

## **RCP briefing for adjournment debate on the Finance Act 2004 and NHS Pension and Staffing| 13 July 2022**

The Royal College of Physicians (RCP) welcomes this debate on NHS pensions and staffing. The RCP is a membership body, and so does not often comment on or discuss terms and conditions regarding pensions which are within the remit of unions. But we know from surveys and communication with RCP members that **consultants are reducing the amount of direct patient care they are providing because of the problems associated with the annual allowance**. Worryingly, many consultants are now choosing to retire earlier as a result. **That is why the RCP believes there must be a long-term solution to annual allowance and pension taxation for consultant doctors.**

Workforce is the biggest limiting factor for the government's ambitions on health and care and sustainably delivering care in the long-term. Adequate pension provisions are a significant factor in retaining experienced doctors for as long as possible into their careers. With waiting lists currently at 6.5 million, we are urging the government to reconsider its approach to NHS pensions and implement a long-term solution to support staff who are reaching retirement age.

### **Workforce shortages in the NHS**

The NHS is experiencing a workforce crisis, with a considerable number of unfilled consultant posts and reliance in locums. The [RCP 2020 Census](#) found that 48% of posts went unfilled in 2020, mostly due to a lack of any applicants. The same proportion (48%) of consultants also reported having locums staffing vacancies. Although locums play an important short-term role, reliance on them is not a sustainable solution.

More health staff are now retiring, with the number of NHS workers awarded pension benefits in April 2022 [increasing by 28% compared with a year earlier](#). Looking ahead, the most recent 2020 RCP census suggests that 44% of current consultant physicians will retire in the next 10 years (taking an average retirement age of 62–63 years). **This means that the workforce will be further depleted at a time when demand for care will be increasing** - the Office for National Statistics (ONS) estimates that, by 2040, there will be [17 million people in the UK over the age of 65](#). Action must be taken to reform pensions and support doctors at the end of their careers so that the NHS retains experienced staff.

**The NHS requires a long-term solution at both ends of the medical workforce – expanding medical places and retaining experienced professionals - so that it can prepare for the increased patient demand we know is coming.**

In the long-term, expanding the number of doctors in the system by increasing medical school and training places will ensure we have enough medical professionals to meet demand. It takes considerable time to train a doctor – to feel the benefit in future, we need to expand places now. In addition to pension reforms, **the RCP has called for government to expand medical school places in England to 15,000 over the next decade**. The RCP's blueprint [Double or Quits](#) estimates that doubling the number of medical school places will cost £1.85bn annually<sup>1</sup> – [less than a third of the £6.2bn hospitals spend on agency and bank staff in 2019/20](#).

A long-term 15-year workforce strategy was commissioned by the Department of Health and Social Care in at the start of 2022, with the expectation that it would be published by NHS England by the end of this year. It must be based as far as possible on what we know about actual current and predicted future supply and demand, including the impact of increased flexibility on working arrangements. Though the strategy is an opportunity for change, it cannot solve pension issues. Government must find a resolution and stem the avoidable loss of experienced consultants from the medical profession.

## Staff burnout

The medical workforce was already under pressure before the COVID-19 pandemic due to understaffing, and this has only become more acute over the course of the last 18 months. Staff are tired and burnout is common. During the pandemic, pressure on the health and social care workforce increased hugely.

In response to [a survey by the RCP in January 2021](#), almost a fifth (19%) of doctors reported that they had sought informal mental health support and 10% had received formal mental health support from either their employer, GP or external services. A large proportion of respondents (64%) felt tired or exhausted, and many felt worried (48%). **The RCP is concerned that the pressure of prolonged pandemic working is leading to many experienced doctors considering early retirement.** Changing policy around NHS pensions will help to retain experienced professionals and help to alleviate staffing issues.

## Annual allowance

Many consultants are retiring early because of issues with annual allowance. A [joint survey](#) between the RCP, Royal College Physicians Edinburgh (RCPE) and Royal College of Physicians and Surgeons Glasgow (RCPSG) revealed in 2019 that 45% of doctors surveyed had decided to retire at a younger age than previously planned, with 86% citing pension concerns as one of the reasons for their decision.

Many consultants say that the [temporary measures put in place for the 2019/20 tax year](#) to enable additional work before the pandemic were an acceptable solution. **We recommend that this temporary measure is extended over the next 2 to 3 years until more formal changes to legislation are achieved.** The increase in activity needed to overcome the backlog will be impossible without such a step.

## Pension taxation

Pension taxation limits the amount of work that clinicians in the later stages of their career can take on. This continues to be a significant reason why experienced physicians reduce their hours or retire altogether earlier than they may have planned. It is vital that we support experienced staff who are approaching retirement to continue working for as long as they want to, in a way that suits their circumstances.

***“Despite being a consultant in my early 50s I have twice reduced my contracted hours. I now work 25% less time because of pension tax costs and would never work additional sessions. I'm already over my lifetime pension allowance so expect to reduce hours further and retire early. If this was the intention of the pension tax changes they seem particularly short-sighted.”***

- Consultant physician and RCP member

The [2019 survey found](#) that 38% of clinicians aged between 50 and 65 had an annual pension allowance tax charge due to exceeding their pension threshold. As a consequence, 62% of senior clinicians said they avoided extra paid work, 25% had reduced the number of programmed activities they worked and 22% reported that they had stepped down from a leadership or other role with extra remuneration.

**A long-term solution on pensions taxation is urgently required to resolve these issues and ensure that senior clinicians are not penalised for taking on extra work, something that will ultimately be essential if we are to tackle the backlog of care in the NHS.**