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Rt Hon Philip Hammond MP
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I wrote to you on 20 May asking that you urgently consider reversing the rules around Annual Allowances (AA) and Lifetime Allowances (LTA) given the impact they are having on the NHS workforce and to avoid loss of vital expertise from the NHS in Scotland.

Since that letter, the Secretary of State for Health and Social Care has announced a consultation on flexibility for senior consultants in the NHS Pension scheme in an effort to mitigate the effect of the LTA and AA rules. Offering those adversely affected the option of restricting their pension accrual by 50 per cent does not provide the level of flexibility necessary. It does not provide the opportunity for positive and effective management of pension growth and clearly constrains the opportunity for some, to take full advantage of their pension savings tax relief. What is required is a fundamental reform of the current Annual Allowance (AA) and Lifetime Allowance (LTA) taxation rules.

I am in receipt of a growing number letters from MSPs on behalf of their consultant constituents and worryingly, I am now hearing from NHSScotland Boards that the annual and tapered annual allowance may be generating unwanted consequences to services. It is essential that the workforce feels valued and it is right that they should have an expectation of being appropriately rewarded for the work they do. This is why I feel strongly that you must be able to offer a solution which ensures that these expectations are not eroded.

My officials have been working hard with the BMA and NHSScotland Employers on a joint programme of work to better understand the impact of the AA and LTA and we will shortly launch a joint survey of NHS Boards and senior clinicians to gather evidence on their impact. However, it is increasingly clear that the only real solution lies totally within the control of HM Treasury and that is to look again at the rules and thresholds around LTA and AAs.

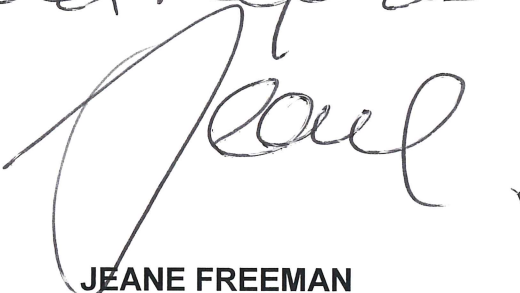
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I am aware that the BMA have recently written to the Prime Minister seeking her support in urging you to meet with them to find a definitive solution to this issue. The Scottish Government takes this issue very seriously and shares the BMA's concerns. I would ask in the strongest possible terms, that you urgently review the current taxation rules to ensure that health service delivery is maintained and that the NHS workforce are not faced with making significant career changing choices as a consequence of decisions neither they nor the Scottish Government took.

I am copying this letter to the Prime Minister, the Secretary of State for Health, the other Devolved Administrations and the BMA.

Kind regards

JEANE FREEMAN

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