

**Rt Hon Rachel Reeves MP**  
Chancellor of the Exchequer  
HM Treasury

Sent via email

23 October 2024

Dear Chancellor,

As chair of the British Medical Association's pensions committee, I am writing, further to our [detailed submission](#) to HM Treasury's Budget consultation, to highlight our priorities, and our concerns around some of the reported fiscal options being considered for introduction at the Budget. Doctors have been alarmed by media speculation including changes to the lump sum pension allowance, national insurance rises and changes to wider pension taxation.

The Government has committed to bringing down record waiting lists via 40,000 additional appointments a week, but the wrong changes to pension taxation could completely derail these plans before they have even started. As we have already highlighted, the tapered annual allowance is already impairing senior doctors' ability to take on additional work but some of the potential changes that are being suggested could result in doctors retiring on an unprecedented scale.

After many years of doctors being left with little option but to take action, such as reducing their workload or leaving the NHS entirely, to mitigate the disproportionate impact of pension tax policy, the last thing that the NHS needs is further detrimental changes.

Therefore, we call for the Government to ensure that the Budget:

- Does not reintroduce the lifetime allowance as doing so will result in large numbers of doctors retiring early.
- Does not introduce a flat rate tax relief on pension contributions. There is already tiering of employee contribution rates within the NHS pension scheme that adjusts for higher rate tax relief. Introducing such a change will reverse the progress on restoring doctors pay and risk reigniting the recent pay disputes.
- At least indexes the annual allowance threshold in line with inflation and provides a solution for the poorly designed annual allowance taper, which can trigger additional tax charges of up to £22,500 as a result of just £1 of further earnings. This effectively leaves many doctors paying to do additional work. In a survey of BMA members across the UK in June 2024, they made clear that the tapered annual allowance presents a serious risk to the Government's goal to deliver an extra 40,000 appointments through extra weekend and evening working. 71% of all respondents indicated that if there were no reforms to the tapered annual allowance, this would prevent or limit their ability to take on additional overtime. Amongst consultant respondents this proportion rose to 77%.

**Co-chief executive officers:** Neeta Major & Rachel Podolak

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- Does not reduce tax-free pension lump sum allowances. This would cause a large number of doctors to retire immediately in order to not be hit by huge tax bills that they had not planned for. According to [NHS data](#), more than 22% of the consultant workforce in England were between the age of 55-64, many of whom are able to take early retirement. Introducing such a change would cause a significant proportion of these doctors to leave the NHS immediately.

With regard to reported proposals around national insurance rises, either flat increases of employer contributions, or introducing national insurance tax on employer pension contributions, this would represent a significant increase in cost for NHS Trusts and GP practices as employers. GP practices are already under immense financial pressures – levying further costs could likely cause the closure of even more practices. If this is contemplated the impact of this on the NHS must be met in full or the NHS must be exempt from this change.

I would again urge you to consider these points, alongside our [wider BMA submission to the Budget consultation](#) as you finalise the coming Budget. The wrong changes could have irreparable damage for the NHS and the government's ambitions to improve waiting times for patients.

Yours sincerely,



**Dr Vishal Sharma**  
BMA Pensions Committee Chair

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