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22 November 2019

To:

Dr Chaand Nagpaul
Chair, British Medical Association Council

Professor Carrie MacEwan
Chair, Academy of Medical Royal Colleges

Professor Andrew Goddard
President, Royal College of Physicians

Professor Derek Alderson
President, Royal College of Surgeons

Dr Katherine Henderson
President, Royal College of Emergency Medicine

Professor Helen Stokes-Lampard
Chair, Royal College of General Practitioners Council

Dame Donna Kinnair
Chief Executive and General Secretary, Royal College of Nursing

Sara Gorton
Head of Health, UNISON

By email

Dear Chaand, Carrie, Andrew, Derek, Katherine, Helen, Donna and Sara,

PENSIONS TAX IMPACTS ON THE NHS – A SOLUTION FOR 2019/20

Thank you for your recent letters confirming the impact that pensions taxation is having on the availability of many of our most experienced clinicians.

While the various in-year flexibilities already announced are helpful they have clearly not prevented large numbers of senior clinicians reducing their sessional commitments, including in A&E departments, general practice and undertaking waiting list operations.

We have heard loud and clear from local teams and national leaders that these rules are disadvantaging staff who only want to do the right thing by patients. The nature

of clinical contracts coupled with staffing constraints mean the NHS is much more exposed to these impacts than other public services.

It is rightly for Government, not the NHS, to make judgements on wider issues of pension tax design and incentives, and their equitable application. However given the deferral of the Budget and the calling of an election, a substantive answer from Government to the tapered annual allowance issue now seems unlikely to take effect before the new tax year, from April 2020.

In the meantime I am convinced there is an urgent operational requirement to tackle the problem in the NHS. NHS England and NHS Improvement have therefore decided to take exceptional action to address the issues you have raised.

The NHS will therefore now ensure that clinicians who exceed their NHS pension annual allowance in this financial year are not left out of pocket. This scheme will apply to doctors, nurses, AHPs and other clinicians in active clinical roles who are members of the NHS pension schemes. It will cover all pension saving in the NHS schemes in 2019/20 (but not annual allowance tax charges falling due on pension saving outside the NHS schemes).

Specifically, this will be achieved by:

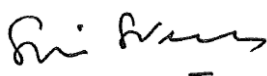
- clinicians who as a result of reaching their annual pension allowance are subsequently notified of a tax liability in respect of this year (2019/20) will be able to choose 'Scheme Pays' on their pension form, meaning that they don't have to worry about paying the fee out of their own pocket; AND
- the NHS will make a contractually binding commitment to pay them a corresponding amount on retirement, ensuring that they are fully compensated for the effect of the Scheme Pays deduction.

Detailed FAQs are available at www.england.nhs.uk/pensions. Local employers will incur no net extra costs as a result of this provision, which will be funded nationally. This commitment is supported by the Department of Health and Social Care and Government.

Clinicians are therefore now immediately able to take on additional shifts or sessions without worrying about an annual allowance charge on their pension.

Your support in ensuring this is widely understood across your membership is most welcome.

With best wishes
Yours sincerely,



Simon Stevens
Chief Executive of the National Health Service