

Royal College of Nursing response to Department of Health and Social Care consultation on NHS Pension Scheme: proposed policy changes for April 2024

With a membership of over half a million registered nurses, midwives, health visitors, nursing students, health care assistants and nurse cadets, the Royal College of Nursing (RCN) is the voice of nursing across the United Kingdom and the largest professional union of nursing staff in the world.

Consultation responses

1. Removal of the first contribution tier:

- 1.1. The Royal College of Nursing (RCN) agrees in principle that removing the first tier of the NHS Pension Scheme member contribution structure at a future point is reasonable in the context of recent tax changes. However, we have significant concerns that members affected by the proposal will not equate the increase in contributions with a reduction in income tax.
- 1.2. Although the net position is likely to be zero, the increase in contributions for members with the lowest salaries has the potential to increase member opt-out and threaten the long-term sustainability of the scheme.
- 1.3. Before any changes are made the RCN would like to see a clear and concise series of employer-led communications to members to clearly explain the context behind this proposal.

2. Uplifting thresholds in line with CPI:

- 2.1. The RCN agrees that updating member contribution thresholds in line with CPI is likely to reduce the potential for 'cliff edge' scenarios for members in receipt of annual pay awards.
- 2.2. However, the RCN notes that 'cliff edge' potential has not been removed entirely. Further, a unified increase across England and Wales fails to account for the devolution factor, should one government offer a higher pay award as was the case in 2023-24.
- 2.3. The RCN welcomes commitments given by DHSC colleagues at the 6 December 2023 Scheme Advisory Board concerning the creation of an addition 'in year' to afford greater protection to members. The RCN would welcome the ability to comment on the detail of this commitment before any indexation proposals proceed.

3. Freezing the entry point for the top tier:

- 3.1. The RCN disagrees with this proposal. The net effect will likely be more members paying additional contributions for the same benefit.
- 3.2. The RCN is opposed to this measure. As the scheme is in surplus, we do not consider there to be reasonable rationale for this proposal.

4. Realtime banding:

- 4.1. The RCN supports this measure. More accurate levels of pension contributions, especially for members with fluctuating earnings, is a welcome amendment to current regulations.

5. Pensionability of overtime:

- 5.1. The RCN supports this measure and increases in pension benefits for members in scope are welcome. Additionally, this proposal is likely to support overall scheme sustainability.

6. Revised employer contribution rate:

- 6.1. The RCN supports this measure providing it is fully funded for all employers delivering NHS services not just those who appear in Annex 1 of the NHS national terms and conditions handbook.
- 6.2. Employers without access to additional Treasury funding would face a 2.9% cut to the staffing budget. Such a move would have negative consequences for safe and effective levels of staffing. The RCN calls on the government to commit to fully funding this proposal for all employers who deliver NHS care.

7. Abatement removal:

- 7.1. The RCN supports this measure and has been calling for it for some time. This proposal was agreed as part of the 2023-24 pay deal and the RCN is awaiting the formal removal of these rules.

8. Carers leave:

- 8.1. The RCN supports this measure. The amendments will ensure that members who take carer's leave will accrue pension whilst they are absent from work. This is consistent with the existing approach to other authorised absences from work.

9. Abolition of lifetime allowance:

- 9.1. The RCN supports this measure and considers that it renders pension recycling options obsolete. Consequently, the RCN would welcome the department going further and removing pension recycling arrangements on the grounds of scheme sustainability.

10. Partial retirement clarification:

- 10.1. The RCN is opposed to excluding salary sacrifice arrangements as an eligible means of managing a reduction in pensionable pay.



10.2. This proposal is inconsistent with other measures in this consultation (see pensionability of overtime increases). The RCN has raised concerns about this approach, and we urge the department to revisit this proposal.

For further information, please contact:

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