

NHS Pension Scheme: proposed amendments to scheme regulations

As the voice for nursing within the United Kingdom, the Royal College of Nursing (RCN) represents and advocates on behalf of our members and all nursing staff to ensure that their invaluable contribution to the health of our nation is reflected in their remuneration which is essential to support nursing staff and their families in retirement.

1. Introduction

- 1.1. The Royal College of Nursing (RCN) is the largest professional body and trade union for nursing staff in the world. We represent around half a million members who are registered nurses, midwives, students, and nursing support workers across the United Kingdom and beyond.
- 1.2. There are over 47,000 registered nursing roles vacant in the NHS in England alone¹, and at least 2,900 in Wales² The registered nurse vacancy rate in the NHS in England is currently at 11.9%
- 1.3. The UK entered the pandemic with a severe shortage of nursing staff and with continued cases of COVID-19, an ever-growing backlog and exhaustion amongst staff, services and the workforce are increasingly pressured. The risks to nursing workforce retention are significant, with data demonstrating a downturn in the numbers.
- 1.4. Many retired nurses stepped forward during the earlier waves of the pandemic and their contribution was vital to the efforts to tackle COVID-19, sustain our health and care services, and treat patients.
- 1.5. The nursing workforce is aging – as of September 2022, approximately 76% or over 9,950 staff, on the temporary nursing and midwifery register were over the age of 55, many of whom could be affected by a change to abatement rules. ³
- 1.6. In addition, as of September 2022, 22% of those on the permanent register in England and Wales were over the age of 55 (140,218 people), meaning one in five of those on the register in these countries are approaching retirement age. ⁴
- 1.7. Final sentence about something like – flexibility, choice and an ability to return to the workforce are all aspects of a workable pension for nursing staff. While much of this consultation reflects a direction of travel with which the RCN broadly agrees, we are particularly concerned about the equality assessment which was done which

¹ [NHS Vacancy Statistics \(and previous NHS Vacancies Survey\) - NHS Digital](#)

² [Nursing in numbers - English | Royal College of Nursing \(rcn.org.uk\)](#)

³ [Registration data reports - The Nursing and Midwifery Council \(nmc.org.uk\)](#)

⁴ [Registration data reports - The Nursing and Midwifery Council \(nmc.org.uk\)](#)

fails to address specific impacts on women and younger members of the pension scheme.

2. Pension flexibilities

- 2.1. The RCN broadly agrees that the new retirement flexibilities should be introduced as proposed in this consultation document. There are potential benefits in greater flexibility however, of the current cost of living crisis may mean that increasing numbers of nursing staff are working into retirement to meet the rising costs of living in the UK. Pension benefit should be set at a level to enable a comfortable retirement without the need for members to continue working.
- 2.2. Retirement flexibility as a means of easing the current recruitment and retention crisis within thin NHS is welcome. However, it is important that such measures are not relied upon as a resolution to the workforce shortage crisis. Creating conditions where older workers can continue to work if they choose must be implemented alongside other measures to improve recruitment and retention within the NHS. Addressing the decade of real terms pay cuts⁵ which NHS staff have endured would be the most urgent and beneficial action for the department to pursue.
- 2.3. In addition, there is a potential flaw in the proposed implementation of the policy which effectively compensates members in the event an Annual Allowance (AA) tax charge is triggered by choosing reformed scheme benefits for members who choose partial retirement.
- 2.4. The Annual Allowance Provision Definition Document (scenario 3) suggests that the lower closing value based on legacy scheme benefits would apply for future PIA assessments. However, this approach would not compensate the member as intended as the 'extra' PIA being counted towards the Annual Allowance.
- 2.5. This approach would likely impact scheme sustainability as it will reduce the incentive to remain in the scheme after partial retirement. Action should be taken before the proposed implementation date of the draft regulations to change the pensions tax framework on 6 April 2023.

3. Inflation changes

- 3.1. With regards to question 4, changes to the pension rules regarding inflation should be implemented as proposed in this consultation document.

⁵ RCN commissioned analysis undertaken by London Economics (2022)

4. Scheme access

- 4.1. Changes to scheme access should be introduced as proposed in this consultation document. The RCN believes the ongoing sustainability of the NHS pension scheme is ensured with the widest feasible membership.
- 4.2. However, whilst the inclusion of subcontractors to the NHS pension scheme facilitates this, a mechanism should be implemented to review the status of subcontractor membership beyond 12 months. While in some instances, extended use of subcontractors is justified, this practice should not be used in the long term to fill substantive vacancies in the NHS staffing structure.

5. Technical updates

- 5.1. The RCN is content that the technical updates to member contributions provisions should be implemented as proposed in this consultation document.

6. Equality impact assessment

- 6.1. As raised in the consultation, these pension flexibilities may benefit female members by providing an opportunity to increase pension benefit. However, such members can only do so by working longer which represents a significant detriment compared with male colleagues. Therefore, further scoping of measures to remove the disadvantage women members face as members of the NHS pension scheme is needed.
- 6.2. In addition, the RCN strongly disagrees with the department's assessment of the potential impact on age as a protected characteristic in the context of special class status. Abatement rules disadvantage older workers and simultaneously have the effect of reducing both experience levels and the available workforce. Equally, the removal of special class status arrangements subjects younger workers to a detriment. The RCN believes the remedy to be restoration of special class status and the removal of abatement rules. Further, the cost to the public purse could be offset by the likely increases to productivity and a significant reduction in agency spend⁶ nationwide.

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⁶ Agency spend NHS England - [Written questions and answers - Written questions, answers and statements - UK Parliament](#)