
National Health Service Pension Scheme

Introduction

1. This Estimate covers the payment of pensions and other benefits to persons covered by the National Health Service (NHS) Pension Scheme. The rules of the scheme are set out in the National Health Service Pension Scheme Regulations 1995 (as amended).
2. Membership of the scheme is open to most employees in the NHS and for doctors and dentists in general practice and the benefits include payments to widows, widowers and dependants of participants who die in service or retirement. Provision is also made for refunds of contributions to early leavers, and for the payment and receipt of transfer payments in respect of persons moving out of and into employments covered by the scheme.
3. The Estimate includes the increase payable in accordance with the Annual Review Orders made under section 59 of the Social Security Pension act 1975. The scheme is notionally funded for the basic benefits and pensions increase. Part of the scheme's income consists of receipts from contributions (both employer and employee), capitalised payments for early retirements and transfers from other pension schemes. These are appropriated in aid of the Estimate to offset the expenditure of benefits.
4. The NHS Pensions Agency is responsible for administering the scheme. The related running costs are borne on the Department of Health Estimate.
5. Symbols are explained in the Introduction to this booklet.

Part I

	£
Request for Resources 1: National Health Service Pension Scheme	25,515,591,000
Total net resource requirement	25,515,591,000
Net cash requirement	1,000

Amounts required in the year ending 31 March 2006 for expenditure by the National Health Service (NHS) Pensions Agency on:

RfR 1: National Health Service Pension Scheme

Pensions, allowances, gratuities, transfers to alternative pension arrangements, refunds of contributions, compensation for early retirement, to or in respect of persons engaged in health services or in other approved employment.

The **National Health Service (NHS) Pensions Agency** will account for this Estimate.

	Net total	Allocated in Vote on Account	Balance to complete
	£	£	£
RfR 1	25,515,591,000	2,786,154,000	22,729,437,000
Total net resource requirement	25,515,591,000	2,786,154,000	22,729,437,000
Net cash requirement	1,000	—	1,000

Part II: Subhead detail

£'000

2005-06						2004-05 Provision	2003-04 Outturn		
Resources						Capital		Net Total Resources	Net Total Resources
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	Non- operating A in A		
1	2	3	4	5	6	7	8	9	10
RfR 1: National Health Service Pension Scheme									
-	32,373,450	-	32,373,450	6,857,859	25,515,591	-	-	7,787,946	6,644,340
Spending in Annually Managed Expenditure (AME)									
<i>Central Government spending</i>									
A Pensions									
-	15,673,450	-	15,673,450	6,857,859	8,815,591	-	-	7,787,946	6,644,340
Non-budget									
B Pensions									
-	16,700,000	-	16,700,000	-	16,700,000	-	-	-	-
Total for Estimate:									
-	32,373,450	-	32,373,450	6,857,859	25,515,591	-	-	7,787,946	6,644,340

Part II: Resource to cash reconciliation

	£'000		
	2005-06 Provision	2004-05 Provision	2003-04 Outturn
Net Total Resources	25,515,591	7,787,946	6,644,340
Voted capital items			
Capital	-	-	-
Less Non-operating A-in-A	-	-	-
Total net voted capital	-	-	-
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-	-	-
Depreciation	-	-	-
New provisions and adjustments to previous provisions	-32,373,450	-14,106,400	-11,828,880
Profit (+) / loss (-) on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-	-	-
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-	-	127,796
Increase (-) / Decrease (+) in creditors	-	-	-149,169
Use of provisions	3,778,425	3,540,000	3,355,137
Total accruals to cash adjustments	-28,595,025	-10,566,400	-8,495,116
Excess cash to be CFERd	3,079,435	2,778,455	1,850,776
Net Cash Requirement	1	1	-

Part III: Extra receipts payable to the Consolidated Fund

In addition to appropriations in aid the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics):-

	£'000					
	2005-06 Provision		2004-05 Provision		2003-04 Outturn	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as AinA	-	-	-	-	315,981	<i>315,981</i>
Non-operating income not classified as AinA	-	-	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	300	<i>300</i>	300	<i>300</i>	251,390	<i>251,390</i>
Excess cash receipts to be surrendered to the Consolidated Fund	-	<i>3,079,435</i>	-	<i>2,778,455</i>	-	<i>1,850,776</i>

Notes to the Main Estimate

Forecast Combined Revenue Account

	£'000		
	Provision 2005-06	Provision 2004-05	Outturn 2003-04
Net programme costs, Request for Resources 1			
Income			
Contributions received	6,546,859	6,018,454	4,844,540
Transfers in	231,000	220,000	200,000
Other income receivable	80,000	80,000	140,000
	<u>6,857,859</u>	<u>6,318,454</u>	<u>5,184,540</u>
Expenditure			
Increase in liability	8,507,054	7,329,400	5,562,899
Interest on scheme liability	7,166,396	6,777,000	5,950,000
Other expenditure	—	—	—
Change in discount rate	16,700,000	—	—
	<u>32,373,450</u>	<u>14,106,400</u>	<u>11,512,899</u>
Total net programme costs	<u>25,515,591</u>	<u>7,787,946</u>	<u>6,328,359</u>
Net Operating Cost	25,515,591	7,787,946	6,328,359
<i>of which:</i>			
Net Resource Outturn	25,515,591	7,787,946	6,644,340
<i>less</i>			
Prior period adjustments	—	—	—
<i>Plus</i>			
CFERs	—	—	-315,981
Non-voted	—	—	—
Resource Budget Outturn	8,815,591	7,787,946	6,328,359

Notes to the Main Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2005-06 Provision	2004-05 Provision	2003-04 Outturn
Net Resource Outturn (Estimates)	25,515,591	7,787,946	6,644,340
<i>Adjustments to remove:</i>			
provision voted for earlier years	—	—	—
<i>Adjustments to additionally include:</i>			
non-voted expenditure in the OCS	—	—	—
Consolidated Fund Extra Receipts in the OCS	—	—	-315,981
Other adjustments			
Net Operating Cost (Accounts)	25,515,591	7,787,946	6,328,359
<i>Adjustments to remove:</i>			
capital grants to local authorities	—	—	—
capital grants financed from the Capital Modernisation Fund	—	—	—
European Union income and related adjustments	—	—	—
voted expenditure outside the budget	-16,700,000	—	—
<i>Adjustments to additionally include:</i>			
other Consolidated Fund Extra Receipts	—	—	—
resource consumption of non departmental public bodies	—	—	—
unallocated resource provision	—	—	—
Other adjustments			
Resource Budget Outturn (Budget)	8,815,591	7,787,946	6,328,359
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	—	—	—
Annually Managed Expenditure (AME)	8,815,591	7,787,946	6,328,359

Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2005-06 Provision	2004-05 Provision	2003-04 Outturn
Net Voted Capital Outturn (Estimates)	—	—	—
<i>Adjustments to remove:</i>			
gains / losses from sale of capital assets	—	—	—
<i>Adjustments to additionally include:</i>			
other Consolidated Fund Extra Receipts	—	—	—
capital spending by non-departmental public bodies	—	—	—
capital grants to local authorities	—	—	—
capital grants financed by the Capital Modernisation Fund	—	—	—
local authority credit approvals	—	—	—
capital spending by levy funded bodies	—	—	—
unallocated capital provision	—	—	—
Other adjustments			
Capital Budget Outturn (Budget)	—	—	—
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	—	—	—
Annually Managed Expenditure (AME)	—	—	—

Notes to the Main Estimate

Explanation of Accounting Officer responsibilities

In accordance with Government Resources and Accounts Act 2000 the Treasury has made the following Accounting Officer appointment for the Request for Resources within this Estimate.

Request for Resources 1: Alan Stuttard, Chief Executive of the NHSPA

Alan Stuttard, as the Principal Accounting Officer (PAO) of the NHS Pensions Agency has personal responsibility for the proper presentation of the NHS Pensions Agency's resource accounts as prescribed in legislation or by the Treasury and their transmission to the Comptroller and Auditor General. The PAO as the permanent head, in addition to the responsibilities for the assigned RfR, remains in general overall charge of the NHS Pensions Agency.

The responsibilities of an Accounting Officer are set out in Annex 4.1 of Government Accounting. In essence these responsibilities include a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all available resources. In addition, the Accounting Officer must ensure that there is a sound system of internal control to support the achievement of the NHS Pensions Agency's policies, aims, and objectives; and should regularly review the effectiveness of that system.

Analysis of appropriations in aid (A in A)

	£'000					
	2005-06 provision		2004-05 provision		2003-04 outturn	
	Operating A in A	Non- operating A in A	Operating A in A	Non- operating A in A	Operating A in A	Non- operating A in A
RfR 1: NHS Pension Scheme						
Income from contributions and transfers in	6,857,859	—	6,318,454	—	5,184,540	—
Total RfR 1	6,857,859*	—	6,318,454	—	5,184,540	—
<i>of which: Administration Budgets</i>	—	—	—	—	—	—

* Amount that may be applied as appropriations in aid in addition to the net total, arising from superannuation contributions; transfer values; deductions from superannuation contributions and lump sum payments in lieu of graduated contributions; contributions equivalent premiums (CEPs).

Notes to the Main Estimate *(continued)*

Analysis of Consolidated Fund Extra Receipts (CFERs)

		2005-06		2004-05		£'000	
		provision		provision		2003-04	
		Income	Receipts	Income	Receipts	Income	Receipts
Excess A in A	△	—	3,079,435	—	2,778,455	315,981	2,166,757
Other Income	△	300	300	300	300	251,390	251,390
Total		300	3,079,735	300	2,778,755	567,371	2,418,147

Comparisons of provision sought with final provision and forecast outturn for the previous year

The total net resource sought for 2005-06 of £25,515,591,000 is 227.6 per cent higher than the final net provision and forecast outturn for 2004-05 of £7,787,946,000.

Cash which may be retained to offset expenditure

Cash which may be retained by the department to offset expenditure in the year due to its relationship with income (operating and non-operating) that has been or will be appropriated in aid

	2005-06	2004-05	£'000
	provision	provision	2003-04
			outturn
	6,857,859	5,916,243	5,184,540