Rt Hon Phillip Hammond MP  
Chancellor of the Exchequer

During sessions of the Health and Social Care Select Committee and through correspondence, a number of people have raised the issue of NHS pensions.  

At a time where the NHS has delivered its vision through the Long-Term Plan, it is critical that the NHS retains and expands its workforce. A recent survey conducted by the British Medical Association found that 60% of consultants intend on retiring before 60. It is important that NHS staff are retained to deliver the NHS we all want to see. As higher earners retire early, this has an impact on the pension pot more broadly.

I understand that the Secretary of State for Health and Social Care has been speaking to you about this issue. Could I please ask you to review the Treasury’s position on annual and lifetime allowance caps for NHS staff?

Yours sincerely,

Dr Sarah Wollaston MP  
Chair of the Committee

CC: Rt Hon Matt Hancock MP, Secretary of State for Health and Social Care
Dr Sarah Wollaston MP  
House of Commons  
London  
SW1A 0AA  

Thank you for your letter, and for bringing these issues around NHS pensions to my attention.

The Government wishes to support NHS staff, as well as pension saving more generally, by helping to ensure that individuals have an income on which they can draw throughout retirement. This is why, for the majority of savers, pension contributions are tax-free. This makes pensions tax relief one of the most costly reliefs in the personal tax system. In 2016/17 income tax and employer National Insurance Contributions relief cost over £50 billion, with around two-thirds going to higher and additional rate taxpayers.

However, I am aware of concerns raised by NHS staff, particularly relating to annual allowance tax charges. I can assure you that the Government keeps all aspects of pensions policy and the tax system under review, in the context of wider public finances.

I am copying this response to the Secretary of State for Health and Social Care.

PHILIP HAMMOND