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Rt Hon Jeremy Hunt MP
Chancellor of the Exchequer
His Majesty's Treasury
1 Horse Guards Road
London SW1A 2HQ

Sent by email

Friday 11th November 2022

Dear Chancellor,

Re: Urgent action regarding medical pensions taxation

We write on behalf of the Hospital Consultants and Specialists Association (HCSA) to relay the concerns of our members, NHS hospital doctors dismayed at the current senior medical retention crisis driven by punitive pensions taxation.

We know you have an in-depth understanding of this issue and share our sentiments, most recently as chair of the health select committee, whose July report into Workforce: Recruitment, Training and Retention acknowledged the “clear evidence” that senior medical staff are reducing hours and retiring earlier.

We agree wholeheartedly with its conclusion that “it is evidently not the case that this issue has been solved” by changes to the taper in 2020, during the current Prime Minister’s tenure as Chancellor.

Each week, ever larger numbers of senior doctors still find themselves in a tax trap which sees them face a choice between continuing to work and paying for the privilege or simply walking away from a health service they have dedicated themselves to for their entire career.

This situation was rightly described by your committee as “a national scandal.”

We appreciate that there are competing economic priorities at play in the decisions you will make as Chancellor. However, the current crisis in the NHS demands that we fight for every pair of hands we can. The threat was acknowledged in the starkest terms in your committee’s report, which stated: “the NHS cannot afford to lose staff who are willing and able to work, and urgent action is needed to reform NHS pensions and prevent the haemorrhage of senior staff.”

We believe that the pernicious impact of pensions taxation on the retention of senior doctors will, in the long run, be far more costly to the public purse and public health than any short-term savings that may be made by inaction.

*The **professional** association and trade union for hospital doctors, wherever you are in your career*

We also therefore urge you to act in line with your own analysis and pull back on any steps which will worsen the situation, including a further Lifetime Allowance freeze.

You will be aware of various proposals to resolve this retention crisis. These range from a tax unregistered scheme, whose rejection to date was noted in critical terms by your committee in July, to the abolition of the unfair and inappropriate annual allowance limits in defined benefit schemes.

The abolition of annual allowance in such schemes, as advocated by the Office of Tax Simplification and supported by NHS employers and many experts, and the restoration and inflation-linking of Lifetime Allowance, would do much to alleviate the current forces propelling doctors from our health service. Employer contribution recycling should be made available across the NHS, rather than at the whim of individual employers, for those who chose to leave the scheme due to pension taxes.

Whichever path is taken, it is essential to recognise that tweaking the system, for example with rules to allow pension "flexibilities", will be insufficient. There is currently a wholesale breakdown of trust among NHS doctors which is warping behaviour and hampering post-Covid recovery.

We fear also that the impact this year of the "CPI disconnect", which means that doctors are being unduly punished with tax bills due to the way inflation is applied to pensions growth, will push many more doctors over the edge. We are pleased that the government has promised to address this unfair technical fault in the pension scheme, but we still await action. We need to remedy this flaw permanently. Given the urgency, we suggest the temporary reintroduction of the annual allowance compensation scheme offered in 2019/20.

We urge you to heed your own advice, now you have the power to do so, and "act swiftly."

Until appropriate steps are taken, we shall continue to see our senior colleagues forced from the health service and, with them, our nation and NHS patients will lose access to hundreds of decades of collective experience forever.

We would be welcome an opportunity to discuss these issues in greater detail.

Yours sincerely,



Dr Naru Narayanan
President, HCSA



Dr Sarah Tennant
Chair, HCSA Pensions Committee

*Copied to: Secretary of State for Health and Social Care The Rt Hon Steve Barclay MP
Minister of State for Health and Secondary Care Will Quince MP*