

Briefing Note on administration of NHS Pensions From NHS Pensions Seminar 10th February 2005

1. **Amendment Regulations will apply retrospectively from 1st April 2004.**
The definition of NHS Pensionable earnings for GPs on PCT Performers list is broadened to include earnings after deduction of expenses in respect of a contract for primary medical NHS services. The scheme moves away from a global estimate of expenditure to an individual assessment of NHS profits.
2. **The Dynamising factor** will reflect the changes.
3. **Pensionable pay includes:**
 - a) Global sum payments net of expenses (GMS)
 - b) Contract price net of expenses (PMS)
 - c) PCO administered funds payments net of expenses
 - d) Enhanced Services payments net of expenses
 - e) Quality payments net of expenses
 - f) Premises payments net of expenses
 - g) IM&T payments net of expenses
 - h) Dispensing payments net of expenses
 - i) Other payments made directly by an Employing Authority (EA) to a GMS or PMS GP or practice such as:
 - i) Out of Hours work
 - ii) Board and advisory work
 - iii) Collaborative work - Local Authorities if PCT has a Collaborative Arrangement under Section 26(4) of the Health Act 1977) and Prison work where the PCT is responsible for Prison Health and payments are made by the PCT to the practice or GP.
 - iv) Practice based work carried out in educating and organising the education of medical students.
4. **NHS work** undertaken by a GP on a **fees basis** is always pensionable – the new scheme aids more flexible movement between types of GP work. (Please note that where work is carried out under a formal contract of employment with a Trust or PCT, the GP is afforded part time **officer** status.) Where a GP has both practitioner and officer methods, the calculation by the Pensions Agency that leads to the best result is used.
5. **GP earnings are not pensionable** where a GP or practice engages directly with a prison, hospice, charitable organisation, insurance company or OOH organisation that is **not registered** as an NHS Employing Authority.
6. **GMS and PMS GP partners** have the choice of pooling income earned for NHS work undertaken in addition to their normal GMS or PMS work or recording it individually on a GP SOLO form. **Salaried GPs** must always use GP SOLO in respect to *other NHS income* unless it is work agreed to be undertaken on behalf of the practice in which case it would form part of the doctor's salary from the practice which is dealt with under 8b).
7. **The Global Sum for GMS practices** or contract price for PMS practices includes pension contributions for staff, salaried GPs and GP partners.
8. **Practices as employers are responsible** for deducting and submitting pension contributions to the **Pensions Agency** for their employed staff only. They must *not* complete pension returns (forms SS14 or SD55) for GP partners, salaried GPs or non - GP partners.
 - a) **PCOs act as employers for pension purposes**, and are responsible for agreeing monthly deductions with practices, based on an estimate of all NHS income paid to the practice net of expenses (excluding GP SOLO and Locum Forms A-D) taking account of any partnership agreement and AVCs, and for submitting contributions on account for all practice partners to the Pensions Agency on form RFT1 by 19th of the month following deduction. The agreed monthly sum may be amended at any time.

- b) **Salaried GPs** (PCO and practice employed) are pensioned under the practitioner method (as per GP principals/providers) rather than officer method (as per hospital employees). Salaried GPs are regarded as assistant practitioners and will not automatically be pensioned under the final salary scheme. Practices must inform the PCT on the appointment of a salaried GP, retainer or FCS GP, details of their NHS pensionable earnings, net of expenses. The PCT then takes account of both the ee's and er's contributions in their monthly deductions from the practice, and pays them to the Pensions Agency in the same manner as for partners.
- c) **GP Registrars** as trainees are pensionable as officers under the Scheme. Practices should deduct the 6% employees contribution and any AVCs etc and claim the net approved costs from the PCT. The PCT as employers for pension and Injury Benefit purposes should forward the 6% plus 14% employers' contribution to the Pensions Agency.
- d) **Non-GP partners** accrue membership on a wte officer (non practitioner) basis. The PCT acts as the employer for pension and Injury Benefit purposes and is notified of the non GP partner's estimated pensionable pay based on their share of practice's NHS profits – and ee's and er's contributions are also deducted from the practice's monthly Global Sum. Non-GP Partners cannot pension any other NHS employments and should join the scheme retrospectively from 1st April 2004 – all arrears should be collected by PCTs as soon as possible.
9. **Responsibility to fund the employers' contribution (14%)** rests with the employer, if the GP is employed the practice, the practice funds the employer contributions and if the PCT employs the GP, then the PCT funds the employer's contribution. The exception to this might be an assistant GP approved under old Red Book rules and still supported by the PCT when the PCT would fund the superannuation payments.
10. **GP Locum** work has been pensionable since April 2001 and locums should continue to use forms A and B in respect to locum work performed for GP practices (including OOH if the practice has retained responsibility for its patients.) PCTs will continue to be responsible for the payment of er's contributions for GP locum work performed in GP practices.
- a) Where a GP locum deputises for an absent OOH GP, this work will be pensioned through the use of forms C and D. The GP locum must send these to their host PCT in same way as forms A and B. The OOH Provider will be responsible for paying the er's contribution.
- b) Where a GP locum performs regular (not locum) NHS work for an OOH P but not in a deputising role, the new GP SOLO form and not locum forms C and D must be used and regular OOH work afforded assistant practitioner status with the host PCT acting as the employer for pension purposes. The host PCT is responsible for keeping records SS14 and SS55 and forwarding ee's and er's to the Pensions Agency on form RFT1.
11. **GMS and PMS GPs engaged or employed by an approved OOH P** (not locum work) under a fee based contract or formal contract of employment must pension OOH work. The PCT with whom the GP or practice has a contract or is listed as a GP performer will normally be the employer for pension purposes and membership will be accrued on a practitioner basis. GP SOLO must be used to record this work. The OOH P must not send ER's and EE's contributions directly to the Pensions Agency but to the Host PCT with form GP Solo. The OOH P should deduct 6% ee's contribution net of expenses paid for each period of work. The OOH P is responsible for the er's rate at 14% of net pensionable pay. All contributions should be sent to the host PCT together with form GP SOLO. The PCT should ensure the net pensionable pay is included in the GP's annual pension record on form SD55 and ee's and er's contributions forwarded to the Pensions Agency with monthly payments on account.
12. **GPs working for OOH P on behalf of the practice** should not use form GP Solo. The OOH P should pay the practice gross and supply a professional receipt confirming the NHS work for inclusion in their end of year certificate of pensionable earnings provided to the PCT when the practice accounts are closed. The gross amount must include er's contributions as the earnings will be pensionable.

13. **GP work performed individually by a GMS or PMS GP under a fee based contract outside the practice contract** and not on behalf of the practice, can pension these payments by completing form GP SOLO. The employing authority is responsible for deducting employee contributions net of expenses and paying employer contributions to the host PCT with form GP SOLO. The host PCT must include net pensionable pay recorded on GP SOLO on the GP's annual pension record on form SD55 and sent to the Pensions Agency along with monthly payments.
14. **GPs wishing to pool** these earnings pay them into the practice account and declare it on the end of year certificate.
15. **Board and advisory work** is pensionable for GPs and locum GPs. GMS and PMS GPs will use GP SOLO forms or pooling arrangements. GP locums will use form GP SOLO.
16. **GPs who opt out of the NHS Pension** for any aspect of NHS work (eg OOH) they must opt out in all other NHS GP posts.
17. **End of Year Certificates** will be prepared by the practice accountant following the closure of the accounts giving details of gross practice income and expenditure and the amount attributable to NHS work. The certificate should show the total gross pensionable practice income including additional work performed for Employing Authorities (with receipts) and the amounts for each individual partner. The Certificate will also need to reflect other pensionable NHS amounts received during the year. Each partner should sign and forward the completed certificate to the PCT as soon as possible to determine any under or over payment of the year's provisional contributions.
18. **For governance and probity reasons** profits declared on the End of Year Certificate are intended to tie back to the practice's tax return. A typical 2004/5 timetable follows:

GP/PCT estimates 2004/5 pensions out turn – early 2004 (based on last year +/-)
PCT deducts against estimate – monthly (ee's and er's)
GP closes accounts, files tax return - 31.1.06
GP Certificate to PCT - 28.2.06
PCT checks, agrees, adjusts GP contributions
PCT updates 2004/5 NHSPA record – 31.5.06.

19. **End of year other than 31st March**
Accountant calculates the net profit for the actual practice year, ie. 1st July to 30th June (not the new GMS year). For the first year there is a pension overlap as some months will already have been assessed under the old system and treated in the same way as tax overlaps (the overlap months are noted and taken into account during the year a GP retires).
20. **OOH PROVIDERS**
A company limited by guarantee where the majority of members are GMS or PMS contractors or a corporate body whose members include at least one GMS or PMS contractor operating for the benefit of the general public or on a not for profit basis with a contract to provide OOH services will be able to apply to the Finance Department of the principal PCT with whom they hold a contract to be registered as an approved NHSPS Employing Authority. **Commercial** OOH Providers will **not** be eligible to become NHSPS Employing Authorities.
21. **OOH Ps** will be able to decide if and when they want to apply. Those who apply to backdate their approval as an NHSPS Employing Authority to 1st April 2004 will have until 31 March 2005 to do so. OOH Ps who apply after 31st March 2005 will be approved from the date of their application. In all cases OOH Ps must meet and continue to meet the approval criteria from the relevant date.
22. **Non-GP salaried staff** employed by an approved OOH will accrue the same scheme rights as GP practice staff (officer membership) and automatically join the NHSPS unless they opt out on form SD502. OOH Ps are responsible for deducting ee's contributions from their employees and forwarding these and er's contributions to the Pensions Agency.

23. GPs and GP locums working in or for an approved OOHP will accrue the same scheme rights as they would in other NHS GP work. See above.

Di Tyas Feb 05