CONTRACTS, JOB PLANNING, PAY & PENSIONS | MODULE 06

Pay structure and the medical payslip

Reconstruct gross-to-net pay, identify contractual components and investigate errors without guessing from take-home pay.

✓ 18 min reading

✓ Full teaching, practical next steps and reflection

✓ Six practice questions with answers and explanations

✓ Complete source list and jurisdiction notes

Prepared for SAS, locally employed and other UK doctors

Author: Dr N Aziz

Using this module

Independent education

This is general professional information, not individual clinical, legal, employment, immigration, regulatory, tax or pensions advice. Current official instructions and the circumstances of the individual case remain controlling. Practice scores do not establish professional competence or accreditation.

The short answer

A payslip is the output of several systems: contractual salary, whole-time equivalent, payroll timing, allowances, extra work, tax, National Insurance, pension contributions and other deductions. Start with gross contractual components and dates, then reconcile deductions. Take-home pay alone cannot show whether salary is correct.

Three next actions

- Keep the contract, latest official pay circular and three recent payslips together.
- Check grade, whole-time-equivalent salary, pay point, effective date, pension status and every recurring allowance.
- Raise a specific payroll query showing expected component, actual component and affected pay periods.

Learning objectives

- Interpret common gross-pay and deduction lines.
- Reconcile back pay and whole-time-equivalent salary.
- Escalate a suspected error effectively.

Build gross pay first

Identify basic salary, whole-time-equivalent calculation, on-call or availability supplement, additional contracted units, responsibility payments, recruitment or retention premia, London weighting where applicable and separate extra work. Names and pension treatment vary by contract.

Do not assume every payment rises with a national percentage award. The implementation circular states which scales and allowances change. A local payment may have its own review rule. Compare the payslip to the circular and contract rather than applying one percentage to the previous net amount.

- List each contractual pay component.
- Check effective dates.
- Verify whether each allowance is uplifted and pensionable.

Whole-time equivalent and part-time pay

Part-time basic pay is normally proportionate to whole-time salary, but allowances and additional work may follow separate rules. Confirm contracted units, WTE fraction and whether rostered hours match. Changes in hours should have a documented effective date.

Where pay changes mid-month, payroll may calculate part-period amounts. Reconstruct the period using the employer's payroll calendar and ask for the calculation if unclear.

- Check WTE and contracted units.
- Separate pro-rated salary from fixed or variable allowances.
- Record effective dates.

Tax, National Insurance and pension

PAYE tax depends on taxable pay and tax code; National Insurance uses statutory rules; pension contributions depend on scheme and pensionable earnings. Other lines may include student loans, salary sacrifice, court orders, union subscriptions or recovery of prior overpayment.

Check the tax code against HMRC records and contact HMRC where the code is the issue. Payroll can explain earnings reported and deductions made but may not control the tax code. Pensionable pay is not necessarily identical to taxable or total gross pay.

- Read the tax code.
- Distinguish taxable, NI-able and pensionable pay.
- Use the correct organisation for the query.

Back pay and arrears

A pay award may be announced after its effective date, creating arrears. Check the implementation date, scale difference, months covered, WTE, changes of point or hours, and whether relevant allowances are included. Arrears can produce a temporarily unusual tax or pension deduction.

Keep the circular and payslip because backdated pensionable pay may affect contribution records and pension growth. If the calculation is opaque, request a period-by-period breakdown.

- Separate effective date from payment date.
- Account for pay-point or WTE changes.
- Check pension and tax consequences.

Overpayment and recovery

Employers can seek recovery of genuine overpayments, but the amount, reason and proposed deductions should be explained. Do not ignore a suspected overpayment or spend money known to be erroneous. Ask for the calculation and discuss an affordable recovery plan where immediate deduction would cause hardship.

Obtain union or legal advice if liability is disputed, the deduction appears unauthorised or the proposed recovery is unreasonable. Keep communications factual; payroll correction and grievance are different processes.

- Report apparent errors promptly.
- Request a full calculation.
- Negotiate recovery rather than ignoring correspondence.

Write an effective payroll query

State employee number securely, pay period, contractual grade and WTE, expected component, actual line and source document. Attach only necessary material through an approved channel. Ask for correction date, arrears calculation and pension-record update where relevant.

If the issue persists, escalate through payroll, HR/medical staffing and the relevant formal process with union support. For statutory deductions, contact the responsible body as well. Keep a running table of periods and amounts.

- Use a component-by-component table.
- Protect payroll identifiers.
- Ask how pension records will be corrected.

Common mistake

Avoid this	Comparing net pay with a colleague. Different tax codes, pension contribution positions, hours, arrears and deductions can make both payslips correct while the take-home figures differ.

Pause and reflect

Can you explain every recurring line on your most recent payslip and identify whether it is contractual, statutory or voluntary?

Takeaways

- Reconstruct gross pay before analysing deductions.
- Effective dates and WTE are central to arrears.
- A precise payroll query should include source, line, period and remedy.

Knowledge check

Choose one best answer. These practice questions support reflection; they do not assess a real case or confer accreditation. Answer positions match the browser edition.

1. Why is applying 3.5% to last month’s net pay unreliable?

A. Every deduction is fixed

B. The award applies to take-home pay after all deductions rather than the relevant gross-pay components

C. Tax, pension, allowances and arrears have different rules

D. Net pay is the official salary scale

2. A 0.8 WTE doctor’s basic pay appears as 0.7 WTE. What should the query include?

A. Contracted WTE, effective date, official salary point and affected periods

B. A demand for a different grade

C. Only the net shortfall

D. A colleague’s bank statement

3. Who normally controls a PAYE tax code?

A. The clinical director

B. The pension scheme alone

C. HMRC, using information including employer submissions

D. The GMC

4. An award is backdated six months. What is the best check?

A. A month-by-month reconciliation of grade, point, WTE, allowances and deductions

B. Only the headline award percentage

C. No check until year end

D. Six times the latest net difference

5. A large unexplained credit appears. What should the doctor do?

A. Spend it immediately

B. Alter the payslip

C. Assume it is a bonus

D. Set it aside and ask payroll to verify it

6. Which payroll query is easiest to resolve?

A. ‘My pay feels wrong’

B. A public social-media post with the payslip

C. A patient-identifiable attachment

D. A dated comparison with the contract, circular, payslip line and requested correction

Answers and explanations

1. C — Tax, pension, allowances and arrears have different rules

Tax, pension, allowances and arrears have different rules This applies the principle in “Build gross pay first”.

Re-read “Build gross pay first”, then identify the controlling document and the fact you would verify before acting.

2. A — Contracted WTE, effective date, official salary point and affected periods

Contracted WTE, effective date, official salary point and affected periods This applies the principle in “Whole-time equivalent and part-time pay”.

Re-read “Whole-time equivalent and part-time pay”, then identify the controlling document and the fact you would verify before acting.

3. C — HMRC, using information including employer submissions

HMRC, using information including employer submissions This applies the principle in “Tax, National Insurance and pension”.

Re-read “Tax, National Insurance and pension”, then identify the controlling document and the fact you would verify before acting.

4. A — A month-by-month reconciliation of grade, point, WTE, allowances and deductions

A month-by-month reconciliation of grade, point, WTE, allowances and deductions This applies the principle in “Back pay and arrears”.

Re-read “Back pay and arrears”, then identify the controlling document and the fact you would verify before acting.

5. D — Set it aside and ask payroll to verify it

Set it aside and ask payroll to verify it This applies the principle in “Overpayment and recovery”.

Re-read “Overpayment and recovery”, then identify the controlling document and the fact you would verify before acting.

6. D — A dated comparison with the contract, circular, payslip line and requested correction

A dated comparison with the contract, circular, payslip line and requested correction This applies the principle in “Write an effective payroll query”.

Re-read “Write an effective payroll query”, then identify the controlling document and the fact you would verify before acting.

Official and professional sources

Confirm the current source version and applicable nation, contract, scheme or specialty. A source list is not a statement that every rule applies to every reader.

NHS Employers: medical and dental pay circulars
England · https://www.nhsemployers.org/articles/pay-and-conditions-circulars-medical-and-dental-staff

NHS Wales: 2026/27 medical and dental pay circular
Wales · https://www.nhs.wales/files/pc-resources/md-w-0126-pay-award-02-04-26-version-2/

Scottish Government: NHS pay awards, 12 August 2026
Scotland · https://www.gov.scot/news/nhs-pay-awards/

GOV.UK: understanding your pay and deductions
UK · https://www.gov.uk/understanding-your-pay

Edition and verification

Editorial edition: 9 September 2026. The page source-review date is 2026-09-08. A publication date, editorial edit and substantive source check have different meanings. See sasdoctors.com/corrections for material corrections and the scope of review.

Protect confidentiality. Do not enter patient-identifiable information, confidential employer material or privileged case details into website tools. HTML teaching and worksheet alternatives are available through sasdoctors.com/resources.