

Medway Community Healthcare Case Study about NHSPS Access for Independent Providers

Our organisation

Medway Community Healthcare Community Interest Company (MCH) is a social enterprise with a turnover of £57m, 1,400 staff, 50% of whom are qualified healthcare professionals; nurses, health visitors, therapists, consultants and GPs. We provide 46 NHS services in and around Medway; serving a population of some 280,000 people.

Our services ranging from community nursing and health visiting to occupational therapists and specialist cardiology, stroke and respiratory teams who provide some 850,800 appointments every year, in local settings such as healthy living centres, inpatient units and people's homes.

Why we decided to apply for NHSPS access

When we became a social enterprise, NHS pensions were not available for any new staff although staff who transferred to us under TUPE retained access to the scheme. This caused real concern for the organisation, unions and staff at a time of significant change in the NHS.

Due to our requirement for high numbers of autonomous clinical specialists, who needed NHS experience, we were concerned about our ability to recruit high calibre staff without access to the NHS pension scheme. The impact on recruitment and retention was one of our top three business risks for a considerable period.

We were also concerned about the potential costs and complexity of setting up and maintaining a group personal pension (GPP) scheme as an alternative to the NHS pension scheme for our new staff.

In reality, the impact on our ability to recruit has been variable, and many applicants were, and still are, attracted by the opportunity of working in a new kind of NHS provider and being a co-owner or our organisation with our strong emphasis on staff involvement and engagement. We were able to sell positively the benefits, and lower costs to staff, of the GPP we had put in place, particularly as the NHS pension scheme becomes more expensive to staff year on year.

However, there have been pockets of staff groups where both recruitment and retention have been extremely difficult and we had direct evidence that this was due to our inability to offer the NHS pension. These pockets included experienced health visitors, specialist nurses and therapists.

Our staff have consistently asked us if and when we would have access to the NHS pension scheme and, in partnership with our staffside, we made representations about this to the Department of Health through the Fair Playing Field Review.

Given this context, naturally we responded very positively to the consultation on giving independent providers access to the NHS pension scheme and were keen to know the detail on how this might work and how to make an application.

Once the detailed documents were released, we quickly undertook a cost-benefit analysis to enable our Board to make a decision about whether to apply for access and whether we should apply for closed or open access.

Although our analysis was that our area of risk was access to the scheme for our **clinically qualified staff**, the access scheme does not allow employers to differentiate between staff groups. Open access gives access to all eligible staff and closed access to those who have transferred or had access to the scheme in the previous 12 months. This meant that at the time we felt our only option was to apply for open access.

How we found the application and transition process

We have found the application process and rules to be complex. Access is not given automatically to independent providers, as the NHS pension scheme is for NHS Trusts. The rules around access are complicated and successfully evidencing them is a significant task for providers who have many different types of contract for provision. The key rules are around which provision contracts are **eligible** and the proportion of time a member of staff works on eligible contracts .

A contract for provision is only allowable if it is a signed standard NHS contract. At MCH, all of our contracts were properly documented. However we understand that other providers have not been allowed access for staff who work in a service which is commissioned but where the contract has been formalised by way of an extension letter to a previous contract rather than a full contract.

Certain contracts are ineligible for NHSPS access; sub contracts with NHS trusts do not give you access and neither do PDS contracts. This caused us problems as our therapists who undertake work at our local acute hospital through a sub contract cannot have access to the scheme and neither can any of our dental staff.

Due to certain contracts being ineligible we needed our workforce information systems to be able to identify which staff were eligible for access and which weren't but ESR (Electronic Staff Record) is not set up in such a way that enables capture of this information. Therefore, we have had to develop new systems and processes very quickly to determine which staff fall within this category and which do not, both for current staff and new staff, ensuring that we market the pensions proposition accurately to potential staff.

Due to the complexity and data issues we had to make a number of revised applications to the NHSBSA .. These errors also meant that we needed to delay the date we wanted access to the scheme. Once we had got through the application process we then had a lot of planning and work to do to transition our current staff into the NHS pension scheme.

Although our staff had gone through a process of pensions auto-enrolment from November 2013, the rules of access to the scheme meant that we were required to give every member of eligible staff access to the NHS scheme from the date it opened up to us again. The requirement was that each member of eligible staff automatically moved into the scheme unless they explicitly opted out.

This involved a lot of planning and comprehensive communications to staff to ensure that they knew that **no action** on their part would mean they moved into the NHS pension scheme. Whilst this would be a positive move for most staff, we knew that there were staff who would not be able to afford membership of the NHS pension scheme.

We decided to ensure that our communications made clear that staff had a **choice** and needed to assess for themselves what they wanted and could afford and we gave them comprehensive information about the two schemes we were running.

In addition to this, because of the way ESR is set up we incurred additional payroll costs because of manual work which needed to be undertaken by our payroll provider

We didn't get our communications and systems completely right and certainly for the first few months we had staff who were unaware that they had moved into the NHS pension scheme and some who, once in it for a couple of months, decided they couldn't afford it. This resulted in staff moving out of the GPP into the NHSPS and then back out again into the GPP.

A few months on and we have sorted out the issues with transition and we are beginning to see a positive impact on our ability to recruit clinically experienced staff.

Lessons Learned

There are a few lessons we have learned from the process:-

- Ensure that you understand the scheme rules thoroughly and how these apply to your workforce
- Undertake a thorough cost-benefit analysis to help you determine whether access to the scheme is right for you and which type of access. Include additional payroll service costs and opportunity costs of the HR function
- Think about how your systems and processes will cope with the change and put these in place
- Get your paperwork sorted out in advance – eg contracts signed
- Communicate with staff thoroughly and repeatedly to reinforce the message
- Lastly, ensure you plan for the workload involved in making the application and the transition for staff

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