Scottish Public Pensions Agency
Buidheann Peinnseanan Poblach na h-Alba

Proposed changes to the NHS Pension Scheme (Scotland)

Scottish Government Consultation 2026

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About This Consultation

The National Health Service Pension Scheme (Scotland) (NHSPS(S)) continues to be an integral part of the remuneration package, and offers significant value in retirement, to people who have chosen to dedicate part, or all, of their careers to the NHS in Scotland. As a defined benefit pension scheme, it offers the security of a guaranteed income in every year of retirement for all its members.

The Scottish Public Pensions Agency (SPPA) continuously monitors the rules of the pension scheme to ensure it continues to help the NHS in Scotland to attract and retain the staff needed to deliver high-quality care for patients. The changes proposed in this consultation document are split into three key areas:

1. To retrospectively amend the employee contribution tier earnings thresholds with effect from 1 April 2026 to reflect the 2025-26 and 2026-27 Agenda for Change pay awards.

2. To introduce the following three provisions into the scheme regulations to support the remediation phase of SPPA's Practitioner Contributions Remediation Project:

    - a legislative mechanism for the payment and charging of interest on contribution refunds and contribution recoveries;

    - provisions enabling a "compensation deduction" to be applied to additional contributions payable by members who are unable to obtain the income tax relief that would have been available had the contributions been paid in the correct tax year; and

    - amendments to the scheme regulations applicable to Practitioner members to streamline the recovery of contribution arrears by replacing the requirement for 'member consent' to be obtained for recovery from pension benefits with a simpler duty to notify the member.

3. To amend the provisions governing the setting of the employer contribution rate so that SPPA may vary the rate by issuing a circular, following consultation with the scheme actuary and consideration of the outcome of a scheme actuarial valuation, instead of by amending the scheme regulations. This would provide a more streamlined and efficient process for implementing rate changes.

Duration of Consultation

This consultation will run from Wednesday 26 August 2026 to Wednesday 7 October 2026.

How to respond

Please use the consultation response form which can be downloaded from the SPPA website and once completed, send to sppapolicyconsultationresponses@gov.scot before midnight on the closing date.

Alternatively, responses can be posted to:

Policy Team
SPPA
Tweedside Park
Tweedbank,
Galashiels
TD1 3TE

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Further information

If you are unable to access an electronic version of the document, please write to the above address and a paper copy will be provided.

Data Protection Statement

The Scottish Public Pensions Agency (SPPA) is an executive Agency of the Scottish Government and forms part of the legal entity of the Scottish Ministers (Framework Document).

This framework of statutory powers and responsibilities, as agreed with the Scottish Ministers, enables SPPA to undertake the role of data controller for the processing of personal data which is provided as part of your response to the consultation. Any response you send us will be seen in full by SPPA staff dealing with the issues which this consultation is about or planning future consultations.

The process allows informed decisions to be made about how SPPA exercises its public function.

Where SPPA undertakes further analysis of consultation responses then this work may be commissioned to be carried out by an accredited third party (e.g., a research organisation or a consultancy company). Any such work will only be undertaken under contract. SPPA use Scottish Government standard terms and conditions for such contracts which set out strict requirements for the processing and safekeeping of personal data.

In order to show that the consultation was carried out properly, the SPPA intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response.

If you do not want your name or address published, please tell us this in writing when you send your response. We will then redact them before publishing.

You should also be aware of our responsibilities under Freedom of Information legislation.

If your details are published as part of the consultation response, then these published reports will be retained indefinitely. Any of your data held otherwise by SPPA will be kept for no more than three years.

Under the data protection legislation, you have the right:

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- to require us to rectify inaccuracies in that data
- to (in certain circumstances) object to or restrict processing
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- to (in certain circumstances) data portability
- to lodge a complaint with the Information Commissioner’s Office (ICO) who is the independent regulator for data protection.

For further details about the information the SPPA holds and its use, or if you want to exercise your rights under the GDPR, please refer to our Privacy Policy in the first instance or contact:

Agency Data Protection Officer
Scottish Public Pensions Agency
7 Tweedside Park
Tweedbank
GALASHIELS
TD1 3TE

Tel: 01896 892 469

Website: https://pensions.gov.scot/

The contact details for the Information

Commissioner’s Office are:
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

Tel: 01625 545 745 or
0303 123 1113

Website: https://ico.org.

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1. Revised employee contribution tier thresholds

Background

1.1. On behalf of Scottish Ministers, the SPPA published a consultation response in September 2023 on changes to the member contribution structure in the NHSPS(S) from 1 October 2023. Amongst other changes, the response confirmed that the member contribution tiers would be uprated annually in line with the average uplift in Agenda for Change (AfC) pay. This is to ensure that the majority of members are not moved into a higher contribution tier as a result of the pay award.

Proposals

1.2. For officer members there are currently two tables included in the scheme regulations which are used to assess the contribution rate applied to the member's earnings. For the majority of members, who are active in the scheme on the last day of the previous scheme year and the first day of the current scheme year, their contribution rate is assessed using actual pensionable earnings received during the previous scheme year. For this purpose, their earnings are assessed against Table 1 below. Table 1 is updated to reflect the pay 2025-26 average uplift in the AfC pay award which was 4.4% introduced with effect from 1 April 2025.

1.3. Contribution Table 2 is used to assess contribution rates for members who start a new job in the current scheme year or where a member has an employment change which results in a change in actual pensionable pay during the current scheme year. The contribution tier bandings in Table 2, from 1 April 2026, is increased in line with the average 2026-27 AfC pay award which is 3.75%.

Table 1 - Used in respect of members in pensionable employment on the last day of the previous scheme year and the first day of that current scheme year.

Column 1 Pensionable earnings band in 2025/26	Column 2 Contribution percentage rate
Up to £13,330	5.7%
£13,331 to £27,940	6.4%
£27,941 to £33,062	7.0%
£33,063 to £41,482	8.7%
£41,483 to £43,502	9.8%
£43,503 to £52,879	10.5%
£52,880 to £57,223	11.2%
£57,224 to £80,025	11.6%
£80,026 and above	12.7%

Table 2 - This table will apply to any member who starts a new job, or has an employment change, which results in a change in actual pensionable pay during the current scheme year.

Column 1 Pensionable earnings band in 2026/2027	Column 2 Contribution percentage rate
Up to £13,330	5.7%
£13,331 to £28,987	6.4%
£28,988 to £34,302	7.0%
£34,303 to £43,038	8.7%
£43,039 to £45,134	9.8%
£45,135 to £54,862	10.5%
£54,863 to £59,369	11.2%
£59,370 to £83,026	11.6%
£83,027 and above	12.7%

1.4. The draft amending instrument will therefore insert into regulations amended member contribution tables at the appropriate points to reflect the pay uplift, with effect from 1 April 2026. Please note the table inserts new pay/earnings bands only and does not increase the percentage of contributions payable.

Draft Amending regulations

1.5. Amending regulation 11 amends regulation 30 (members' contributions: employees) of the 2015 Regulations to add new contribution tables for officer members with effect from 1 April 2026. Amending regulation 12 amends regulation 31 (members' contributions: practitioners and non-GP providers) to add the contribution table for practitioner members applicable for scheme year 2026-27.

Q1. Do you agree or disagree that the amended employee contribution tables in the draft regulations give effect to the previously agreed policy of uprating the earnings tiers in line with the average uplift in AfC pay? If you disagree or don't know how to answer, please explain why.

2. Changes to Support the Remediation Phase of SPPA's Practitioner Contributions Remediation Project

Background

2.1. The SPPA has been undertaking a project to correct pension contributions made by General Medical Practitioners (GMPs) and General Dental Practitioners (GDPs) between 2008 and 2025. Analysis of scheme data identified discrepancies in contribution records, resulting in some members having overpaid and others having underpaid contributions. SPPA has been working with Health Boards, Public Services Delivery Scotland and GP practices to review and validate the relevant data.

2.2. These discrepancies have arisen from incomplete or inaccurate contribution data and inconsistent application of guidance on practitioner pension contributions.

2.3. NHS employers, including self-employed GPs, dental and ophthalmic practitioners delivering NHS services, are responsible for deducting contributions at the correct rate. Members are responsible for ensuring all employers are informed of their total earnings from all NHS employments and that these are taken into account when determining their contribution rate.

2.4. The review has identified that some practitioner members require the contributions to be remediated, some are due contribution refunds, while others are required to pay additional contributions to the Scheme. The project is preparing to move into the remediation phase.

2.5. The guiding principle for the remediation exercise is to place members in the position they would have been in had the correct contributions been paid at the time they were due.

Allowing for Interest on Contributions

2.6. Interest is routinely applied within the NHS Pension Scheme to late payments of benefits and to late contributions paid by employers. The application of interest reflects the time value of money: a pension contribution paid today is worth less than a contribution that was paid, or should have been paid, in a previous scheme year.

2.7. The SPPA considers it fair and equitable that interest should be applied both to amounts due to be refunded to members in respect of historic overpayments and to amounts due to the Scheme in respect of historic underpayments.

2.8. However, the current Scheme regulations do not provide the necessary powers to pay or charge interest in the context of this project. We therefore propose amendments to the regulations to permit the application of interest in the following way:

- **Overpaid contributions** – where a member has overpaid contributions in a previous scheme year and is due a refund, interest would be added to the refund amount. Interest would accrue from 31 March following the end of the scheme year in which the contribution was originally paid until the date the refund is made. The applicable rate would be the Bank of England base rate, compounded quarterly, consistent with the existing provisions in the Scheme regulations governing short-service refunds and the late payment of pension benefits.

- **Underpaid contributions** – Where a member has underpaid contributions in a previous scheme year and is required to make additional contributions, interest would be applied to the amount outstanding. Interest would accrue from 31 March following the end of the scheme year in which the contribution was originally due until either the date of a lump-sum repayment or, where repayment is made by instalments, the date on which the final instalment is paid. The applicable rate would again be the Bank of England base rate, compounded quarterly.

Draft Amending regulations

2.9. Amending regulations 4(b), 7, 9 and 16 amend the regulations governing the 1995 Section, the 2008 Section and the 2015 Scheme respectively to provide for the payment of interest on underpaid contributions that are paid late and on overpaid contributions that are refunded to a member. Interest is calculated from 31 March following the end of the scheme year in which the contributions were underpaid or overpaid until the date on which the contributions are paid or refunded. The rate of interest is the Bank of England base rate.

Q2. Do you agree or disagree with the proposal to allow for the application of interest when recovering underpaid contributions and refunding overpaid contributions as part of the practitioner contributions remediation exercise?

Allowing for ‘Compensation Deduction’ equal to Income Tax Relief

2.10. Where members have underpaid contributions in previous years and are required to make additional contributions, we propose that they should receive a deduction equivalent to the income tax relief that would have been available had those contributions been paid in the correct tax year.

2.11. According to HMRC's Pension Tax Manual (PTM044100), tax relief on pension contributions can only be granted to active members and only in the tax year in which the contribution is actually paid. Our understanding is that there is no mechanism available to provide tax relief retrospectively for previous tax years. Furthermore, neither SPPA nor scheme employers are able to provide income tax relief for deferred or retired members.

2.12. Therefore, we are proposing to introduce in the NHS Scheme regulations that a ‘compensation deduction’ can be made from contributions made by inactive (retired and deferred) practitioner members, equal to income tax relief they would have received had the contributions been made when they were due. The compensation deduction will not be applicable to active members who will receive tax relief via PAYE of through self-assessment.

2.13. The compensation deduction will be equal to the amount of income tax relief that the member would have been entitled to receive on those contributions, after taking account of any tax relief already obtained through PAYE.

2.14. The rate of tax relief used to calculate the compensation deduction will be either:

- the rate that would have applied to the member at the relevant time, where the member provides satisfactory supporting evidence; or
- basic rate where no such evidence is provided.

2.15. Members will also be required provide a declaration confirming that they will not seek to claim tax relief, from HMRC or otherwise, on any contributions in respect of which a compensation deduction has been applied.

Draft Amending regulations

2.16. Amending regulations 5, 8 and 13 amend the regulations governing the 1995 Section, the 2008 Section and the 2015 Scheme respectively to provide for a compensation deduction to be applied to additional contributions payable as part of the practitioner contributions remediation exercise where members are unable to obtain the income tax relief that would have been available had the contributions been paid in the correct tax year.

Q3. Do you agree or disagree with the proposal to allow a compensation deduction to be applied to additional contributions payable by members who are unable to obtain income tax relief as part of the practitioner contributions remediation exercise?

Allowing for underpaid contributions to be deducted from pension benefits in payment

2.17. All three sets of NHSPS(S) regulations, the 1995 Section, 2008 Section and the 2015 Scheme contain the same provisions about unpaid member contributions, giving the scheme manager the power to recover unpaid contributions from the member's NHS pension benefits, usually at retirement.

2.18. Each instrument contains two sets of provisions for this purpose: one applying to officer members and the other to practitioner members. Officer members are generally NHS employees whose pension contributions are deducted through their employer's payroll, while practitioner members are typically GP partners, dental practitioners and certain ophthalmic practitioners who provide NHS services as independent contractors.

2.19. The provisions relating to officer members enable the scheme manager to recover unpaid contributions by making deductions from pension benefits payable to the member, provided that the member has been notified of the scheme manager's intention to do so. The provisions relating to practitioner members enable the Scottish Ministers to recover unpaid contributions by deduction from pension benefits payable to the member only where the member agrees to the deduction and the deduction is to the member's advantage.

2.20. We propose to amend the regulations to streamline the recovery of contribution arrears from practitioner members by replacing the current requirement to obtain the 'member's consent' before recovering contributions from pension benefits with a requirement for the scheme administrator to 'notify the member' of its intention to do so. This would also align the provisions for practitioner members with those that currently apply to officer members.

Draft Amending regulations

2.21. Amending regulations 4(a), 7(c) and 16(a)(ii) amend the regulations governing the 1995 Section, the 2008 Section and the 2015 Scheme respectively to provide that, where a practitioner has not paid the full amount of NHSPS(S) contributions due at the correct rate, the outstanding contributions may be recovered from the practitioner's NHS pension benefits, provided that SPPA has notified the member of its intention to do so.

Q4. Do you agree or disagree with the proposal to replace the current requirement to obtain a member's consent before recovering underpaid contributions from NHS pension benefits with a requirement for the Scheme Administrator to notify the member of its intention to do so?

3. Provision for Employer Contribution Rates to be Specified by Circular Following a Scheme Valuation

3.1. The NHSPS(S) is subject to an actuarial valuation every four years. Undertaken by the Government Actuary's Department (GAD) on behalf of the Scottish Ministers, the valuation assesses the cost of providing scheme benefits and determines the employer contribution rate to apply over the subsequent four-year implementation period.

3.2. Where a change to the employer contribution rate is required following a valuation, the scheme regulations must currently be amended because the rate is specified in the regulations. This can be a lengthy process, requiring amending regulations to be made and laid before the Scottish Parliament.

3.3. We propose to remove the employer contribution rate from the scheme regulations and instead provide for the rate to be determined by Scottish Ministers after consultation with the scheme actuary. A circular would then be issued specifying the rate. This would enable changes to be implemented more efficiently while having the same practical effect as if the rate were specified directly in the regulations.

Draft Amending regulations

3.4. Amending regulation 14 amends regulation 32 of the 2015 Scheme regulations to remove the specified employer contribution rate and to replace with a requirement for the rare to be determined by Scottish Ministers after consultation with the scheme actuary.

Q5. Do you agree or disagree with the proposal to replace the current requirement to obtain a member's consent before recovering underpaid contributions from NHS pension benefits with a requirement for the Scheme Administrator to notify the member of its intention to do so?

4. Equality Impact Assessment

Introduction

4.1. The Public Sector Equality Duty ('PSED') was created by the Equality Act 2010 and is supported by the specific duties contained in the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, as amended.

4.2. The PSED requires the Scottish Government to assess the impact of applying a proposed new, or revised, policy or practice. Scottish Ministers must have 'due regard' to the need to eliminate discrimination, advance equality of opportunity and foster good relations between people with different protected characteristics when carrying out their activities.

4.3. There are nine protected characteristics identified in the Equality Act 2010: (1) sex, (2) age, (3) disability, (4) race, (5) religion or belief, (6) gender reassignment, (7) pregnancy and maternity, (8) sexual orientation, (9) marital or civil partnership status.

4.4. The equality duty is an ongoing duty, and we will continue to consider and amend this assessment until the final regulation amendments are laid.

4.5. The amendments apply to members of the NHSPS(S), including practitioner members affected by the Practitioner Contributions Remediation Project, scheme employers and scheme administrators.

4.6. The proposals do not affect eligibility for scheme membership, benefit structure, accrual rates, pension age, or member contribution tiering arrangements.

4.7. The proposed amendments relating to the employee contribution structure were subject to an Equality Impact Assessment when the policy was originally introduced in 2023. As these amendments to the earnings thresholds simply implement that established policy, the equality impacts have not been reassessed.

Assessment of Impact on Protected Characteristics

4.8. The proposed amendments are administrative and procedural changes designed to support the effective operation of the NHSPS(S).

4.9. Having considered the available evidence, no adverse impacts on individuals sharing protected characteristics have been identified. The proposals do not affect entitlement to benefits, scheme membership, or the methodology used to determine employer contribution rates.

4.10. The overall assessment is that the proposed amendments are not expected to have a differential impact on any protected characteristic group.

Q5. Are there any equality issues as a result of the proposed changes, that you think should be considered?

5. Next steps

5.1. SPPA will consider the responses to this consultation and feedback from stakeholders before finalising its proposals and draft regulations. It is anticipated that the draft amending regulations would come into force with effect from 9 December 2026. This consultation document sets out where the proposed amendments would have retrospective effect to any earlier date.

5.2. After reviewing the feedback and considering whether changes should be made, a consultation response will be published.