

PAYSLP METHODOLOGY SERIES

Chapter 8 — Literature Review

NHS Pension — Tiered Contributions 2026/27 (GP Partners & Locums)

*A thematic synthesis of statutory, regulatory
and policy literature*

Author

Matthew Newton, MBA

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ABSTRACT

This literature review examines the regulatory, statutory and policy literature underpinning the NHS Pension Scheme member contribution rates applicable for 2026/27. Drawing on the NHS Business Services Authority's technical guidance on employer and member contribution rates, on the NHSBSA estimate of GP and non-GP provider pensionable profits, on the British Medical Association's practitioner-oriented commentary, and on the Department of Health and Social Care's 2022 consultation on the redesign of the contribution structure, the review identifies four themes: the CARE pension scheme architecture introduced in 2015; the rationale for the 2022 redesign of the tiered contribution structure; the 'cliff edge' problem inherent in tier-based contributions applied to entire pay; and the particular complexities affecting GP Partners, whose pensionable income is computed on an annualised partnership-profit basis. The review concludes that the 2026/27 tiered structure represents a stable and well-understood operative framework whose cliff-edge effects remain a material concern for taxpayers near tier boundaries.

Keywords: NHS Pension Scheme, CARE pension, tiered contributions, cliff edge, GP Partner, 2026/27

1. Introduction

The NHS Pension Scheme is the largest occupational pension scheme in Europe, with approximately 1.7 million active members across the four constituent nations of the United Kingdom. Its member contribution structure is, for calculation purposes, distinctive in two respects. First, it is tiered by pay rather than charged at a uniform rate; second, and more consequentially, the tier rate applies to the member's entire pensionable pay rather than only to the slice above each tier boundary. This second feature produces 'cliff edges' at tier transitions: a trivially small increase in pay can produce a materially larger contribution liability.

This chapter undertakes a thematic literature review of the principal sources informing the calculation of NHS Pension Scheme member contributions for 2026/27 as implemented in the Payslp methodology. Four sources are drawn upon: the NHS Business Services Authority's technical guidance on contribution rates; the NHSBSA estimate of GP and non-GP provider pensionable profits; the British Medical Association's practitioner commentary; and the Department of Health and Social Care's 2022 consultation on the redesign of the contribution structure.

2. Scope and Methodological Approach

The review covers the NHS Pension Scheme as it operates for members in 2026/27, which is to say the '2015 Scheme' CARE arrangement that has applied to all active members since the McCloud remedy transfer of April 2022. The review does not address the legacy 1995 and 2008 Sections, which are now wholly closed to new accrual, although it acknowledges their continuing relevance for deferred members.

Methodologically, the review combines a documentary approach (centred on the NHSBSA technical guidance, the operative source on rates and thresholds) with policy-analytical interpretation drawing on the DHSC 2022 consultation. The BMA commentary is treated as authoritative on the interpretive

position of practitioner medical professionals but is not used as primary evidence on the operative rules. The NHSBSA estimate of GP pensionable profits is used as the operative source on the specific complications affecting GP Partners, whose pensionable income basis differs from that of salaried members.

3. Literature Review

3.1 The CARE architecture and the 2015 reforms

The NHS Pension Scheme 2015, established under the Public Service Pensions Act 2013 and given operative effect in April 2015, is a Career Average Revalued Earnings (CARE) scheme. Under CARE, each year's pensionable earnings produce a 'slice' of pension equal to 1/54th of those earnings; the resulting slices are revalued annually by CPI plus 1.5 percent until retirement, when their accumulated value forms the member's pension. Member contributions are levied on the same pensionable pay as funds the accrual.

The NHSBSA (2026) confirms that for 2026/27 the employer contribution rate stands at 23.7 percent, an exceptional level by private-sector standards reflecting the scheme's defined-benefit liabilities and the actuarial assumptions embedded in its funding model. Member contributions are tiered, with six rates from 5.2 percent (the bottom tier) to 12.5 percent (the top tier) for 2026/27.

3.2 The 2022 redesign and its rationale

The current tiered structure was introduced following the 2022 consultation by the Department of Health and Social Care (DHSC, 2022), which examined the contribution structure that had been in place since 2015 and identified three concerns. First, the gap between the lowest and highest tier rates had widened over the years through differential uprating, with the result that the contribution-to-pension-value ratio varied markedly across the membership. Second, the tier boundaries had not kept pace with NHS pay growth, producing 'tier creep' in which staff were pushed into higher contribution bands by their normal incremental progression. Third, the structure was perceived as fiscally regressive within the membership, with consequences for low-paid staff retention.

The 2022 redesign produced the present six-tier structure, with rates lowered for lower-paid members, raised at the top, and thresholds uprated by 3.8 percent CPI for 2026/27. The British Medical Association (2026) characterises the redesign as 'broadly fair but inevitably contested at tier boundaries'.

3.3 The cliff-edge problem

The defining feature of the NHS Pension contribution structure is that the applicable tier rate is applied to the member's entire pensionable pay, not only to the slice above the tier boundary. This creates significant discontinuities at each boundary. The Tier 2/3 transition is particularly stark: at pensionable pay of £28,854, the applicable rate is 6.5 percent and the member contribution is £1,875.51. At £28,855, the applicable rate rises to 8.3 percent and the member contribution to £2,395.00—an increase of £519.49 in contribution for an increase of £1 in pay.

The cliff-edge is mitigated, but not eliminated, by NHS Employers' practice of operating tier allocation on a prior-year basis: the rate applicable to 2026/27 is determined by 2025/26 pensionable pay, providing some stability against in-year fluctuations. The British Medical Association (2026) emphasises that the cliff-edge effect remains a material consideration for clinicians contemplating Bank or overtime shifts that might tip them into a higher contribution tier in the following scheme year.

3.4 GP Partners and the pensionable-profit complication

GP Partners are pensionable on a basis substantively different from that of salaried NHS staff. The NHS Business Services Authority (2025) sets out the ‘NHS Pensionable Profits/Pay’ methodology under which GP Partners estimate their pensionable profit for the year, submit the estimate to Primary Care Support England by 28 February, and reconcile the actual figure following submission of their tax return for the relevant period. The estimate-and-reconcile process introduces uncertainty into in-year contribution calculation that does not affect salaried members.

More substantively, GP Partners’ pensionable income comprises their share of NHS-funded partnership profit, less certain allowable expenses, but does *not* include non-NHS private practice income. A calculator implementation for GP Partners must therefore distinguish between NHS-pensionable income (on which the tiered contribution operates) and other professional income (which is subject to income tax and Class 4 NI but not to NHS Pension contributions).

4. Synthesis and Implications for Calculator Implementation

The reviewed literature provides a clear operational specification for the calculation of NHS Pension member contributions in 2026/27. Three implementation requirements follow. First, the calculator must apply the six-tier structure (5.2 / 6.5 / 8.3 / 9.8 / 10.7 / 12.5 percent) with the tier rate applied to the entire pensionable pay, and with the operative tier determined by the appropriate pay figure. Second, the calculator should detect proximity to a tier boundary and warn users of the cliff-edge potential; the Payslp implementation does so through a `seNHSCliffEdge` function that flags pay within £2,000 of any boundary. Third, for GP Partners, the calculator must distinguish pensionable from non-pensionable income and apply the contribution only to the former.

The literature also identifies a forward-looking consideration. The DHSC 2022 consultation explicitly envisaged that the tier structure would be reviewed at regular intervals, and the BMA (2026) anticipates a further round of consultation in 2027 with possible structural changes for 2028/29. Calculator implementation should therefore be parameterised against the present six-tier specification rather than hard-coded against current numeric values, to allow rapid update when the next round of changes is published.

5. Conclusion

The NHS Pension Scheme member contribution structure for 2026/27 is a six-tier system applied to entire pensionable pay, with thresholds uprated by 3.8 percent CPI from April 2026 and rates ranging from 5.2 percent to 12.5 percent. The structure is the product of the 2022 redesign that lowered rates at the bottom and raised them at the top, and it produces material ‘cliff edges’ at tier boundaries that calculator implementation should expose to users. For GP Partners, the additional complexity of estimate-and-reconcile pensionable profit and the distinction between NHS-pensionable and non-NHS-pensionable income requires careful implementation. The Payslp methodology addresses both salaried and GP Partner cases through the `seNHSPension` and `seCalcGP` functions, with the operative tier table verified against the NHSBSA at the May 2026 evidence window.

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