Thank you for your letter of 18 November 2019.

As you know, the Government has already accepted the overall case that pension taxation arrangements are a unique problem for NHS clinicians. That is why we decided in the summer to consult on and introduce a range of pensions flexibilities. The Government has also accepted the need to consider whether further changes are required, which is why the Chancellor announced a review by HM Treasury of the operation of the pensions annual allowance taper.

Against that background, I have carefully considered your advice and accept your judgement that it is operationally necessary and urgent to take further action on clinicians’ pensions to protect patient care over winter. I accept your judgement too that this cannot wait until after the General Election, and on that basis I am advised that its announcement is compatible with pre-election guidance.

As you set out, the proposals which you plan to introduce for “Scheme Pays” for the 2019/20 tax year constitutes an example of tax planning. Depending on the detail of how you put the proposed approach into practice, the scheme could constitute tax avoidance. In deciding on this detail, you should seek to minimise this risk. The proposed measure is therefore incompatible with paragraph 5.6.1. of Managing Public Money. I am advised by Sir Chris Wormald that this is an issue of regularity and propriety and that if I am so minded the Direction should be granted on that basis, taking into account the wider public interest which I am able to bring to bear.

Whilst this is an NHS England proposal, for the avoidance of doubt, I am treating your request for a Direction as if it applies too to any related provider spend which would fall within the scope of the separate Accounting Officer delegation given to Amanda Pritchard, in her capacity as Chief Executive of NHS Improvement.
Given the importance that this Government attaches to the NHS and to its performance over winter, and recognising the unique circumstances within the NHS and necessity of this intervention to address operational capacity at this time, I am content formally to direct you to proceed with your operational proposals, as set out in your letter for clinicians and for 2019/20 only. This Direction also applies to Sir Chris Wormald in his capacity as Principal Accounting Officer for the Department.

I now look to you and the Boards of NHS England and Improvement to use your best endeavours, in line with the Mandate you have been set, to ensure that the NHS is able safely to meet demand over the winter period and beyond.

I am copying this letter to Sir Chris Wormald, Amanda Pritchard, the Comptroller & Auditor General and to the Treasury Officer of Accounts and note that your letter and this reply will be published on gov.uk.

Yours ever,

MATT HANCOCK