

# NHS Pension Schemes 2023/12

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

**Action:** For Information

**Subject:** Change to Employer Contribution Rate from 1 April 2024

**Date:** 14 November 2023

**The purpose of this circular is to advise employers and interested parties about the employer contribution rate to be applied from 1 April 2024.**

Key information in this circular:

- 1. To confirm employer contributions will rise to 22.5% from 1 April 2024 subject to the necessary regulations being approved by Parliament.**
- 2. The current employer rate of 20.9% will continue to apply until 31 March 2024.**

## Background

Public service pension schemes, including the NHS Pension Scheme (Scotland), are subject to regular valuations to set employer contributions and measure any movement in the employer cost cap. The latest scheme valuation, the 2020 valuation, has been subject to discussion with the Scheme Advisory Board (SAB). The SAB is made up of representatives of employers and members and provides advice to the Scottish Ministers on the desirability of changes to the design of the scheme and the implication of other policy issues.

The 2020 valuation confirmed that an increase in the employer contribution rate from its current rate of 20.9% to 22.5% is required from 1 April 2024.

The principal reason for employer contributions increasing is the UK Government's decision to reduce the SCAPE discount rate used in the valuation process. A scheme valuation assesses what each scheme needs now in order to meet future liabilities. The higher the discount rate, the quicker the notional assets grow, so the less is needed now. The lower the rate, the higher the level of

funding needed now to meet those future liabilities and that feeds through to employer costs. Hence, a reduction in the discount rate feeds through to higher employer contributions.

In the [Chief Secretary to the Treasury's statement](#) announcing the change in the discount rate, the UK Government committed to provide funding for increases in employer contribution rates resulting from the 2020 valuations as a consequence of changes to the SCAPE discount rate. For the NHS Pension Scheme (Scotland) valuation the full 1.6% increase is a consequence of these SCAPE discount rate changes.

The funding commitment is for employers whose employment costs are centrally funded through departmental expenditure. HMT has confirmed that, for devolved administrations, the Barnett formula will apply. The Scottish Ministers will make decisions on funding allocations once Barnett consequential amounts are confirmed.

The employer cost cap was not breached, so there is no requirement for adjustments to be made to scheme benefits.

A copy of the final [2020 Scheme Valuation Results Report](#) for the NHS Pension Scheme (Scotland) can be found on our website.

### **Any questions?**

Please contact [SPPAPolicy@gov.scot](mailto:SPPAPolicy@gov.scot) if have any enquiries about this circular.

**SPPA Policy Team**  
**14 November 2023**