



Department
of Health &
Social Care

The National Health Service Pension Schemes (Member Contributions) (Amendment) Regulations 2025

**Report detailing the uplifts to the member contribution tier thresholds
from 1 April 2025**

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Presented to Parliament pursuant to section 22(2)(b) of the Public Service Pensions Act 2013.



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The National Health Service Pension Schemes (Member Contributions) (Amendment) Regulations 2025

Introduction

This report is laid before Parliament in accordance with s.22(2)(b) of the Public Services Pension Act 2013 (the '2013 Act'). It relates to a proposal to make regulations under the 2013 Act.

The purpose of the regulations is to further amend the National Health Service Pension Scheme Regulations 2015 (the "2015 Regulations").

The proposed regulations will update the pensionable earnings bands in the member contribution structure that will have retrospective effect from 1 April 2025. This gives effect to policy that was previously consulted on to update the pensionable earnings bands in member contribution structure annually.

As this proposal includes a change to a protected element of the NHS Pension Scheme (as described in section 22(5)(b) of the 2013 Act), we have consulted persons or representatives of those likely to be affected by the change with a view to reaching agreement with them and now lay this report before Parliament.

The purpose of this report is to set out why the Department of Health and Social Care (the "department") proposes to make these regulations, having regard to the desirability of not making a change to the protected elements of the scheme under section 1 of the 2013 Act within the protected period.

Background

In 2010, the Independent Public Service Pensions Commission was set up and chaired by Lord Hutton. His report, in 2011, made a number of recommendations on how to reform public service pensions.

The public service pension reforms legislated for under the 2013 Act are designed to last for at least 25 years. The provisions in this legislation are intended to ensure a high bar is set for those contemplating changing scheme features. There are enhanced procedural

requirements for consultation and a report to Parliament when making changes to 'protected elements' for a period of 25 years as the mechanism to support that aim. Members' contribution rates under the respective scheme are one of the protected elements.

Section 22 of the 2013 Act sets out the procedure to be followed in the event that the responsible authority (the Secretary of State for Health and Social Care in relation to the NHS Pension Scheme), proposes to make changes that impact on elements of the scheme which are subject to enhanced protection. These elements are protected from modification until 31 March 2040 (the protected period), unless the prescribed procedure set out in section 22 is followed. Where a change is proposed to a protected element during the protected period, the responsible authority must:

- consult those who appear likely to be affected, or representatives of those persons, with a view to reaching agreement
- lay a report before Parliament

Policy background

The reforms referred to above led to the making of the 2015 Regulations. When the 2015 Regulations were being developed, the department set out proposed member contribution rates to be fixed until the next valuation of the NHS Pension Scheme.

Further accrual in the final salary legacy schemes closed from 1 April 2022 and all members moved into the 2015 career average scheme for future service. This ended final salary accrual and stopped further career average accrual in the final salary legacy schemes for practitioners. Therefore, the member contribution structure was reviewed in collaboration with stakeholders and a new member contribution structure came into force on 1 October 2022. Regulations 30 and 31 of the 2015 Regulations make provision for member contribution rates for each scheme year.

As part of those the reform to the member contribution structure, it was agreed with stakeholders that the pensionable earnings bands in the member contribution structure will be increased in line with annual Agenda for Change pay awards in England. This means that salary increases due solely to centrally agreed annual pay awards are unlikely to result in members moving up a contribution tier and see a net reduction in take-home pay. Further regulations will be made in order to update pensionable earnings bands in the member contribution structure to reflect any Agenda for Change pay awards in England. This was expected to be required on an annual basis.

In 2023, a further consultation took place and it was suggested that the Department would increase the member contribution tiers by either CPI from the previous September, or the Agenda for Change pay award in England, whichever is higher. This approach has since been adopted. The changes operate sequentially, and the contribution thresholds are increased automatically by CPI from the previous September. If the Agenda for Change pay award in England is higher than the CPI figure, legislation will be brought forward to further update the member contribution structure.

Last year, CPI in September 2023 was 6.7% and the Agenda for Change pay award in England was 5.5% for 2024 to 25. Consequently, the tier thresholds were amended from 1 April 2024 by 6.7%. Given that the Agenda for Change pay award in England was 5.5%, the contribution thresholds were not increased further following the pay award.

Policy objective

The CPI figure in September 2024 was 1.7% and consequently, the member contribution structure was updated from 1 April 2025. The thresholds were increased by 1.7%, with the exception of the bottom tier, which is linked to the personal allowance threshold. Given that the personal allowance threshold has been frozen, this threshold has not been increased.

The Agenda for Change pay award for 2025 to 2026 has been announced and it is 3.6%. This exceeds the CPI figure of 1.7% from September 2024. Consequently, the proposed regulations revise the pensionable earnings bands from 1 April 2025. This will give effect to the policy intention of annually increasing the thresholds by the 'better of' the CPI figure from the previous September, or the Agenda for Change pay award in England.

There are 3 tables that need to be amended in the 2015 Regulations: the 2 tables in regulation 30 that determine the rate an officer member will pay depending on whether their pay is based on their current pensionable earnings or their previous year's pensionable earnings, and the table that determines practitioners' contribution rates in regulation 31.

The changes will mean that these tables will now be as shown in the table below.

Table showing contribution rates from 1 April 2025

Pensionable pay range from 1 April 2025	Contribution rates from 1 April 2025, based on actual annual pensionable pay
Up to £13,259	5.2%

Pensionable pay range from 1 April 2025	Contribution rates from 1 April 2025, based on actual annual pensionable pay
£13,260 to £27,797	6.5%
£27,798 to £33,868	8.3%
£33,869 to £50,845	9.8%
£50,846 to £65,190	10.7%
£65,191 and above	12.5%

The member contribution structure was designed to give a discounted rate of 5.1% to the very lowest earning members who are earning less than £13,247 a year. This was intended to support the affordability of the NHS Pension Scheme for members who are earning less than the threshold at the bottom of tier 2 above. These members will all work less than full-time hours and are unlikely to receive income tax relief on their pension contributions if their NHS role is their only source of income, which may reduce the affordability of the NHS Pension Scheme for the very lowest earners. Consequently, this threshold has been frozen and not increased in line with the Agenda for Change pay award in England.

The remaining pensionable earnings bands thresholds have all been uplifted by 3.6% in line with the AfC pay award for England for scheme year 2025 to 2026.

Consultation

As referred to above, in accordance with section 22(2)(a) of the 2013 Act, the Secretary of State for Health and Social Care consulted persons or representatives of such persons who appear likely to be affected by the proposed regulations with a view to reaching agreement with them.

The policy to increase the pensionable earnings bands in the member contribution structure has been the subject of consultation with a view to reaching agreement with the Scheme Advisory Board (the "SAB"). The SAB is a statutory board comprising trade union and employer representatives, that advises the Secretary of State for Health and Social Care on the merits of making changes to the NHS Pension Scheme. The review considered a number of design aspects, including the range and number of tiers, whether the rate payable should be determined using whole-time equivalent or actual earnings, and providing for the pensionable earnings bands in each tier to be revalorised to avoid pay awards placing individuals in higher contribution tiers.

Throughout the discussions on the member contribution structure, there remained a consensus among the SAB that the new contribution structure should increase the pensionable earnings bands, in line with the annual Agenda for Change pay award.

In accordance with section 22(2)(a) of the 2013 Act, a public consultation was issued on 15 October 2021 and closed on 7 January 2022. 1,031 responses were received from individuals, trade unions, employers and other organisations. 67% of respondents agreed that the tier thresholds should be uplifted in line with any centrally agreed annual Agenda for Change pay awards. 22% disagreed and 11% either didn't know or didn't say whether they agreed or disagreed.

Consequently, it was decided that the pensionable earnings bands in the member contribution structure would be uplifted annually, in line with the AfC pay award.

The department consulted on improving the process of indexing the contribution threshold between 26 October 2023 and 7 January 2024. The outcome of this consultation was that a 'better of' test would be applied annually, which was suggested by the SAB and other stakeholders. The changes are applied sequentially, and it means that the contribution threshold is increased automatically by CPI from the previous September. If the Agenda for Change pay award in England is higher than the CPI figure, legislation will be brought forward to further update the member contribution structure. The department also committed to working with the SAB to consider ways to streamline or improve the process for uplifting thresholds in line with the pay award in future years.

In accordance with section 22(2)(a) of the 2013 Act, the Department has worked with the SAB since the announcement of the 2025/26 Agenda for Change Pay Award to carry out a two-week consultation with a view to seeking to reach agreement with them on the thresholds in the member contribution structure for 2025 to 2026. The department began the consultation on 22 May 2025 and set out the proposed thresholds to the SAB. A response was received on 6 June 2025 and the SAB agreed that the member contribution structure in the consultation document (which increased pensionable earnings thresholds for all tiers, with the exception of the first tier and entry into the second tier) appeared to reflect the 2025 Agenda for Change pay award for England. The SAB were content that the figures were correct and achieve the 'better of' uplift policy intention that had previously been committed to.

The SAB did not have the draft regulations reviewed in detail by lawyers but, in their view, the draft amending regulations appeared to give effect to the policy intention set out in the consultation document. The SAB were also satisfied that the department did not identify any potential equality issues that could arise because of this change.

The SAB also took the opportunity to raise comments that were outside the scope of the consultation. These will be picked up separately, where appropriate.

Impact

The proposed amending regulations mean that the pensionable earnings bands in the member contribution structure will be increased. If the regulations were not to be made, then the current pensionable earnings band thresholds in the 2015 Regulations would remain in force, which are lower than the pensionable earnings band thresholds in the proposed amending regulations. This means that some members would be paying a higher contribution rate than if the proposed amending regulations come into force. This presents a clear issue for members and a reputational risk for the department, as public confidence in the value of the NHS pay award would be undermined.

There is no, or no significant, impact on business, charities or voluntary sector.

Conclusion

Parliament is invited to note the changes to the pensionable earnings bands in the 2015 Regulations and why the department proposes to make these regulations, having regard to the desirability of not making a change to the protected elements of the NHS Pension Scheme within the protected period. The National Health Service Pension Scheme (Member Contributions) (Amendment) Regulations 2025 will be made and laid in Parliament under the negative resolution procedure.

