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NHS Pension Scheme

1 October member contribution changes

Employer information

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1 Introduction

This document provides more information for employers on the new NHS Pension Scheme member contribution structure. This includes the introduction of new tiers and contribution rates and a move to using actual annual rates of earnings instead of whole time equivalent.

These changes will be implemented in phases with the first phase of changes coming into force on 1 October 2022.

Some of the information in this document has already been circulated in the payroll provider requirements issued to employers in June and September 2022. We have referenced where this is the case. A link to the requirements is included in this document.

2 Background

From 1 April 2022, all active members of the NHS Pension Scheme, regardless of their age, are now members of the 2015 NHS Pension Scheme. The 1995/2008 Scheme closed on 31 March 2022 and all future accruals from 1 April 2022 are now within the 2015 Scheme.

Members will keep the pension benefits they have accrued in the 1995/2008 Scheme before 1 April 2022 and will be able to access these benefits in the same way and at the same time as they can now.

With all members building up benefits in the career average revalued earnings (CARE) model of the 2015 Scheme from 1 April 2022, the Department of Health and Social Care (DHSC) felt it was an appropriate time to seek views from interested parties to inform changes to member contributions.

A public consultation was launched in October 2021. Following feedback from the consultation, DHSC announced that the proposed implementation date for the first changes to contribution rates and tiers of 1 April 2022 was postponed to 1 October 2022.

3 Summary of changes

The changes to the member contribution structure will be implemented in phases:

- the first phase, including initial changes to the tiers and contribution rates and a move to using actual annual rates of earnings (instead of whole time equivalent) will come into force on the 1 October 2022
- the second phase introducing further amendments to the contribution tiers and rates will take place on a date to be confirmed in 2023
- a final phase could include the aggregation of earnings for multiple part time posts and the removal of a limit on pensionable earnings to whole time hours. This is not expected before April 2024.

You can read the consultation response via: [NHS Pension Scheme: proposed changes to member contributions: consultation response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/nhs-pension-scheme-proposed-changes-to-member-contributions-consultation-response)

The DHSC recently consulted on how the pensionable earnings thresholds in the new contribution structure will be uplifted to account for the Agenda for Change (AfC) pay increase for 2022/23.

The consultation closed on the 12 August 2022. You can read the response to the consultation via: [NHS Pension Scheme: proposed uplifts to the member contribution tier thresholds – consultation response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/nhs-pension-scheme-proposed-uplifts-to-the-member-contribution-tier-thresholds-consultation-response)

4 Members in scope

All staff who are eligible for the NHS Pension Scheme are within scope of the proposed changes. As outlined in the payroll provider requirements, this includes NHS workers who are:

- directly employed by the NHS
- medical, dental, and ophthalmic practitioners and trainees. GP registrars and non-GP providers are regarded as officer scheme members
- general medical practice staff: salaried employees of a GP practice, out of hours providers (OOHPs), or alternative provider of medical services (APMS) contractors who are not GPs or non-GP providers
- non-general practice providers and GP registrars
- employees of a Direction Body, including those set up under New Fair Deal or independent providers who have access to the NHS Pension Scheme.

5 Payroll provider information

In November 2021 we provided you with briefing information on the proposed changes to allow your payroll provider time to prepare for the 1 April 2022 implementation date originally set out in DHSC's original consultation document.

Following the publication of the consultation response we asked you to make sure that your payroll provider was aware of the consultation response and that it had been announced that changes would be implemented from 1 October 2022.

The information for payroll providers was updated to reflect the outcome of the consultation and an updated payroll provider requirements pack issued in June 2022. The document provided the requirements for the new NHS Pension Scheme member contribution structure. It set out the information your payroll provider required to be able to introduce the new tiers and contribution rates and the move to using actual annual rates of earnings instead of whole time equivalent.

We asked at the time that you:

- share the requirements with your payroll provider
- inform us directly by email to nhsbsa.stakeholderengagement@nhs.net if your payroll provider is unable to implement the legislative changes on 1 October 2022, including an explanation of the reason why the changes are unable to be made for our records.

Following the outcome of the DHSC's consultation on how the pensionable earnings thresholds in the new contribution structure will be uplifted to account for the Agenda for Change pay increase, we have updated the payroll provider requirements to reflect the new contributions table.

We have emailed a copy of the requirements to all employers. These have been sent to the contact list for our Employer Newsletter. You can also find the latest requirements document on the [Information for employers webpage](#) on our [Changes to public service pensions web hub](#).

Actions for you to take:

You should provide the updated payroll provider requirements to your payroll provider and ensure they are aware of the uplifted table to be introduced from 1 October 2022.

If your payroll provider is ESR or NHS Dental Services, they have already been informed, so you do not need to contact them.

If there are any questions in relation to the requirements document from either yourselves or your payroll provider, please contact our Stakeholder Engagement Team via nhsbsa.stakeholderengagement@nhs.net

6 Member contributions table

All members will be moved to the new contribution tiers and rates set out in the following table from 1 October 2022 and will pay contributions based on these tiers.

This table was published in September 2022 in the outcome of the DHSC's public consultation on uplifting the planned member contribution tiers to take account of the recent Agenda for Change award.

Table 1: Phase 1 Contribution Rates

Pensionable salary range – The new salary ranges from 1 October 2022	Contribution rates from 1 October 2022 , based on actual annual pensionable pay:	Future planned contribution rates based on actual annual pensionable pay:
£0 to £13,246.99	5.1%	5.2%
£13,247.00 to £16,831.99	5.7%	6.5%
£16,832.00 to £22,878.99	6.1%	6.5%
£22,879.00 to £23,948.99	6.8%	6.5%
£23,949.00 to £28,223.99	7.7%	8.3%
£28,224.00 to £29,179.99	8.8%	8.3%
£29,180.00 to £43,805.99	9.8%	9.8%
£43,806.00 to £49,245.99	10%	10.7%
£49,246.00 to £56,163.99	11.6%	10.7%
£56,164.00 to £72,030.99	12.5%	12.5%
£72,031 and above	13.5%	12.5%

Note: the pensionable salary ranges or earnings bands shown have been updated following the announcement of the 2022/23 Agenda for Change pay award. They may differ from the earnings bands shown in Table 2 of the payroll provider requirements relating to the future changes planned for 2023. The earnings bands for future changes to member contribution rates in 2023 will be updated following the announcement of the 2023/24 Agenda for Change pay award. Therefore, the bands shown for the 2023 future changes are a placeholder only.

7 How the member contribution rate is set

As set out in the payroll provider pack, how the member contribution rate is set depends on whether the member is an officer or practitioner post.

If you are an ESR employer, please also read the section on ESR.

7.1 Officer posts and practice staff

Officer scheme members are salaried employees of a trust, foundation trust, NHS Commissioning Board, NHS England, Local Health Board (LHB), direction organisations (including those set up under New Fair Deal), or an independent provider with access to the NHS Pension Scheme.

Practice staff scheme members are salaried employees of a GP practice, out of hours providers (OOHPs), or alternative provider of medical services (APMS) contractors who are not GPs or non-GP providers. (GP registrars are regarded as officer scheme members).

The member contribution rate for officers before 1 October 2022 was set using the previous year's pensionable earnings and for part time members this was the whole time equivalent pay.

From 1 October, the rate members will pay should be set using the actual pensionable earnings (instead of the whole time equivalent) for the previous scheme year.

For the implementation of the changes on 1 October 2022 this is 2021/22.

As outlined in the payroll provider requirements, exceptions to this are where:

Scenario	Solution
The member did not work a full year	Actual earnings should be annualised (2.1.2. Payroll Provider Requirements)
There is no history of pensionable earnings from the previous scheme year to set the member contributions rate	Estimated actual annual pensionable earnings should be used (2.1.3 Payroll Provider Requirements)
Annualised earnings cannot be estimated for any new bank or locum posts	<p>If you are unable to estimate annualised earnings in this scenario the default rate should be used. This is the tier 3 contribution rate in Phase One (6.1%) from 1 October 2022 and Tier 2 in Phase Two (6.5%).</p> <p>(2.1.4. Payroll Provider Requirements)</p>
There has been a permanent change in circumstances in the previous year which has taken the member into a different pay band	<p>Estimated annualised earnings should be used to set the contribution rate. Examples include:</p> <ul style="list-style-type: none"> • changes to basic earnings; promotions, band progressions, 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 such as those arising from moving from day to night duty and long-term changes to shift patterns <p>The member's pensionable earnings will be calculated from the date the material change occurred and the earnings annualised to establish the correct rate (excluding any disallowed days).</p> <p>(2.1.5 and 2.1.7. Payroll Provider Requirements)</p>

These requirements must be applied to each individual employment from 1 October 2022 (aggregation across multiple part-time posts is not yet required but may be included in a later phase of changes).

We have included scenarios in the payroll provider requirements on determining an officer member's contribution rate.

You can find the latest requirements document on the [Information for employers webpage](#) on our [Changes to public service pensions web hub](#).

Changes during the scheme year

As outlined in the payroll provider requirements, reassessments should continue where a member's pensionable earnings change significantly within a scheme year, moving the member into a different pensionable earnings band. A new contribution rate must be applied from the point of change.

Examples of a significant change include but are not limited to:

- changes to basic earnings; promotions, band progressions, 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 such as those arising from moving from day to night duty and long-term changes to shift patterns

If the change that prompted the reassessment of the contribution rate for an existing post occurs mid-month, DHSC have confirmed that the new rate will apply from the start of the next pay period. For members starting a new post, the new rate will apply from the date the new employment starts.

Agenda for Change pay award

Following the recent Agenda for Change (AfC) pay award, there could be some members whose contribution rate will have changed at the time of the pay award, as the increase in salary may have resulted in them moving contribution tiers.

The new tiers that are being introduced in October 2022, which are set out in this document, have been adjusted in line with the AfC pay award. Therefore, where reassessments have already taken place before 1 October 2022 due to the AfC pay award, this adjustment should help to reduce any further additional work that may be needed on reassessments.

Pensionable earnings

The definition of pensionable pay has not changed with the introduction of the new tiers/contribution rates. You should continue to calculate pensionable pay as normal.

As explained in the payroll provider requirements, the payroll solution 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.

When calculating the actual pensionable pay figure all pensionable earnings (up to whole time) should be included. This will now be the same for both whole time and part time members. Previously the contribution rate for part time members was based on their notional whole time pay figure.

7.2 Practitioner and non-GP provider posts

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 alternative provider of medical services (APMS) / specialist personal medical services (sPMS), who are not GPs.

Contribution rates must continue to be based on in-year, annualised pay, as is currently the process.

The payroll solution for the scheme year 2022/23 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 2022 and pay contributions on this based on the member contribution rates before 1 October 2022. On their income earned from 1 October 2022 to the end of the 2022/23 year they will need to pay contributions using the new contribution rates effective from 1 October 2022.

The payroll solution must continue to calculate if any refunds or further contribution payments are required at the end of the scheme year, following the current process.

Where a practitioner has other concurrent practitioner posts it is their total practitioner income that determines their tiered rate. They must pension all their eligible practitioner income.

Where a practitioner may also be an officer member (for example salaried clinical assistant) 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.

Non-GP providers can only 'pension' income from one NHS post even if they are involved in several practices. This will continue following 1 October 2022 and your payroll solution must set a separate contribution rate for any practitioners who also have an officer post as detailed in section 2.1. of the payroll provider requirements.

More information on practitioner income and practitioner contribution rates can be found in annexes A and B in the payroll provider requirements.

You can find the latest requirements document on the [Information for employers webpage](#) on our [Changes to public service pensions web hub](#).

More information regarding annualising and the setting of tier rates for practitioners can be found in the guidance notes that accompany the practitioner forms and certificates and also the GP Pension Guide and Guide for NHS general dental practitioners. These can be found on our [Information for practitioners and non-GP providers webpage](#) on the Member Hub of the NHS Pensions website

Please note that non-GP providers are classed as officers for pension purposes.

7.3 Further guidance

Bank members

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 contribution rate adjusted for the following year.

For clarity, 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.

Changing employments

As is currently the case, in respect of officers and practice staff, tiered contribution rates are not portable. For example, they are not carried between employments. If an officer or practice staff scheme member changes jobs during the scheme year a new tier must be set for the new job based on the estimated actual annual pensionable earnings. From 1 October, estimated actual annual pensionable earnings should also be used for part time staff in this scenario.

If a practitioner or non-GP provider changes jobs, it will not mean two different tiered rates because their tiered contribution rate is based on their total pensionable income as a practitioner or non-GP provider for each scheme year.

Changing tiers mid-year

As per current guidance, if there is a need to change an officer or practice staff scheme member's tiered rate the new rate should commence from the start of the pay period.

If the change occurs midmonth apply the new tier from the start of the next pay period.

Late pay awards

Existing guidance on late pay awards for a previous year remain. Where an officer (or practice staff) receives a late pay award in respect of an earlier year, special rules apply. These 'late pay rules' do not apply to GPs, GDPs, ophthalmic medical practitioners (OMP), or non-GP providers.

If the late pay award is £150.00 or less the pay can be regarded as pay in the current pension year for tiered contribution purposes. However, for the purposes of record keeping, the employer must include the late pay on the 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 the purposes of record keeping, the employer must include the late pay on the SD55, SD55e, or AW171.

Maternity and paternity pay

As per current guidance, if an officer or practice staff scheme member received maternity or paternity pay in the previous financial year, the full (unreduced) pensionable pay in the

previous year (for example the deemed pay) should be used when assessing their contribution rate for the upcoming / current year.

Overtime

As per current guidance, overtime in excess of whole time hours (for example 37.5 hours for AfC members) for officer or practice staff scheme 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.

Different rules apply to GPs, GDPs, OMPs, or non-GP providers in practices or centres.

Returnees

As per current guidance, anyone returning to NHS pensionable employment after a break should be treated in the same way as a new starter.

Salary sacrifice

In circumstances where a member commences a salary sacrifice scheme their contribution rate should be assessed in the same way as a new starter with the tier based on their estimated annualised earnings for that year after deducting the salary sacrifice amount. The pay sacrificed should not be 'deemed in' when calculating estimated annualised earnings as it is not classed as pensionable pay

Sick pay

As per current guidance, if an officer or practice staff scheme member received half sick pay in the previous pension year, the full unreduced pensionable pay (in that previous year) must be used to set the tier for the current pension year.

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

Unsocial hours

The payroll solution must include estimated unsocial hours payments when assessing contribution rates.

Employers will need to take into account any changes (increases or decreases) in members working unsocial hours.

If there are short term fluctuations in unsocial hour allowances this will not change the tier subject to the revised allowances being paid promptly. For example, within the next two monthly payslips. However, if the changes are long term (for example moving permanently from night shifts to days) the contribution tier should be reassessed.

8 ESR implementation

If your payroll provider is ESR, they are aware of the requirements and outcome of the DHSC's recent consultation and preparations are underway to implement this.

Timings for introducing the changes

ESR will be updated with the revised contribution tiers and rates, and changes to support calculations being made using actual pensionable earnings instead of whole time equivalent in Release 55. This will be issued at the end of September, subject to successful development and testing.

Information for employers on actions required

ESR will be issuing user notices ahead of 1 October 2022 with details of employer actions required. ESR also recently issued an Advance Notice to users including details of information and actions ESR employers need to be aware of regarding the pay award and contribution changes.

You can find a copy of the notice via: [UN3189 - Advance Notification of Pay Awards and Pensions changes 2022](#)

The advance notice explained that at the end of September 2022, all employees who are members of the NHS Pension Scheme will need to be reassessed to determine their revised contribution rate. This will be done using the date of the most recent permanent change in pay which will be annualised to determine the tier and rate that should be applied.

In most cases this is likely to be the date of the pay award, however if there has been a change after the 1 April 2022, for example an increment on the 1 June, the pay would be annualised from the 1 June.

The Pension Reassessment Process (mid-year process) assesses assignments with certain pay affecting changes such as pay awards, increments, etc. and marks the records that have been assessed in the process, even where this has not resulted in a change in contribution rate. The information from this process will form part of the assessment that is to be done at the end of September 2022.

ESR advised that it is essential that the Pension Reassessment Process is being run each pay period and in particular in the month that the Pay Award is implemented. Failure to do so, could lead to an incorrect contribution rate being allocated to the assignment record when the assessment is performed by ESR for the October changes.

Impacts of changes

The advance notice also advised that the following steps will be required to deliver the pay award and pension arrears in the same pay period and also enable assignments to be assessed for the October pension changes:

1. Process an initial payroll run, as soon as possible after the release has been applied, which will pay the new pay rates
2. Run the Pension Banding Assessment process as part of the initial payroll run
3. Rollback the payroll run
4. Run the retro process
5. Process the payroll run as per normal processing

An increase in processing times is likely for any payroll related processes and/or reports.

There is likely to be an increase in employees accessing payslips during this period, it is therefore recommended to consider early publishing of payslips.

9 How members will be informed

9.1 Communications to members from NHS Pensions

We are writing to all members to inform them of the changes.

Letters started to be issued to active members from late August and we expect to have written to all active members before 1 October 2022.

We will then be writing to deferred members from 1 October 2022.

A copy of the letter for active members can be found on the [Information for employers webpage](#) on our [Changes to public service pensions web hub](#).

We have also shared information on the changes on our contributions webpage. If you would like to direct members to this webpage you can do this using the following URL:

www.nhsbsa.nhs.uk/nhs-pension-contributions

Should members have queries, they can call our automated phonenumber on 0300 330 2081 and follow the prompts – it's available 24 hours a day.

9.2 Local member resources

We have created a number of resources you may wish to use locally to help make employees aware of the changes, including a lockscreen, posters and images.



All of the resources are available on the [Information for employers webpage](#) on our [Changes to public service pensions web hub](#).

NHS Employers has also shared [guidance on key messages for staff](#) via their website.