

Teachers' Pension Scheme 2023/05

Who should read: Chief Executives
All HR and Payroll Managers
Pension Administration Staff
Staff who submit data to SPPA

Action: To read and circulate as appropriate

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. If backdating occurs after 01/04/2023, please ensure member contributions are collected using the bands within the circular [2023/01](#).

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.

The deadline for the submission of the annual return is 31st May 23. If a member is due arrears of pay as a result of a backdated pay rise, you must consider whether you need to provide additional data to SPPA.

If the arrears are paid and you are able to include the arrears of pay that were due for the period 01/04/2022 to 31/03/2023 within the 2022-23 annual return, then no further information will be required. **You must not submit arrears that were due after 1st April 2023** on the annual return.

If the annual return has been submitted prior to the calculation and payment of the arrears payment, it is essential that an STPS06 amendment form is submitted. This is available on the EDM System. This form allows you to over-write the annual return with the new revised earnings and contributions for the year.

The STPS06 form should contain all information previously submitted on the annual return plus any arrears of pay due for the period 01/04/2022 to 31/03/2023. The arrears for this period should then be removed from next year's annual return to avoid double reporting:

Important to isolate the arrears due between 01/04/2022 and 31/03/2023

Example 1

Mary's actual pay is £34,887 and receives a pay increase of 1.5% backdated to 1 April 2022. The new actual pay will be £35,410 with the pay increase not being paid until *June 2023*. The monthly actual pay for June is £2,950. Arrears of pay from 1 April 2022 (15 months) amount to £654. 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 '£32,134 to £43,257' with the appropriate contribution rate 8.7%. The rate of 8.7% is applied to the monthly pay and the arrears of pay.

Monthly Salary	$£2,950 \times 8.7\% = £256.65$
Arrears of Pay	$£654 \times 8.7\% = £56.90$
Total Contributions Payable	$£3,604 \times 8.7\% = £313.55$

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 2022. 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 June 2023.

Post 1 - the actual pay for November is £1,180 with arrears of £261 due. The actual annual pay is £1,180 x 12 = £14,160. The appropriate tier is 'Up to and including £32,133' 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	$£261 \times 7.2\% = £18.79$
Total Contributions Payable	$£1,441 \times 7.2\% = £103.75$

Post 2 – the actual pay for November is £1,475 with arrears of £326 due. The actual annual pay is £1,475 x 12 = £17,700. The appropriate tier is 'Up to and including £32,133' 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	$£326 \times 7.2\% = £23.47$
Total Contributions Payable	$£1,801 \times 7.2\% = £129.67$

Example 3

Claire is on nil pay, however she is due arrears for a backdated pay award. The arrears due are £275 from 1 April 2022. The backdated pay award is calculated into an annual pay with the appropriate contributions rate and tier applying. The actual annual pay is £275 x 12 = £3,300. The appropriate tier is 'Up to and including £32,133' therefore the appropriate contribution rate is 7.2%.

Arrears of pay	$£275 \times 7.2\% = £19.80$
Total Contributions Payable	£19.80

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

The Employer rate of 23% 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 2023 then all pay received from the date re-joined including the backdated pay award should be reported on annual return form held within EDM system.

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, the amendment form held within our EDM system should be used to report the period the backdated pay award was earned for each employment.

NB all forms and guidance available on our home page from our Employer Data Management system. [Employer Data Management system/ log in](#)

**Laura Pacey
Customer Service Manager
March 2023**

Contact information

For data submission enquiries please contact SPPAEDM-Enquiry@gov.scot or Michael.Riddell@gov.scot; james.mchale@gov.scot if you have any general enquiries about this circular.

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