

NHS Pension Scheme

2024/05

- Who should read:**
- NHS HR and Payroll Managers
 - GP Practice Managers
 - Direction Bodies
 - Practitioner Service Division (PSD)
 - Dental Payments
 - Trade Unions

Action: To read and circulate to interested parties

Subject: Changes to the NHS Pension Scheme (Scotland) (NHSPS[S]) rules from 1 April 2024

Date: 09 April 2024

The purpose of this circular is to notify employers and members of changes to the NHSPS(S) from 1 April 2024.

Background

The SPPA has today published a [consultation response](#) to the consultation on [changes to employer contribution rates and miscellaneous amendments from 1 April 2024](#).

The Scottish Public Pensions Agency (SPPA) continuously monitors the rules of the pension scheme to ensure it continues to help the NHS in Scotland attract and retain the staff needed to deliver high quality care for patients.

As advised in SPPA Circular [2023/12](#), the employer contribution rate in the NHSPS(S) increased to 22.5% from 1 April 2024.

Scheme amendments

The consultation response confirmed intent to proceed with a number of miscellaneous scheme amendments that seek to deliver on the commitment to further staff recruitment and retention in NHS Scotland. These are:

1. Removal of abatement provisions for special class status (SCS) members who return to work

This amendment will permanently remove SCS abatement from scheme regulations. SCS abatement is currently suspended to 31 March 2025. By permanently removing it, this will ensure a continued staff capacity boost beyond that point as members can continue to work above their abatement ceiling.

2. Changes to the pensionability of overtime for staff who work part-time

There is a historical gap in the interpretation of overtime worked up to whole time for staff who work part time. Longstanding practice in the 1995 and 2008 NHS Pension Scheme was to allow additional hours to be pensioned up to whole-time equivalent. In alignment with this precedent, the Scottish Government will amend the 2015 regulations to introduce this flexibility that existed in the 1995 and 2008 Sections.

This adjustment will allow part-time staff to include overtime up to 37.5 hours per week as pensionable. However, any overtime exceeding 37.5 hours per week, applicable to both part-time and full-time staff, will remain non-pensionable.

Furthermore, we will also incorporate a provision into the overtime definition that explicitly states that any extra hours worked by employees who have partially retired in the preceding 12 months will not be considered pensionable. This encompasses all additional work beyond their contracted hours.

This feature will be particularly valuable for members opting for partial retirement but desiring to sustain a 100% workload. They can accomplish this by decreasing their contracted hours by a minimum of 10% after electing partial retirement and subsequently engaging in additional sessions up to 100%, classified as non-pensionable overtime.

3. Removal of maximum service limits for members wishing to partially retire

In line with the removal of maximum service limits from 1 April 2023, which allowed for 1995 pensioner members who had previously breached these limits to re-join the scheme upon returning to work and to complete this package of retirement flexibilities, we will amend scheme regulations to make the existing partial retirement options also available to members of the 1995 Section who have breached the maximum service limits.

4. Clarification of the use of salary sacrifice schemes to access partial retirement

Where members enter into a salary sacrifice arrangement, under the rules of the scheme their pensionable pay reduces. However, we do not believe that salary sacrifice is an appropriate way of accessing partial retirement, as it does not require any change to a member's working commitment.

To provide clarity, we will amend the regulations to state that entering into a salary sacrifice arrangement does not qualify as an eligible change to the terms of employment for the purpose of pursuing partial retirement.

5. Abolition of Lifetime Allowance (LTA) scheme regulation changes

At the UK Spring Budget on 15 March 2023 the UK Government announced the abolition of Lifetime Allowance (LTA) pension tax rules. This announcement removed the LTA charge from the start of the new tax year on 6 April 2023 and committed to fully abolishing the LTA in a future Finance Bill.

Subject to the bill becoming an act of Parliament, we will make consequential amendments to the 1995, 2008, 2015 and Transitional scheme regulations.

6. Changes to the pensionability of Carer's Leave

The Scottish Government will amend the NHSPS(S) regulations to insert a deeming provision for members who take unpaid carer's leave. The deeming provision will ensure that members who take carer's leave will continue to accrue pension membership during the time that they are absent from work. During the period of carer's leave, the employer will continue to pay contributions based on the member's substantive pensionable pay (their deemed pay), and the member will pay any owed member contributions upon their return to work.

This treatment of carer's leave is consistent with the existing approach to other authorised absences from work, some of which may be unpaid, such as maternity leave.

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

SPPA Policy
09 April 2024