

Board of Directors (In Public)

Item 3.2

Subject: Consideration of the extension of the local Trust policy to support service delivery and Pensions Recycling for Clinical Staff in 2025/26

Date of Meeting: Tuesday 25th March 2025

Prepared by: Steph Donnelly, Medical HR Manager

Presented by: Jane Royds, Chief People Officer

Purpose of report: For approval

BAF Ref	Impact on BAF

Level of Assurance (please tick) To be used to provide the Board / Committee with a guide on the extent of assurance and evidence of assurance provided within the report		<input checked="" type="checkbox"/>
Level of Assurance	Description	
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.	<input checked="" type="checkbox"/>
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.	<input type="checkbox"/>
Moderate	There is an adequate system of internal control, however, in some areas weakness in design and/or inconsistent application of controls puts the achievement and some aspects of the system objectives at risk.	<input type="checkbox"/>
Limited	There is a compromised system of internal control as weaknesses in the design and / or inconsistent application of controls puts the achievement of the system objectives at risk.	<input type="checkbox"/>
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.	<input type="checkbox"/>

1. Executive Summary

Further to the Board of Directors meeting in April 2024, and previous meetings where the Trust agreed to implement and then extend the use of a local Pensions Recycling Policy (Salary in lieu of Pension scheme – SILPS), the purpose of this paper is to enable the Board to consider a further extension in the availability of the policy.

The current policy is valid until 31st March 2025 and the paper provides an update for the Board on the uptake of the policy, as well as other considerations linked to operational impact, together with a recommendation to extend the policy.

2. Background

The Trust has implemented a variation of the BMA Model policy, which was outlined as an option in the NHS Employers “Pension tax guidance for Employers – local measures to support staff and service delivery during the 2019/20 financial year”. Often known as “employer contribution recycling”, the policy provided the option to make an additional pay offer to staff using any unused employer contributions.

The policy was backdated to 26th November 2019 and has been extended until 31st March 2025, initially to acknowledge the pressure clinicians had faced during the COVID pandemic and respond to the need for the Trust to increase activity as a consequence of the delays in service provision for patients resulting from the pandemic. More recently the policy has been extended to protect the delivery of services and aid retention.

3. Uptake of the Pensions Recycling Policy

As a Trust, we currently have 106 consultants. To date, we have received 20 formal applications in line with the policy, all of which were reviewed by the Chief People Officer and the Medical HR Manager.

Each of these applications have been reviewed against the policy guidance, with particular focus on the requirement to take Independent Financial Advice and that there is evidence that they are impacted by the Pension Taxation issues.

Live for SILPS		
Speciality	Total Applications	Live applications
Anaesthesia	3	0
Cardiology	10	1
Respiratory	1	1
Radiology	2	0
Surgery	4	0

SILPS Application Status	
Status	Number of cases
Live	2
Cancelled – re-joined NHS Pension Scheme	11
Withdrawn	1
Resigned/Retired	6

4. Operational & Financial Context

Early in the 2019/20 year, there were significant concerns raised by consultant medical staff in relation to the pension and tax issues associated with earning additional income above their base salary. This led to a number of consultants withdrawing from additional activities and leaving a short-term capacity gap across the divisions. Although these were small numbers it did affect the Trust's ability to provide short term capacity in the areas where waiting time pressures were being experienced.

From 6th April 2023, the NHS Pension Scheme annual allowance threshold increased from £40,000 to £60,000 and the adjusted income threshold for the tapered annual allowance also increased from £240,000 to £260,000. It is evident that the uptake of the Pensions Recycling Policy within the Trust has decreased which may be reflective of these changes, however, it should be noted that there may be concerns raised if the policy was removed at this time due to the necessity to maintain activity in line with our patient requirements and national directives. Furthermore, availability of the policy may aid recruitment and retention and enable the Trust to be in a position to respond should anything change. There is also support from the LNC to continue with the policy.

5. Conclusion

The national taxation changes enabling increases to the income thresholds associated with the annual allowance taper have mitigated many of the concerns that our clinicians have raised, and the Board of Directors have previously discussed.

Whilst there is no doubt that patient safety is a concern for our clinicians, and that some of the group are indeed working extra lists, the primary driver is thought to be financially motivated.

We still retain 2 individuals in the policy. It is recommended that the policy is extended until 31st March 2026 to support the continued necessity for maintaining activity in line with patient requirements and national directives, aid recruitment and retention and ensure we are better equipped to respond should the landscape change.

6. Recommendations

The Board of Directors is requested to note the contents of this paper and to consider the following recommendation:

To extend the timeframe of the local Pensions Recycling policy on a short-term and time limited basis up to 31st March 2026, with the right to review, amend or withdraw the policy as necessary. If approved, the policy will be updated and aligned to UHLG processes for consistency.

