

# Guidance for the Completion of Net Pensionable Earnings Declaration (Part of the 2010/2011 Annual Reconciliation report)



Dental Services

Gateway Reference: 08/NHSBSA/dental/03/11

**The enclosed 2010/2011 end of year annual reconciliation report contains an estimate of the net pensionable earnings for each performer on the contractor's GDS/PDS contract.**

The 2010/2011 annual reconciliation report has been produced in accordance with the Statement of Financial Entitlements. NHS Dental Services have sent annual reconciliation reports to contract holders on behalf of Primary Care Trusts (PCTs) and Local Health Boards (LHBs). NHS Dental Services has also sent copies of these reports to the contracting health body for information.

## What to do now

You are required by law,

- a) to identify those of your performers who are partners in, or directors of, the contractor and
- b) to enter the amount of seniority payments, maternity leave payments, paternity leave payments, adoption leave payments or sickness leave payments paid under your contract or agreement.

You are also required to declare the actual net pensionable earnings earned within the contract by each performer in the period 1 April 2010 to 31 March 2011.

For a number of reasons including some shown in the questions below, the estimated net pensionable pay stated on the AAR may not be correct. **If the estimated net pensionable pay is correct you must sign the form and return it to NHS Dental Services in the pre-paid addressed envelope by 31 May 2011.**

If the estimated net pensionable pay needs amending please take the following action: -

- Enter the correct net pensionable earnings (NPE) earned by each performer in the period 1 April 2010 to 31 March 2011 net of any additional items i.e. exclude maternity, long term sickness, seniority, paternity leave payments, adoption leave payments etc.
- Sign the declaration and return the form to NHS Dental Services in the prepaid addressed envelope provided by 31 May 2011.

## Your questions answered

### Why do I have to fill in this form?

We need to know all the details shown on the declaration and for pension purposes the actual net pensionable earnings earned by each performer in the period 1 April 2010 – 31 March 2011. We can then ensure they have correct contributions paid into their pensions. The yearly earnings estimate that was notified to the PCT or LHB for your performer(s) and entered onto the Payments Online system (the system used by the health bodies to notify NHS Dental Services of your contractual arrangements) was only an estimate and the amount each performer has actually earned may have been different during this period.

### Why do I have to make the declaration?

It is a contractual requirement to complete this declaration and is detailed in the Statement of Financial Entitlement under paragraph 4.21 and paragraph 30 of schedule 3 to the GDS/PDS contracts regulations. It is also a statutory requirement under The NHS Pension Scheme Regulations.

### Why do you need to know who the partners and directors/shareholders of the contractor are?

It is a legal requirement under The NHS Pension Scheme Regulations.

### Why has the date been changed from previous years?

The date for these returns has changed to 31 May 2011 in order to meet the proposed deadlines under new HMRC tax legislation. More information can be found on the Pensions website at: <http://www.nhsbsa.nhs.uk/Pensions> or : [www.hmrc.gov.uk/pensionschemes](http://www.hmrc.gov.uk/pensionschemes)

### What happens if I do not return the form by 31 May 2011?

There is a statutory obligation to return this form and you must return it signed even if there are no changes. If your return is late or not received at all it could result in a zero pensionable pay return being notified to NHS Pensions even though contributions have been paid.

### When we opened our new contract I was nominated as a lead provider but we are still in partnership should I include details of my partners?

No, we only need to know if you have been given a partnership provider number that starts with the figure number 1 e.g. 123456.

### What percentage can be considered as pensionable earnings under the contract that must not be exceeded?

The total pensionable income generated by a GDS/PDS dental practice cannot exceed 43.9% of your contract value.

Please be aware that if your PCT/LHB changes the contract value before 30 June 2011 and after you have calculated your ceiling and submitted your declaration, this may have implications on your submitted declaration. The new contract value may change the contract ceiling making your declaration of pensionable earnings exceed the ceiling and therefore invalid. If this is the case please supply a new declaration on a form available on the NHS Dental Services website [www.nhsbsa.nhs.uk/dental](http://www.nhsbsa.nhs.uk/dental).

### **Can a Provider (i.e. the Partner) 'pension' income for themselves in respect of their colleagues?**

No. It is illegal for a NHS dentist (or any other scheme member) to credit themselves, for NHS pension purposes, with NHS income from another colleague even if that colleague has opted out of the NHSPS. For example if an associate's NHS pay is £40k, however, they opt out of NHSPS the senior partner(s) cannot increase their declared pensionable pay by £40k.

### **What figures does the 2010/2011 estimate of NPE include?**

The estimated NPE figure provided uses the estimated earnings figure of each performer entered on the Payments Online system for 2010/2011 by the PCT /LHB and is the total of the payments scheduled by NHS Dental Services on the April 2010 to March 2011 inclusive schedule runs. You should check the figures and if your actual figures are different insert the correct net pensionable earnings earned for each performer for the period 1 April 2010 to 31 March 2011.

### **Why do I have to declare what payments are made under my contract for seniority, long term sickness etc when you already have the details?**

We only know the amounts authorised by the PCTs or LHBs and these may differ from the actual amounts paid by you to your performer(s).

### **Why have you not included details of additional payments in the annual reconciliation report?**

We are not required to provide this information in the annual reconciliation report.

### **What happens if a performer left and I forgot to inform the PCT/LHB?**

We need to know precisely the net pensionable earnings earned by each performer in the period 1 April 2010 to 31 March 2011, so if a performer left but contributions continued to be taken for that performer, the PCT/LHB and you may need a refund of the contributions paid on that money. Please therefore enter the figure for the period up to when the performer left.

### **What happens if I paid my performer more than the amount I notified to the PCT/LHB?**

We need to know precisely the net pensionable earnings earned by each performer in the period 1 April 2010 to 31 March 2011 so the correct figure should be entered onto the form. When this is processed, the additional contributions will need to be deducted from you and the PCT/LHB in order that the pension for the performer is correct.

### **What happens if I paid maternity or long-term sickness to my performer, should I include it?**

The actual net pensionable earnings must not include any of these items. The figure we require is the net pensionable earnings earned for each performer in the period 1 April 2010 to 31 March 2011. Additional adjustment items should not be included. However, any seniority, long-term sickness, adoption, maternity and paternity payments should be entered in the boxes provided.

### **What happens if I have had negative schedules during the 2010/2011 year?**

Superannuation calculations are based on the estimates of net pensionable earnings entered on the Payments Online system. Once the negative amount is cleared all superannuation contributions will be taken. The net pensionable earnings earned figure you declare will be used to calculate the 2010/2011 contributions in July 2011. These will show on the July 2011 schedule paid on 1 August 2011 unless the contract is in negative in July 2011 in which case the calculations will show on your next positive schedule.

### **What happens if I have had a claw back situation in year 2010/2011?**

Once the claw back has been repaid you must complete a new declaration (ARR) for 2010/2011. This is because the total contract value will have been reduced therefore reducing the pensionable earnings limit for the practice.

### **What happens if I forgot to inform the PCT/LHB of a performer who was working under my contract?**

You should contact the PCT/LHB to inform them and then complete the declaration with the performer's name and the net pensionable earnings earned in the period 1 April 2010 to 31 March 2011.

### **What happens if my performer works at another practice for another provider?**

Both providers will complete a separate form in respect of net pensionable earnings for the performer.

### **What happens if my performer is a re-employed practitioner i.e. retired and come back?**

The performer will be shown on the report with a zero value and as they are already in receipt of a pension no further contributions can be made.

### **What happens if my performer is a re-employed dentist who retired on ill health and under 50?**

The performer may be shown on the report with a zero value because no-one has put any estimated earnings on Payments Online and this may need to be clarified as the member is entitled to make further contributions if they wish to do so.

### **Do I need to notify you of any superannuation deductions I have taken from the performer?**

No, we need to know the net pensionable earnings earned in the period 1 April 2010 to 31 March 2011 only.

### **If my performer retired part way through the year, what do I enter onto the form?**

You need to confirm that the net pensionable earnings earned by the performer up until their retirement is as shown on the declaration, or enter the revised correct figure.

### **When will I know whether I have to pay any more contributions for my performer(s)?**

You must ensure we have the form back signed by 31 May 2011 at the latest so it can be sent to the PCT/LHB to enter onto the Payments Online system. The deadline for completing this whole exercise is the 30 June 2011 and we intend to process all adjustments on the July 2011 schedule paid 1 August 2011. Any additional or refunded contributions will be shown on that schedule.

## How will each individual performer on my contract be informed of their final position for 2010/2011 contributions to be paid over to NHS Pensions?

Any adjustments required as a result of your declaration will be carried out in July 2011. All adjustments will show on the July 2011 schedule paid 1 August 2011. Following the conclusion of this exercise the annual SD86C superannuation form will be produced and sent to all scheme members.

## What happens if I have performers (i.e. associates) who have incorporated (i.e. set themselves up as a limited company)?

If a Performer incorporates (i.e. an associate sets themselves up as a limited company) they cannot be a member of the NHS Pension Scheme. This is because the NHS Pension Scheme Regulations do not permit this.

NHS Pensions has offered the following explanation:-

*“Whilst it is permitted for a GDS (or PDS Contractor) to incorporate and for the Providers (i.e. General Dental Practitioner shareholders) to remain in the NHS Pension Scheme there are no provisions for a Performer (i.e. Associate) to remain in the Scheme if they set themselves up as a limited company or similar.*

*When the Associate incorporates the contractual arrangements change in pension terms. The GDS (or PDS) Contractor sub-contracts with a company, rather than contracts with an individual, and the company sends the Associate to perform the work. Under The NHS Pension Scheme Regulations the limited company created by the Associate is not recognised as a type 1 Dental Practitioner.”*

## Contact details

Information Services can be contacted via the NHS Dental Services Helpdesk on **0845 126 8000** or email [dentaldata@dpb.nhs.uk](mailto:dentaldata@dpb.nhs.uk). For general and Payments Online queries contact our helpdesk on **0845 126 8000** or email [dentalservices@ppa.nhs.uk](mailto:dentalservices@ppa.nhs.uk) . Website [www.nhsbsa.nhs.uk/dental](http://www.nhsbsa.nhs.uk/dental) .