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Report on the NHS Pension Issues Affecting the Emergency Medicine Workforce

6 August 2019

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The Pension Issue and Its effect on Emergency Medicine

1. The issue of the taxation arrangements for pensions and its effect on NHS employees has received much media attention in recent months. This paper pulls together material on the issue to serve as a briefing on how it impacts on the:
 - a) workforce in the specialty of emergency medicine in terms of retention and available capacity;
 - b) availability of acute in-hospital specialty capacity and hence the flow of patients who need hospital admission from Emergency Departments into the hospital.
2. The College acknowledges there is a conflict of interest in that the emergency physicians on the College Council and Executive Committee are NHS Pension scheme members.
3. The College are not financial advisers and this issue is a feature of the taxation regime. How individuals react to their personal taxation issues is a matter for them and their advisers, however where the College is concerned is when there are consequences for the specialty and the delivery of care in Emergency Departments.
4. It is clear to us that this is an especially complex area and one that has required doctors to seek expert help from specialist accountant colleagues. That suggests to us that the system is overly complex.
5. There are some practical issues that make this situation more challenging to deal with and one of these is that those affected need access to an Annual Rewards Statement. This document takes at least 12 weeks to be produced once requested. This process needs to be speeded up.
6. We have observed that there is a wealth of information, some examples have been gathered into the list in the Annexes.
7. We have sought input from our Executive Committee and Council Members (these are emergency physicians working at senior consultant levels across the UK). These describe how consultants are reacting to the situation by reducing their working hours in different ways. Some are reducing their availability for rota cover, not covering additional gaps in the rota and changing their approach to additional work. This is making a workforce shortage more acute.
8. We know that many of the Trauma networks depend on consultants doing extra shifts but this now in danger. *"We have no additional weekend shifts being filled at all having filled 100% until about Feb. People wanting to work but not being able. Trauma consortium to cover our major trauma at weekends dwindling as a result of it too. Turning additional work into PAs and annualising so just reducing clinical shop floor presence overall."* There are more examples of the impact at Annex A.

9. A recent survey run in an EM Leaders discussion forum (outwith the College) had 53 respondents and found that:
 - 75% of respondents said 'Yes' when asked 'Have any of the substantive consultants in your ED reduced their PAs recently'¹.
 - 26% of respondents said the reduction in PAs was due to pension changes and a further 50% due to 'personal and pension' reasons.
 - 83% of respondents were aware of consultants who had reduced their additional hours (overtime) because of recent pension changes.
10. This is a particular concern for those patients whose condition is such that they need admission into the hospital and are waiting in the emergency departments for a hospital inpatient bed to become available. These patients are already suffering when the emergency departments are experiencing 'exit block'² and shortages of capacity and workforce (which in turn may be adversely affected by this issue) in other specialties are making a difficult situation worse.
11. Another concern is the effect this matter is having on morale. Clearly those directly affected by the taxation arrangements experience a drop in morale, but their colleagues too notice what is happening and that does nothing to help support morale in a highly stressed system.
12. It is clear to this College that workforce planning, system capacity and so patient services are suffering as an unintended consequence of changes to the taxation system. It is beyond the remit of this College to call for taxation changes or involve ourselves in terms and conditions discussions, however we feel it is appropriate to signal this is now becoming a major problem that is looking for an urgent solution for the sake of patient care.
13. There is some evidence of challenge in the pension's arena: a Court of Appeal ruling that changes it made to judges and firefighter's pensions were discriminatory on the grounds of age, applies to all public sector pension schemes.
14. The Department of Health have themselves now launched a consultation: <https://www.gov.uk/government/consultations/senior-clinicians-pensions-more-flexibility> The executive Summary is at Annex H. The deadline for responses is: 11.59pm 14 October 2019. They acknowledge many of the issues and are seeking views on some proposals.
15. However, the sheer complexity of the issue may well mean that individuals who are uncertain may act to reduce perceived financial risk irrespective of the

¹ PA is an abbreviation for programmed activity. Each (PA) worked between 7am and 7pm Monday to Friday, excluding bank holidays, is a period of 4 hours. Outside this time, one PA is normally 3 hours long. The whole-time contract is for ten PAs; consultants may agree to work fewer than ten (part-time) or more than ten (extra PAs).

² A condition called 'Exit Block' is harming patients: they are put at risk when 'Exit Block' occurs. This happens where you can't get patients from A&E into a hospital inpatient bed. Over 500,000 patients a year are affected. The Royal College of Emergency Medicine argues that this is unacceptable. Source The Royal College of Emergency Medicine website.

outcome of the consultation. So if the taper and tax issues are incomprehensible then they are likely to continue to impact on workforce availability and hence service performance.

16. This is not just an emergency medicine specialty specific issue, it is affecting all specialities. Across the NHS other services are experiencing the same problems. It is also a UK wide problem.
17. The British Medical Association, the trades union for doctors, has been warning about this issue for some months, they have now written to the Prime Minister in an open letter and published results of the surveys they have undertaken which endorses the anecdotal evidence we have. We are therefore concerned about the impact on the available workforce, rota gaps and hence the patient of this issue.
18. Therefore, given the potential for adverse impact on patients caused by increased workforce shortages resulting from this issue, in order to assist us in getting more data on the scale of the problem in emergency medicine we are surveying our members and fellows through to the end 15 August. Once that is available this report will be updated.

Gordon Miles
Chief Executive

6 August 2019

Annex A: Comments from the RCEM Executive Committee & RCEM Council Members

These comments show the strength of feeling present in the senior emergency medicine workforce when we asked them to respond to Simon Stevens call for any local ideas that may help resolve the issue:

Now that many of us have realised you can take home the same pay with less sessions (which is what I'm about to do) and avoid a massive tax bill I think there will be a sustained loss of workforce capacity.

There has been some chat about making people 8PA with 2 non pensionable EPA to avoid uplifts in years with increases in pay but not sure if it's actually being done. If I was offered that I would consider it.

Some are taking blocks of unpaid parental leave to keep the pension growth down instead.

Like many of us, I put up with the 3 quid an hour for overtime etc etc because "you get a great pension". That compact has been totally betrayed and I think the anger felt by many over that breach of trust needs to be conveyed privately if we can.

Over the last two years, I have had an annual tax bill of between £15000 and £25000 as I have exceeded my annual allowance.

I now avoid extra shifts and additional income due to the pension situation.

My emergency department relies on volunteers to cover extra clinical shifts, particularly at weekends. These shifts are now often vacant, for example, last weekend our third consultant shift was unfilled, leading to reduced senior medical cover on the shop floor. I have no doubt that this adversely effects patient care and experience.

We have no additional weekend shifts being filled at all having filled 100% until about Feb. People wanting to work but not being able. Trauma consortium to cover our major trauma at weekends dwindling as a result of it too. Turning additional work into PAs and annualising so just reducing clinical shop floor presence overall.

Came out of the pension scheme in May. Reason pot full. So no longer any financial incentive to work in the NHS. Am 56. Got a tax bill for 9000+. But only when I asked! It had been running up interest for a year! D/w HMRC; my problem my duty. System

Impenetrable. Wife (also senior consultant) coming out as well. Does not want to get caught in same trap. She is same age as me.

Having received a 10K pension tax bill in 2017/18 I have both reduced my Job Plan sessions and declined to do any additional cover sessions for rota vacancies. I don't envisage this changing in the near future and I am now considering taking early retirement"

I am a 52 year old emergency physician. From 2020 I am dropping from 12 sessions to 8.5 to bring me under the taxation thresholds. As part of this I am stopping all NHS medical leadership work. This year I have stopped doing extra shifts despite rota gaps, and have had to suspend my NHS pension scheme membership: thus reducing my pension. I have had significant tax bills which has caused financial headaches. All this has resulted in anxiety, and further loss of goodwill towards the NHS leadership and their political masters.

56 yr old ED Consultant working 12 PAs. I don't mind paying the tax I owe, and I want to continue working 12 PAs as well as additional ward rounds at weekends to support the department. What I can't deal with is the huge uncertainty this all raises, and I can't get any figures from NHS pensions for 3 months. Will I get a tax bill of £10,000 on top of the tax I have paid? Or nothing? I just can't tell.

I know of no local schemes to mitigate this. It is affecting EDs massively of course with consultants reluctant to fill in any gaps.

It is BMA territory of course and can only really be fixed by reversing the changes made to the tax on pensions. From a personal point of view I have left the pension scheme and doing the "Hokey-Cokey" like a lot of my colleagues.

Apart from present interim 50:50 option to reduce annual pension, the only other option that some Trusts are trying is to give the Employers pensions contributions to Consultants as a special allowance, in order to get them to stay in. No idea on the consequences of that ...

Remove the taper down from public sector pension schemes or increase when it kicks in.

Increase LTA for public sector schemes.

Exempt public sector workers in the same way that judges, some civil servants, and MPs are exempt (if what I have heard is true).

NHS Pensions Issue Affecting the Emergency Medicine Workforce

Allow early retirement for emergency physicians without penalty.

Remove the taper down from public sector pension schemes or increase when it kicks in

Increase LTA for public sector schemes

Exempt public sector workers in the same way that judges, some civil servants, and MPs are exempt (if what I have heard is true)

Allow early retirement for emergency physicians without penalty

It is intrinsically wrong that the system is so complicated that intelligent professionals cannot understand it and that few tax accountants understand it either. It is very wrong that once you have realised you need an annual rewards statement you have to request it and it takes 12 weeks to come. However, what you really need is a timely Annual Allowance Pensions Savings Statement. So a recommendation that everyone always gets sent such a statement every year. And an undertaking now to speed up responses. The only solution to the immediate crisis is scrapping the annual taper or increasing it significantly for now.

Professor Rick Body



Rick Body @richardbody · 10 Jul

Fantastic day at work today! After I've finished paying interest on the 'Scheme Pays' loan option I'll need for my huge tax bill, I work out that it's only cost me a net total of around £600 + expenses to go to work today [#bargain](#) [#scrapthetaper](#) @BMA_Consultants @MattHancock

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Annex B – Other stakeholder commentary

Health Minister Vaughan Gething. Welsh Government 18 July 2019

"I have also written to the UK government calling for urgent action to resolve the concerns of medical staff over pension and tax implications that are leading to some not undertaking additional hours"

The Guardian

"Consultants' decisions also mean that hospitals are also struggling to find enough doctors to fully staff shifts in their A&E or acute medical unit. The resulting gaps in rotas pose a potential threat to the quality and safety of care, NHS leaders say."

The Times - 1 Aug 2019 - Doctors reduce their hours to avoid punitive pension tax bills

"About three quarters of GPs and hospital consultants have cut or are planning to cut their hours because of the doctors' pensions crisis.

About 42 per cent of family doctors and 30 per cent of consultants have reduced their working times already, claiming that they are being financially penalised the more they work.

A further 34 per cent and 40 per cent respectively have confirmed that they plan to reduce their hours in the coming months because they fear losing out, according to a survey of more than 6,000 doctors by the British Medical Association."

BMA Open Letter To The Prime Minister 29 July 2019

"... Without action by the Treasury to address the cumulative impact of these policies, doctors will have no choice but to reduce the amount of work they do for the NHS, or leave it entirely, to avoid unexpected tax bills that can be four, five, or even six figures in some cases. ..."

Annex C – Survey Questions for RCEM Members and Fellows

This survey is currently running and closes on 15 August 2019. It reads:

We need to preface our work here by noting the interest of all NHS Pension Fund members in this matter personally and to explain that the College cannot argue for terms and conditions as that is out with our remit.

Instead we are working on exposing the problem the specialty faces as a result of taxation changes which seem to us to include: worsening workforce shortages and a detrimental impact on patient care as a result. It is for others to remedy the problem but certainly our job to flag it up.

We are thinking about these survey questions to ask our Members and Fellows:

- a) Have you been directly affected by the HMRC taxation rules pensions? - Yes / No
- b) As a results of the taxation rules are you considering reducing aspects of your job plan in terms of NHS Work for your:
 - Direct clinical care commitments? Yes / No
 - Support for professional activities? Yes / No
 - Leadership roles? Yes / No
- c) Will this have an impact in creating additional rota gaps on the senior decision maker level for Emergency Department cover in coming months? Yes / No
- d) Are you bringing forward your retirement plans as a result of the taxation rules? Yes / No
- e) Do you believe this will have a detrimental effect on patient safety due to reductions in:
 - i. Senior EM presence? Yes / No
 - ii. Senior presence in other specialties? Yes / No
- f) Is patient flow being adversely effected as a result of this taxation issue impact on the availability of appropriate medical workforce of this issue? Yes / No
- g) Do you find the current pension tax arrangements easy to understand? Yes / No

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- h) The Department of Health has launched a consultation (<https://www.gov.uk/government/consultations/senior-clinicians-pensions-more-flexibility>) in relation to this:
- i. Do you understand the proposed 50:50 proposal to enable you to comment on it? Yes/No
 - ii. Do you understand the Scheme Pays approach sufficiently to enable you to answer the consultation question on the 'notional defined contribution pot' approach? Yes/No
- i) Do you have any thoughts, comments or suggestions that will help the specialty deal with this issue? [Free text]

Annex D - References

1. Academy of Medical Royal Colleges Position Statement on NHS Pension Arrangements. June 2019. https://www.aomrc.org.uk/wp-content/uploads/2019/06/2019-06-03_NHS_pension_arrangements.pdf
2. NHS Providers: *NHS staff voting with their feet over proposal to solve pensions problems*. 08 July 2019. <https://nhsproviders.org/news-blogs/news/nhs-staff-voting-with-their-feet-over-proposal-to-solve-pensions-problems>
3. Welsh Government Press release: 18 July 2019 <https://gov.wales/improvements-waiting-times-busy-year-emergency-departments-continues>
4. The Guardian: 8 Jul 2019 *NHS operations cancelled as consultants work to rule in pensions standoff* <https://www.theguardian.com/society/2019/jul/08/nhs-faces-existential-threat-as-senior-doctors-work-to-rule>
5. Department of Health Consultation. 22 July 2019 *Senior clinicians' pensions: more flexibility* <https://www.gov.uk/government/consultations/senior-clinicians-pensions-more-flexibility>
6. BMA Scotland Survey Results: 18 June 2019 *Pensions' tax devastating the profession, finds survey* <https://www.bma.org.uk/news/2019/june/pensions-tax-devastating-the-profession-finds-survey>
7. The Times: 18 July 2019 *Doctors reduce their hours to avoid punitive pension tax bills*
8. BMA Open Letter to Prime Minister 29 July 2019 from Dr Chaand Nagpaul CBE BMA Council Chair <http://www.bma.org.uk/-/media/files/pdfs/working%20for%20change/policy%20and%20lobbying/bma-letter-from-bma-council-chair-to-the-prime-minister-290719.pdf>

