extremely busy due to the majority of employees in the NHS receiving their Pay Award. To ensure that organisations can complete their processing in a timely manner that will not delay BACS payments, we advise that the steps in the Pay Award User Notices are followed in the order detailed.

Organisations will need to review and plan local processing deadlines to meet an earlier timeframe to ensure that pay is accurately reflected in the assessment prior to any retro processing.

### **NHS Pension change from 1st October 2022**

*(Subject to Consultation Outcome)*

#### **Q1. Will the changes in October for the banding tiers be run centrally or will they need to be done locally as part of the Mid-Year reassessment process?**

The process will be run centrally, once complete the NHS Pension Band Allocation Report will need to be run locally to enable all of the automatic changes to be checked and where required, manually amended. The process that is being run is very similar to the Year End process that is run centrally at the beginning of April each year.

#### **Q2. Will the assessment be done on WTE pensionable pay or Actual pensionable pay?**

In line with the consultation, the assessment will be done on Actual pensionable pay.

#### **Q3. What happens to Bank staff who have not earned anything in the current tax year?**

They will be skipped by the process.

#### **Q4. What pay will the October assessment use, basic pay or will it include duty payments etc.?**


The process will use Actual pensionable pay.

#### **Q.5 What pay will part time staff be assessed on?**

All employees will be assessed using Actual pensionable pay, this will in many cases reduce the contribution rate for part time staff.

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**Q6. What period will be used for assessment, and why does the Mid-Year assessment process have to have been used through the year?**

The process that is being run at the beginning of October will assess all staff regardless of any assessments done during the year. Why it is important that the pension rebanding process is being used, is so that the assignment is marked where an assessment has occurred that has resulted in a change in banding, for example due to an increment or Pay Award. The October process will then look back to the date of the last assessment change and use the actual pensionable pay from those periods to gross up to an annual amount to determine the tier:

*Example 1 – monthly paid*

Pay Award 1st April 2022, no other changes

Process will use total actual pensionable pay 1st April – 30th September, divide by 6 then multiply by 12 to get an annual value to determine the tier to be allocated

*Example 2 – monthly paid*

Pay Award 1st April 2022, promotion 1st July 2022

Process will use total actual pensionable pay 1st July – 30th September, divide by 3 then multiply by 12 to get an annual value which will determine the tier to be allocated

*Example 3*

No changes since Year End assessment

Process will use actual (not WTE) pensionable pay from the Year End (March 22) assessment


Where the rebanding process has not been used, the process will look back to the Year End assessment as used in Example 3 above. If the assignment has had further changes such as the Pay Award, promotion etc, the pensionable pay used may mean that the October process will allocate an incorrect tier and will require manual intervention to correct.

**Q7. As the assessment is being done at the beginning of October, will that mean that there won't be any assessment at the Year End?**

There will still be an assessment done at the end of the tax year.

**Q8. How will we know if the assessment done is correct?**

The NHS Pension Band Allocation Report should be run every time an assessment is done, for the October changes and when the Mid-Year or Year End processes are run. It is the employing

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Organisation's responsibility to check that an employee has been allocated to the correct banding tier. Where a discrepancy is found or an employee has not been assessed by the process, the Organisation must enter the correct tier manually.

## **ACTION REQUIRED**

Users should ensure they are running the NHS Pension Band Allocation Report and checking the actions taken, whenever automatic assessments are undertaken by the system processes.

## **FURTHER INFORMATION**

Further details on the Mid-Year Pension Reassessment process can be found in the ESR User Manual on the Hub.

Further details for the changes planned to be implemented in October for the NHS Pension Scheme will be covered in the Guide to Enhancements. This will be subject to the Consultation outcome, successful development and testing.

## **NEXT UPDATE**

None