

## NHS Superannuation Scheme (Scotland)

Circular No. 8/2006

NHS and other participating employers  
Practitioner Services Division  
GP Practices  
NHS Trade Unions and Staff Associations

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Dear Sir or Madam

### **NHS Superannuation Scheme (Scotland) – New GMS Contract/Section 17c agreements (formerly PMS) – Pension Provisions**

#### **Introduction**

Circular No. 8/2006 gives further information to Circular No. 6/2005, which provided members who are General Medical Practitioners (GP's), and their contracting NHS authorities with important information about changes to the National Health Service Superannuation Scheme (Scotland) following the introduction of the new General Medical Services (GMS) contract.

The changes apply from 1 April 2004 and implement agreements reached by professional and NHS employer representatives in the new practice based GMS contract, and affect pension benefits and procedures. From that date The 'Personal Medical Services' Pilot and permanent scheme has been replaced by agreement under 17C of the National Health Service (Scotland) Act 1978.

In particular, this circular covers-

1. Flow of pension contributions and collection arrangements
2. End of Year Certificate
3. The GP SOLO Form

#### **1. Flow of contributions and collection arrangements**

##### **a) Introduction**

These changes apply mainly to new GMS but also apply to section 17C agreement and other NHS work and employers unless otherwise stated.

Health Boards are reminded that they are the 'Employing Authority' for the Scheme and Injury Benefit Scheme purposes for all General Medical Practitioners. This includes Principal Practitioners, Assistant Practitioners and GP Locums.

## b) Contributions

From 1 April 2005, Scheme contributions in respect of all GPs pensionable income will continue at:

- Employee – 6% of NHS pensionable earnings, net of expenses
- Employer – 14% of NHS pensionable earnings, net of expenses

Contributions for added years are payable on **all** NHS pensionable earnings from **all** posts, not just those held at the outset of the added years purchase.

## c) Old GMS 2003-04 payments made in 2004-05

New GMS introduces measurement of the year by year increase in actual Principal Practitioner earnings for dynamisation factor assessment purposes. Practitioner Services Division (PSD) has facilitated the change by providing details of old GMS earnings payments made in 2004/05. SPPA has recorded such earnings in the 2003/04 period.

## d) Revised GP contribution collection arrangements -

### **GP Contractor/Provider/Performer – (GP partners / principal practitioners)**

In new GMS, GP providers on a performers list of an NHS Board will continue to accrue practitioner pension benefits. Section 17c performers will also accrue practitioner benefits. Circular 5/2004 explains that any GPs in former personal medical services (PMS) practices whose service was given 'officer' status for pension purposes, should have requested the Health Board to submit form NSR02 to terminate that 'officer' service contract from 31 March 2004 and subsequently accrue benefits as an assistant practitioner from 1 April 2004. The NHS Board is in every case, the employer for NHS Superannuation Scheme (Scotland) and NHS Injury Benefit Scheme (Scotland) purposes.

There are two routes of income -

### **Work completed on behalf of Practice**

All NHS work undertaken by GMS providers from 1 April 2004 on behalf of the GMS practice is pensionable in the scheme and a 15% deduction was made from the global sum as an estimate of pension scheme contributions. NHS Boards will assume that all earnings for any additional service which GP providers perform are to be regarded as practice earnings for scheme purposes and allocate them to the practice accounts. The Health Board will be required to provide an advice note in respect of each payment. The earnings will be allocated in accordance with any relevant partnership agreement at the close of the practice accounts. This will apply to all NHS services and pensionable earnings included from NHS work received during the year.

### **Work completed individually (rather than on behalf of Practice)**

GMS /Section 17C GPs who perform primary medical NHS services as an individual (outwith their normal practice based work e.g. Out of Hours), for a Scheme Employing Authority (such as a NHS Board) under a **fee based contract for services** arrangement and not on behalf of their practice must pension these payments. To ensure the Principal Practitioner pension records are properly completed the following arrangements should apply:

- Where the individual wishes to have the income ‘pooled’ into the practice accounts the NHS employing authority pays the gross income to the practice accounts with an accompanying advice note. This income can be recorded as being individual on the end of year certificate and included in the main principal earnings submitted to the Agency on an annual basis. Employer(ER) and employee(EA) contributions for such individual work should be forwarded to PSD by the practice on a monthly basis;

Or alternatively where the individual wishes to retain that income personally:

- The Employing Authority can report this individual income via existing routes which are currently in place with the Agency. NHS Boards who intend to pay Practitioner ‘fringe’ earnings via Payroll should on all occasions allocate this via one payroll entry. Each NHS Board should provide the Agency with the Pay reference indicators which they intend using for recording this type of work.

**Please note –**

- Principal Practitioner ‘fringe’ earnings are treated as Practitioner **not officer service** for benefit purposes. The Group Code 16 – Assistant Practitioner should be used on related returns for recording ‘fringe earnings’. Practitioners accrue membership on a whole time basis.
- If the member ceases employment as a Principal Practitioner the above methods of reporting information **should** cease as soon as a break in employment occurs.
- This method is to be used for the reporting of individual income **only**
- The above routes do not include hospital appointments which are currently treated as **officer service**. A separate contract should always be created for service of this type. The employer is responsible for payment of the employer element of the superannuation contributions in respect of such hospital appointments.

**Agreeing the deduction of Principal Practitioner (GP) NHSPS contributions**

In new GMS and section 17c agreements, it will no longer be possible to establish the exact amount of pensionable NHS earnings for any year until practice accounts for that year are closed. For 2004/05 and 2005/06 PSD deducted 15% from the global sum as an estimate for both employee and employer superannuation contributions.

PSD in the **future** will base all contributions on an **estimate** of the GP Performers expected earnings. They will then deduct employer and employee contributions accordingly from the practice (including any Additional service or AVC contributions). The estimate should take into account the total NHS pensionable earnings, net of expenses, expected for the year, in respect of all the practice partners and any partnership shares. The estimate should also include NHS income paid through the practice account in an individual or partnership agreement basis.

It is important to remember that this is only an estimate. The agreed monthly deduction may be revised with PSD at any time during the course of the year in the event of changes in the practice, or if significant changes in payments are made.

In **every** case the Scheme contributions paid will be subject to final confirmation and payment of arrears (or refunds) when practice accounts for the year are closed and the end of year certificate of pensionable earnings is completed.

### **Paying Principal Practitioners Scheme contributions to SPPA**

PSD should pay the agreed EE and ER deduction, including any additional service contributions no later than the 19<sup>th</sup> day of the quarter following the quarter in respect of which the amount was deducted. Money purchase additional voluntary contributions must be paid to the chosen provider within 7 days of deduction.

### **End of year certificate of Principal Practitioners (GP Performers) NHS pensionable earnings**

Practitioners (including 17C Principal Practitioners) will need to complete an end of year Certificate of Pensionable Earnings for the preceding financial year, detailing gross practice income and expenditure and the amount attributable to NHS work. The certificate must be completed no later than 28 February following the 31 March of the previous year and should show the total for the practice as a whole and the amounts for each individual Practitioner and non GP partner where applicable. The certificate will reflect the total of all the practice's pensionable NHS work, including additional work performed for NHS Employing Authorities during the year and the gross payments received.

Payment for additional NHS work **must** be supported by an advice note from the Scheme employer(s) who paid for the work. The certificate will also need to reflect other pensionable NHS amounts received during the year which are paid individually (OOH, Seniority payments) rather than to the practice as a whole. This **must** be recorded separately on the form.

Each principal practitioner should forward their completed certificate to the relevant PSD regional office as soon as possible after accounts closure at the end of the reporting year, for checking and to enable PSD to determine any over or under payment of the years estimated contributions. PSD will then collect or refund any over or under payment. In the case of Money Purchase AVC's the Practitioner may prefer to treat any overpayment as a further investment, or have it offset against future MPAVC payments. PSD are responsible for submitting Principal Practitioner pension information to the Agency.

**Please note** – this is only a summary of the general procedures. Further guidance can be obtained by contacting your relevant PSD regional office

### **Assistant Practitioners – Salaried GMS / 17c employments and other NHS employments**

**All** Salaried GPs on an NHS Board performers list, including:

- GMS and 17C assistant practitioners employed by a GP Practice
- GP Retainees
- GPs on the Flexible Career Scheme and
- GP's directly employed by NHS Boards for the provision of primary medical services (e.g. career OOH practitioner)
- Salaried GP's employed by practices

will continue to be regarded as assistant practitioners for Scheme purposes and the relevant **NHS Board** will be their Employer for NHS Superannuation Scheme and NHS Injury Benefit Scheme Purposes.

Practice Managers **must** continue completing pension records for Assistant Practitioners employed by the GMS /Section 17C practice and submit pension contributions on behalf of the relevant health board directly to the Agency on a monthly basis. Assistant Practitioners are identified by the group code 16 and are whole time employees as their pensions are based on life time earnings.

If GMS /Section 17C Salaried GP's perform other NHS work on behalf of the practice this should be paid gross (advice note) by the NHS Employing Authority into the practice accounts

Pension records for salaried GPs employed out with the practice environment are completed by NHS Boards through existing payrolls. This can either be additional NHS earnings to practice based GMS / 17C work or as sole employment (for example - career OOH GPs).

**Please note** – this excludes GP registrars; and hospital doctors employed by a NHS Board to undertake secondary care in a primary care setting, who are pensionable as officers in the scheme. NHS Boards are liable for employer superannuation contributions for such appointments.

### **GP registrars**

GP registrars (formally referred to as Trainee Assistant Practitioners) will continue to accrue officer service for that membership in the Scheme. The NHS National Education Scotland will remain the employer for NHS Superannuation Scheme and NHS Injury Benefit purposes. Administration and reporting of superannuable contributions and earnings for the Scheme is performed by NHS National Services Scotland in Edinburgh.

### **GP Locum Work**

GP Locum work – the irregular contract for services arrangement deputising for an absent GP or providing temporary GP assistance for a NHS Employing Authority.

Membership will be pensionable in new GMS / 17C in the same way as it was in the previous contract. GP locums should continue to apply for Scheme membership for GMS / 17C locum work performed for GP Practices on forms GP Locum A and B. This includes any locum work in respect of OOHs if the practice has retained OOHs responsibility for its patients. If a GP locum performs OOH work for the NHS Board in a deputising role for an absent GP this will also be pensionable as locum work.

**Please note** – if OOH work is performed regularly for the NHS Board then it should not be treated as GP locum work. To be classified as locum work it has to be in a deputising arrangement for an absent GP.

PSD will continue to be responsible for the administration of pensionable records for GP locum work. The host NHS Board with whom the GP locum is registered is responsible for meeting 14% employer contributions for practice based work. This arrangement has been agreed for the 1 April 2005 – 31 March 2006 period.

### **Practice Staff**

Practices will continue to be the Scheme Employing Authority for practice staff they employ (excluding GP practitioners) for all pension record keeping and contribution purposes. Practice staff legally join the Scheme from the first day of employment unless they opt out of the scheme by completing form SB34.

## **Non GP Partners**

The NHS Board is the employer for NHSPS and NHS Injury Benefit scheme purposes. Membership is regarded as whole time officer status. PSD will be responsible for the reporting NHS pensionable earnings and contributions to the Agency. Nevertheless non GP partners will need to complete an annual certificate of pensionable earnings. Pension scheme contributions will be deducted from the practice global sum. **Practices must not submit this information**

## **Board and Advisory work**

NHS Board and Advisory work carried out by GMS /Section 17C practitioners (excluding GP locum work) on behalf of a Scheme Employing Authority, for and paid by that employer will be pensionable as from 1 April 2004. Guidance for reporting of pensionable earnings can be found in the earlier sections covering Principal Practitioners and Assistant Practitioners.

## **2. The End of Year Certificate**

The above definitions of the Scheme Medical GP earnings and expenses have been redefined following a review drawn from a joint accountancy study by professional and NHS employer representatives. Following the review a new end of year certificate of Pensionable Pay for completion by all GP Practice Partners, Single Handed GP's and non GP Partners working in both GMS and section 17C agreement, has been introduced.

The Certificate which must be completed no later than 28 February following the 31 March of the previous year includes 'notes for completion' and clarifies 'gross NHS earnings' and items to be recorded as 'expenses'. This can be found on the PSD website [www.show.scot.nhs.uk/gmscsa/GMP\\_Newsletters/Index.htm](http://www.show.scot.nhs.uk/gmscsa/GMP_Newsletters/Index.htm)

Once completed the form should be forwarded to the Practitioner Service Division Regional office responsible for that practice.

**Any Questions relating to the certificate should be directed to your Practitioner Services Division Regional office.**

## **3. The GP SOLO Form**

Following the introduction of the new GMS, form GP SOLO has been introduced. A final version of the new form GP SOLO which should be used in the following circumstances can be found on the PSD website. [www.show.scot.nhs.uk/gmscsa/GMP\\_Newsletters/Index.htm](http://www.show.scot.nhs.uk/gmscsa/GMP_Newsletters/Index.htm)

- GP Principal Practitioners who do not wish for their 'fringe' NHS fee based pensionable earnings (including Out of Hours work) to be paid into the Practice account and shared amongst other Partners.
- Salaried GPs employed by a Practice or Health Board who are working on a individual basis (and not on behalf of their employer) under a fee based contract for services arrangements with another NHS Employing Authority.
- GP Locums who regularly work for an Out of Hours Provider (that is a Pension Scheme Employing Authority) in a non deputising role.
- GPs who work solely for an Out of Hours Provider and have no other pensionable posts.

From April 2006 the GP SOLO form must be completed by the GP and sent to PSD with Employee and additional contributions for added years' contracts and/or AVC's. PSD on a monthly basis will obtain payment of Employer contributions relating to 'fringe' work from the relative Health Board and will forward the contributions on a monthly basis to the Agency and report pensionable earnings on an annual basis.

Transitional arrangements have been agreed for financial years ending 2004/5 and 2005/06 and **one** GP SOLO form should be completed for each GP in respect of 'fringe' fee based pensionable earnings for the periods 1 April 2004 – 31 March 2005 and another for the period 1 April 2005 – 31 March 2006.

The GP SOLO form **must not** be used if a GP elects to 'pension' their fringe NHS earnings through the Practice account or if they are employed under a formal contract of employment with a Health Board.

### **Contacts**

If you have any questions about the contents of this circular, please contact NHS Team 3 at the above address or at [nhspen3@scotland.gsi.gov.uk](mailto:nhspen3@scotland.gsi.gov.uk)



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**ANNEX 1 NHSPS Members Providing and Performing NHS Primary Medical Services**

Type of Scheme Member	NHSPS Status	NHSPS Employer	NHSPS Forms	SPPA Forms	Notes
GP principal (GMS/17C Provider/Contractor/ Performer)	Principal Practitioner	HB (PSD)	Annual certificate	NSR's	The GP must get his accountant to complete an annual certificate which is then forwarded to PSD who will supply SPPA with a NSR 3 form detailing the member's profits for the year.
Salaried GP (including a GP retaine or flexible career scheme GP) formally employed by a GMS or 17C Practice	Assistant Practitioner	HB	Practice payroll	NSR's	The Practice on behalf of the Health Board must complete NSR forms and send contributions directly to SPPA along with Practise staff returns.
Salaried GP (including a GP retaine) formally employed by a HB to perform GMS / 17C / OOH work	Assistant Practitioner	HB	HB Payroll	NSR's	If a salaried GP is working for more than one HB under a formal contract of employment a new pensionable post must be created by each HB. These will be reported along with other HB staff returns.
GP principal or single-handed GP engaged by a NHSPS Employing Authority (HB, GP Practice) to perform "fringe" NHS (Primary Medical Services) work.	Principal Practitioner	HB (PSD)	Annual Certificate Form SOLO	NSR's	<b>A new pensionable post must not be created.</b> All pensionable earnings will be linked to the GP's pensionable earnings on one NSR3 form by PSD
Salaried GP engaged by a NHSPA EA (HB / GP Practice) to perform "fringe" NHS (PMS) work	Assistant Practitioner	HB (PSD)	HB Payroll	NSR's	A new pensionable post for each period of fringe earnings <b>must not</b> be created where the fringe earnings are for the same HB. All pensionable earnings will be linked to the salaried GP's earnings on one NSR 3 by PSD Where is fringe earns are related to a separate HB a new post <b>must</b> be created.



<b>Type of Scheme Member</b>	<b>NHSPS Status</b>	<b>NHSPS Employer</b>	<b>NHSPS Forms</b>	<b>SPPA Forms</b>	<b>Notes</b>
GP Locum working for a GMS/17C Practice	Locum Practitioner	HB (PSD)	GP Locum forms A and B	NSR's	No change to existing arrangements
<i>GP Locum who also regularly does OOH's but is not deputising for an OOH's GP</i>	<i>Assistant Practitioner</i>	<i>HB (PSD)</i>	HB Payroll	NSR's	A separate post must be created. These will be reported along with other HB staff returns. This type of member will have two concurrent pensionable posts; one as a Locum Practitioner and one as an Assistant Practitioner.
GP Practice Staff	Officer	GP Practice	Practice payroll	NSR's	No change to existing arrangements
Non-GP salaried staff employed by a HB to perform OOHs & other NHS work	Officer	HB	HB Payroll	NSR's	Will accrue the same pension rights as other HB salaried staff
Non-GP GMS/17C Partner (provider)	Whole time officer	PSD	Annual certificate	NSR's	The Practice must not complete NSR's or send contributions directly to the SPPA.