NHS Employers

NHS Pension Scheme: proposed changes to member contributions from 1 April 2022

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Introduction

The member contribution structure for the NHS Pension Scheme (England and Wales) is reviewed regularly by the Department of Health and Social Care (DHSC). This consultation proposes changes to the current structure, to be implemented from 1 April 2022. The changes would coincide with the prospective McCloud remedy, with all active members of the NHS Pension Scheme accruing pension in the 2015 CARE scheme from this date. The closure of the final salary schemes forms the basis of the rationale behind a number of the proposed changes.

NHS Employers welcomes the opportunity to respond to this consultation on behalf of employers across the NHS in England. We have engaged with employers to inform our response through online surveys, discussions at regional network meetings and more focused group conversations.

NHS Employers' response has set out the broader context in which the proposals have been considered by employers, followed by answers to the specific questions posed by the consultation.

Broader context of the changes

Employers cannot consider the proposed changes to the NHS Pension Scheme contribution structure in isolation for the following reasons:

- Changing pension contribution rates will have a direct impact on take-home pay for many members of the scheme (approximately 91 per cent of the NHS workforce), at a time when there is a difficult pay landscape for the NHS, with strained industrial relations.

- Introducing the changes from 1 April 2022 will also coincide with the introduction of the 1.25 per cent health and care levy through National Insurance payments, which will decrease take-home pay for NHS employees. As a result, any increases to pension contributions will be exacerbated in terms of net impact on take-home pay and any reductions to pension contributions risk being cancelled out.

- Changes to the NHS Pension Scheme are likely to add to its perceived complexity, and are often instinctively viewed by members as being negative. This reduces the perceived value of the scheme to members, and ultimately impacts on employers' ability to use the scheme as an important tool for recruitment and retention.

- The proposed changes to member contributions on 1 April 2022 would be implemented alongside further scheme changes associated with the McCloud remedy; this would create additional complexity and is likely to significantly impact members' perception of and confidence in the scheme.

- The COVID-19 pandemic continues to place an extremely high operational demand on NHS organisations to maximise clinical capacity, deliver a challenging and evolving vaccination programme and to ensure compliance with mandatory vaccination requirements for staff by 1 April 2022. The capacity available within organisations to effectively implement any changes to the NHS Pension Scheme is therefore reduced. This includes communications and engagement with staff, which is considered to be vitally important to help manage any unintended consequences that may arise.

- The impact of the COVID-19 pandemic so far also means that the NHS faces a challenging and significant task of elective service recovery. The retention of staff at all levels will be critical to help NHS organisations to address this issue, and it is important to employers that changes to the NHS Pension Scheme do not jeopardise their efforts in this area.

- Related to elective service recovery and the need to retain experienced staff, the NHS Pension Scheme regulations do not currently provide the level of flexibility needed to support staff to work longer. Key barriers include the lack of flexible retirement options in the 1995 Section of the scheme, and the re-introduction of abatement rules (such as the 16 hour rule) that have been temporarily suspended by the Coronavirus Act 2020. NHS Employers would support the consideration of all measures to support retention of the older workforce, including an extension of the provision to suspend abatement rules for returning staff beyond March 2022.

- Pension tax also continues to be a barrier to the retention of senior and experienced employees, although this situation has improved following changes to the annual allowance taper thresholds in April 2020, and will continue to improve further as the number of scheme members with a final salary link diminishes. It is imperative that higher earners are encouraged to seek independent financial advice to ensure that individual positions are understood, and to avoid unnecessary decisions being made that would impact on the workforce capacity of the NHS.

- The lack of flexible accrual options in the NHS Pension Scheme continues to be a barrier to scheme membership across the NHS workforce. NHS Employers would strongly urge the government to introduce such flexibilities as a vital component of plans to change member contributions.

Employers have strong concerns about the timing of the changes to member contributions in terms of the potential impacts that a combination of the above factors could have on recruitment, retention and ultimately on the delivery of NHS services. This broader context has been taken into consideration when responding to the consultation questions below.

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Consultation questions

Do you agree or disagree that the member contribution rate should be based on actual annual rates of pay instead of members' notional whole-time equivalent pay?

In summary: Employers agree with this proposal as it will correct the inequality in the current structure for part-time employees and will reflect the CARE pension benefits that will be accrued by all active members from 1 April 2022. There are a number of implementation concerns that employers will need to be fully addressed, however this does not impact the overall support for using actual pensionable pay to determine rates.

Employers acknowledge the cost associated with this proposal but agree that member contribution rates should be based on actual annual rates of pensionable pay rather than notional whole-time equivalent (WTE) pay. This would ensure that contribution rates are more reflective of the benefits being accrued, acknowledging that all active scheme members will be contributing to a CARE scheme from 1 April 2022.

Using actual pensionable pay will specifically be fairer to members that work less than full time, and it is noted that this is more likely to apply to female members of staff. Employers have reported receiving queries from many part-time employees to ask why WTE is used to determine their contribution rate, when their benefits are based on actual earnings.

Employers have identified that a potential unintended consequence of this proposal could be that staff reduce their contracted working hours to manage their pensionable pay and ensure that this falls within a particular contribution tier. This is worth highlighting from a workforce planning and capacity perspective, however employers have concluded that this is likely to be a small risk, and one that is difficult to both predict and measure.

It is also noted that all other public service pension schemes already use actual pensionable pay to determine contributions. Although not a reason in itself to introduce the change, this would bring the NHS Pension Scheme in line with other public service schemes.

Administration considerations

Although employers support this proposal in principle, there are a number of practical considerations that need to be fully addressed to enable this to be implemented efficiently, and to avoid potentially significant additional workloads for employers locally. Pensions teams will be dealing with multiple scheme changes from 1 April 2022, along with more queries from members, and it will be important not to put any additional pressure on these local teams.

Payroll systems

The Electronic Staff Record (ESR) system is the payroll system used by NHS trusts across England and Wales. However, different payroll providers are used by other employers participating in the scheme, such as GP practices and direction bodies.

Many of the administration concerns from employers relate to how payroll systems would adapt to the changes and the level of automation that could be achieved. Employers are clear that every effort should be made to ensure that additional manual interventions by local teams are not needed as a result of any of the changes that are being proposed.

Annual pay periods

The consultation proposes that the previous year's actual pensionable earnings are used to determine a member's contribution rate for the current scheme year. This is similar to the current approach, however there are arguments for using a monthly pay period rather than an annual pay period when basing rates on actual pensionable pay. Using a monthly pay period approach would more accurately reflect a member's pensionable earnings, as many NHS employees have a high level of variability in their monthly pay. However, employers recognise the administration complexities and potentially significant increases in workload for payroll teams that would be associated with this, which would likely include an increased number of queries from staff about monthly variations in their pension contribution rate. On balance, we consider it appropriate for the previous year's pensionable earnings to be used, as proposed in the consultation.

Employers agree that, in most cases, using actual pensionable pay to determine rates would not introduce significant additional challenges to administer. However, using actual pay will create additional complexity in certain circumstances, as discussed below.

Assessing rates mid-year

Where it is not feasible for a member's contribution rate to be calculated using their pensionable earnings from the previous year, mid-year assessments are made. Employers are currently required to assess the contribution rate for members that join the scheme part-way through the year, and to re-assess rates following certain changes to pensionable pay or allowances. It is proposed that this approach would be retained from 1 April 2022, which employers agree is fair and reasonable.

Under the proposal to base contribution rates on actual pay, employers will also be required to re-assess rates part-way through the year if a member changes their contracted working hours. This is not currently required, as contribution rates are determined by whole-time equivalent pay.

Employers have an expectation that payroll systems would be able to identify any mid-year changes in contracted hours and to highlight any resulting changes to the contribution rate.

Payroll systems currently calculate the new rate based on both recurring and non-recurring payments from the first full month following the change. Employers report that this process currently works well in terms of recurring payments. However, non-recurring pensionable enhancements are typically paid one month in arrears, meaning any payments in the month following the change are likely linked to the member's previous working pattern. This can lead to a member's new rate for the rest of the year not being representative of the actual pensionable pay that they are likely to receive, and ultimately to an over- or under-collection of member contributions to the scheme.

Employers have provided the example of a nurse working full time (with no enhanced pay) who reduces their contracted working hours at the same time as deciding to work particular shifts that attract enhanced pay. By doing this, the member could maintain or increase their total pensionable pay whilst working fewer hours. If this happened part-way through a year, the member's new rate would be calculated based on their pay in the month following the change. This would identify the reduction to working hours but, as no pensionable enhancements would be paid until the following month, the individual is likely to be assigned a rate for the remainder of the year based on a lower level of pensionable pay than they would actually be earning.

Although this example would lead to an under-collection of member contributions, there are also instances where the scheme could over-collect, and the overall net impact of this on the yield is not known. This issue is present within the current process, however the additional requirement for rates to be re-assessed following a change to contracted hours would increase the likelihood of this happening, and therefore increases the risk to the scheme of not collecting the required level of member contributions.

One way to mitigate against this issue would be to use the second full month after the change to make the assessment. This is likely to provide a much more accurate representation of the member's new level of pensionable enhancements, and therefore produce a more appropriate contribution rate. However, it would likely require any changes to be backdated for two months instead of one, which could cause increased arrears of pension to be due.

Aggregation of multiple part-time employments

There is a clear rationale behind the objective to aggregate multiple part-time employments. A member's contribution rate would reflect their pensionable earnings across all employments, ensuring that the rate would be the same for all members with the same total pensionable pay building up the same level of benefits, regardless of whether this pay was earned from one contract or multiple contracts. Employers believe that aggregating employments would be a fair approach, however if the process cannot be guaranteed to work efficiently in practice without creating additional workload, this would potentially outweigh the benefits for employers.

The consultation has proposed that, if it is 'administratively possible', multiple posts with the same employer would be aggregated from 1 April 2022. Employers would be supportive of this measure on the condition that payroll systems would have the capability to automatically calculate a member's correct contribution rate from their multiple employments, with no manual intervention required from employers. This is a clear expectation that goes beyond the aggregation process being administratively possible.

Employers are highly concerned about the potentially significant impact to their workload that manual interventions would require. A large proportion of additional posts held by NHS employees are bank contracts, where staff are paid weekly. If the aggregation process was not automated, employers are clear that this would produce an unreasonable level of additional workload for teams locally, and it would be impossible for organisations to manage this process within the payroll deadlines. Employers would therefore fully support the implementation of aggregation being delayed until a time where the process can be fully automated.

In the longer term, the consultation sets out an intention that part-time roles across multiple employers would be aggregated from 1 April 2023, subject to consultation. Employers are highly concerned about the practicalities of aggregating employments across multiple employers, particularly when this would also be across different payroll systems. Employers are not convinced that the benefits of this would outweigh the costs associated with system development, the risk of error and the additional resource needed for manual interventions.

An alternative option would be to not aggregate pensionable pay if employments were across more than one employer. Whilst this would not be ideal on principle, and would pose a risk of under-collecting contributions, it may be the best solution in terms of administration time, cost and resource. It would be important that an equality impact assessment is undertaken to fully understand any equality risks associated with this option.

NHS Employers would be supportive of DHSC's proposal to consider aggregation in a separate consultation in 2022, and employers would welcome the opportunity to feed into these proposals. As part of these considerations, it would be interesting to understand any impacts from not aggregating pay from 1 April 2022, including any under-collection of contributions.

Do you agree or disagree that the thresholds for the member contribution tiers should be increased in line with Agenda for Change pay awards?

In summary: employers strongly agree with this proposal.

Employers acknowledge the cost associated with this proposal but are in strong agreement that tier boundaries should be indexed each year to mitigate against reductions to take-home pay as a direct result of a national pay award. Currently, any resulting increases to pension contributions that exceed the value of the pay award undermine both the value of the award and the value of the NHS Pension Scheme for staff. Employers therefore welcome the steps outlined in the consultation to correct this.

It is proposed that the Agenda for Change (AfC) pay award is used to increase the tier boundaries, as this is the award that applies to the largest number of scheme members. As not all scheme members are covered by AfC, this means that nationally agreed pay awards for other contracts could potentially still move members into a higher tier. This would not fully achieve the aim of the proposal however, it is recognised that the risk of this happening is small, and that the AfC uplift would still have a positive effect in reducing the likelihood of impacting on take-home pay in this situation.

Although not all scheme members are covered by AfC, employers agree with DHSC that the boundaries should be increased consistently for all members and, in the absence of a perfect solution, accept that the AfC pay award is a reasonable measure of uplift to use. The regulations should be clear about how this uplift would work if the AfC pay award is not a uniform percentage across all bands.

Do you agree or disagree with the proposed member contribution structure set out in this consultation document?

In summary: employers understand the rationale for flattening the member contribution structure and would support the structure being gradually flattened over time to a position where a significant proportion of the membership is paying 9.8 per cent. However, it is the view of employers that the proposed new structure moves too quickly towards that position, and employers are highly concerned about the disproportionate impact that this would have on the lowest earning members of staff.

Our response to this question has been split into the following sections:

- Gradually flattening the contribution structure
- Alternative approach

- Impact of the proposed changes on lower earners
- Impact of the proposed changes on middle earners
- Impact of the proposed changes on higher earners

Gradually flattening the contribution structure

Following the introduction of the CARE scheme in 2015, the NHS Pension Scheme is currently in the process of transitioning from all its members being in final salary schemes to all members only having ever accrued CARE benefits. As is outlined in the consultation, the high level of cross-subsidy that is currently present in the tiered member contribution structure can be justified for a final salary scheme, however in a CARE scheme there is a technical argument for all members to be paying the same rate (i.e. the current yield of 9.8 per cent in the case of the NHS Pension Scheme).

As all active members will be contributing to a CARE scheme from 1 April 2022 as part of the McCloud remedy, NHS Employers agrees that the contribution structure should be gradually flattened over time, with more members paying closer to 9.8 per cent as a higher proportion of benefits are built up in the CARE scheme going forwards.

There are strong reasons why a gradual approach to flattening the structure should be adopted. Firstly, although all active members will be contributing to a CARE scheme from 1 April 2022, many higher earners will still benefit from retaining their final salary link beyond this date. The number of members in this position will decrease over time, and it would feel appropriate for the contribution structure to gradually evolve and reflect this change in the scheme's membership profile.

It is also important to consider how members would experience an immediate change from the current structure to a significantly flatter one. Although this would be very positive for higher earners, it would substantially increase contributions for many lower earners. This would greatly increase the risk of these members opting out of the scheme on the grounds of affordability, which would lead to employees not being able to access a key part of their reward package.

NHS Employers considers it important that the rate at which the structure is flattened is not driven purely by technical arguments, and that other factors affecting member behaviour should also be taken into consideration. It is important to employers to mitigate against scheme opt outs, with the ultimate aim of maintaining or improving the current level of scheme membership across the NHS workforce.

There will be a point at which all members of the NHS Pension Scheme will only have accrued benefits in a CARE scheme, with no final salary links remaining. As has already been mentioned, there is an argument for all members to be paying the same rate under these circumstances. However, given the mutual nature of the NHS Pension Scheme and the need for it to be an accessible part of the reward offer for all NHS staff, employers believe that there would always be a strong argument for some level of subsidy in the member contribution structure.

Alternative approach

Flattening the current structure is not the only way to better reflect the CARE benefits being accrued in the scheme. Although many members will retain a final salary link beyond 1 April 2022, a significant proportion of the membership has accrued CARE benefits only. The latest data available from 31 March 2020 show that approximately 36 per cent of the total active membership falls into this category (Source: Government Actuary's Department). This figure will continue to increase as members retire from the final salary schemes and new starters join the 2015 Scheme. There could therefore be an argument for having two member contribution structures: one for members with a final salary link and one for members that have only ever accrued CARE benefits. Whilst there would be administrative challenges, risks of opt-outs and equality risks to consider, this could represent a fairer approach for members that have only ever accrued CARE benefits. NHS Employers is not actively recommending this as a solution, however we wish to raise it for consideration and would be interested in the government's assessment of this as an option.

Impact of the proposed changes on lower earners

Despite understanding the logic behind flattening the contribution structure, employers are conflicted when considering the impact that this will have on scheme members. In simple terms, many lower earners would be required to contribute more to the scheme and many higher earners would be paying less. Feedback from employers has been clear that this instinctively does not fit with the values and the culture of NHS organisations.

Protecting lower earning members of the NHS Pension Scheme against reductions to take-home pay is a key priority for employers, as this could make a significant difference to the financial position of these members. Many lower earners are already attempting to balance competing financial priorities such as paying for education, meeting the cost of childcare, rising accommodation costs, saving to get on the property ladder and the general rising cost of living. Increasing the cost of the NHS Pension Scheme for lower earners therefore creates a risk of these members opting out of the scheme due to affordability, which is unlikely to be in their best long-term financial interests.

It is a risk to employers in terms of both recruitment and retention if staff cannot access the full benefit of the NHS reward package. NHS organisations compete with the pay and reward offer from private sector employers, where there is an opportunity for individuals to contribute to a pension scheme based on a much lower percentage of their pay. Employers report that this is particularly attractive to those in the lower AfC bands, where balancing financial priorities is often a key concern.

One way to mitigate against opt outs on the grounds of affordability would be to introduce flexible accrual rates to the NHS Pension Scheme. DHSC consulted on decile accrual rates for senior clinicians in 2019 to help with pension tax concerns, however these proposals were not taken forward due to changes to the annual allowance taper thresholds from April 2020.

NHS Employers remains fully supportive of flexible accrual options being introduced for all members of the NHS Pension Scheme to ensure that it is a is flexible, affordable and attractive part of the reward offer to all members of the workforce. As has already been discussed, contribution rates for lower earners are likely to continue to rise towards 9.8 per cent in the future (assuming that the yield remains at this level), meaning that maintaining scheme membership amongst lower earners is likely to become increasingly difficult. This further strengthens the argument for flexible accrual rates for all members of the NHS Pension Scheme, and NHS Employers would therefore urge the government to reconsider its decision on this proposal.

Impact of the proposed changes on middle earners

The proposed new structure would also see contribution rates increase for many employees in AfC bands 5, 6 and 7.

The recruitment and retention of nurses is currently a national priority, and it is noted that the rate for new entrants at band 5 would increase from 7.1 per cent to 8.3 per cent. Whilst the change itself would not be felt by new starters, it is important to recognise the adverse impact that a pension contribution rate of 8.3 per cent could have on the NHS's ability to attract and recruit at this level.

National targets have created a focus on the recruitment and retention of nurses. However, these changes would apply across all staff groups and many organisations, such as ambulance trusts, rely heavily on staff in bands 5 and 6 to deliver their services. As has already been highlighted, flexible accrual rates would allow all staff in the NHS to control their pension accrual and would support individuals to remain in the scheme if current and future increases to their contributions become unaffordable.

Impact of the proposed changes on higher earners

Many higher earning members of the NHS workforce are senior and experienced employees, and there is currently a critical need for the NHS to retain these individuals to support the upcoming challenges associated with elective service recovery following the pandemic. Employers would support a range of measures being considered to help retain senior employees, for example flexible retirement options in the 1995 Section of the scheme, and NHS Employers will continue to work with stakeholders to explore solutions to this issue.

The proposed changes to the member contribution structure include a reduction in rates for higher earners, which could potentially have a positive impact on the retention of these individuals. Despite this, it is difficult for employers to support a reduction to pension contributions for higher earners, as this would come at the direct expense of other members of the workforce.

If the proposed new contribution structure was implemented, it is unfortunate that any benefits to higher earners would be reduced or removed due to the associated increase in income tax and the introduction of the 1.25 per cent health and care levy through national insurance contributions from 1 April 2022.

When considering the NHS Pension Scheme in the context of retaining higher earners, it is difficult to ignore the impacts of the annual and lifetime allowances. Although pension tax charges represent a cost of being in the scheme for some of its highest earning members, and can impact on workforce capacity through higher earners reducing their working hours or retiring early, employers are in agreement that it is not appropriate to address this issue through the member contribution structure.

Flexible accrual rates would again provide a clear solution to allow higher earners to control their pension growth and mitigate against pension tax charges if it is in their best financial interest to do so. To avoid decisions being made unnecessarily around reducing working hours or retiring early, and as pension tax is such a personal and complex issue, NHS Employers also considers it crucial that higher earners have easy access to independent financial advice and education. This is particularly important in the context of needing to revisit previous pension tax positions due to the McCloud remedy.

Do you agree or disagree that the proposed member contribution structure should be phased over 2 years?

In summary: It is the view of NHS Employers, that any new member contribution structure should be implemented in two phases: the first to be introduced on 1 April 2022 and the second from 1 April 2024, to cover the implementation period for the 2020 valuation. This would provide stability for members, would help protect the take-home pay of lower earners, and would ensure any future changes to member contributions were aligned with the scheme's valuation cycle.

Employers have considered the arguments for introducing the new member contribution structure in full from 1 April 2022 against phasing in the changes.

There are multiple arguments for introducing all of the changes from 1 April 2022:

- The NHS Pension Scheme is complex and often difficult for members to understand. There is merit in only needing to communicate these changes once, rather than in consecutive years.

- Introducing the new structure in full from 1 April 2022 would provide a longer period of stability for members.

- If changes are phased in, staff are likely to see this as acceptance that the changes are negative for all members, which could reduce the perceived value of the scheme.

- Phasing in the new structure risks losing some of the positive messages associated with the changes. For example, many part-time employees will see their rate reduce in 2022 as this will be based on their actual pensionable pay. However, if their rate consequently increases in 2023 as a result of phasing, it is unlikely that the change to actual pensionable pay will continue to be seen as a benefit.

- Phasing in the new structure would impact on employers' workload locally through additional administrative requirements and a predicted increase in queries. However, although this is an important consideration, employers would not push for this to be a key factor in this decision.

Phasing in the new member contribution structure over more than one year would help to mitigate against large changes to rates, and therefore take-home pay, for members in a single year. This is an important factor for employers, particularly as the increases to rates would have the greatest impact on lower earners, many of whom already face financial difficulties. It is difficult to fully understand the potential scale of the impact on take-home pay whilst there is a lack of certainty around the NHS pay landscape over the coming years.

Whilst the arguments for and against phasing in the new structure have been debated by employers, it is difficult to offer a strong preference without having all of the relevant information available. However, the importance of protecting lower earners, coupled with the ambiguity surrounding future pay, suggests that phasing in the changes is likely to be the best approach.

Aligning future changes with the scheme's valuation cycle

Given the evolving scheme membership profile and the potential impacts of changing contribution rates on member behaviour, it will be important to regularly review whichever member contribution structure is in place. Following the changes proposed in the consultation being implemented, NHS Employers understands that it is DHSC's intention to review the structure again after four years, with any future changes being made in 2026. We would encourage DHSC to instead consider aligning any future reviews and subsequent changes with the scheme's four-year actuarial valuation cycle, as has previously been the case.

In the event of a cost cap breach where member contributions may need to be changed as part of the rectification process, it would be logical for any changes to be considered as part of the regular process to review member contributions.

There are multiple ways that the processes could be re-aligned. Employers' preference would be to introduce the first phase of the changes from 1 April 2022, with the second phase being implemented from 1 April 2024, to cover the 2020 valuation period ending in either 2027 or 2028.

Phasing the new structure in this way would help to alleviate some of the concern from employers about the rate at which the structure is flattened, and would provide greater stability for members. It would also provide transparency around member contribution rates over the next five or six years, which could help to increase member confidence in the scheme, and therefore its perceived value.

Are there any further considerations and evidence that you think the department should take into account when assessing any equality issues arising as a result of the proposed changes?

NHS organisations are committed to addressing equality risks within their workforce, and employers are very concerned that these proposed changes risk undermining a lot of this work.

The key concern that has been raised by employers is the disproportionate impact that the proposals are likely to have on staff from black, Asian and minority ethnic backgrounds. This is highlighted in the government's initial equalities impact assessment that was published alongside the consultation:

> **“ …a significant proportion of staff working in the lower AfC bands are from ethnic minorities. In particular, the data shows that 27.5 per cent of staff in AfC band 5 are from ethnic minorities, compared to an average of 21 per cent across all AfC staff and including very senior managers (which has a lower rate of 6.8 per cent). This would therefore suggest that ethnic minority AfC staff are more likely to see an increase in their current contribution rate than a decrease”.**

Employers have not highlighted any further equality considerations in addition to those outlined in the equality impact assessment.

Conclusion

Employers generally understand the rationale that has been presented alongside the consultation's proposals, and would support using actual pay and indexing the structure from 1 April 2022. However, members' perception of these changes and any resulting changes in behaviour are very important to employers from a recruitment and retention perspective, and we would urge the government to take this into greater consideration when considering the scale of the changes that are made at this time. The impact on members should be considered in the broader context of other factors affecting take-home pay, exhaustion from the pandemic and a critical need for the NHS to retain its workforce to help tackle elective service recovery.

NHS Employers would strongly support the introduction of flexible accrual rates to increase the accessibility and value of the NHS Pension Scheme for all members of the workforce. We believe that these flexibilities would be vital to support a longer term flattening of the member contribution structure.

Any changes that are made will need clear and timely communications, with fully aligned messaging from both employers and NHS Pensions. This is particularly important when considering that changes to member contributions would be implemented alongside changes associated with the McCloud remedy. Any confusion that arises amongst members risks impacting on the perceived value of the scheme, which restricts its use as an effective recruitment and retention tool for employers.