Dear Sirs,

THE PENSIONS INCREASE (APPROVED SCHEMES) (NATIONAL HEALTH SERVICE) REGULATIONS 1976

This letter encloses copies of the Pensions Increase (Approved Schemes) (National Health Service) Regulations 1976 (SI 1976/1451) which came into operation on 7 October 1976. The appendix to this letter contains detailed notes on the Regulations.

MAIN PROVISIONS OF THE REGULATIONS

1. The Regulations provide for the payment of pensions increase to persons who, immediately before retiring or attaining age 70, were in National Health Service employment in which they were optants for the Federated Superannuation Scheme for Nurses and Hospital Officers, or one of the other insurance policy schemes or arrangements which have been approved for the purpose, and who would have been eligible for increases under the Pensions (Increase) Act 1971 had they been pensionable under the National Health Service superannuation scheme.

2. The Regulations consolidate and replace the Pensions Increase (Approved Schemes) (National Health Service) Regulations 1972 and, in addition to providing for payments to categories of employees covered by the 1972 Regulations, are applicable to:

   (a) medical and dental practitioners (regulation 75(1) optants) who on entering the National Health Service in 1948 elected to secure their superannuation benefits by privately arranged insurance policies and have maintained the relevant policies under the terms of the option agreement to the maturity date of the policies, date of ceasing employment or 1 October 1971, whichever is the earliest:

   (b) policy scheme optants who have retired under the National Health Service Reorganisation (Retirement of Senior Officers) Regulations 1974-75 or who are in receipt of compensation under the National Health Service (Compensation) Regulations 1974 (or previous compensation provisions). (The new regulations authorise payments of pensions increase on the extra service credited under the early retirement or compensation regulations unless it is already taken into account in the calculation of other benefits attracting increases under the Pensions Increase Act 1971): and
(c) all policy scheme optants who have not ceased National Health Service employment and who would have been entitled to payment of a pension at age 70 had they been subject to the National Health Service superannuation scheme.

3. The allowances payable under the regulations will be based on a notional pension and, where appropriate, a notional lump sum corresponding broadly to the pension and any deferred lump sum to which the person would have been entitled had he been subject to the main provisions of the National Health Service superannuation scheme.

4. The Regulations apply to provide pensions increase payments retrospective to 1 March 1975 in the case of regulation 75(1) optants and to 1 December 1974 in the case of other policy scheme optants. As increases will be payable for the first time to eligible regulation 75(1) optants who have retired as far as back as July 1958 it may be necessary in some cases to seek details of remuneration and employment from employing authorities. Unless specifically requested no action by employing authorities will be necessary since Health Services Superannuation Branch will identify the officers concerned and make the calculations necessary for the Paymaster General to pay the allowances.

ENQUIRIES

3. Any enquiries about this letter should be made to extension 299.

DISTRIBUTION

4. Additional copies of this letter are enclosed for distribution by Area Treasurers on the following basis:

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Yours faithfully

R BOLTON
NOTES ON THE PENSIONS INCREASE (APPROVED SCHEMES) (NATIONAL HEALTH SERVICE) REGULATIONS 1976

1. These regulations extend the provisions of the Pensions Increase (Approved Schemes) (National Health Service) Regulations 1972 which they revoke. As well as providing for payment of pensions increase to National Health Service employees who opted to remain subject to insurance policy schemes such as the FSSU and FSSN they extend the payment of pensions increase to persons who elected to secure their superannuation benefits by privately arranged insurance policies and, in respect of their policy scheme benefits, to policy scheme optants who retired early under the National Health Service Reorganisation (Retirement of Senior Officers) Regulations 1974, or who are entitled to compensation under the National Health Service (Compensation) Regulations 1974 or earlier compensation provisions.

2. The provisions of the regulations are outlined below:-

REGULATION 1 Citation and commencement

REGULATION 2 Interpretation

The definition of "regulation 75(1) optant" has been inserted to simplify references to such persons and the definition of "superannuation scheme" has been extended to cover such optants.

REGULATION 3 Application of the regulations

REGULATION 4 Persons to whom these regulations apply

The regulations apply to any person subject to an approved scheme who has ceased to be employed; or has ceased to be a regulation 75(1) optant; or has attained age 70 and is entitled to superannuation benefits from the approved scheme; provided he would have been eligible for a pension if he had been subject to the main provisions of the National Health Service superannuation scheme. The provision for payment of pensions increase from age 70 is introduced in consequence of the facility in the National Health Service superannuation scheme for payment of pension at age 70 irrespective of whether the person has ceased employment.

PARAGRAPH 2 prevents the regulations applying to a person who within 12 months re-enters employment subject to a superannuation scheme, as defined in regulation 2(1) of the regulations, until he ceases the further employment.

REGULATION 5 Notional pension and lump sum

PARAGRAPH 1 provides for the calculation of a notional pension based either on 80ths of final salary or on a percentage of total superannuable remuneration whichever is the appropriate method of calculation under the National Health Service (Superannuation) Regulations 1961 to 1975.

PARAGRAPH 2 provides for action to be taken where remuneration details of regulation 75(1) optants are unobtainable.

PARAGRAPH 3 provides for the reduction of a notional pension to prevent duplication of pensions increase in respect of the same service where a person is also in receipt of a pension which attracts pensions increase under the Pensions (Increase) Act 1971.
PARAGRAPH 6 provides that notional pensions calculated under the previous regulations shall not be recalculated.

PARAGRAPH 7 provides, in the case of certain officers, for the calculation of a notional lump sum based either on 80ths of final salary or as a percentage of total remuneration whichever is appropriate, and standardises the method of calculation in respect of fractions of a year by reference to years and days of service instead of completed half years.

REGULATION 6 Payments of benefits equivalent to statutory pension increases

This regulation authorises the payment of pensions increase, effective not earlier than 1 March 1975 in respect of regulation 75(1) optants or 1 December 1974 in respect of other persons, equal to the increase payable under the 1971 Act in relation to the notional pension or lump sum. It also takes account of increases under the 1968 Approved Scheme regulations as if they were increases under the 1971 Act.

REGULATION 7 Revocation

This regulation revokes the regulations which these regulations replace.

SCHEDULE Meaning of reckonable service

PARAGRAPH 1 defines service used in the calculation of a notional pension. It takes account, in the case of a regulation 75(1) optant, only of employment as such an optant; and provides for the reckoning of enhanced service credited to a person who retired early or who was made redundant before normal retiring age.

PARAGRAPHS 2 TO 5 Contain miscellaneous provisions relating to the reckonability of certain employments.