

Response from the Royal College of Physicians of Edinburgh to the Department of Health's NHS Pension Scheme: proposed amendments to scheme regulations.

Question

Do you agree or disagree that the new retirement flexibilities should be introduced as proposed in this consultation document?

- agree
- disagree
- don't know.

The Royal College of Physicians of Edinburgh (RCPE) is pleased to be able to respond to this consultation. The RCPE agrees with the UK Government that improved retirement flexibilities have the potential to boost NHS workforce capacity. We welcome these new retirement flexibilities as far as they go and consider them sensible but remain concerned that without the revision of the Lifetime Allowance (LTA), pensionable reemployment may offer only limited benefit. We will set out some more detail about our concerns regarding the LTA- and the annual allowance (AA)- in response to the final question of this consultation but many consultants will comfortably breach their LTA well before pensionable age so the option to add to pensions for consultants/senior SAS doctors offers nothing as the LTA is already breached.

Question

Do you agree or disagree that the changes to the pension rules regarding inflation should be implemented as proposed in this consultation document?

- agree
- disagree
- don't know

The RCPE agrees with this proposal but we emphasise that this in its present form is only a partial solution.

Question

Do you agree or disagree that changes to scheme access should be introduced as proposed in this consultation document?

- agree
- disagree

- don't know

The RCPE is generally supportive of this proposal.

Question

Do you agree or disagree that the technical updates to member contributions provisions should be implemented as proposed in this consultation document?

- agree
- disagree
- don't know

The RCPE is generally supportive of this proposal.

Question

Are there any further considerations and evidence that you think DHSC should take into account when assessing any equality issues arising as a result of the proposed changes?

- yes
- no
- don't know

As indicated above, the RCPE is extremely concerned that, while these limited changes are welcome and an initial positive step forward, not least in terms of standardising retire and return arrangements, key issues around NHS pensions and their impact on the consultant and SAS doctor workforce are not being considered here. Our 2021 Physicians' Census ¹ conducted jointly with the Royal College of Physicians (RCP) and the Royal College of Physicians and Surgeons of Glasgow (RCPsG) showed that 47% of consultants cited pension arrangements or concerns as a reason for intended early retirement.

Many RCPE Fellows have emphasised that without a fundamental overhaul of annual allowance taxation, it is often impossible for consultants not to breach their annual allowance limits by their mid to late 40s, whether CPI is realigned or not, and therefore incur significant additional tax bills. This leads to many reducing their number of work sessions in order to avoid a heavy tax burden, something which is severely detrimental to the NHS and to patients, with loss of regular access to huge expertise. In addition, having reached lifetime allowance limits, likely by the age of early 50s, this situation leaves consultants questioning what the point is of continuing to pay up to 13.5% of their salary into their NHS pension.

The RCPE is aware that the BMA has proposed a tax unregistered scheme for those impacted by pension taxation in the NHS and has highlighted that the UK Government's tax unregistered scheme for members of the judiciary has already proved to be effective and successful. We would urge the UK Government, as a matter of urgency, to consider the introduction of such a scheme for the NHS or indeed other schemes that offered fundamental reform, so that the current "pension trap" system is addressed and before further significant impacts are felt by the consultant and SAS doctor workforce to the detriment of patient care.

¹ https://www.rcpe.ac.uk/sites/default/files/2021_consultant_census_report.pdf