NHS Pension Scheme 2025/08

Who should read:	• NHS HR and Payroll Managers • GP Practice Managers • Direction Bodies • Practitioner Service Division (PSD) • Dental Payments • Trade Unions
Action:	To read, take action and circulate to interested parties
Subject:	Changes to the NHS Pension Scheme (Scotland) (NHSPS[S])
Date:	16 July 2025

The purpose of this circular is to notify employers and members of changes to the NHS Pension Scheme (Scotland).

The key amendments being notified in this circular are changes to:

1. Retrospectively align the definition of overtime with established practice to reflect how the scheme operated from 1 April 2015 to 31 March 2024.
2. Clarify the method for calculating member contributions where pay reduces during a period of absence
3. Update 2015 scheme regulations to reflect changes in tax reporting for GP and non-GP providers.
4. Add 'neonatal care leave' to the types of absences considered as pensionable service for members contributing to the pension scheme
5. Ensure that new costs for additional pension apply immediately to new purchases and from the start of next scheme year for existing contracts.
6. Retrospectively allow 1995 Scheme pensioners who retired and returned to NHS employment after 1 April 2023 to rejoin the 2015 Scheme.

Background

The SPPA recently published a consultation response to the consultation on changes to the NHS Pension Scheme (Scotland) which ran from 21 February to 28 March 2025. The consultation response confirmed intent to proceed with the following scheme amendments.

1. Pensioning overtime for part-time staff

The definition of overtime in the 2015 Scheme regulations will be corrected to align with the long-standing policy and practice for additional hours worked by part-time staff to be pensionable up to whole-time equivalent (WTE) hours. Any hours worked over and above WTE will continue to be treated as non-pensionable.

We expect that most employers will not view this as a change to current practice and will not need to take any action.

Action for employers:

- Where an employer has not treated additional hours worked by part-time staff up to WTE as pensionable, the employer must contact affected members to let them know they can choose to have their additional hours treated as pensionable. Employers must do this by 1 April 2026.
- Members will have three months from the date of receiving this notification to make their election. The regulations allow employers to extend this period where their staff need further time to make their election, up to a backstop of 1 October 2026 by which time all elections should be made.
- Members who wish to choose to have their additional hours treated as pensionable will need to pay arrears. We encourage employers to give members sufficient time and flexibility to pay back the arrears.

2. Clarity on calculating member contributions where pay reduces during a period of absence

Since 1 October 2023, member contribution rates have been based on actual pensionable pay, rather than WTE. The same principle should apply when calculating contribution rates for members on reduced pay.

From 1 October 2023, member contribution rates during periods of reduced pay should be based on the actual reduced pensionable pay figure, rather than what the member would have been paid if they were on full pay (commonly referred to as deemed pay).

This amendment will not affect benefit accrual, and members will still build up benefits based on their deemed pay.

The purpose of this amendment is to provide clarity on the way contributions are calculated for members on reduced pay and to ensure there is consistency across employers.

Action for employers:

- If employers have based member contributions during reduced pay on deemed pay, then this will need to be corrected retrospectively to 1 October 2023 and members may be owed a refund of overpaid pension contributions.

3. GP and non-GP provider annual certificates of pensionable profit

The profits of unincorporated businesses must be taxed on a ‘tax year’ basis from 6 April 2024. This change affects GP practices that do not align their annual accounting period with the tax year. This new requirement was brought about by HMRC changes to primary legislation.

For the 2024-2025 tax year onwards, GP practices whose accounting periods don't coincide with the tax year will need to apportion profits or losses from the next or previous accounting period to reflect the correct tax year profits. This will likely involve provisional figures on the tax return, which may differ from the final figures submitted later to HMRC.

Affected GP partners and non-GP providers are required to provide updated certificates of pensionable earnings when the provisional figures (used initially for their tax return) are replaced with the actual figures. These revised certificates must be sent to Practitioner Services Division (PSD) within one month of submitting the final return to HMRC.

4. Neonatal Care Leave

Neonatal care leave and pay is a new entitlement to leave and pay for employees with responsibility for children receiving neonatal care which came into force on 6 April 2025.

Neonatal care leave is to be treated in the same way as other types of authorised leave under the scheme, such as maternity leave. This means that from 6 April 2025, members on neonatal care leave will continue to build up pension benefits. Member contributions for those on neonatal care leave would be calculated like they are for other authorised absences from work, such as maternity leave.

5. Implementation of revised costs for additional pension

The cost of purchasing additional pension benefits is determined by actuarial factors that change from time to time. There had been an inconsistency within scheme regulations on how amended factors should be applied for new additional pension purchases and existing contracts.

The 2015 Regulations are being amended to align all scheme regulations (1995, 2008, and 2015) starting from 1 April 2025, ensuring that new factors apply immediately to new purchases of additional pension, while for ongoing purchases, the new factors apply from the start of the next scheme year.

6. Pensionable re-employment for 1995 Scheme Members

In 2023, it was confirmed via circular 2023/08 that 1995 Section pensioners who return to NHS employment could join the 2015 Scheme, but it was later discovered that the changes were not completely or correctly introduced in regulation.

The regulations are, therefore, corrected retrospectively from 1 April 2023 to allow re-employed pensioners to re-join the scheme. There are no issues with the way this change was previously communicated or implemented administratively.

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

SPPA Policy

16 July 2025