

NHS Pension Schemes 2023/11

Who should read:	NHS HR and Payroll Managers GP Practice Managers Direction Bodies Practitioner Services Division (PSD) Dental Payments
Action:	Employers to inform scheme members of the changes and to implement revised contribution tier structure
Subject:	Employee contribution structure from 1 October 2023
Date:	14 September 2023 (updated 26 September)

The purpose of this circular is to advise Employers of the introduction of a new employee contribution structure in the NHS Pension Scheme (Scotland). Employers should inform scheme members of the forthcoming changes.

Key information in this circular:

- Information for employees on changes to contribution rates from 1 October 2023
- Confirmation of final member contribution structure from 1 October 2023
- Employee contribution pay bandings to be applied from 1 October 2023

1. Background

1.1. The SPPA published a consultation on 23 May 2022 entitled, [NHS Pension Scheme \(Scotland\): Consultation on proposed changes to member contributions from 1 October 2023 and miscellaneous amendments](#). The changes are necessary to ensure the correct level of contribution income is being received, as required by HM Treasury. Other changes are also required to ensure the contribution structure is suitable for the NHS Pension Scheme 2015 which is career average revalued earnings (CARE) scheme. All members have been part of the CARE Scheme since 1 April 2022.

1.2. The consultation sought views on the reform of the member contribution structure and proposed the following changes to the structure:

- rebalancing contribution rates by reducing the highest contribution tiers and narrowing the range of contribution tiers
- changing the approach to increasing tier boundaries in line with AfC pay awards
- A phased implementation of changes over two years

1.3. Following the conclusion of the consultation, respondents' views have been considered and a final contribution structure has changed to be more suitable for a CARE scheme, while aiming to maximise participation and allowing the scheme to achieve the target yield of 9.8%. The final member contribution structure is detailed in Table A below.

2. Information for Employees

2.1. On behalf of Scottish Ministers, SPPA launched a [public consultation](#) in May 2023 on proposed changes to member contributions in the NHS Pension Scheme (Scotland). The changes are necessary to ensure the correct level of contribution income is being received, as required by HM Treasury. Other changes are also required to ensure the contribution structure is suitable for the NHS Pension Scheme 2015 which is career average revalued earnings (CARE) scheme. All members have been part of the CARE Scheme since 1 April 2022.

Changes to your pension contributions

- The rate you pay will be based on your actual annual rate of pensionable pay. This is a change and more appropriate for a CARE scheme. The rate was previously based on your whole-time equivalent pay.
- This means that if you work part-time, you may pay less because your contribution rate will be based on how much you're paid each year, rather than how much you would earn if you worked full time.
- Typically, pensionable pay is basic pay, and some additional allowances, up to full time hours. So you won't pay pension contributions on pay over full-time hours, such as Bank or other overtime.
- The SPPA has updated the pensionable pay ranges used to decide how much you contribute to your pension, and the percentage of your earnings you'll pay to be a member of the pension scheme – these are explained in the **'Understanding how much you'll pay'** section below.
- The changes mean that some members will pay less, and some members will pay more each month. To give members time to adjust, and to protect lower-earning staff from large contribution increases, the SPPA is phasing in the new contribution rates in two stages, starting on 1 October 2023 with further changes planned in 2024. The consultation for the further change, and outcome from it, will be published on www.pensions.gov.scot.
- The salary ranges used to decide how much all members contribute will change annually in line with the average Agenda for Change pay award. This means that members who receive an increase in salary from a national pay award are less likely to move up a contribution tier and pay more in contributions.

2.2. The value of your pension benefits won't be affected by the changes to contributions – only the way contributions are calculated, and the amount members pay.

2.3. You can read about the changes in full, at pensions.gov.scot/news/changes-nhs-contribution-rates

Understanding how much you'll pay

2.4. Members of the Scheme will pay different contribution rates depending on their actual pensionable pay. The new contribution rates are designed to make the benefits of the Scheme fair and equitable across the whole of the scheme membership.

2.5. The NHS Pension Scheme is one of the best ways to save towards retirement. Employers make a substantial contribution towards providing retirement benefits which are fully protected against inflation, on some of the most generous terms available from a pension scheme.

2.6. The table below explains the new contribution rates for each salary range from 1 October 2023. For most members the contribution rate to be applied is based on actual pensionable earnings for the previous scheme year (1 April to 31 March 2023).

Table A

Pensionable earnings in 2022/23	Applicable contribution percentage rate from 1 October 2023
Up to £13,330	5.7%
£13,331 to £23,819	6.1%
£23,820 to £28,186	6.7%
£28,187 to £35,364	8.2%
£35,365 to £35,521	9.8%
£35,522 to £37,086	10.0%
£37,087 to £45,079	10.5%
£45,080 to £48,784	10.8%
£48,785 to £68,222	11.3%
£68,223 and above	13.7%

2.7. If you want an indication of the impact on your take-home pay you can calculate your net pay using on an online salary calculator, such as the calculator at the following link: [The Salary Calculator - Take-Home tax calculator](#)

2.8. Please remember that to establish the applicable contribution rate you use your pensionable earnings in the previous financial year (annualised if you worked less than a full year) against the table above. Once you have established the correct rate, it is then applied to your earnings in the current year to work out the amount of contributions payable.

3. Information for Employers

3.1. All members will be moved to the new contribution tiers and rates set out in tables 1 and 2 below from 1 October 2023 and will pay contributions based on these tiers.

3.2. A key change from 1 October 2023 is that when setting the member contribution rate, **the member's actual pensionable earnings should be used instead of whole-time equivalent earnings**. If the member did not work a full year, the actual earnings should be annualised.

3.3. As before, **members active in the scheme on the last day of the previous scheme year and the first day of the current scheme year** will have their contribution rate assessed using actual pensionable earnings received during the previous scheme year. For this purpose, their earnings will be assessed against Table 1 below.

3.4. Where a **member started a new job or their contribution rate changed during that preceding year**, pensionable earnings from the date of change should be used to determine the member's contribution rate. Earnings should be annualised, so they are representative of a full year and assessed against Table 1 below.

3.5. Where a member has an **employment change which results in a change in actual pensionable pay, during a current scheme year**, their contribution rate will require to be reassessed. Pensionable earnings for the current scheme year should be annualised to represent a full year. The full year's earnings are then used to see if those earnings fall into a different band and therefore a different percentage rate should apply from the date of change to the end of the scheme year. To assess the applicable rate for the current year, table 2 below should be used. The tiers thresholds in this table have been increased in line with any AfC pay award for 2023/24.

3.6. The consultation response confirmed that where members have **concurrent part-time employments with the same employer** the earnings **should be aggregated from 1 October 2023**. Earnings from the multiple posts should be added together and the applicable contribution rate allocated based on total pensionable earnings.

3.7. It should be noted, however, that members who hold **concurrent posts with different employers** will not be aggregated from 1 October 2023.

Table 1 – Used in respect of members in pensionable employment on the last day of the previous scheme years and the first day of the current scheme year.

Column 1 Pensionable earnings band in 2022/2023	Column 2 Contribution percentage rate from 1 October 2023
Up to £13,330	5.7%
£13,331 to £23,819	6.1%
£23,820 to £28,186	6.7%
£28,187 to £35,364	8.2%
£35,365 to £35,521	9.8%
£35,522 to £37,086	10.0%
£37,087 to £45,079	10.5%
£45,080 to £48,784	10.8%
£48,785 to £68,222	11.3%
£68,223 and above	13.7%

Table 2 – This table will apply to any member who starts a new job or whose annual rate of pensionable pay changes during the current scheme year.

Column 1 Pensionable earnings band in 2023/2024	Column 2 Contribution percentage rate
Up to £13,330	5.7%
£13,331 to £25,367	6.1%
£25,368 to £30,018	6.7%
£30,019 to £37,663	8.2%
£37,664 to £37,830	9.8%
£37,831 to £39,497	10.0%
£39,498 to £48,009	10.5%
£48,010 to £51,954	10.8%
£51,955 to £72,656	11.3%
£72,657 and above	13.7%

3.8 Further detailed information on applying the correct contribution rate can be found in the following Annexes:

Annex A – applying the correct tier for officer members

Annex B – applying the correct tier for practitioner members

Annex C - information on practitioner income giving guidance on how pension contributions should be paid

Annex D – form for assistant practitioners and salaried GPs

Please contact sppapolicy@gov.scot if have any enquiries about this circular.

SPPA Policy Team

14 September 2023 (updated 26 September)

Annex A

4. Applying the correct tier for officer members

- 4.1. For **existing officer scheme members** (those who were in service at 31 March of the relevant year and continuing), their contribution tier is based on their actual pensionable earnings in the previous scheme year (instead of using whole-time equivalent earnings). For the implementation of the changes on 1 October 2023 this is 2022-23. If the member did not work a full year the actual earnings should be annualised (see 4.15. below).
- 4.2. **Part-time staff** should have their contribution tier based on their actual pensionable earnings and not whole-time equivalent earnings as previously.
- 4.3. For **officer members with concurrent part-time posts with the same employer**, these should be aggregated with the earnings from the multiple posts added together and applicable contribution rate allocated based on total actual pensionable earnings.
- 4.4. Officer members with pensionable earnings from **concurrent posts with different employers** should not be aggregated from 1 October 2023.
- 4.5. Members who are classed as **bank workers** are likely to have several stop and start pensionable posts. For each new and subsequent employment estimated actual pensionable earnings for the current year should be used. If unable to estimate annualised actual earnings in this scenario the default rate should be used. This is the tier 2 contribution rate of **6.1%** from 1 October 2023 (this is only for brand new posts as continuing posts should have their contribution rate based on previous year's annualised earnings). If a member takes on a brand new bank post but has a concurrent non-bank post then the contribution rate from the non-bank post would be applied to the new bank post, rather than the default rate.
- If a member with a bank post feels they have overpaid contributions due to being put on a higher contribution rate than their actual pensionable annualised earnings, then a local return of contributions should be made by the employer at the end of the scheme year and the rate adjusted for the following year. The onus is on the member to make their employer aware where they think they have overpaid.
 - There is no expectation that employers will need to complete a reconciliation at the end of the year to check for underpaid contributions. In future years, the member's contribution rate will be adjusted and based on the previous year's pensionable pay.

- 4.6. Where a **member has an employment change which results in a change in actual pensionable pay** within a scheme year, their contribution rate will require to be reassessed. A new contribution rate must be applied from the point of change. This does not include where a global pay award is applied to all staff. Examples of a significant change include but are not limited to:
- changes to basic earnings; promotions, step-downs etc.
 - end of recruitment & retention allowances
 - end of salary protections
 - changes to clinical excellence award
 - changes to discretionary points / commitment award for clinical staff; and
 - planned, long-term changes (those likely to persist for at least 12 months) to allowances
- 4.7. For **new starters** in the scheme (including staff that have changed jobs, returned to NHS employment after a break) on or after 1 April of the scheme year, their contribution tier will be based on their estimated annualised actual pensionable pay in the current scheme year (see 4.15. below).
- 4.8. For officer members **changing or starting a new job** within a scheme year, their contribution rate is assessed using their annualised actual pensionable pay in the current scheme year and is assessed against Table 2 above. Where there is a need to change a contribution rate, the new rate should be applied from the start of the next pay period.
- 4.9. Employers must include **unsocial hours** payments in the calculation of member's pensionable earnings.
- 4.10. The **definition of pensionable pay** has not changed with the introduction of the new tiers/contribution rates. Employers should continue to calculate pensionable pay as normal. Employers must continue to ensure that a member's earnings are only pensionable up to their notional whole-time hours for their role. Any pensionable earnings over a member's whole time equivalent including overtime, bonuses and expenses continue to be non-pensionable.
- 4.11. As per current guidance, **overtime** in excess of whole-time hours (for example 37.5 hours for AfC members) for officer members 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 (for example 37.5 hours for AfC members) is pensionable.
- 4.12. Any **arrears of pay** (above £150) paid in respect of earlier years must be allocated to the year in which it was due when establishing the relevant tiered rate for the current year.
- 4.13. Health Boards should note that ancillary employments such as OOH, Bed Fund and sessional payments (not officer) for principal GPs should be set at a minimum of

9.8%. This will be corrected to the actual rate by PSD when the GPs annual certificate is processed.

- 4.14. Where an officer member has received **maternity/paternity/sick pay** in the previous year on which the contribution tier is based then the full unreduced pensionable pay (i.e., the deemed pay) must be used to set the tier.
- 4.15. **Estimating annualised earnings** due to a change in earnings or starting a new post

Actual Pensionable earnings x 365 = Annualised pay
Number of days in period

- If a member's pay needs to be annualised as they have started part way through the year, then you will need to estimate the pensionable earnings that will be received from the date of commencement to the end of the scheme year, multiply by 365 and divide by the number of days in that period.
- If a members pay needs to be annualised as they have had a change in their earnings, then you will need to estimate the pensionable earnings that will be received from the date of the change to the end of the scheme year, multiply by 365 and divide by the number of days in the period.

Annex B

5. Applying the correct contributions for practitioners and non-GP partners

- 5.1. **All medical practitioners and non-GP partners** will have their contribution tier based on their total certified NHS pensionable income in the current scheme year. Non-GP partners can only 'pension' income from one NHS post as membership is regarded as whole-time officer status.
- 5.2. **GP providers** (principal practitioners) are required to provide estimated total practice income to PSD at the beginning of the scheme year and to complete the annual certificate of pensionable income at the end of the year (PSD is a Division of National Services Scotland). Further information and relevant forms are available on the PSD Website.
- 5.3. **For the scheme year 2023/24** employers must calculate contributions for practitioners on two different rates. This is because when the member totals up their annual pay, they will need to apportion the income earned up to 1 October 2023 and pay contributions on this based on the member contribution rates before 1 October 2023. On their income earned from 1 October 2023 to the end of the 2023/24 year they will need to pay contributions using the new contribution rates effective from 1 October 2023.
- 5.4. **Where a practitioner may also be an officer member**, the officer post is assessed separately and allocated its own tiered rate. The practitioner income has no bearing on their officer/practice staff tiered contribution rate, this is ring fenced.
- 5.5. **A GP's total pensionable income** (practice + GP locum + OOHs + bed fund) must be added together in respect of allocating a tier. Once a tier has been set it is applied to all GP pensionable income, for the whole reporting year. The tier may, however, be revised when certified earnings are provided.
- 5.6. **A part-time GP's** actual pensionable pay is not converted to a whole-time equivalent value for the purposes of setting a tier as their tiered rate is based on their actual pay.
- 5.7. **A GP who is solely a freelance GP locum** (has no other GP posts) will have to reassess their tiered contribution rate at year end. Further guidance can be found on forms A and B on the practitioner pages of the SPPA website. A fixed rate of 6.1% should be used for any 'new' locum posts where the annualised earnings cannot be estimated from 1 October 2023 (Note - This is only for brand new posts as continuing posts should have their contribution rate based on previous year's annualised earnings).
- 5.8. **Where a practitioner has other concurrent practitioner posts** it is the total practitioner income that determines their tiered rate. However, where a practitioner has a concurrent officer post their practitioner income has no bearing on their

officer tiered contribution rate which is treated separately.

- 5.9. **GP locums who are principal practitioners** paid by the Health Board will have their tier provisionally set at a minimum of 9.8%. OOHs (practitioner income), bed fund and GP locum income will be adjusted at the end of the financial year on receipt of certified earnings.
- 5.10. **GP registrars** are treated as officer members of the scheme; therefore, the tiered contribution rules in respect of officers apply. If a practitioner or non-GP partner changes jobs in year it will not mean two different tiered rates because their tiered contribution rate is based on their total income as a practitioner or non-GP partner in that scheme year.
- 5.11. **Salaried partners/shareholders** tiered contributions 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 pension year.
- 5.12. **OOH GPs** who are also principal practitioners should have their contribution set at a minimum of 9.8% from 1 October 2023 for this work by the Health Board and this will be adjusted by PSD when the end of year certificate is received. There is no requirement for OOH GP's who are not principals to have their contribution rate set at a minimum of 9.8%. Other salaried GP employments need to be considered as the tier should be set based on aggregated practitioner earnings. (Refer to Annex D)
- 5.13. **Assistant medical practitioners and salaried GP practitioners:** Contributions are set on the estimated current year aggregated pensionable earnings from all employments and finalised at the end of the scheme year. Assistant practitioners with more than one employer therefore should use the form at Annex C for this purpose.
- 5.14. **Dental practitioners:** Dental payments will arrange for the appropriate tiered contributions to be applied to the majority of dental practitioners (dental payments is part of PSD (a Division of National Services Scotland) who deal directly with dental payments and pension contributions for dentists).
- 5.15. **Assistant dental practitioners** (except dental trainees) should complete form FC21 available on the Practitioners Services website at <http://www.psd.scot.nhs.uk/professionals/dental/superannuation.html> with agreed salary including payments of fees and other regular payments received from their employer in respect of the provision of NHS dental services. This should not include payments made in respect of bonuses, expenses or overtime. The total amount claimed should also not exceed that allowed for as the dental assistant's remuneration for that list number. The form is returned to Dental Payments at the address detailed on the form.

- 5.16. **A Dental Body Corporate** cannot in itself be superannuated. A dentist who is employed by a Dental Body Corporate will be treated as an assistant as above. (See also SPPA circular 04/2016)
- 5.17. Annex C gives details on how the different types of practitioner income are assessed for contribution tier purposes and how contributions are paid and reported.

Annex C

6. Information on practitioner income giving guidance on how pension contributions should be paid

Pensionable earnings source	Type of benefits	How reported	How tier set	Responsibility for allocation of contribution tier
Principal practitioner (partner or in or single GP practice)	Practitioner	End of year certificate to PSD who forward to SPPA	Actual aggregated earnings for year earned as per final certified earnings	PSD
Non GP Partner	Officer	PSD to SPPA	Actual aggregated earnings for year earned as per final certified earnings	PSD
Principal practitioner acting as Locum	Practitioner	End of year certificate to PSD who forward to SPPA	Actual aggregated earnings for year earned as per final certified earnings	PSD Allocate provisional tier at a minimum of 9.8%. PSD to correct actual tier as part of processing annual certificate of pensionable earnings
Assistant Practitioner or salaried GP employed by Practice	Practitioner	Practice manager reports direct to SPPA	Actual aggregated earnings for year earned as per final certified earnings	Practice Manager

Assistant Practitioner or salaried GP employed by Health Board	Practitioner	Health Board to SPPA	Actual aggregated earnings for year earned as per final certified earnings	Health Board may treat as officer if paid through payroll, however, certificate will show final earnings and contribution tier to be adjusted, if necessary, at end of year
GP retainer	Practitioner	Practice manager to PSD	Aggregated earnings for year earned	Practice manager
Locum (other than principal practitioner)	Practitioner	Member to PSD	Actual aggregated earnings for year earned as per final certified earnings	PSD
Dental Practitioner	Practitioner	PSD to SPPA	Actual aggregated net pensionable earnings for year earned as per final earnings	PSD
Dental Assistant practitioner	Practitioner	PSD to SPPA	As agreed remuneration	PSD
OOHs provider (salaried GP/non principal locum)	Practitioner	Health Board to SPPA	Aggregated earnings for year earned	Health Board
OOHs IOS based payroll payment - principal practitioner	Practitioner	Health Board to SPPA	Aggregated earnings for year earned	PSD. Provisional tier at a minimum of 9.8% to adjust at end of year as part of processing annual certificate of pensionable earnings

Bed funds	Practitioner	Health Board to SPPA	Actual aggregated earnings for year earned as per final certified earnings	Health Board to provisionally allocate a minimum 9.5%
Part-time specialist	Officer	Health Board to SPPA	Actual pensionable earnings based on previous year's earnings unless a significant in year salary change which will trigger an in-year reassessment (see Annex A above).	Health Board
GP registrar (trainee)	Officer	NHS Education for Scotland to SPPA	Actual pensionable earnings based on previous year's earnings unless a significant in year salary change which will trigger an in-year reassessment (see Annex A above).	NHS Education for Scotland
Salaried doctor within hospital	Officer	Health Board to SPPA	Actual pensionable earnings based on previous year's earnings unless a significant in year salary change which will trigger an in-year reassessment (see Annex A above).	Health Board
Salaried dentist within hospital	Officer	Health Board to SPPA	Actual pensionable earnings based on previous year's earnings unless a significant in year salary change which will trigger an in-year reassessment (see Annex A above)	Health Board

OOHs provider-officer	Officer	Health Board to SPPA	Actual pensionable earnings based on previous year's earnings unless a significant in year salary change which will trigger an in-year reassessment (see Annex A above).	Health Board
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Annex D

7. Form applicable to Assistant Practitioner and salaried GP Practitioners

- 7.1. This form is to be used by the member to help employers ensure they are deducting the correct contribution rate. Assistant and salaried GP practitioners including locums who are not principal GPs are required to ensure that earnings from all NHS employment are taken into account when setting the level of contributions which will be payable to the NHS Pension Scheme (Scotland).
- 7.2. This form must be given by the employee to all employers (in respect of assistant and salaried GP employments) for completion. This form does not apply to GP providers, GP registrars, or freelance GP locums. A copy should also be retained by the employer (including PSD for locums).
- 7.3. Once all employers have provided Pay information the member must send the completed form, detailing all employments, to all relevant employers, to ensure the correct rate is applied. This form should not be sent to the SPPA. It must be sent to all active employers.

Notes for completion

- 7.4. The pay declared under “estimate of actual earnings” is the actual salary paid taking account of any reduced (i.e., half pay) in respect of sick leave, maternity leave etc.
- 7.5. Employers should enter date of commencement of employment if this takes place after the commencement of the scheme year.
- 7.6. Employers should enter date of termination of employment if this occurs before the end of the scheme year.
- 7.7. For the scheme year 2023/24 employers must calculate contributions for practitioners on two different rates. This is because when the member totals up their annual pay, they will need to apportion the income earned up to 1 October 2023 and pay contributions on this based on the member contribution rates before 1 October 2023. On their income earned from 1 October 2023 to the end of the 2023/24 year they will need to pay contributions using the new contribution rates effective from 1 October 2023.
- 7.8. Employer contribution rate from 1 April 2019 to 31 March 2024 is 20.9%.

Part A – to be completed by the member

Scheme reference number:

Surname:

Forename(s):

National Insurance number:

Part B - to be completed by employer			
Name and address of each employer	Estimate of annual earnings 2023-2024	Commencement date of employment (see notes for completion)	Termination of employment date if applicable (see notes for completion)
1.			
2.			
3.			
4.			
Total aggregate of estimated earnings columns 1-4			
Contribution tier applicable to total aggregated income			

N.B. each employer will continue to pay employer contributions on the individual employment and not the aggregated earnings.

Part C – to be completed by the member and sent to all relevant employers

Declaration

I understand that the information provided on this form is, to the best of my knowledge accurate and that the information contained is only to be used for the purpose of setting the correct contribution tier in respect of the NHS Pension Scheme.

Signed

Date