



Royal College  
of Midwives

## **The Royal College of Midwives response to the Department of Health and Social Care consultation: NHS Pension Scheme: proposed changes to member contributions from 1 April 2022**

The Royal College of Midwives (RCM) is the trade union and professional organisation that represents the vast majority of practising midwives in the UK. It is the only such organisation run by midwives for midwives.

The RCM is the voice of midwifery, providing excellence in representation, professional leadership, education and influence for and on behalf of midwives. We actively support and campaign for improvements to maternity services and provide professional leadership for one of the most established clinical disciplines.

The RCM welcomes the opportunity to respond to this consultation and our views are set out below.

The RCM has also responded as a member of the NHS Pension Scheme Advisory Board (SAB) which covers England and Wales. The SAB did not have an agreed position on all areas of the consultation, this response reflects the position of the RCM and includes relevant information from the SAB response.

We want to make clear in our response that changes to the NHS Pension Scheme (the Scheme) have an impact on the NHS workforce and these proposed changes are in the context of a maternity workforce that is exhausted and demoralised by years of pay freezes, pay stagnation, understaffing and under-investment.

A member survey conducted by the RCM during August 2021 that had a total of 1588 responses (of which 1,273 responses were from members in England) showed that 92% of respondents do not feel valued by the Government.

The same survey found that over half of respondents were considering leaving their job, with 57% saying they would leave the NHS in the next year. The RCM has warned that midwives and MSW's would walk away from the NHS and workforce data shows that this has started to happen. The latest NHS workforce figures for





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England contain clear warning signs for midwifery. In July of last year, we saw for the first time – in monthly figures that stretch back to 2009 – a year-on-year fall in the number of midwives working in the NHS in England. The most recent figures, for October 2021, show an annual fall of 278 in the number of full time equivalent (FTE) midwives in England's NHS.

Earlier this year RCM members overwhelmingly told us they were unhappy with the 2021/22 3% pay award. Midwives and MSWs need to feel valued, be paid fairly and have working conditions that support a healthy work life balance. Fair pay is critical, 86% of respondents to the RCM's member survey told us that increased pay might encourage those considering leaving the NHS to return.

The RCM has serious concerns about raising pension contributions for middle and lower paid NHS staff at a time when morale is at rock bottom, rising prices, inflation, an upcoming National Insurance increase and inadequate pay awards have meant that RCM members are worse off in real terms.

In addition to the impact on take home pay that increased contributions will have we are also concerned that recent changes to NHS pensions that are complicated to communicate and understand, may undermine trust in the Scheme. Introducing changes to member contributions at the same time as embedding the McCloud remedy will further exacerbate this. Over one quarter (26.7%) of working RCM members are already in their 50s. There is a very real risk that those who are able to retire may do so earlier than planned due a combination of distrust in the Scheme and being financially worse off, increasing already acute staffing shortages. Strong consideration should be given to the importance of the Scheme as a retention tool.

With a midwifery workforce that is more than 99% women of whom a large proportion work part time the RCM has a number of concerns regarding the equality impact of the proposed changes. Higher earners are more likely to be men who would benefit from the lower member contributions and we also do not feel there was enough information to understand the impact on part-time workers of the combined impact of all proposed changes.





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The Scheme has a required yield of 9.8% (nearly 50% higher than the pre-reform yield of 6.6%) this is despite cost-sharing methods being built into the reformed Scheme, such as the link of normal pension age to State Pension. It is the RCM's position that the required yield is too high, particularly when compared with other public sector pension schemes, and when the new proposed member contribution structure is less progressive.

Although we agree that the contribution structure is due for reassessment we cannot agree to a new structure that hits lower earners the hardest. Affordability for all members should be a paramount objective, contribution structures should aim to minimise the extent to which any NHS worker feels unable to join the Scheme due to the impact of contributions on their take-home pay.

1. Do you agree or disagree that the member contribution rate should be based on actual annual rates of pay instead of members' notional whole-time equivalent pay? If you disagree or don't know how to answer, please explain why.

The RCM agrees that member contribution rates should be based on actual annual rates of pay instead of members' notional whole time equivalent pay, this is consistent with equalities legislation and with the CARE basis on which all members will be accruing pension from 1 April 2022. However due to the overall increases to the middle and lower tiers contribution rates proposed the RCM is concerned that these positive changes become lost. Affected part-time workers may otherwise benefit from the move to actual pensionable pay but may not recognise this as the positive impact is lessened or removed altogether by redistributing the tiers.

Prior to the McCloud remedy the RCM position had been that the cost cap floor breach should be used in part to fund the move to actual annual rates of pay. The RCM notes that this would not be a concern if the McCloud remedy not been classed as a member cost and the original cost cap floor breach had stood. The RCM is also concerned that because many of our members receive a high level of unsociable hours payments the benefit of moving to actual pay may be reduced in some instances. The RCM echoes the request in the SAB response for additional analysis





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to further understand how the workforce is affected. It is important that it is clearly communicated to members of the Scheme exactly what this change means, the rationale behind it and that it includes a distinction between actual *pensionable* pay and actual pay in any communications so that members are not misled.

2. Do you agree or disagree with the proposed member contribution structure set out in this consultation document? If you disagree or don't know how to answer, please explain why.

As outlined earlier we agree that the contribution structure is due for reassessment however the RCM cannot agree with a proposed structure that hits the middle and lower earners the hardest especially in the current economic climate. Affordability for all members should be a paramount objective, contribution structures should aim to minimise the extent to which any NHS worker feels unable to join the Scheme due to the impact of contributions on their take-home pay.

The RCM agreed in principle that fewer contribution tiers could reduce the number of cliff edges caused when a member receiving a promotion or passing through a paypoint experiences a cut in take-home pay. However in reducing contribution rates for higher paid workers the benefits of this to middle and lower paid staff is lost and there are still some cliff edges in the proposed structure (namely at mid point band 5).

3. Do you agree or disagree that the thresholds for the member contribution tiers should be increased in line with Agenda for Change pay awards? If you disagree or don't know how to answer, please explain why.

The RCM agrees that that the thresholds for the member contribution tiers should be increased in line with Agenda for Change pay awards. This removes the majority of unintended 'cliff edges' by ensuring that general pay awards alone do not push most members into a higher contribution tier. However as outlined in our response to question 1 we are concerned that because of the overall increases many of our members would be expected to pay the benefits of this positive change are negated.





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4. Do you agree or disagree that the proposed member contribution structure should be phased over 2 years? If you disagree or don't know how to answer, please explain why.

The RCM agrees that changes should be phased in over two years in order to lessen the impact on take-home pay for members who would pay more under the new structure. We note however that clear and accessible communications would be needed to ensure that members understand the changes especially as this would happen at around the same time as McCloud member communications. This may cause confusion and as stated earlier potentially lead to members losing trust in the Scheme and questioning the value that it brings.

5. Do you agree or disagree that the proposed draft amending regulations deliver the policy objectives of implementing the first phase of changes to the tiered contribution rate structure and the assessment of a tiered rate using actual annual rate of pensionable pay for part-time members rather than notional whole-time equivalent? If you disagree or don't know how to answer, please explain why.

As per the SAB response the RCM has not identified any issues with the draft amending regulations. However we would like to note that the RCM does not agree with the proposed changes and question the necessity of a 9.8% required yield.

6. Are there any further considerations and evidence that you think the department should take into account when assessing any equality issues arising as a result of the proposed changes?

Government is asking respondents to consider this proposal after an initial equality impact analysis. We would like to reinforce the point made in the SAB response that equalities information should be presented so that any equalities points the assessments raise can be taken into consideration when weighing up proposals and forming views on preferred approaches. Carrying out a full equality impact assessment only after a decision has been made feels counterproductive and ineffective.





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We urge that consideration is given to the following points from the equality impact assessment:

- Higher earners are more likely to be men and this group would benefit from lower member contributions.
- A large proportion of the NHS workforce are women who work part-time. The RCM feels that there was not enough information to understand the impact on part-time workers from the combined impact of all proposed changes.

