



Government makes fresh announcements about proposed NHS pension flexibility to help with the NHS pension tax crisis

Following on from our previous e-bytes, the Government has announced a consultation that will shortly start regarding its new proposals to be introduced from next year.

Originally the Government suggested that a 50:50 scheme would be used, similar to other public sector pension schemes.

However, this had been widely criticised as not going far enough to solve the problem that is causing at least one-third of senior clinicians to cut back on their working hours.

The latest announcement would be to allow clinicians to decide at the start of each year, how much of their pensionable income they would like to pay contributions on, providing that they agree to accept a lower accrual rate.

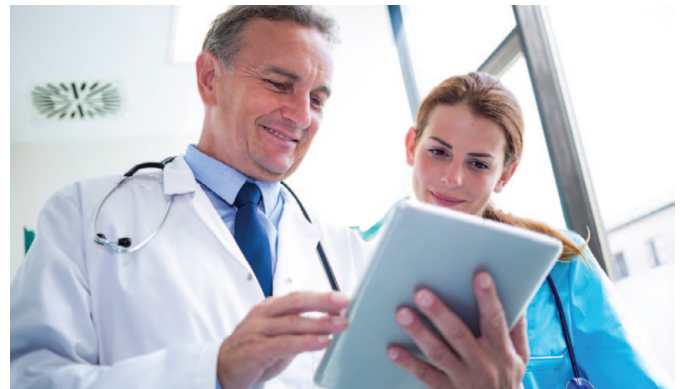
It has also been suggested that in this case the employer contributions, currently paid by the NHS for employees or grossed up into global sum for practitioners will be recycled into pay or not clawed back from practitioners.

We have also been promised a further consultation on a scheme to phase in the pensioning in of pay increases to smooth out the distortion to pension growth.

Using the current rules, it would also be possible to pay additional pension top-ups at the end of the year, when clinicians would have a better idea of their income and pension growth.

This may go some way to resolving the pension tax crisis faced by senior clinicians but the root cause, the excess pension input tax charge and tapering annual allowance, needs reform to ensure that the NHS workforce is not dis-incentivised from working additional hours.

The Chancellor, Sajid Javid has said: "This Government is committed to ensuring that British people see a real difference in public services, including getting quicker GP appointments, and a reduction in waiting times.







"Critical to that is introducing flexibility into the system so that our hospitals have the staff they need to deliver high-quality patient care, which is why we have listened to concerns and will be reviewing the operation of the tapered annual allowance. This will help to support the delivery of our vital public services."

How we can help

If this new scheme is to allow additional pension top-ups at the end of the year and give you the ability to decide an accrual rate at the very start of a year, practitioners and locums must have real-time accounting information to enable them to make timely informed decisions.

At Clemence Hoar Cummings, we are happy to work with you and your staff to introduce real-time accounting for your practice so that you can benefit from:

-  A promised increase in pension flexibility
-  Have plenty of warning of your future tax and pension payments
-  Ensure you are fully compliant with the ensuing Making Tax Digital regime
-  Enable you to make informed business decisions.

If you would like to discuss any of the points in this factsheet please contact our specialist services partner Philip Redhead FCCA on **01708 333308** or philip.redhead@chc.uk.com