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Superannuation (Health Service) Circular No5 /2008

<http://www.sppa.gov.uk>

GP Practices
NHS National Services Scotland- Practitioners Division and
Dental Payments
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Your ref:
Our ref:

6 March 2008

Dear Colleague

Changes to the NHS Pension Scheme in Scotland from 1 April 2008 - Allocation to contribution tiers for Practitioner and non GP partner members in 2008/09

1. Background

SPPA circular No8/2007 informed employers and employees of ¹changes to the member contribution rates from 1 April 2008. This circular expands on that information and gives guidance on how to allocate practitioner members to the correct contribution tier for the financial year 2008//2009. The allocation to tiers applies to members of the current scheme and also to those who join the NHS pension scheme under the new arrangements from 1 April 2008. Also please note that it only applies to 2008/9 and further advice will be supplied in respect of 2009/10.

A key feature of the new 2008 NPA65 arrangements and revised NHS 1995 Superannuation Regulations is that contribution rates vary from 5% to 8.5% depending on the member's pensionable earnings.

This circular explains how the tiered contribution rate allocation should be administered in detail, including non straightforward cases however, there will inevitably be circumstances which have not been anticipated. A flow chart is attached at Annex A which employers may find helpful.

¹ These changes are set out in draft Regulations currently subject to consultation required by statute and to Scottish Parliamentary/Ministerial approval.

2. Tiered Employee Contribution Rates

Member Contribution Rates Table

Tier	2007/08 earnings	2006/07 earnings	2005/06 earnings	Current Contribution	New Contribution 2008/09
1	Up to £19,682	Up to £19,165	Up to £18,697	6%	5%
2	£19,683 to £65,002	£19,166 to £63,416	£18,698 to £61,869	6%	6.5%
3	£65,003 to £102,499	£63,417 to £99,999	£61,870 to £97,560	6%	7.5%
4	£102,500 plus	£100,000 plus	£97,561 plus	6%	8.5%

When using the table, the earnings rate column used depends on the financial year that the pensionable earnings relate to. For example, use the 2005/06 pay rates column when assigning a tier based on 2005/06 pensionable pay etc.

Updates to Contribution Rates Table

The table used to allocate members to contribution tiers will be updated by the Scottish Ministers from time to time and an updated table will be issued during 2008/09.

The updated table will be used for new starters who are allocated a contribution tier based on an estimate of 2008/09 earnings and start on or after the implementation date of the revised table. Other members will retain their tier based on the 2007/08 table until 2009/10. The date on which the updated table is to be implemented for new and existing members will be notified when issued by the Scottish Ministers.

3. Allocation to Tiered Contribution Rates

Applicable to all Practitioners and Non GP Providers

- Once a tiered rate has been determined it is applied to the whole amount. For example, someone with pensionable earnings of £150,000 will pay contributions of 8.5% x £150,000.
- The new contribution rates are to be applied from Week 1 / month 1 2008/09.
- Pence should be ignored when determining pensionable earnings for the purpose of allocating members to tiers.
- Pensionable earnings should include all pensionable allowances etc.
- Pensionable earnings used to determine a contribution tier should include any deemed pay. Any references to pay, earnings, income etc should be read as pay, earnings, income plus any deemed pay.

- For members on or returning from maternity leave (no pay SMP etc), parental leave, paternity leave, sick leave (half pay, no pay, SSP) or career breaks etc, normal 'deeming rules' apply from the date of return. Those who go on to half pay during the year must continue to pay the rate of contributions for the tier they were placed in but based on the reduced amount of pensionable pay they actually receive. For those staff already on half pay, the tier should be based on their deemed (i.e. unreduced) rate of pay.

4. General Medical Practitioners and Non GP Providers

General Principles

- Practitioner Services on behalf of Health Boards should allocate General Medical Practitioners (GPs) to tiers based on aggregated:
 - a. Principal Practitioners certified profits and:
 - b. Locum Practitioner income.
- Health Boards/ GP Practice managers should allocate salaried and assistant Practitioners to tiers based on their aggregated pensionable practitioner earnings for 2007/08 where this information is available.
- Non GP providers (NGPP) will be allocated to tiers based on their certificated share of partnership profits.
- GP and NGPP earnings are not uprated to full time or full year.
- Income from Officer posts should be excluded from the aggregation and should be allocated a contribution tier by the employer separately according to the rules governing Officer members within the scheme.
- Where Principal Practitioners and NGPPs have earnings from a number of sources, Practitioner Services Division on behalf of the Health Board will need to take account of all known pensionable GP and NGPP earnings including those outside the Health Board, in allocating to a tier.
- Health Boards and other employers of GPs are obligated to allocate a contribution tier based on all aggregated earnings and GPs are obligated to inform employers if they have more than one employment. In cases of difficulty in allocating a tier in these circumstances the employer should contact the SPPA for further advice.

For the financial year 2008/09:

- a. For Principal Practitioners, NGPPs and locums in pensionable employment on 31st March 2008 and 1st April 2008, the contribution tier should be based on 2006/07 pensionable earnings if:
 - i. Final certified pensionable earnings are available for 2006/7; and;
 - ii. The member was in practitioner pensionable employment

throughout 2006/07.

b. If allocation based on a) is not possible then, for principal practitioner, NGPPs and locum members in pensionable employment on 31st March 2008 and 1st April 2008, allocation to contribution tier should be based on 2005/06 pensionable earnings if:

i. Final certified pensionable earnings are available for 2005/06; and

ii. The member was in practitioner pensionable employment throughout 2005/06.

c. If allocation based on a) and b) is not possible. That is, in cases where the practitioner member was not in pensionable employment on 31st March and 1st April or did not have full year or finalised earnings for 2006/07 or 2005/06. Allocation to contribution tier should be based on the best estimate of total (i.e. principal practitioner and Locum) pensionable earnings for 2008/09.

- In most circumstances, members will retain the same contribution rate for the whole of 2008/09:

a. New starters in 2008/09 who were previously working in the NHS as officers and were allocated a contribution tier in that employment should have contributions deducted on the basis of their officer contribution rate; provided the member is moving from a single full time or part time officer post at the point they move to practitioner employment.

In other cases contributions should be based on the best estimate of pensionable practitioner earnings for 2008/09. That is where the member:

i. has more than one part time officer post at the point of moving to practitioner employment; or

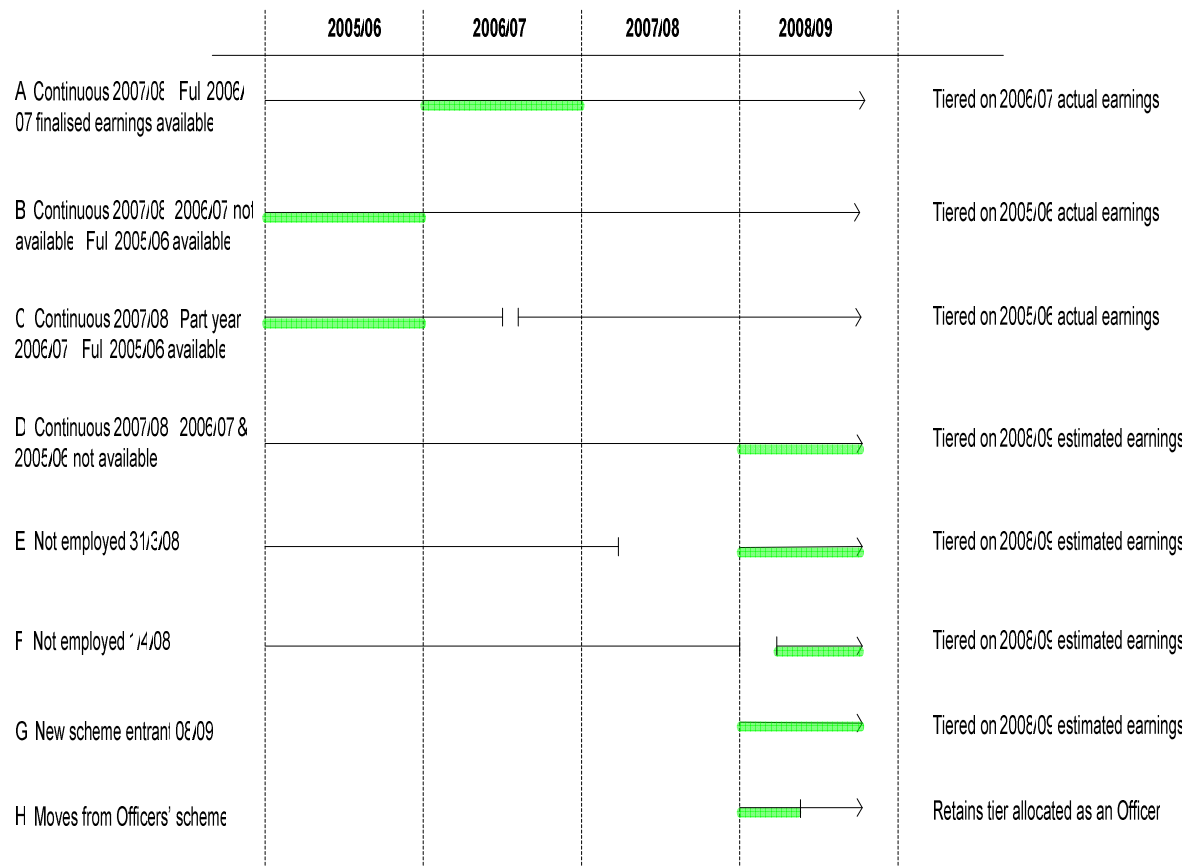
ii retains an part time or full time officer post at the point of moving to practitioner employment; or

b. New starters in 2008/09 who were previously working in the NHS as Dental Practitioners should retain their previous contribution rate.

c. GPs who move to other practitioner posts should pay the contribution rate to which they were first allocated as a GP for the remainder of 2008/09

- The 2008/09 contribution tier will not be adjusted for actual earnings which differ from those used to assign the tier. Where actual earnings differ from estimated earnings contribution adjustments will apply the unadjusted 2008/09 contribution tier.

Illustrative Scenarios



A. Member has continuous employment throughout 2007/08 and 2006/07 and finalised earnings are available for 2006/07. The member's contribution rate should be based on 2006/07 aggregated GP earnings.

B. Member has continuous employment throughout 2007/08, 2006/07 and 2005/06; finalised earnings are not available for 2006/07 but are available for 2005/06. The member's contribution rate should be based on 2005/06 aggregated GP earnings.

C. Member has continuous employment throughout 2007/08, 2006/07 and 2005/06 finalised earnings are available for 2005/06 and 2006/07; however, the member was not employed as a GP throughout 2006/07. The member's contribution rate should be based on 2005/06 aggregated GP earnings.

D. Member has continuous employment throughout 2007/08, 2006/07 and 2005/06; however finalised earnings are not available for 2006/07 or 2005/06. The member's contribution rate should be based on estimated 2008/09 aggregated GP earnings.

E. Member has continuous employment throughout 2006/07 and 2005/06 but wasn't employed 31st March 2008. The member's contribution rate should be based on estimated 2008/09 aggregated GP earnings.

F. Member has continuous employment throughout 2007/08, 2006/07 and 2005/06 but wasn't employed 1st April 2008. The member's contribution rate should be

based on estimated 2008/09 aggregated GP earnings.

G. Member is a new scheme entrant in 2008/09. The member's contribution rate should be based on estimated 2008/09 aggregated GP earnings.

H. Member transfers from an Officer (single employment) post 2008/09. The member should retain the contribution rate set for the officer post.

5. Dental Practitioners

General Principles

- Dental Practitioners (DPs) should be allocated a contribution tier based on their full year earnings as a DP.
- Part year DP earnings should be uprated to full year but DP earnings are not uprated to full time.
- Income from Officer posts should be excluded and should be allocated a contribution tier separately according to the rules governing Officers within the scheme.
- Dental Payments Division will take account of all known practitioner pensionable earnings when assessing the tier to which a dentist should be allocated.

For the financial year 2008/09:

- a. For members in pensionable employment on 31st March 2008 and 1st April 2008:
 - i. If the member worked for the full year in 2007/2008 the contribution tier should be based on 2007/08 pensionable earnings scaled to full year where necessary.
 - ii. If the member worked for part year 2007/2008 this should be uprated to full year earnings and tier allocated on 2007/2008 earnings
 - iii. Where the member was not employed on 31st March 2008 and 1st April 2008, allocation to contribution tier should be based on estimated 2008/09 pensionable earnings uprated to full year.
- In most circumstances, members will retain the same contribution rate for the whole of 2008/09:
- b. New starters in 2008/09 who were previously working in the NHS as officers and were allocated a contribution tier in that employment should have contributions deducted on the basis of their officer contribution rate; provided the member is moving from a single full time or part time officer post at the point they move to practitioner employment. In other cases contributions should be based on the best estimate of pensionable practitioner earnings for 2008/09. That is where the member:
 - i. has more than one part time officer post at the point of moving to

practitioner employment; or

- ii. retains a part time or full time officer post at the point of moving to practitioner employment
- c. New starters in 2008/09 who were previously working in the NHS as General Medical Practitioners should retain their previous contribution rate.
- d. DPs who move to other practitioner posts should pay the contribution rate to which they were first allocated as a DP for the remainder of 2008/09.
- The 2008/09 contribution tier will not be adjusted for actual earnings which differ from those used to assign the tier. Where actual earnings differ from estimated earnings contribution adjustments will apply the unadjusted 2008/09 contribution tier.

Scenarios

1. Member has continuous employment throughout 2007/2008 and final earnings are available for 2007/2008. The member's contribution should be based on 2007/2008
2. Member started during 2007/08. The member's contribution rate should be based on estimated 2007/08 aggregated DP earnings uprated to the full year equivalent.
3. Member is a new scheme entrant in 2008/09. The member's contribution rate should be based on estimated 2008/09 aggregated DP earnings uprated to the full year equivalent.
4. Member transfers from an Officer (single employment) post 2008/09. The member should retain the contribution rate set for the officer post.
6. Member has 2007/08 earnings but has a break within 2007/08. The member's contribution rate should be based on 2007/08 aggregated DP earnings uprated to the full year equivalent.
7. Member has 07/08 earnings but was not employed on 31st March 2008 and 1st April 2008. The member's contribution rate should be based on estimated 2008/09 aggregated DP earnings uprated to the full year equivalent.

Yours faithfully

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