

NHS Employers
2 Brewery Wharf
Kendell Street
Leeds
LS10 1JR

NHS Pensions Policy Team
Department of Health and Social Care
Area 2NE Quarry House
Quarry Hill
Leeds
LS2 7UE

Sent via email to nhspconsultations@dhsc.gov.uk

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NHS Pension Scheme: proposed continuation of temporary easements

NHS Employers welcomes the opportunity to respond to the above consultation on behalf of employers across the NHS. Our response represents the views and feedback gathered from workforce leaders in response to the consultation questions, including insight into the impact of the proposals on workforce capacity within NHS organisations.

Q1. Do you agree or disagree that the temporary pension easements currently provided by section 45 of the Coronavirus Act should be continued beyond the planned expiry of the Act from 25 March 2022?

Employers agree that the temporary pension easements should be continued from 25 March 2022.

NHS organisations are still dealing with the immediate challenges of responding to the Covid-19 pandemic, as well as the emerging pressures elective service recovery. Employers are experiencing significant workforce challenges, with additional pressure from factors including Covid-19 absences, annual leave and staff fatigue. Employers are using every available measure to retain existing staff and to encourage retired staff to return to the workforce to support the service. The need to maximise workforce capacity to deliver NHS services will continue beyond 24 March 2022.

The temporary suspension of abatement and the 16-hour rule has been hugely beneficial throughout the pandemic. The easements have helped to support incredibly valuable and experienced colleagues to return to work with higher weekly hours than would otherwise have been possible. Employers have reported that this has directly improved workforce capacity and their ability to deliver services at a critical time.

Retired staff that have returned to work have played a vital role in the pandemic response so far, and employers are clear that these individuals have added great value to the workforce. They have brought skills, experience and the ability to encourage, support, mentor and train younger colleagues. Employers have provided anecdotal evidence that many individuals that have retired and returned to work have indicated that they plan to leave the NHS workforce completely if and when the easements are lifted. With the workforce pressures as they

currently are, losing these individuals from the workforce, or a reduction in the hours they are able to work, would further increase the difficulties faced by NHS organisations to safely staff services, and to support staff in terms of health and wellbeing and flexible working opportunities.

Employers are united in their view that the easements should therefore be extended beyond 24 March 2022. Employers would welcome further measures to support this objective, such as the introduction of flexible retirement options in the 1995 Section of the NHS Pension Scheme.

Although the proposals to extend the easements beyond 24 March 2022 are welcome, some employers are frustrated that this has been proposed too late, and once notice had already been given that the rules would be re-introduced. Many organisations have already had 1:1s with staff about changing their working patterns, entered into formal agreements about changes to job plans and have planned recruitment activities to fill the gaps that were anticipated. Employers wish to stress the importance of having certainty and sufficient notice for any future changes of this kind.

Employers have provided the following examples of some of the expected impacts, were the abatement and 16-hour rules to be re-introduced on 25 March:

- A significant proportion, and in some organisations, all staff that have retired and returned recently, have returned full time. This demonstrates the appetite for retirees to return to work at a capacity above what would otherwise have been possible. Re-introducing the 16-hour and abatement rules would therefore both have a big impact on workforce capacity.
- There would be a significant impact on the nursing workforce, where a high proportion of employees can and are likely to retire soon. One employer has provided the example that they would expect to lose 23 nurses by the end of March if the easements are lifted.
- This will create a reduction in overall hours in some of the hardest to recruit areas, for example mental health nurses. One employer shared that their vacancy rates are currently over 20 per cent for registered mental health nurses. Measures that will encourage experienced staff to work for longer are therefore seen to be crucial.
- Pressure would be increased on a number of specialist areas. An example was provided relating to an organisation's lead for eating disorders, who has retired and returned to work. This team is in such demand that losing any amount of time from that individual's role would significantly impact on the trust's ability to maintain a responsive service.
- Any restrictions to the capacity of such experienced and often specialist workers is likely to result in increased costs to NHS organisation through the use of bank and agency staff.

Q2. Do you agree or disagree that the continuation of the easements until 31 October 2022 is a reasonable length of time?

Employers are united in their support for extending the measures beyond 24 March 2022, but have provided different views in response to this question. Many employers found it challenging to provide a strong view, as the service and workforce needs from 1 November

2022 are unknown, especially given the uncertainty around any future peaks or the emergence of new variants.

Around a quarter of employers that have provided feedback agreed that the continuation of the easements until 31 October 2022 would be a reasonable length of time.

Approximately half of employers called for the easements to be continued beyond 31 October 2022, with most suggesting that 31 March 2023 would be a more appropriate end date for the measures.

The reasons given for this position are:

- The additional workforce capacity gained from enabling retirees to work greater hours will be needed beyond 31 October 2022 to support service recovery.
- Extending the easements beyond October will provide additional flexibility to services in the face of significant workforce pressures that do not look set to ease before that date.
- Re-introducing the regulations in November does not support employers to maximise capacity over the winter months to deal with winter pressures.

Employers are clear that the recovery of elective services will provide an additional pressure over the coming years, and many would therefore be supportive of future extensions to these easements beyond March 2023 as appropriate.

Some employers suggested that abatement rules and the 16-hour rule should be removed indefinitely. Although we acknowledge the rationale for the existence of these rules to ensure fairness for all scheme members and the tax payer, it is important to employers that this is considered against the benefits and cost savings that are gained from allowing experienced staff to contribute higher levels of capacity to the NHS.

Specifically, the cost of pension benefits in addition to a full-time wage for those affected by the rules should be weighed up against the costs of recruitment (particularly in specialist or hard to recruit areas) and training. There are many non-financial benefits of encouraging retired staff to return to work, such as retaining a high level of skills and experience, and the ability of these individuals to support and mentor more junior staff. As the pensions provided by the NHS Pension Scheme are paid for by both members and employers, it is reasonable that these additional costs and benefits are taken into consideration.

It is also important to highlight that scheme members can receive their full pension benefits and return to work for other non-NHS providers without their pension being abated. This includes agency nursing, where individuals will be working for the NHS but at an additional cost. The re-introduction of abatement and the 16-hour rule may provide an additional incentive for retired staff to work for agencies, at a higher cost to the NHS.

We would support a review of the costs and benefits of abatement and the 16-hour rule, to understand if the regulations are still appropriate and working in the best interests of NHS staff, employers and patients.

Conclusion

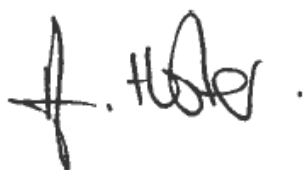
The proposals to continue the current easements beyond 24 March 2022 are welcomed by employers. However, due to ongoing workforce pressures and service demands, many employers would like to see these easements extended for a longer period of time, either to 31 March 2023 or indefinitely.

Employers would support a review of the abatement and 16-hour rules to understand if a permanent removal of these regulations would be appropriate. We would suggest that this review takes place before these rules are re-introduced to members, and that the department ensures that sufficient notice is provided to both employers and members of any changes or re-introduction of these rules.

Employers would also fully support the consideration of introducing new options in the 1995 Section of the NHS Pension Scheme that would help to facilitate flexible retirement, support members to work in the NHS for longer, and help employers to maximise the capacity of their workforce.

Please contact us if you have any questions or if you require any further detail on any of the points in our response. We look forward to seeing the government response in due course.

Yours Sincerely,



Andrea Hester

Deputy Director of Employment Relations and Reward.