



Govt confirms no compensation for exceeding NHS pension AA

By Jack Gray 08/08/19

The government has confirmed that NHS staff who inadvertently exceed the tapered annual allowance (AA) on their pension scheme will not receive compensation.

Answering Baroness Ros Altmann's parliamentary written question, Baroness Nicola Blackwood noted that although the government will not be offering compensation, it believes it has the systems in place to help staff who accidentally exceed the limit.

She stated: "While there are no plans to compensate senior NHS staff who exceed their tax-free pension savings allowances, the Scheme Pays facility is there to assist NHS Pension Scheme members who breach the annual allowance, and allows them to settle their lifetime and annual allowance charges without making an upfront payment."

Despite calls from the industry, the government has repeatedly **ruled out scrapping** the tapered AA and has looked for other solutions to the NHS pensions crisis.

It initially proposed a '50:50' solution, where employees would be allowed to reduce their pension contributions to 50 per cent, while maintaining employer contributions at 100 per cent.

However, after much criticism, including from the British Medical Association, the government **scrapped the proposal yesterday** (7 August) and instead proposed offering full flexibility over the amount clinicians can put into their pensions.

Despite the U-turn, the industry called on the government to go further in its review of NHS pension tax rules.

Commenting on the new proposal, Altmann said that she was glad to see the government attempting to address the NHS pension crisis, but more needs to be done.

She added: "More flexibility is a start, but the NHS must also acknowledge duty of care to staff who feel betrayed and the government should consider offering access to independent financial advice for NHS staff.

"Ideally the AA taper should be scrapped – it's far too complicated."

Altmann also asked the government assessment it had made of pension provision for GP practice nurses and the impact of their exclusion from the NHS pension scheme until 1997.

Blackwood said that practise nurses could not be offered retrospective membership as NHS Pension Scheme costs are met "mutually across all members and their employers".