



NHS PENSION SCHEME: PROPOSED AMENDMENTS TO SCHEME REGULATIONS

RESPONSE FROM THE ASSOCIATION OF LOCAL AUTHORITY CHIEF EXECUTIVES AND SENIOR MANAGERS

January 2023

The Association of Local Authority Chief Executives and Senior Managers (ALACE) is a registered trade union. It represents only the most senior managers in principal authorities and other local government bodies. It is possible that some of our members have past or current service in the NHS pension scheme.

We welcome the opportunity to comment on the proposals. Our principal concern is not their impact on any ALACE members who might be members of the NHS pension scheme, but to ensure that special measures being adopted to retain or re-employ staff in the NHS are also available in other parts of the public sector including local government. We are therefore copying this response to the Department for Levelling Up, Housing and Communities.

We recognise that there are differences between the NHS pension scheme and the Local Government Pension Scheme and, in some respects, the proposals bring the NHS into line with arrangements that have existed in the LGPS for some time (for example, the flexible retirement provisions of the LGPS which are being mimicked in the proposals on partial retirement).

However, some of the proposals seem to involve special treatment for the NHS, particularly in respect of pension abatement and taxation, that are not available for members of the LGPS.

Response from ALACE

Do you agree or disagree that the new retirement flexibilities should be introduced as proposed in this consultation document?

We agree with these proposals but only if DLUHC suspends the abatement rule for pre-2014 benefits in the local government pension scheme. The suspension should match the NHS proposal in terms of duration through to 31 March 2025. Pension funds can have discretionary policies under regulations 70 and 71 of the Local Government Pension Scheme (Administration) Regulations 2008 but the approach in the NHS provides a blanket guarantee to staff that there will be no abatement.

Local government faces similar pressures to the NHS in respect of retention and recruitment of staff and an ageing workforce. There is no logical reason why well-paid NHS consultants should not have their pension abated if they return to

employment but local government staff with pre-2014 service could face such abatement (regardless of grade or position).

Do you agree or disagree that the changes to the pension rules regarding inflation should be implemented as proposed in this consultation document?

The impact of inflation and the mismatch of the inflation rates applied to revaluing pension benefits at the start of the tax year and the revaluing of CARE benefits at the end of the tax year is the same for LGPS members as NHS pension scheme members.

Thus, we agree with these proposals but only if DLUHC ensures that members of the LGPS receive similar treatment i.e. that members of the LGPS are shielded from the impacts of the rapid increase in inflation during 2022. In other words, LGPS members should be subject to a potential annual allowance charge only if there has been a growth in pension savings above inflation.

We are therefore calling on DLUHC to ensure that the provision made by HM Treasury in the Public Services Pension Revaluation Order for the financial year 2022-23 ensures that members of the LGPS are treated in the same way as members of the NHS pension scheme.

We have no comments on the other proposals in the consultation paper.