



SCOTTISH PUBLIC PENSIONS AGENCY

NHS Superannuation Scheme

Circular No 1/2005

NHS Health Boards
(Chief Executives, Payroll Managers and HR)

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Dear Colleague

NATIONAL HEALTH SERVICE SUPERANNUATION SCHEME (SCOTLAND) GENERAL MEDICAL PRACTITIONER DYNAMISING FACTORS

1. In SPPA circular 5/2004, issued in June 2004, we advised of the revised arrangements put in place under the terms of the new GMS contract for the calculation of the general medical practitioners ("GPs") Dynamisation Factor ("DF"). From the year 2003-2004, the DF will be determined by measuring the rate of change in certified NHS pensionable profits for all GPs when the accounts for the relevant year are closed.
2. Pensions awarded or estimated before GPs accounts are closed for any year will be calculated using an interim DF. The interim DF will be applied to pension calculations in the same way as the DF in previous years and any pensions put into payment using the interim DF will be revised to take account of the final DF when it is established.
3. The interim DF for any year will be set at a conservative level, the aim of which is to provide a degree of confidence level that the final DF figure will be higher. For 2003-2004 this has been agreed with a confidence level of 90%. This means that any final adjustment to pensions in payment should be upward, with any resultant arrears backdated to the date of retirement. In the event of a lower final DF being appropriate, Paymaster, SPPA's payroll partners, will write to the members affected with details of how they intend to recover any overpayment.
4. It is estimated that the rise in average GP pensionable earnings for the year to 31 March 2004 will be around 8.8%. If borne out, this will be the final DF for 2003-2004. Using the agreed 90% confidence level, this translates into an interim DF for the year of 7.2%.
5. We are having to revise the system which calculates GPs pensions as a result of the changes to the dynamisation arrangements. When this is done all GPs who have retired since April 2003 will have their pensions recalculated using the interim DF. These recalculations will be prioritised by retirement date, with earliest retirees completed first. We may not however, be able to carry out these recalculations until the finalised DF is known for 2003-2004, and if this is the case, we will do the recalculations using the final figure.



6. Information about using the interim DF to uprate GPs pensionable earnings is supplied at Annex 1 to this circular.

7. The revised DF arrangements described for GPs also applies to those practitioners to which section 17C agreements and section 2C arrangements apply. The revised DF arrangements do not apply to General Dental Practitioners.

Yours faithfully

John Provan
Policy Manager
NHSS

New Interim General Medical Practitioner Uprating (dynamising) Factors for 2003-2004

1. Interim increase for 2003/2004

The interim increase for the year ending 31 March 2004 has been agreed as follows: -

General Medical Practitioners	01.04.03 to 31.03.04	7.2%
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2. Uprating pay to dates between 01.04.2003 to 29.02.2004 inclusive.

To uprate a GPs pensionable pay to any date from 01.04.2003 to 29.02.2004, the following action should be taken:

- a). The pay for each year up to and including 31.03.2003 should first be multiplied by the factor given in Annex 2.
- b). The total of these uprated amounts should then be increased by the appropriate percentage shown against the date of retirement in Annex 4.
- c). Any pay that is paid on or after 01.04.2003 should then be added to the uprated pay figure from (b) above, to provide the GPs full pensionable pay for benefit purposes.

3. Uprating pay to dates between 01.03.2004 to 31.03.2004 inclusive.

To uprate a GPs pensionable pay to any date between 01.03.2004 and 31.03.2004, the pay for each year should be increased by the relevant factor for that year shown in Annex 3.

Annual Uprating Factors 2002-2003

Year ending 31 March	Medical Practitioner
1949	37.021
1950	37.021
1951	34.248
1952	34.248
1953	34.248
1954	34.248
1955	34.248
1956	34.248
1957	34.077
1958	30.934
1959	30.506
1960	29.165
1961	27.887
1962	27.887
1963	27.887
1964	24.461
1965	24.461
1966	22.239
1967	20.668
1968	16.679
1969	16.348
1970	15.429
1971	12.857
1972	11.902
1973	11.070
1974	10.733
1975	9.818
1976	7.065
1977	6.885
1978	6.627
1979	5.081
1980	4.320
1981	3.640
1982	3.434
1983	3.250
1984	3.042
1985	2.855
1986	2.659
1987	2.502
1988	2.299
1989	2.143
1990	1.984
1991	1.835
1992	1.645
1993	1.542
1994	1.520

1995	1.473
1996	1.430
1997	1.387
1998	1.341
1999	1.285
2000	1.173
2001	1.136
2002	1.090
2003	1.000

**Interim Annual Uprating (Dynamising) Factors
2003 – 2004**

Year ending 31-Mar	Medical Practitioners
1949	39.686
1950	39.686
1951	36.713
1952	36.713
1953	36.713
1954	36.713
1955	36.713
1956	36.713
1957	36.531
1958	33.161
1959	32.702
1960	31.265
1961	29.895
1962	29.895
1963	29.895
1964	26.222
1965	26.222
1966	23.840
1967	22.156
1968	17.880
1969	17.525
1970	16.539
1971	13.783
1972	12.759
1973	11.867
1974	11.506
1975	10.524
1976	7.574
1977	7.381
1978	7.104
1979	5.447
1980	4.632
1981	3.902
1982	3.682
1983	3.484
1984	3.261
1985	3.061
1986	2.850
1987	2.682
1988	2.465

Interim Annual Uprating (Dynamising) Factors 2003-2004 (continued)

1989	2.297
1990	2.127
1991	1.967
1992	1.764
1993	1.654
1994	1.629
1995	1.579
1996	1.533
1997	1.487
1998	1.437
1999	1.377
2000	1.258
2001	1.218
2002	1.168
2003	1.072
2004	1.000

Interim Monthly Uprating (Dynamising) Factors 2003 – 2004

Date pay to be uprated to	Percentage increase to be applied after uprating to 31.3.2003 level
	Medical Practitioners
01.04.03– 30.04.03	0.600
01.05.03 – 31.05.03	1.200
01.06.03 – 30.06.03	1.800
01.07.03 – 31.07.03	2.400
01.08.03 – 31.08.03	3.000
01.09.03 – 30.09.03	3.600
01.10.03 – 31.10.03	4.200
01.11.03 – 30.11.03	4.800
01.12.03 – 31.12.03	5.400
01.01.04 – 31.01.04	6.000
01.02.04 – 29.02.04	6.600
01.03.04 – 31.03.04	See Annex 1 paragraph 3