

GPs and the NHS Pension Scheme (Northern Ireland)

Why is it so complicated?

The NHS Pension scheme is a blue-chip, government-backed pension scheme. It was designed for employees, but GPs are self-employed.

Rules therefore had to be devised to squeeze GPs into a system which was never designed for them – classic case of square peg into round hole.

Problem 1 – In the scheme, pension contributions are required by both the employer and the employee. In the case of a GP, who is the employer? Solution – GPs have to pay both the employee's contribution and the employer's contribution.

In order to avoid an outcry from GPs, it was agreed that GPs would be reimbursed for the employer's element. This has proved to be problematic, and has not been helped by the fact that the employer's contribution percentage has changed 3 times since the start of the New Contract.

In Northern Ireland it has risen from 7% to 13.3% to 16.3% to 22.5%.

The original 7% is included in the Global Sum (those of you who were around when the New Contract was introduced in 2004 will have a wry smile when you are reminded of this phrase). The other reimbursements are included in the monthly payment advice from BSO.

(The latest increase to 22.5% applied from April 2019, although the funding for it was not finalised until March 2020. The original formula for this funding was deemed to be unfair, and was revised in June 2020).

Problem 2 – How are these reimbursements to be allocated in the partnership accounts? What about partners who were in the scheme when the reimbursement figure was calculated, but have subsequently taken 24-hour retirement, or opted out of the scheme temporarily?

Problem 3 – How is a GP's pensionable income calculated? – This is calculated by the practice accountant, who has to prepare a certificate for each GP. The starting point for this calculation is the GP's taxable profit. This introduced a major delay into the process. Take 2019/20 as an example. The deadline for tax returns for 2019/20 is 31 January 2021. The deadline for the submission of the certificates by the accountant is 28 February 2021. These certificates then have to be processed by HSC Pensions, and there may be queries to be resolved. The certificates may not be finalised until the summer of 2021, or later.

Conclusion – This is a complicated area, but is a natural consequence of trying to squeeze self-employed GPs into a scheme designed for employees.

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