

**EXPLANATORY MEMORANDUM TO**  
**THE NATIONAL HEALTH SERVICE PENSION SCHEME (AMENDMENT)**  
**REGULATIONS 2007**

**2007 No. 2054**

- 1.** This explanatory memorandum has been prepared by the Department of Health and is laid before Parliament by Command of Her Majesty.

The memorandum contains information for the Joint Committee on Statutory Instruments and for publication on the Office of Public Sector Information website.

**2. Description**

- 2.1 This instrument introduces changes to the National Health Service Pension Scheme that extend cover under scheme rules to former and current members of the National Biological Standards Board Pension Scheme (NBSB PS).

**3. Matters of special interest to the Joint Committee on Statutory Instruments**

- 3.1. None

**4. Legislative Background**

- 4.1. This Instrument amends regulations A2 and B1 of the National Health Service Pension Scheme Regulations 1995 (S.I.1995/300) and inserts new regulations R8A.

**5. Extent**

- 5.1 This instrument applies to England and Wales.

**6. European Convention on Human Rights**

- 6.1. As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

**7. Policy Background**

- 7.1 Following the Department of Health's review of its arms length bodies in 2005, a decision was taken to abolish the National Biological Standards Board<sup>1</sup> and transfer its functions to the Health Protection Agency<sup>2</sup> (HPA).

---

<sup>1</sup> The National Biological Standards Board (NBSB) is a non-departmental public body (NDPB), established, in 1975, as a Statutory Body by Act of Parliament. The Board is responsible for safeguarding and advancing public health by assuring the quality and safety of biologicals, through its management of the National Institute for Biological Standards and Control (NIBSC).

<sup>2</sup> The Health Protection Agency's role is to provide an integrated approach to protecting UK public health through the provision of support and advice to the NHS, local authorities, emergency services, other Arms Length Bodies, the Department of Health and the Devolved Administrations. The Agency was established as a special health authority (SpHA) in 2003 and became a non-departmental public body from 1 April 2005.

- 7.2 As a consequence of this planned machinery of government change, the Department of Health has reviewed the pension provision currently available to NBSB staff.
- 7.3 Historically, the NBSB has provided a choice of two schemes for a limited number of staff. If they so chose, staff who were employed at the time the NBSB was established, could join the NBSB PS which mirrored the scheme provided by the NBSB's predecessor organisation (the Medical Research Council). Alternatively, they could join the NHS Pension Scheme.
- 7.4 There are currently 12 active, 8 deferred and 47 pensioner members of the NBSB PS. Contribution income is used to meet the cost of paying pensions benefits with the balance met out of the grant-in-aid that the Department of Health pays to the NBSB.
- 7.5 Given the small number of NBSB PS members remaining and based on best value for money, HM Treasury has approved a business case to close the NBSB PS and compulsory transfer all members, including pensioner and deferred members, to the NHS Pension Scheme.
- 7.6 Members will be compensated for any marginal variation in benefits between the two schemes.
- 7.7 When the transfer of active members to the HPA is finalised, members transferring will have access to the NHS Pension Scheme.
- 7.8 This amending SI facilitates the pension transfer. It provides for all NBSBPS pensions in payment at the date of transfer to continue at their current rate. Deferred and active NBSB PS members will be credited with an equivalent period of membership in the NHS Scheme.

### **Consultation Programme**

- 7.9 Key stakeholders, including, NBSB PS Trustees, Senior Management and HM Treasury were directly involved in the policy development process leading to the decision to make a compulsory transfer. NBSB PS members were notified of the decision on 15 December 2006. A formal seven week consultation on the draft SI has run in parallel with a detailed communication exercise managed by NBSB. This included comprehensive information on the differences between the two schemes in the form of a report by independent actuaries Watson Wyatt. Members who are to receive compensation in recognition of the difference between the two pension schemes have received a personal letter setting out the differences and the amount to be paid.
- 7.10 Only one response was received to the consultation on the Statutory Instrument. This confirmed that the respondent had no further questions.

## **Consolidation and guidance**

- 7.11 Consolidation of regulations is kept under review and will take place as soon as resources permit. The on-going review of the NHS Pension Scheme is expected to lead to a completely new scheme and regulations within the next year. In the same timeframe, there will also be a significant set of corresponding amendments to the current pension scheme regulations. We will only realistically be in a position to consider consolidation at that stage.
- 7.12 Guidance on the transfer and the benefits of the NHS Scheme has been provided to all NBSB PS members in the form of a detailed Q & A. A plain English explanation of the amending SI was included in the consultation papers sent to NBSB PS members. In addition, the Pensions Division of the NHS Business Services Authority provides comprehensive NHS Scheme guidance through their member booklets and website member suite.

## **8. Impact**

- 8.1 This Instrument has no impact on business, charities or voluntary bodies and no Regulatory Impact Assessment is required.

## **9. Contact**

- 9.1 Mrs Angela Walsh at the Department of Health Pensions Policy Team, Tel: 01253 774921 or e-mail [angie.walsh@dh.gsi.gov.uk](mailto:angie.walsh@dh.gsi.gov.uk) can answer any queries regarding the instrument.