

NHS Pensions - 2010/11 Tiered Employee Contributions

Introduction

The guidance is split into 3 parts and applies to members of both the 1995 section and the 2008 section of The NHS Pension Scheme (England & Wales).

1. Officers and Practice Staff
2. Practitioners and non-GP Providers
3. Further guidance.

1. Officers and Practice Staff

Officer Scheme members are salaried employees of a Trust, Foundation Trust, SHA, PCT, and Local Health Board (LHB) who are not *GPs or non-GP Providers.

Practice Staff Scheme members are salaried employees of a GP Practice, OOHP, or APMS Contractor who are not *GPs or non-GP Providers.

*GP Registrars are regarded as Officer Scheme members.

The basic rule is that the tier for Officers and Practice Staff in 2010/11 is based on their 2009/10 full year whole-time equivalent (WTE) pensionable pay subject to them working in the same post on the 31st of March 2010 and thereafter. The following table must be used to set the tier.

Tier	Pensionable Pay (whole- time equivalent) paid in 2009/10	Contribution Rate in 2010/11
1	Up to £20,709	5%
2	£20,710 to £68,392	6.5%
3	£68,393 to £107,846	7.5%
4	£107,847 plus	8.5%

If, however, on or after 1 April 2010 there is a change to the rate of their pensionable pay due to,

- changing jobs (i.e. promotion or demotion) or,
- voluntary 'step down', or
- the Officer/Practice Staff is a new starter (or has returned to the NHS after a break)

the 2009/10 pensionable pay or the above table must **not** be referred to.

The following table **must be** used to set the tiered contributions rate based on estimated 2010/11 WTE pensionable pay.

Tier	Pensionable Pay (whole- time equivalent) in 2010/11	Contribution Rate in 2010/11
1	Up to £21,175	5%
2	£21,176 to £69,931	6.5%
3	£69,932 to £110,273	7.5%
4	£110,274 plus	8.5%

2. Practitioners and non-GP Providers

Practitioners are GPs of any type (excluding GP Registrars), General Dental Practitioners, and Ophthalmic Medical Practitioners.

Non-GP Providers are 'single-handers', partners or shareholders (including those on a fixed salary) in a GP Practice (or APMS/sPMS organisation) who are not qualified GPs.

Every GP Practice and APMS Contractor must, before the start of the pensions year, inform the commissioning PCT/LHB of the estimated pensionable income for all the GPs (excluding GP Locums) and non-GP Providers so that tiered contributions can be paid 'on account'. There is more information in the February 2010 Newsletter (TN2/2010).

All Practitioners and non-GP Providers will have their 2010/11 employee tiered contributions based on their 2010/11 (end of year) certified NHS pensionable income (as a Practitioner or non-GP Provider) however there is just the one tiered rate table; below.

Tier	Pensionable Pay in 2010/11	Contribution Rate in 2010/11
1	Up to £21,175	5%
2	£21,176 to £69,931	6.5%
3	£69,932 to £110,273	7.5%
4	£110,274 plus	8.5%

There are some specific tiered rule differences for GPs (including Ophthalmic Practitioners) and for General Dental Practitioners outlined below.

3. Further guidance

The information contained in this part is in alphabetical order for ease of reference.

Agenda for Change (AfC)

AfC is the basically the mechanism that is used to set pay rates and pay increases for the majority of the NHS workforce.

Annual Pay Awards

If a Scheme member receives a normal annual pay award it will not normally change their tier as the tiered rate thresholds tend to increase in line with AfC pay awards. However, a significant pay rise over and above the norm will require a review of the tiered rate.

Bank Staff

Salaried bank staff's working patterns mean that they dip in and out of work so it is likely that an estimated annualised WTE pay figure will have to be used to set the 2010/11 tier.

Changing Employments

In respect of Officers/Practice Staff tiered contribution rates are not portable; i.e. they are not carried between employments. If an Officers/Practice Scheme member changes jobs in 2010/11 a new tier must be set for the new job based on the annualised (i.e. hypothetical April to March) pay. If they are part-time a whole-time equivalent (WTE) annualised pay figure must be used. If a Practitioner or non-GP Provider changes jobs in 2010/11 it will not mean two different tiered rates because their 2010/11 tiered contribution rate is based on their total 2010/11 income as a Practitioner or non-GP Provider.

Changing Tiers In Year

Where there is a need to change an Officer's or Practice Staff's tiered rate the new rate should commence from the start of the pay period. If the change occurs 'mid month' apply the new tier from the start of the next pay period.

Concurrent Posts

Where an Officer/Practice Staff part-timer has other concurrent Officer/Practice Staff pensionable posts each post is assessed individually (i.e. ring fenced) when setting the tiered rate. The WTE equivalent rate of pay must be used to set the tiered rate.

Where a Practitioner has other concurrent Practitioner posts it is their total Practitioner income that determines their tiered rate; they must pension all their Practitioner income.

Where a Practitioner has a concurrent Officer/Practice Staff post(s) their Practitioner income has no bearing on their Officer/Practice Staff tiered contribution rate; this is ring fenced.

Non-GP Providers can only 'pension' income from one NHS post even if they are involved in several Practices.

Disallowed Days

Where an Officer's 2010/11 pensionable pay is reduced due to disallowed (i.e. strike) days their tiered rate is still based on their actual 2009/10 pensionable pay.

Employer Contribution Rate

All NHS employers pay 14% employer contributions.

Freelance GP Locums

A GP who is solely a freelance GP locum (i.e. has no other GP posts) will have to reassess their

tiered contribution rate at year-end. There is further guidance on forms A and B.

General Practitioners (GPs)

A GP's total pensionable income (i.e. Practice + GP Locum + OOHs + PEC + Bed Fund) **must** be added together in respect of allocating a tier. GPs must pension all their GP income; they cannot 'pick and mix' to avoid going into another tier band.

Once a tier has been set it is applied to all GP pensionable income. Therefore a GP may pay 8.5% on OOHs income of £10k pa.

A part-time GP's actual pensionable pay **is not** converted to a whole time equivalent value for the purposes of setting a tier.

For a GP who starts after 1 April 2010 their aggregated pay **is not** annualised (i.e. it is not scaled to a full year) for the purposes of setting a tier.

General Dental Practitioners (GDPs)

The DSD (Dental Services Division based in Eastbourne) will arrange for the appropriate tiered contributions to be applied to the majority of General Dental Practitioners (GDPs).

If a GDP is a new starter in year 2010/11 their aggregated pensionable earnings are scaled to a full year (i.e. annualised) for the purposes of setting a tier.

A part-time GDP's actual pensionable pay **is not** converted to a whole-time equivalent value for the purposes of setting a tier.

GP Registrars

GP Registrars are afforded Officer Scheme status; therefore the tiered contribution rules in respect of Officers apply.

GPs With Special Interests (GPsWSI)

A GP who is solely a 'GPsWSI GP' (i.e. has no other GP posts) is classed as a type 2 medical Practitioner. Therefore they are treated the same as a Salaried GP for tiered contribution purposes. They must complete an annual end of year Certificate.

Late Pay Awards

Where an Officer's (or Practice Staff's) 2009/10 pay is used to set their 2010/11 tier and they receive a late pay award in 2010/11 in respect of an earlier year special rules apply.

If the late pay award is £150.00 or less the pay can be regarded as 2010/11 pay for tiered contribution purposes. However, for the purposes of record keeping, the employer must include the late pay on the 2009/10 SD55, SD55e, or AW171.

If the late pay award is more than £150.00 the pay must be credited to the year it relates to for the purposes of tiered contributions. For example if there is a late pay award (not in respect of unsocial hours) of £200.00 in year 2010/11 that actually relates to 2009/10 the £200.00 must be regarded as 2009/10 pay and tiered contributions paid at the relevant 2009/10 rate. For the purposes of record keeping, the employer must include the late pay on the 2009/10 SD55, SD55e, or AW171.

Further examples are below.

Example 1:

Mr Green (an Officer) paid tiered contributions of 5% in 09/10 and 6.5% in 10/11

A payment of £1,000 is made in 10/11 of which £500 relates to 09/10

The pay is over the threshold and does not relate to unsocial hours

Tiered contributions payable are £500 x 5% and £500 x 6.5%

£500 would be added to 09/10 pensionable pay and only £500 included in 10/11; i.e. 09/10 pensionable pay increases by £500 and 10/11 pensionable pay increases by £500, not £1000.

Example 2:

Mrs Brown (an Officer) paid tiered contributions of 5% in 09/10 and 6.5% in 10/11

A payment of £200 is made in April 2010; this relates to March 2010 unsocial hours

The unsocial hours pay is over the threshold but is paid within two months; i.e. within the normal claim-to-paid period

Although the tiered contributions payable are £200 x 6.5% (i.e. the 10/11 rate) for the purposes of record keeping, the employer must include the late pay on the 2009/10 SD55, SD55e, or AW171.

Example 3:

Mr Grey paid tiered contributions of 6.5% in 09/10 and 7.5% in 10/11

A payment of £200 is made in June 2010 (10/11) which relates to domiciliary work in 09/10

The pay is over the threshold

Tiered contributions are £200 x 6.5%; i.e. the 09/10 rate

The £200 must be declared on the 09/10 SD55, SD55e, or AW171.

Example 4:

Mrs White paid tiered contributions of 6.5% in 09/10 and 7.5% in 10/11

A payment of £150 is made in June 2010 (10/11) that relates to domiciliary work in 09/10

The pay is under the threshold

Tiered contributions are £150 x 7.5%

The £150 must be declared on the 09/10 SD55, SD55e, or AW171

These 'late pay rules' do not apply to GPs, GDPs, OMPs, or non-GP Providers.

Maternity Pay

If an Officer or Practice Staff Scheme member received maternity pay in 2009/10 and year 2009/10 is used to set the 2010/11 tier, the full (unreduced) pensionable pay in 2009/10 (i.e. the deemed pay) must be used to set the 2010/11 tier.

MHOs & Special Classes

Mental Health Officers or Special Classes are regarded as Officers/Practice Staff for tiered contribution purposes.

New Employments/Posts

If an Officer or Practice Staff Scheme member starts a new job (with their current employer or another employer) they are given a new tier based on the estimated future pay that will be at a full year's value; i.e. annualised. If they are part-time a whole-time equivalent annualised pensionable pay figure must be used.

These rules do not apply to GPs, GDPs, OMPs, or non-GP Providers.

New Starters

An Officer or Practice Staff new starter in 2010/11 has their tiered rate based on their pay scaled pro-rata to a full year (i.e. 'annualised'). If they are part-time the pay used to calculate the tier must be the whole-time equivalent rate.

For example, a part-time Officer (who works 18.75 hours out of a possible 37.5) started work on 01/06/2010 and their estimated actual pay from 01/06/10 to 31/03/11 is £8000.00. Their estimated WTE pay is £16000.00. Their annualised actual pay would be £9605.26 (£8000.00 divided by 304 days x 365 days). Their tier in 2010/11 would be tier 1 (5%) as it would be based on WTE pay of £19210.52 (£9605.26 x 2).

These rules do not apply to GPs, GDPs, OMPs, or non-GP Providers.

Ophthalmic Medical Practitioners (OMPs)

The OMP tiered contribution rules are broadly the same as for GPs however they are not required to complete an end of year Certificate.

Out Of Hours Providers (OOHPs)

OOHPs must ensure that they take into account a GP's global GP income when setting the tiered contributions rate. They must not base the rate solely on the OOHPs income unless the GP has no other GP posts.

Career OOHPs GPs are regarded as type 2 medical Practitioners and must complete the relevant Certificate at year-end.

Overtime

In respect of an Officer or Practice Staff Scheme member overtime in excess of whole-time hours (i.e. 37.5 or 39 hours) is not pensionable and therefore does not fall under tiered contributions. Any income earned by a part-timer in respect of additional hours up to whole time (i.e. 37.5 or 39 hours) is pensionable.

Different rules apply to GPs, GDPs, OMPs, or non-GP Providers.

Part-Time Officers/Practice Staff

Tiered contributions for part-time Officers/Practice Staff are based on their whole-time equivalent (WTE) rate of pay. For example a part-timer who actually earned £10k in 2009/10 but whose WTE rate of pay was £25k will be on tier 2 (6.5%) in 2010/11.

Paternity Pay

If an Officer or Practice Staff Scheme member received paternity pay in 2009/10 and year 2009/10 is used to set the 2010/11 tiered rate, the full unreduced pensionable pay in 2009/10 (i.e. the deemed pay) must be used to set the 2010/11 tier.

PECs (Primary Care Trusts Executive Committees) and GPs

All GP Scheme members (except GP Locums) must pension their PEC income. GP Providers (type 1 Practitioners) may record their PEC work on form GP SOLO or pool their PEC income into the Practice account. Salaried GPs should 'SOLO' their PEC income.

The 2010/11 tiered rate for PEC income will be determined by the GP's aggregated (i.e. global) 2010/11 GP income. The rate must not be determined solely by the PEC income.

PCTs and LHBs must not set up specific pensionable posts for GPs who are PEC members or chairs even if the GP is on the 'payroll' to facilitate collection of tax and national insurance contributions. This is in accordance with the Scheme's Regulations and Health Service Circular 2000/005.

There is more information about PECs in Technical Newsletter 13/2007.

Pence

Pennies are ignored for the purposes of setting a tier. For example if an Officer Scheme member was in continuous employment and earned £68392.50 in 2009/10 they are on tier 2, not tier 3. That is they pay 6.5%, in 2010/11.

Promotion

If an Officer/Practice Staff Scheme member is promoted they are allocated a new tier based on their new annualised pay rate. If they are part-time the tier is based on their whole-time rate of pay.

These rules do not apply to GPs, GDPs, OMPs, or non-GP Providers.

Returnees

Anyone returning to NHS pensionable employment after a break in 2010/11 should be treated in the same way as a new starter.

Salaried General Dental Practitioners (GDPs)/Associates

Their tiered contributions in 2010/11 are based on their Dental Practice pensionable pay and any other 'fringe' GDP/Associate income. An annualised (i.e. April to March) pay figure is used to set the tier if only a part year is worked.

Salaried GPs

Their tiered contributions in 2010/11 are based on their Practice pensionable pay and any other 'fringe' GP income. They must complete a Certificate of pensionable income at the end of every pensions year.

Salaried Partners/Shareholders in GMS/PMS/APMS

Their tiered contributions in 2010/11 are based on their Practice pensionable pay (i.e. their pre-agreed fixed salary) and any other 'fringe' GP income. They must complete a Certificate of pensionable income at the end of every pensions year.

Salary Protection

If salary protection ends in 2010/11 a new tier must be set based on the new annualised (WTE) pay.

These rules do not apply to GPs, GDPs, OMPs, or non-GP Providers.

Sick Pay

If an Officer/Practice Staff Scheme member received half sick pay in 2009/10, and year 2009/10 is used to set the 2010/11 tier the full unreduced pensionable pay (in 2009/10) must be used to set the tier.

These rules do not apply to GPs, GDPs, OMPs, or non-GP Providers.

Step Downs

Where an Officer or Practice Staff Scheme member steps down into a lower paid new job in 2010/11 a new tier must be set for the new job based on the annualised (WTE) pay.

This does not affect part-timers whose hours may be flexible in the same job, by virtue that their WTE rate of pay will not change.

The 'step down' rules do not apply to GPs, GDPs, OMPs, or non-GP Providers because they are mainly self-employed.

Unsocial Hours Payments (Officers/Practice Staff)

If there are short-term fluctuations in unsocial hours allowances in 2010/11 this will not change the tier subject to the revised allowances being paid promptly; i.e. within the next two monthly payslips.

However if the changes are long term (i.e. moving permanently from night shifts to days) a new tier must be set using the new annualised (WTE) pay.

If the unsocial hours allowance refers to a previous pensions year and exceeds £150.00 the pay must be credited to the year it relates to for the purposes of tiered contributions. Further guidance is at 'Late Pay Awards' as above.

These rules do not apply to GPs, GDPs, OMPs, or non-GP Providers.