

## FREQUENTLY ASKED QUESTIONS – OCTOBER 2004

### GP PENSIONS

These FAQs have been produced following the recent publication of a number of “focus on...” guidance notes covering changes to GP pensions’ arrangements.

#### *Pension flexibilities*

##### **Question**

Under the new pension flexibilities, where GPs have had superannuable income pensioned both under the practitioner and officer methods, the calculation that leads to the best pension result for the individual can be used; who makes this assessment and decision?

##### **Answer**

The Pensions Agency reviews the calculations and makes the assessment as to the best result. The calculations will be re-worked and re-assessed to allow for late notification of earnings and the dynamising factors. The best result will be the pension put into payment.

##### **Question**

Are salaried GPs (PCO- and practice-employed) pensioned under the practitioner method (as per GP principals/providers) or under the officer method (as per hospital employees)?

##### **Answer**

In GMS and in permanent PMS, all salaried\* GPs on a PCO performers list, thus including:

- GPs directly employed by a practice
- GPs directly employed by a PCO for the provision of primary medical services
- GMS and PMS assistant GPs
- GP retainers and
- GPs on the flexible career scheme

will continue to be regarded as assistant practitioners for NHS Pension Scheme purposes and the relevant PCO will be their employer for NHS Pension Scheme and NHS Injury Benefit Scheme purposes. Practices must not complete pension records or record contributions on form GP1 for any salaried GPs they employ.

Therefore, PCO- and practice-employed salaried GPs are pensioned under the practitioner method.

\*1. excludes GP registrars, who are pensionable as ‘officers’ in the NHS Pension Scheme.

\*2. excludes *hospital* doctors employed by a PCT to undertake secondary care in a primary care setting, who will be pensionable as officers in the NHS Pension Scheme.

#### *Superannuation contributions*

##### **Question**

Who funds and pays the employer superannuation contributions for salaried GPs?

##### **Answer**

The basic principle is that whoever employs the doctor is responsible for funding and paying the employer superannuation contributions. Therefore, if the GP is employed by the PCO, the PCO funds and pays the employer contributions. If the GP is employed by the practice, the practice funds and pays the employer contributions. The one exception concerns GPs employed as assistants under the Red Book arrangements and which PCOs continue to support financially. If the practice had taken on an assistant under the Red Book, prior to 1 April 2004, and still employs the assistant with financial support from the PCT, the PCT should be responsible for funding and paying the employer contributions.

**Question**

Who *funds* the employer superannuation contributions for locums / freelance GPs?

**Answer**

The funding for employer contributions for practice-employed locum work, in 2004-05, is held by the PCO. It is the Department of Health's intention to bring practice-employed locum work in line with all other locum work where the responsibility for funding locum work lies with the provider. For this to be achieved for 2005-06, it will be necessary to be able to disaggregate the relevant funding from the PCO-administered funding stream in order that it can be transferred to the global sum.

**Question**

Who *pays* the employer superannuation contributions for locums / freelance GPs?

**Answer**

Whether the doctor undertaking the work is a freelance GP or a GP principal, responsibility for paying the employer contributions for locum work in a GMS or PMS practice, will, for 2004-2005, lie with the PCO.

**Question**

Who funds and pays the employer superannuation contributions for inducement practices?

**Answer**

There has been no official agreement with regard to inducement practitioners. It is the GPC's opinion that inducement practitioners should be treated on an equivalent basis to other GPs and that PCOs should use their discretionary funds to ensure this is the case where this may not as yet have been factored into financial packages for inducement practitioners.

**Question**

What does the additional £88m in England for employer superannuation contributions for new income cover?

**Answer**

The £88m is a substantial contribution to help practices meet the increased superannuation costs from the new income for GMS and PMS practices arising from the new GMS contract. This additional funding is being distributed through the global sum and the Quality and Outcomes Framework for GMS practices and through baseline allocations, the QOF and a reduction in QOF offset points for PMS practices. Distributing it through the global sum and baseline allocations means that every practice will get a share of it and distributing it through the QOF is important because it is by far the main income stream through which the majority of new money under the contract will be delivered. The additional funding, however, is for all new income, not just the global sum and quality, and therefore would include enhanced services.

Nevertheless, the GPC contends that the £88m, although a significant proportion, is not sufficient to cover the full costs and one way for practices to seek further funding would be to seek to negotiate locally an increase to the contract prices for providing enhanced services.

**Question**

How much should the PCO deduct from our monthly global sum payment to cover the costs of employer superannuation contributions?

**Answer**

This is a decision to be negotiated and agreed locally between the partners in the practice and the PCO. Some have chosen to keep their monthly deductions low on the basis that they will be in a better position to pay for the bulk of the payment once their quality achievement payments have been

made for 2004-05. Others have decided to pay a higher monthly payment in order that they will not face a significant bill following the year end. If doctors have overpaid, a balancing adjustment will need to be made to the doctors concerned.

Another factor to be taken into account is the significant increase in the QOF price in 2005-06 over 2004-05; whatever deductions were agreed for 2004-05 should be reviewed in the light of the anticipated increase in costs and resources resulting from QOF payments for 2005-06.

### *Superannuable income*

#### **Question**

Is my income from my out-of-hours work superannuable?

#### **Answer**

If the out-of-hours provider is a GMS or PMS practice, or a PCO, then the income earned for working for that provider is superannuable under the NHS Scheme. If the out-of-hours provider is a not-for-profit or mutual organisation, and that organisation has applied to be an eligible employer for pension purposes and been accepted, this work is also superannuable. The Regulations to bring this into effect have not yet been introduced. Income from work for a private, for-profit organisation is not pensionable under the NHS Scheme.

#### **Question**

What are the arrangements for calculating superannuable income for NHS pension purposes?

#### **Answer**

This is still under discussion and once it is finalised a separate guidance note will be provided. Suffice to say that an accountant will be required to prepare the accounts and the doctor will need to certify them. The GPC has been keen to keep the system as deregulated and non-bureaucratic as possible.

**For any detailed advice as to the impact of the changes on an individual doctor's pension, professional advice must be sought. This level of advice cannot be provided by the BMA or GPC.**