

**TEACHERS' PENSION SCHEMES
2015/14**

WHO SHOULD READ: Chief Executives, HR and Payroll Managers, Teacher's unions and representatives

ACTION: To read and circulate to interested parties and member of the STSS and STPS 2015

SUBJECT: Contributions following Backdated Pay Award and Pensionable Statutory Pay

The purpose of this circular is to:

- Confirm member contributions following backdated pay awards
- Contributable Statutory Pay

1. Where a member receives a backdated pay award

Where a member receives a backdated pay increase relating to a period where they were a member of the scheme, the contribution rate that should be applied to the backdated payment is the contribution rate in force at the date the payment was made. (Separate guidance will be issued where a backdated pay award spans a change in the employee contribution rates).

Employers are required to determine the member's annual contributable salary for the pay period so that the tier and corresponding contribution rate can be applied. Where a member has more than one contract the backdated pay should be attributed to each appropriate contract and the contribution rate in force for that contract. Overtime or backdated pay increases are not included when determining the annual contributable salary.

Example 1

Mary's actual pay is £34,887 and receives a pay increase of 1.5% backdated to 1 April 2015. The new actual pay will be £35,410 with the pay increase not being paid until November. The monthly actual pay for November is £2,950. Arrears of pay from 1 April 2015 amount to £305. The contribution tier and rate are worked out on the actual annual pay without arrears. Therefore the actual annual pay is £2,950 x 12 = £35,400. The appropriate tier is '£35,000 to £41,499' with the appropriate contribution rate 9.7%. The rate of 9.7% is applied to the monthly pay and the arrears of pay.

Monthly Salary	$£2,950 \times 9.7\% = £286.15$
Arrears of Pay	$£305 \times 9.7\% = £29.59$
Total Contributions Payable	$£3,255 \times 9.7\% = £315.74$

Example 2

Jack has 2 part time posts 0.4 (post 1) and 0.5 (post 2) which both attract a pay increase and are backdated to 1 April 2015. His annual contributable salary for the 0.4 post is £13,955 increasing to £14,164 with the 0.5 post having a contributable salary of £17,444 increasing to £17,705. Again the pay increases are not paid until November.

Post 1 - the actual pay for November is £1,180 with arrears of £121 due. The actual annual pay is $£1,180 \times 12 = £14,164$. The appropriate tier is 'Up to and including £25,999' therefore the appropriate contribution rate is 7.2%. The rate of 7.2% is applied to the monthly pay and arrears of pay.

Monthly Salary	$£1,180 \times 7.2\% = £84.96$
Arrears of Pay	$£121 \times 7.2\% = £8.71$
Total Contributions Payable	$£1,301 \times 7.2\% = £93.67$

Post 2 – the actual pay for November is £1,475 with arrears of £152 due. The actual annual pay is $£1,475 \times 12 = £17,700$. The appropriate tier is 'Up to and including £25,999' therefore the appropriate contribution rate is 7.2%. The rate of 7.2% is applied to the monthly pay and arrears of pay.

Monthly Salary	$£1,475 \times 7.2\% = £106.20$
Arrears of Pay	$£152 \times 7.2\% = £10.94$
Total Contributions Payable	$£1,627 \times 7.2\% = £117.14$

Example 3

Claire is on nil pay, however she is due arrears for a backdated pay award. The arrears due are £75 from 1 April 2015. The backdated pay award is calculated into an annual pay with the appropriate contributions rate and tier applying. The actual annual pay is $£75 \times 12 = £900$. The appropriate tier is 'Up to and including £25,999' therefore the appropriate contribution rate is 7.2%.

Arrears of pay	$£75 \times 7.2\% = £5.40$
Total Contributions Payable	£5.40

2. Employer contributions when a member receives a backdated pay award

Following the employer contribution rate increasing to 17.2% from 1 September 2015, where a member receives backdated pay after this date, the above rate will be applied to all the member's earnings including any lump sum payment of backdated pay.

3. Statutory Pay

A member is in pensionable service if they are on adoption leave, maternity leave, parental leave, shared parental leave or paternity leave and the member receives half of their salary in respect of that employment or Statutory Pay. However they are not in pensionable service in relation to an employment during a period of non-pensionable family leave, non-pensionable sick leave or unpaid leave from that employment.

Where a member is on sick leave they must receive half of their salary in respect of that employment for the service to be pensionable. Statutory Sick Pay only is not pensionable for members in both the final salary and career average schemes.

4. For Reporting Purposes

4.1 Where a member is due a backdated pay award and has re-joined the scheme after unpaid leave so is active at 31st March 2016 then all pay received from the date re-joined including the backdated pay award should be reported on form [STPS03](#) for each employment.

4.2 Where a member is due a backdated pay award and is on unpaid leave and is not returning within the current reporting year, form [STPS06](#) should be used to report the period the backdated pay award was earned for each employment.

If you have any further enquiries on reporting the information, please contact RMTSPPA@scotland.gsi.gov.uk

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11 November 2015

Contact information

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

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