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BMA

The Rt Hon Darren Jones MP
Chief Secretary to the Treasury
HM Treasury

Sent via email

21 March 2025

Dear Minister,

I write as Chair of the British Medical Association's Pensions Committee to highlight the impact of pension taxation policy on doctors' recruitment and retention across the NHS. We have continued to raise our concerns about this with your officials in advance of the Spring Budget, but I believe we should also meet directly to discuss this.

Although there have been some positive changes over the last few years, the pension taxation system continues to create perverse and unintended consequences that are preventing senior doctors from maximising the amount of care they can provide to patients. In particular, the operation of the tapered Annual Allowance (AA) taper creates a steep "tax cliff edge" that can create huge, disproportionate tax penalties if doctors' earnings exceed the threshold income level. This results in thousands of doctors being left with little choice but to reduce their hours or turn down additional work to keep their earnings below this limit.

This situation is exacerbated by the fact that doctors will not know the value of their pension savings until after the tax year has ended and consequently, given that the penalties for exceeding the limit can be so severe, many doctors will take a cautious approach and reduce their work even if ultimately, they are not then impacted by the tapered AA. This problem has been exacerbated by the unacceptable delays and errors by the NHS Business Service Authority that has resulted in significant delays in receiving accurate remedial and "business as usual" pension savings statements.

A further issue is doctors who retire and then wish return to the NHS, something which is currently needed to meet rising patient demand, are also at significant risk of tapering as their pension will contribute to their taxable income. These doctors can be put off returning, or if they return do so on very reduced hours, because of their concern at being hit with these disproportionate tax charges.

In June 2024 a snap survey of BMA members showed 71% of all respondents indicated that if there were no reforms to the tapered AA, this would prevent or limit their ability to take on additional overtime. This uncertainty remains around pension taxation for doctors and is continuing to drive behaviour which is reducing NHS service delivery at a time of surging patient demand.

Unfortunately, no action to address this was taken in the Autumn 2024 Budget so we conducted a further snap survey in February 2025 to understand what senior doctors had done in response. Over 5,000 members completed the survey and we found that 21% of consultant respondents have reduced their regular overtime due to the tapered AA this year. Additionally, 16% of consultant respondents

Co-chief executive officers: Neeta Major & Rachel Podolak

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have gone part-time due to tapered AA concerns. Extrapolating this data to the wider workforce suggests that combined this reduction of work creates a potential loss of regular contractual work equivalent to around 3,500 full-time consultants in England this year alone.

Equally as concerning, our survey showed that 24% of consultant respondents have reduced their waiting list initiative (WLI) commitment due to the tapered AA this year, with reductions average 5.1 hours per week. This implies a potential loss of around 3.2 million hours of WLI work that would have been offered to the NHS in England this year. This is potentially a further loss equivalent to around 1,900 full-time equivalent consultants' worth of work, and a total loss of up to 5,400 consultants' worth of activity that could have been made available to the NHS if the tapered AA was not in operation. This represents almost 10% of existing consultant capacity.

This situation is being felt across the NHS and not just in secondary care with 23% of GP partners who responded saying that they have also reduced their regular workload this year due to the tapered AA, with reductions averaging 1.7 sessions per week. This implies a potential loss of around 4.0 million GP partner appointments in England this year alone. Furthermore, these reductions do not take into account the additional work that consultants and GP partners have declined to do. Consequently, the lost capacity may be even greater.

At a time when the Government is committed to decreasing waiting lists and saving general practice this situation cannot continue. The BMA recommends removal of the AA taper altogether to maximise the hours and work that doctors can do.

We look forward to meeting with you at the earliest opportunity to ensure that this situation can be rectified to better meet the needs of patients across the NHS by enabling doctors to take on the work they so desperately want to do without being penalised for it.

Yours sincerely,



Dr Vishal Sharma
BMA Pensions Committee Chair

cc. **Rt Hon Wes Streeting MP**, Secretary of State for Health
Torsten Bell MP, Parliamentary Secretary, HM Treasury and Parliamentary Under-Secretary of State for Pensions, Department for Work and Pensions

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