

**Cabinet Secretary for Health and Social Care**  
**St Andrew's House**  
**Regent Road**  
**Edinburgh**  
**EH1 3DG**

18 August 2022

**Sent by email**

Dear Cabinet Secretary

**Pensions Flexibilities and Contribution Rates**

We are writing to you to urgently raise our concerns around a number of pensions-related issues which, if left unaddressed, will further exacerbate the major retention crisis of senior medical staff faced by NHS Scotland. Some of these issues are ones we have raised previously but are yet to have any meaningful action on, and our fear is that further delays in addressing the problems will lead to direct consequences for patient care.

Recycling of Pension Contributions

The first issue is the subject of pension flexibilities and the option of Recycling of Employers Contributions (REC). As you will be aware, this is now available across the entire NHS in Wales, many English NHS Trust and is being explored in Northern Ireland, leaving NHS Scotland as potentially the only part of the UK choosing not to act on the issue.

We have raised this previously in our correspondence of November 2021 and again at our BMA bilateral meeting in May 2022, where you gave assurances that this was "under active consideration". Since this time, we have not heard any more on the issue and as we progress further into the tax year, our concern is that more consultants will choose to leave the NHS altogether, rather than deal with the ongoing uncertainty and punitive tax bills. It is still our firmly-held view that an effective REC scheme is a key driver in retaining senior consultants, and the longer that Scotland remains an outlier in this regard, the more staff we will lose. It takes 15 years to train a consultant, and if we want to attract and retain the best staff, then we need to show that we value the ones we already have.

Pension Contribution Rates and Structures

The problems of pension taxation for senior medical staff are well known and are recognised as one of the main reasons why many feel forced to retire earlier than they would otherwise have planned. This issue is exacerbated by the high costs and steep tiering faced by the most senior members of the NHS pensions scheme, and it has been recognised there is little real justification for this in the new CARE pensions schemes.

**National director (Scotland):** Jill Vickerman

**Chief executive officers:** Neeta Major and Rachel Podolak

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The SPPA were tasked with reviewing contribution structures, with an original deadline of a new structure being in place by 31<sup>st</sup> March 2022. The agreed aims of this were to continue to deliver a contribution yield of 9.8%, to address some of the inequities within the existing structure to ensure a scheme that is fair and equitable across the pay range and to reduce the risk of people opting out of the scheme. As you know the SPPA ran their consultation much later than England & Wales and Northern Ireland (concluding at the end of February) and then only published an interim consultation response in March. This interim response recognised and accepted the widespread support for a move to assess contributions based on actual rather than whole time equivalent pay however failed to agree an actual contribution structure. The structure proposed in their consultation had a number of flaws – in particular it gave no regard to the tax charges levied on scheme members, only taking account of tax relief. It therefore continued to persist with the steepest tiering of any public sector pension scheme. The proposals in England & Wales similarly failed to address this issue however they did at least make an initial move towards a flatter contribution structure.

In comparison the SPPA proposals contained a marked difference for those falling within the new tier 6 (£48,785 to £65,376). It was suggested their contributions be increased from the current rate of 9.5% to 11.4%, a jump of almost 2%, which is wholly disproportionate to the increases which all other tiers are being subjected to. Given the target yield of 9.8% it also appeared grossly unfair to expect such a wide range of staff to have to pay so much more in contributions. The SPPA proposals also had no members paying the target yield of 9.8%, whilst again the England & Wales structure moved a significant section to that level.

In both their interim consultation response and the subsequent Scheme Advisory Board in May 2022 the SPPA made clear their plans for a new consultation in the summer, to be launched by the end of June. Despite multiple requests by ourselves and other staff-side and employer representatives there was no clear update around this new consultation until the SAB meeting on Thursday 11 August 2022. At this meeting it transpired that no further consultation was planned and indeed that any change in the consultation rates would be delayed (subject to your approval) likely until April 2023. Needless to say we have significant concerns around the lack of involvement of the Scheme Advisory Board in this decision, something unanimously echoed by other staff-side representatives.

The end result is we are in the unenviable situation where doctors in Scotland that work less than full time and/or are in the higher end of the contribution tiers will, from October, be paying significantly higher contribution rates than colleagues anywhere else in the UK, all whilst having no ability to leave the scheme without losing the benefits of employer contributions.

We are well aware that a definitive resolution of pension taxation is a reserved matter, however REC and scheme contributions are fully within the control of Scottish Government. Immediate implementation of contribution structures and availability of REC on a par with the rest of the UK is urgently needed.

We would be happy to meet with you to discuss this matter further.

Yours sincerely

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Dr Graeme Eunson  
Chair, Scottish Consultants Committee  
**BMA Representative to the NHS Scotland Pensions Board**



Dr Alan Robertson  
Deputy Chair (Terms and Conditions), Scottish Consultants Committee  
**BMA Representative to the NHS Scotland Scheme Advisory Board**

cc Gillian Russell, Director of Health Workforce  
Laura Zeballos, Joint Deputy Director of Health Workforce  
Victoria Bowman, Joint Deputy Director of Health Workforce

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