

NHS Pensions - 2013/14 Tiered Employee Contributions Year Two of Three

Introduction

The Government has given a commitment to review the long-term affordability and sustainability of public service pensions. In a recent review of Public Service Pension Schemes, The Independent Public Service Pensions Commission, chaired by Lord Hutton, concluded that reform is needed. The Government accepted Lord Hutton's recommendations as a basis for consultation in due course with public service workers, trade unions and other member representatives on long-term reform of pension arrangements. These changes are expected in 2015. Once further information becomes available about potential changes to the NHS Pension Scheme, a further communication will be issued.

Ahead of this longer-term reform, the Commission made clear that there is a rationale for increasing pension scheme member contributions to ensure a fairer distribution of costs between taxpayers and members.

This factsheet therefore sets out details of the contribution rates for members of the NHS Pension Scheme for the Scheme year 1 April 2013 to 31 March 2014. The rates shown are in respect of the second year of a three year review period. **Please note that the 2013/2014 tiered contribution rates are subject to normal Parliamentary processes and approval.**

Important – The contribution rates shown in this factsheet are the latest rates provided by the Department of Health.

The contribution rates shown apply to Officers including Practice Staff, new joiners and to Practitioners (and non-GP Providers).

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, NHS Commissioning Board 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).

Existing Scheme Members (i.e. staff 'in service' on the 31 March 2013 and thereafter)

Table 1 - This table is for use when assessing a person's contribution rate for 2013/2014 in respect of Officers or Practice Staff members, who are employed by the same employer at the end of the last scheme year and the beginning of the current scheme year.

The general basic rule is that the tier for existing Officers and Practice Staff Scheme members for 2013/2014 is based on their 2012/2013 full year whole-time equivalent (WTE) pensionable pay, unless there has been a change in circumstances

The following table should be used to set the tiered rate in such instances.

Table 1 – Scheme Year 1 April 2013 to 31 March 2014

Tier	Pensionable Pay (whole- time equivalent) paid in 2012/13	Contribution Rate in 2013/14
1	Up to £15,278.99	5.0%
2	£15,279.00 to £21,175.99	5.3%
3	£21,176.00 to £26,557.99	6.8%
4	£26,558.00 to £48,982.99	9.0%
5	£48,983.00 to £69,931.99	11.3%
6	£69,932.00 to £110,273.99	12.3%
7	£110,274.00 and over	13.3%

New starters and staff who have changed jobs or 'stepped down' or who have had a change in circumstances on or after the 1 April 2013

Table 2 should be used, if, on or after 1 April 2013,

- an individual is a new starter, or
- an individual changes jobs (i.e. promotion or demotion), or
- an individual voluntarily steps down, or
- an individual is returning to the NHS after a break, or
- an individual's rate of pay for an existing job changes, including increments (except in circumstances where there is a change in duties that is unplanned or unlikely to last for 12 months or more).

Please Note: This table is for implementation from 1 July 2013 but backdated to 1 April 2013.

New starters: If an Officer or Practice Staff Scheme member starts a new job (with their current employer or another employer) their contribution rate should be reassessed based on their estimated annual pay and allocated a new contribution rate if applicable. The pay figure to be used is the annualised amount; i.e. the hypothetical pay from 1 April 2013 to 31 March 2014.

If the member works part-time a whole-time equivalent annualised pensionable pay figure must be used to determine the tier.

Changing jobs: Anyone changing jobs in 2013/14 should be treated in the same way as a new starter.

Stepping down: Anyone who steps down into a lower paid job in 2013/14 should be treated in the same way as a new starter. This does not affect part-timers whose hours may be flexible within the same job; i.e. their hours may fluctuate however their WTE rate of pay and terms and conditions do not change.

Staff returning: Anyone returning to NHS pensionable employment after a break should be treated in the same way as a new starter

Rate of pay change: As employers will be aware, technically a change in pay (other than due to an unexpected change in duties or one unlikely to persist for at least 12 months) would normally cause an in year re-assessment of a members contribution tier. So if a member's original rate has been assessed using their pensionable pay (notional whole time for part time employees) for year ending 31 March 2013 and a member's pay then increases on or after 1 April 2014, the reassessment should be done using the new pay rate and Table 2 for the Scheme year ending 31 March 2014.

Table 2 is for implementation from 1 July 2013 but backdated to 1 April 2013.

Employers should be aware however that the purpose of **Table 2** is to revalue the contribution tiers in line with general uplifts to the national Agenda for Change pay bands.

This should ensure that no one receiving the 1% national pay increase will drift into a higher banding because of that very increase. This means that any exercise to re-assess a tier because a member has received the agreed 1% pay increase from 1 April 2013 would result in no change to their tier.

However, if a member receives an increase over and above the national 1% a reassessment of their contribution rate would be required and may result in the member being allocated a higher contribution rate.

Table 2 - Scheme Year 1 April 2013 to 31 March 2014

Tier	Pensionable Pay (whole- time equivalent)	Contribution Rate in 2013/14
1	Up to £15,431.99	5.0%
2	£15,432.00 to £21,387.99	5.3%
3	£21,388.00 to £26,823.99	6.8%
4	£26,824.00 to £49,472.99	9.0%
5	£49,473.00 to £70,630.99	11.3%
6	£70,631.00 to £111,376.99	12.3%
7	£111,377.00 and over	13.3%

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 GPs.

- GP Practices and APMS Contractors in England must, before the start of the pensions year, inform the local area team/primary care support unit of the NHSCB/NHS England 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'. In Wales, GP Practices and APMS Contractors should inform the Local Health Board.
- NHS Dental Practices (GDS and PDS) must notify NHS Dental Services of the estimated pensionable income for all the Providers (i.e. Partners) and Performers (i.e. Associates) so that tiered contributions can be paid 'on account'.

All Practitioners (and non-GP Providers) will have their 2013/14 employee tiered contribution rate based on their total certified NHS pensionable income in 2013/14. The following table was introduced from 1 April 2013.

Tier	Pensionable Pay in 2013/14	Contribution Rate in 2013/14
1	Up to £15,278.99	5.0%
2	£15,279.00 to £21,175.99	5.3%
3	£21,176.00 to £26,557.99	6.8%
4	£26,558.00 to £48,982.99	9.0%
5	£48,983.00 to £69,931.99	11.3%
6	£69,932.00 to £110,273.99	12.3%
7	£110,274.00 and over	13.3%

Please note that the following table is for implementation from 1 July 2013 but should be backdated to 1 April 2013. This takes account of the national 1% pay increase.

Tier	Pensionable Pay in 2013/14	Contribution Rate in 2013/14
1	Up to £15,431.99	5.0%
2	£15,432.00 to £21,387.99	5.3%
3	£21,388.00 to £26,823.99	6.8%
4	£26,824.00 to £49,472.99	9.0%
5	£49,473.00 to £70,630.99	11.3%
6	£70,631.00 to £111,376.99	12.3%
7	£111,377.00 and over	13.3%

There are some specific tiered rule differences for GPs (including Ophthalmic Practitioners) and for General Dental Practitioners outlined in Section 3.

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 an Officer (or Practice Staff) Scheme member receives a pay award in 2013/14 it may not affect their contribution rate however, the contribution rate should be re-assessed and a new rate applied, if necessary.

Please note that the purpose of **Table 2** is to revalue the contribution tiers in line with general uplifts to the national Agenda for Change pay bands by 1% in order to ensure that no one receiving the 1% national pay increase will drift into a higher banding because of that very increase. This means that any exercise to re-assess a tier because a member has received the agreed 1% pay increase from 1 April 2013 would result in no change to their tier. If a member receives an increase over and above the national 1% a reassessment of their contribution rate would be required and may result in them being allocated a higher contribution 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 2013/14 tier.

Changing Employments

In respect of Officers and Practice Staff tiered contribution rates are not portable; i.e. they are not carried between employments. If an Officer or Practice Scheme member changes jobs in 2013/14 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 2013/14 it will not mean two different tiered rates because their 2013/14 tiered contribution rate is based on their total 2013/14 pensionable income as a Practitioner or non-GP Provider.

Changes in Pensionable Pay or Pensionable Allowances

In circumstances where pensionable pay or pensionable allowances change in year, the member's rate of contributions should be reassessed. However, where the member is part-time, there is only a need to reassess if the member's notional whole time rate of pay also changes.

There are two exceptions. There is no requirement to reassess a member's contribution tier if pensionable pay or pensionable allowances have changed as a result of unplanned changes to the member's duties or as a result of changes to a member's duties that are short term (likely to continue for less than twelve months).

Where the reassessment results in a different rate of contributions, the new rate should be deducted from the first day of the next pay period immediately following the pay period in which the change is made

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 eligible 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 2013/14 pensionable pay is reduced due to disallowed (i.e. strike) days their tiered rate is still based on their actual 2012/13 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 + 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 13.3% 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; their tiered rate is based on their actual pay.

For a GP who starts after 1 April 2013 their aggregated pay **is not** annualised (i.e. it is not scaled to a full year) for the purposes of setting a tier.

Their tiered rate is based on their actual pay.

General Dental Practitioners (GDPs)

NHS Dental Services (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 2013/14 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 self assessment form.

Late Pay Awards

Where an Officer's (or Practice Staff's) 2012/13 pay is used to set their 2013/14 tier and they receive a late pay award in 2013/14 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 2013/14 pay for tiered contribution purposes. However, for the purposes of record keeping, the employer must include the late pay on the 2012/13 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 paid in year 2013/14 that actually relates to 2012/13 the £200.00 must be regarded as 2012/13 pay and tiered contributions paid at the relevant 2012/13 rate. For the purposes of record keeping, the employer must include the late pay on the 2012/13 SD55, SD55e, or AW171.

Further examples are below.

Example 1:

Mr Green (an Officer) paid tiered contributions of 5% in 12/13 and pays 6.8% in 13/14

A payment of £1,000 is made in 13/14 of which £500 relates to 12/13

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

Tiered contributions payable are £500 x 5% and £500 x 6.8%

£500 would be added to 12/13 pensionable pay and only £500 included in 13/14; i.e. 12/13 pensionable pay increases by £500 and 13/14 pensionable pay increases by £500, not £1000.

Example 2:

Mrs Brown (an Officer) paid tiered contributions of 8.0% in 12/13 and 9.0% in 13/14

A payment of £200 is made in April 2013; this relates to March 2013 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 9.0% (i.e. the 13/14 rate) for the purposes of record keeping, the employer must include the late pay on the 2012/13 SD55, SD55e, or AW171.

Example 3:

Mr Grey (an Officer) paid tiered contributions of 8.0% in 12/13 and 9.0% in 13/14

A payment of £200 is made in June 2013 (13/14) which relates to work performed in 12/13

The pay is over the threshold

Tiered contributions are £200 x 8.0%; i.e. the 12/13 rate

The £200 must be declared on the 12/13 SD55, SD55e, or AW171.

Example 4:

Mrs White (an Officer) paid tiered contributions of 8.0% in 12/13 and 9.0% in 13/14

A payment of £150 is made in June 2013 (13/14) that relates to work performed in 12/13

The pay is just on the threshold

Tiered contributions are £150 x 9.0%

However, the £150 must still be declared on the 12/13 SD55, SD55e, or AW171

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

Long Term Fee Based GPs

Long term fee based GPs are classed as type 2 medical Practitioners. Therefore they are treated the same as a Salaried GP for tiered contribution purposes. They must complete an annual end of year Certificate.

Maternity Pay

If an Officer or Practice Staff Scheme member received maternity pay in 2012/13 and year 2012/13 is used to set the 2013/14 tier, the full (unreduced) pensionable pay in 2012/13 (i.e. the deemed pay) must be used to set the 2013/14 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 2013/14 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 01/06/2013 and their estimated actual pay from 01/06/13 to 31/03/14 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 2013/14 would be tier 2 (5.3%) 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 in Practices or Centres

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 2012/13 but whose WTE rate of pay was £25k will be on tier 3 (6.8%) in 2013/14.

Paternity Pay

If an Officer or Practice Staff Scheme member received paternity pay in 2012/13 and year 2012/13 is used to set the 2013/14 tiered rate, the full unreduced pensionable pay in 2012/13 (i.e. the deemed pay) must be used to set the 2013/14 tier.

PECs (Primary Care Trusts Executive Committees) and GPs

All PECs ceased to exist from 1 April 2013.

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 (annualised) 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 2013/14 should be treated in the same way as a new starter.

Salaried General Dental Practitioners (GDPs)/Associates

Their tiered contributions in 2013/14 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 2013/14 are based on their Practice pensionable pay and any other 'fringe' GP income. They must complete a self-assessment form declaring their pensionable income at the end of every pension year.

Salaried Partners/Shareholders in GMS/PMS/APMS

Their tiered contributions in 2013/14 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.

Salary Protection

If salary protection ends in 2013/14 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.

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 pay (WTE if they are part-time) for that year after deducting the salary sacrifice amount.

The pay sacrificed should not be 'deemed-in' when calculating the WTE as it is not classed as pensionable pay.

Sick Pay

If an Officer/Practice Staff Scheme member received half sick pay in 2012/13, and year 2012/13 is used to set the 2013/14 tier the full unreduced pensionable pay (in 2012/13) 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 2013/14 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 2013/14 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.