

Cyfarwyddwr Cyffredinol Iechyd a Gwasanaethau Cymdeithasol/
Prif Weithredwr GIG Cymru
Grŵp Iechyd a Gwasanaethau Cymdeithasol

Director General Health and Social Services/
NHS Wales Chief Executive
Health and Social Services Group



Llywodraeth Cymru
Welsh Government

To: Chief Executives and Chairs, NHS Health Boards and Trusts in Wales

Our Ref: AG/AJ/SB

19 December 2019

Dear Colleagues

ACTION ON 2019/20 PENSION TAX IMPACTS

We have been discussing the challenges faced by the NHS in Wales as a result of the UK Governments changes to the pension tax arrangements. I am grateful for the work you have done through NHS Wales Employers to develop a joint approach to pension flexibilities which fall within your current remit and described in guidance issued on 5 November 2019.

Please see the attached letter which I have sent to day to members of the NHS Wales Partnership Forum and a number of medical royal colleges. It sets out the position that will now apply in 2019/20 to all clinician members of the NHS pension scheme who are in active clinical roles. It means that with your support and cooperation they are now immediately able to take on additional shifts or sessions without worrying about an NHS pensions tax penalty.

The Welsh Government is committed to ensure there is no net costs to Health Boards or Trusts and payments will be funded nationally as and when additional payments to employees are due. We will talk to Chief Executives and Finance Directors in the coming weeks to agree the mechanism on how and when the funding will be provided. Other key questions are addressed in the Frequently Asked Questions available at NHS Employers Website.

The Minister for Health and Social Services has been clear that he will continue to press the UK Government for a long term solution that we want to see for all NHS staff. In the meantime, this approach is a pragmatic response by the NHS to the well-documented reduction in clinical availability arising from pension taxation and ensures equity and fairness for the workforce in Wales.

To give effect to this commitment, I attach a standard letter that would provide a binding contractual commitment between the employer and clinician to provide an additional salary

supplement in retirement to compensate for any reduction in pension from a 2019/20 annual allowance charge. NHS England and NHS Improvement have taken extensive advice on employment and tax law considerations and consulted with the BM, the scheme proposed in Wales will mirror the English scheme and any key questions are addressed in Frequently Asked Questions available at NHS Wales Employers website.

I would be grateful if you could now provide clinical staff affected with the letter so that we can finalise these arrangements and give comfort to clinicians that the annual allowance tax implications are covered for this winter.

We will continue to provide further guidance and information to you, and to individuals on the steps needed to implement this policy in detail well in advance of any deadlines.

Please actively promote this development to your affected staff as you plan your extra capacity and staffing over the winter period.

Yours sincerely



Dr Andrew Goodall CBE

cc: Finance Directors
Workforce Directors
Nursing Directors
Medical Directors