

NHS Pension Scheme: proposed amendments to continue the suspension of restrictions on return to work

NHS Providers response

Note: yellow highlight denotes our response to the consultation question.

Question 1

Do you agree or disagree that the temporary pension easements should continue beyond the planned expiry on 31 October 2022?

Agree

Disagree

Please explain your answer:

NHS Providers welcomed the introduction of sensible regulatory and legislative changes in the March 2020 Coronavirus Act, that allowed trusts and other health service providers to utilise additional staffing capacity during the onset of the pandemic. These changes included the suspension of three pension scheme rules, including, as described by the Department of Health and Social Care:

- The 16-hour rule;
- Abatement of Special Class Status (SCS) members, including mental health officers (MHOs); and
- Abatement of 2008 section and 2015 scheme members.

In March 2022, the Department consulted on extending the temporary easement of these rules to 31 October 2022, noting the impact of the Omicron variant of Covid-19 on the health service, its patients and its staff. **In our response** to the previous consultation, we signalled our agreement with an extension due to our firm stance that “the NHS pension scheme, and other elements of the total reward package for staff, should not offer routine disincentives for our most senior and experienced staff to continue working, or to return from retirement to support the NHS if they are seeking to do so”. Our response went on to emphasise that to remove these disincentives, broader and long-term

changes to NHS pension taxation, scheme rules and structures are needed. In the absence of such changes since March 2022, we again support the extension of the temporary pension easements which this consultation is centred on, but again note that fundamental reform would provide greater clarity and stability for staff and the service at a time of increased demand and significant workforce shortages.

As noted in our previous response, we remain particularly supportive of abatement for special class holders including Mental Health Officers, in light of the increased demand for mental health services, coupled with significant mental health workforce shortages. [The Royal College of Psychiatrists 2021 Census](#) showed a 24% vacancy rate in substantive consultant psychiatry posts, and a vacancy rate of 30% in speciality doctor posts, while [recent NHS activity and performance data](#) shows 1.6 million people are in contact with mental health services, the second highest number on record. Mental health referrals are also up by 23.7% compared to pre-pandemic levels, with open referrals for children and young people up by 17.6% on last year and 64.8% compared to three years ago.

Question 2

Do you agree or disagree that the continuation of the easements until 31 March 2023 is a reasonable length of time?

Agree

Disagree

Please explain your answer:

While we agree with the proposed extension of temporary pension easements, as outlined in our response to Question 1, we believe the easements should remain in place until wider pension reform has been enacted. It is for this reason that we disagree with Question 2. The Department has previously noted the effect of Covid-19, the impact of the Omicron variant and the increased levels of sickness among NHS staff as justification for extending the temporary pension easements outlined as part of this consultation. While these reasons are certainly valid, and we have seen the immense pressure that the pandemic has placed on NHS staff and services, it would be remiss to not consider the wider impact of long-standing workforce shortages and increased service demand pressures that were commonplace prior to the pandemic.

Staff shortages remain one of the largest issues for the health and social care sector. This has been further exacerbated by the impact of working throughout the pandemic on staff mental and physical wellbeing, and increased workloads as service demand continues to rise. The sub-inflationary NHS

pay award for 2022/23, which has not been fully funded by central government, may lead to industrial action by union members during the winter of 2022/23. This points to the central importance of pay and reward in efforts to improve recruitment, retention and morale. While vacancies in the NHS alone have been stubbornly close to or above 100,000 for a number of years, the most recent [data from NHS Digital](#) shows the vacancy rate has reached an all-time high of 132,139 full time equivalent vacancies, a 25% increase on the previous quarter and a 34% increase on the year before. [Quarter four of 2021/22 also saw a record 9,737 retirements](#), 50% higher than the same period in the last five years. All this points to the importance of doing all that we can to retain and incentivise staff, and pension reform is one key aspect of this. In [our previous consultation response](#) in March, we noted that if there was no progress in pension reform "over the next six months, we expect the specific workforce capacity concerns raised here to re-emerge in October as the new deadline approaches". This remains the case, and a continued lack of progress in the next six months will see the same capacity concerns being raised in March 2023. To properly address capacity issues, the NHS needs a fully costed and funded national workforce plan to place it on a sustainable footing for the next 5, 10 and 15 years. Pension structure reform is an important lever in addition to this, and could be enacted quickly.

As outlined [in our previous response](#), NHS Providers would be supportive of widened access to partial retirement provisions, particularly for senior doctors who retain benefits in the 1995 scheme, to remove barriers to senior staff staying in the service beyond the set retirement age of 60 outlined in the conditions of the scheme. This would reduce the issues surrounding pension abatement. Furthermore, we would support an increase in the lifetime and annual allowance thresholds, particularly in light of the former Chancellor Rishi Sunak's [April 2021 decision](#) to freeze the lifetime allowance at £1,073,100 until April 2026.

Any reform must, however, ensure fairness across the workforce. We would also welcome additional pension flexibilities for lower paid staff who often struggle with high contribution rates, and have [previously expressed our concern](#) at the impact increased contribution rates from October 2022 will have on these staff, a greater proportion of whom are from minority ethnic backgrounds. This is in the context of rising cost of living that is placing distinct pressure on household disposable income. Pension contribution flexibility would allow younger staff, in particular, to prioritise more immediate financial challenges without removing themselves from the pension scheme, and its wide-ranging benefits, entirely.

We would welcome the opportunity to work with government and other stakeholders to create a simpler system which never financially penalises hardworking staff for continuing to work in the NHS.