

# RCPCH pensions survey: the impact of pension tax legislation on our UK members

---

## Introduction

**To gauge the impact of UK pension tax legislation on RCPCH members, and the knock-on effect on the care of children and young people, the RCPCH ran a short survey in November 2019. Paediatric consultants working or retired in the UK were invited to respond. The survey questions are provided in Appendix 1.**

The survey was open for one week and 715 members responded. This report summarises the findings of the survey. Trends across the UK are first identified, before each country is discussed in turn according to three themes related to pension tax bills: liability and size;

impact on services; and impact on decisions to retire.

This document provides a glimpse into the greatly damaging effect of the pension tax legislation on paediatric consultants across the UK, and the detrimental effect on services. These issues will only worsen as more senior clinicians decide to retire from the NHS early to avoid being penalised for their hard work, withdrawing their valuable expertise from the health service. The corrosive effect that this has, and will continue to have, on workforce morale and patient services must not be underestimated.

## Impact on RCPCH members in the UK

### Respondents

The modal age of survey respondents in England, Scotland, Wales and Northern Ireland was 50 – 59 years of age (Figure 1). An equal or greater number of respondents in Scotland, Wales or Northern Ireland were 30-39 years of age, compared to 60+ years. In England there were only six fewer 30-39 year old respondents (n=45), compared to 60+ years (n=51). This indicates that the pensions issue is of relevance to relatively young consultants, and that remedial action must be taken to avoid driving these highly skilled clinicians to cut their careers short.

## Tax bill size and liability

In total, around a third of respondents (33.0%, n=236) had been issued with a pension related tax bill. 205 respondents indicated the value of their tax bills. The minimum total value of these 205 bills is over £3.5 million (£3,598,997).

The most common value of the tax bills received by RCPCH members in the UK was £10,000 - £19,999.

The majority of respondents (75.9%, n=543) could not easily find out if they might be liable for a pension related tax bill.

The individuals that took part in this survey are part of a larger population of around 7,500 consultants and retired RCPCH members that may also have been issued with a tax bill; the total of all the tax bills issued to all senior paediatricians in the UK is likely to be far greater.

## Impact on services

Over half of all respondents (56.5%, n=404) have changed their working practices to avoid exceeding the annual allowance. Many have stopped undertaking extra work, such as waiting list initiatives and locum shifts, and are choosing not to take senior positions in their Trust or Health Board. Others are not applying for awards or have already retired as a result of pension related tax bills.

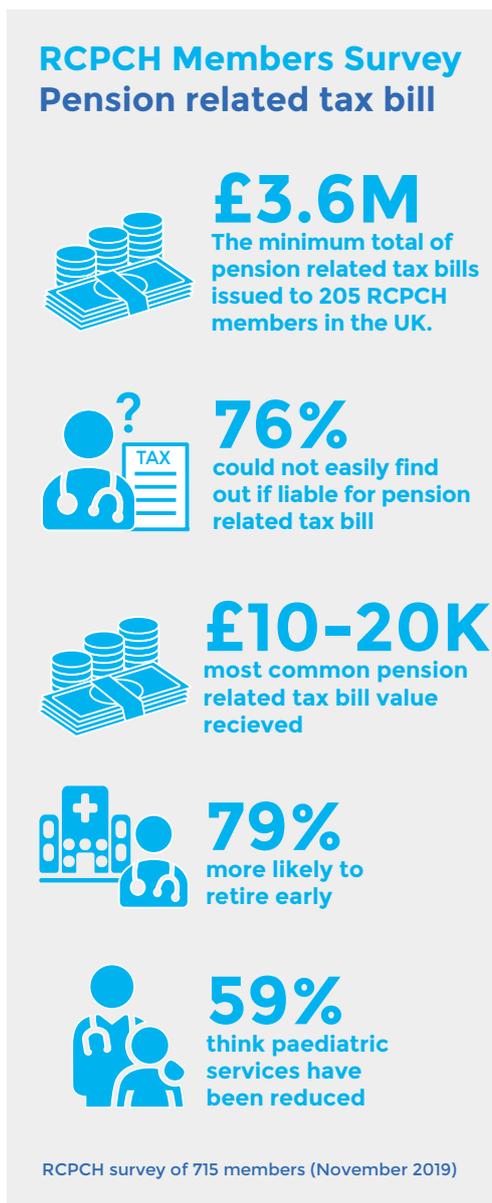
A greater number of respondents (59.7%, n=427) felt that paediatric services in their Trust or Health Board had been reduced as a result of pension related tax bills. Respondents cited increased waiting list times, closed wards, cancelled clinics, poor morale and concerns around pension safety.

Direct quotes from respondents' answers regarding changes to their working practices and impact on services for children and young people are given on [page 4](#).

## Impact on plans to retire

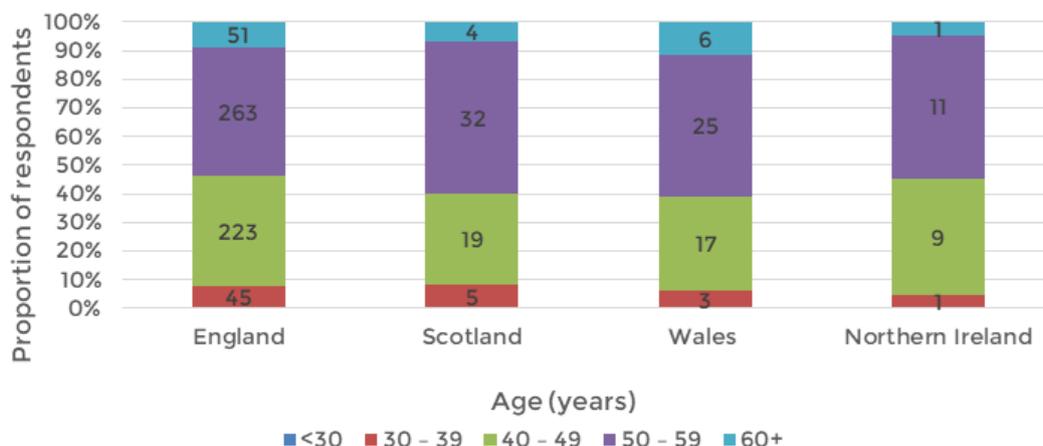
In every country, the majority of respondents stated that the possibility of being issued with a pension related tax bill has made them more likely to retire earlier than they had planned.

Of the 715 respondents from all of the UK, 79.4% (n=568) stated that the possibility of incurring a tax bill on their pension growth has made them 'somewhat likely' or 'very likely' to retire earlier than they had planned. This is a snapshot survey and results should be scaled up with caution, but these findings do suggest that thousands of paediatricians will retire early at least partly



due to pension related tax bills. There are not enough trainees to fill the gaps that this will leave in the health service in the next decade, given existing vacancies on tier 1 and tier 2 rotas and difficulties recruiting into paediatric training.<sup>[1]</sup>

**Figure 1. Age of respondents as a percentage of the total number of respondents in England (n=582), Scotland (n=60), Wales (n=51) and Northern Ireland (n=22)**



## England

### Tax bill liability and size

582 members from England responded to the survey. The majority (76.8%, n=447) could not easily find out if they might be liable to be issued with a pension related tax bill.

Around a third of respondents (33.2%, n=193) had been issued with a pension related tax bill due to exceeding the annual allowance threshold. 164 respondents chose to indicate the size of their tax bills. The most common value of the tax bill was £10,000 - £19,999 (n=35, see Figure 2).

**Figure 2. The value of tax bills issued to 164 respondents in England. 29 respondents chose not to indicate the value of their tax bill.**



The minimum value of the 164 respondents' tax bills, when added together, is £3,057,997.

<sup>1</sup> RCPCH. RCPCH State of Child Health: short report series. 2017 workforce census overview. January 2019.

## Impact on services

Of the 582 members from England that responded to the survey, over half (56.9%, n=331) stated that they have changed their working practice or job plan to avoid exceeding the annual allowance threshold.

When asked for details of the changes they have made, most respondents referred to reducing programmed activities (PAs) in their job plan and to not taking on extra shifts. Many respondents linked their working fewer shifts with an increased risk of burnout among colleagues, low morale and concerns regarding patient safety. Others state that they have taken early retirement, or note that winning awards in recognition of their hard work will make them liable for a sizable pension tax bill:

***“Reduced down to 10PAs from 12PAs and I intend to reduce to 8PAs next year exclusively because of pension tax”***

***“No extra work, no waiting list clinics. No stepping down extra shifts”***

***“Have tried to decrease the number of PA’s in my job plan but my managers are very unkeen for me to reduce direct clinical care PA’s , which is causing stress and poor work life balance issues ultimately affecting my performance and increasing the possibility of me being burntout”***

***“I have reduced my work from 12 to 8 PA in September this year to reduce my pension tax bill and even then I have been unsuccessful. I intend to retire at 60y in March 2020. I had intended to work until 2027: not any more. I am demoralised, worn out, unappreciated. Goodbye NHS.”***

***“I took on a well-paid senior management post unaware of the potential for a catastrophic tax bill of £80,000 as a result. I chose not to go for ‘scheme pays’ since that would have made me worse off in the long term. I was lucky enough to be able to borrow the funds to pay this extraordinary tax bill. I have retired early, and am now benefiting from my pension. I have done the sums, and I am aware that within 7 years of retiring I will be better off overall in spite of the tax bill that I have paid.”***

***“Stopped doing on call, stopped doing WLI clinics, stopped doing WLI theatre lists, stopped doing career options associated with additional PA’s (such as teaching-training tutor), reduced my career development options in eg research, reducing activities in which I used to excel for local awards points and will not apply for national awards although eligible. I would have considered to work closer for RCPCH and BSPGHAN in the executive teams but the pension regulations have stripped me of all financially viable perspectives. I am a national and European leader in my field.”***

More respondents felt that paediatric services in their Trust/Health Board have been reduced because of pension related tax bills (59.3%, n=345), noting that consultants refusing to

undertake extra shifts is having a detrimental impact on existing staffing problems and capacity:

*“One consultant took 3 months unpaid leave over winter. Further 3 consultants dropped PAs. Locum work to cover vacancies is refused due to tax bill. Unfortunately cannot refuse stepping down to cover registrar vacant oncalls and this will hit us all after this winter”*

*“Colleagues will not do extra shifts and occasionally they do but do not request payment for them! Colleagues have brought forward retirement dates. This has significantly exacerbated existing staffing problems”*

*“ICU beds closed. 18 week waits exceeded in multiple specialities”*

*“My Trust closed 6 PICU beds as the consultants could not afford to work more PAs to cover.”*

*“We have lost 3 consultants to retirement within 3 months; I will be the 4th. Several others have reduced to less than 10 PAs. I feel the department is in crisis along with less than a full complement of SpRs. Unsustainable and unsafe for patients and staff.”*

*“Lead Clinician just resigned to reduce job plan by 1 PA and avoid unfair taxation. Colleagues refuse to take any additional work. Waiting list for clinic appointment is 3-4 months now.”*

### **Impact on decisions to retire**

Of the 582 respondents from England, the majority (56%, n=329) indicated that they are ‘very likely’ to retire earlier than they had planned due to the possibility of incurring a pension related tax bill. A further 141 respondents (24.2%) indicated that they are ‘somewhat likely’ to retire earlier than they had planned for this reason. 15 had already retired because of the possibility of incurring a tax bill.

Only 5.7% (n=33) indicated that they are ‘somewhat unlikely’ or ‘very unlikely’ to retire early due to the possibility of incurring a pension related tax bill.

## **Scotland**

### **Tax bill liability and size**

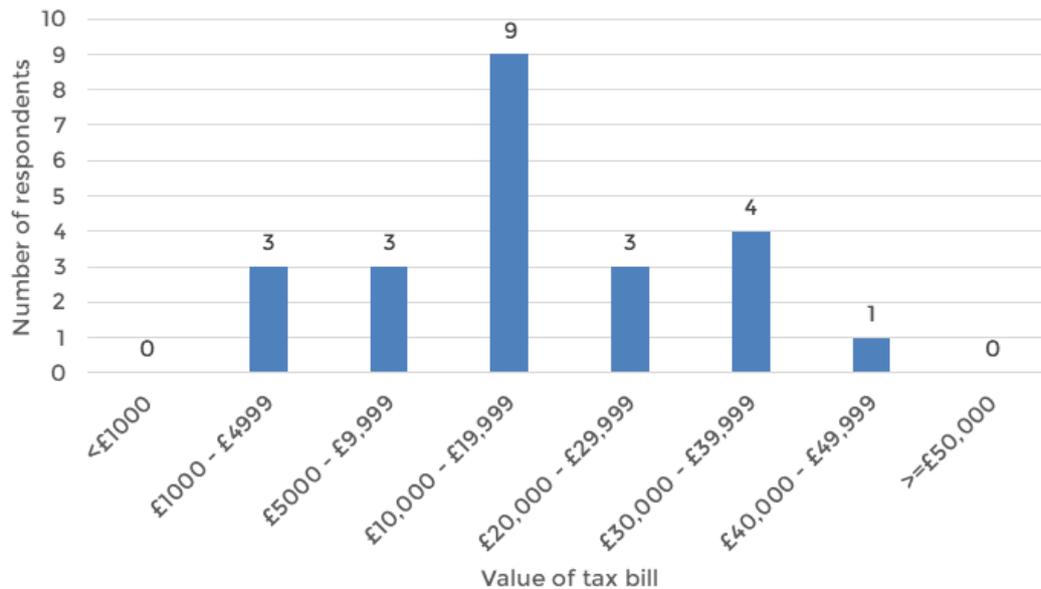
60 members from Scotland responded to the survey. Over two-thirds of these respondents (68.3%, n=41) could not easily find out if they might be liable to be issued with a pension related tax bill.

Over a third of respondents (40%, n=24) had been issued with a pension-related tax bill. 23 respondents indicated the size of their tax bill, shown in Figure 3. The most common tax bill

value was £10,000 - £19,999 (n=9).

The minimum value of the 23 respondents' tax bills, when added together, is £328,000.

**Figure 3. The value of tax bills issued to 23 respondents in Scotland. 1 respondent chose not to indicate the value of their tax bill.**



### Impact on services

Of the 60 respondents from Scotland, over half (53.3%, n=32) have changed their job plan or work practice to avoid exceeding the annual allowance threshold. Respondents that chose to provide detail on these changes commonly referred to reducing the number of PAs in their job plan, not taking locum shifts, taking early retirement and not applying for leadership positions:

***“Will not apply for Clinical Director post which I suspect will remain empty. Lead for service so have continued to do extra shifts going but this is not sustainable if no change in pension tax within the next year.”***

***“I am about to reduce from 12 sessions to 10 sessions and will retire aged 57 even though still enthusiastic”***

***“Due to staff shortages I have been routinely taking on extra shifts as a locum within the department in which I work. I will no longer be doing this as there is a risk of me exceeding tax threshold.”***

A greater number of respondents (60%, n=36) felt that paediatric services in their Trust or Health Board had been impacted because of pension related tax bills. Several respondents noted a

reduction in service capacity, cancellations of elective procedures and delays to investigative procedures or treatment. Some also referred to ward closures and a growing sense of concern around the impact of the pension tax legislation:

*“My own specialism is Paediatric Emergency Medicine and we have suffered a greater than 10% drop in Consultant DCC sessions as a direct result of this issue.”*

*“Many of the more senior consultants have been hit by bills and have consequently reduced their PAs or are on the verge of doing so. I feel worried about how I might be affected but am too young to have crossed the threshold yet and don’t know what I should be doing at this stage.”*

*“Consultants unable to cover gaps in rota due to large bills.*

*Morale about future - watching senior colleagues mortgaging house after working hard for the duration of their career”*

*“Reduced anaesthetic availability has decimated available elective theatre space.”*

### **Impact on decisions to retire**

The majority of respondents from Scotland state that the possibility of being issued with a pension tax bill has made them more likely to retire early (71.6%, n=43). Three respondents have already retired due to this.

Only 5% of respondents (n=3) state that they are unlikely to retire early due to the possibility of being issued with a pension tax bill.

## **Wales**

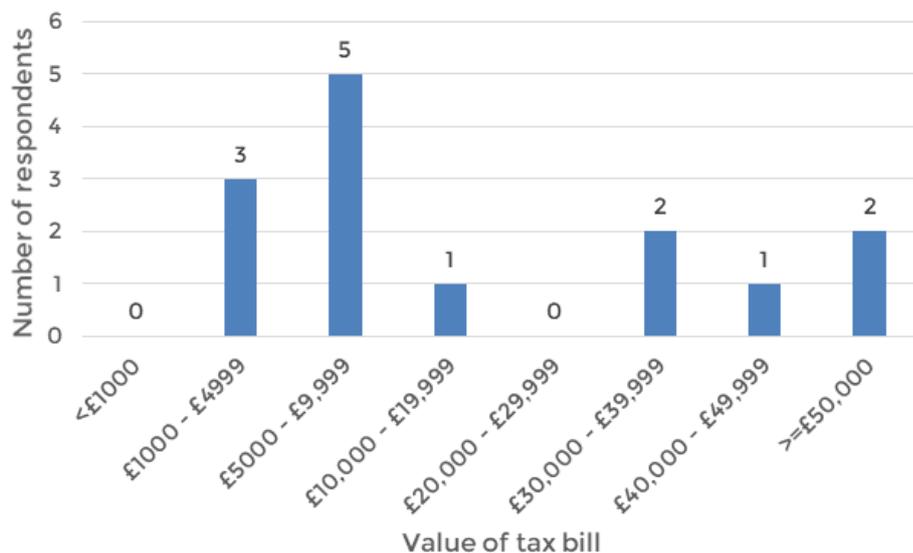
### **Tax bill liability and size**

51 members that work in Wales responded to the survey. The majority of respondents (76.5%, n=39) indicated that they had not been able to easily find out if they might be liable for a pension related tax bill.

Almost a third of respondents (29%, n=15) had been issued with a pension related tax bill, and the most common bill value was £5,000 - £9,999 (n=5, Figure 4).

One respondent chose not to indicate the value of their tax bill. The minimum value of the 14 respondents' tax bills that did select an amount, when added together, is £138,000.

**Figure 4. The value of tax bills issued to 23 respondents in Scotland. 1 respondent chose not to indicate the value of their tax bill.**



### Impact on services

Over half of the respondents in Wales (55.0%, n=28) had changed their work practice to avoid reaching the annual allowance threshold and triggering a tax bill. The majority of respondents stated that they had stopped covering rota gaps and undertaking locum shifts, and some have resigned from or not taken senior roles:

***“I am not doing any locum shifts and not increasing from my 10 sessions despite our neonatal unit now needing to aim towards providing a 12 hour on site consultant cover”***

***“Resigned as clinical lead (decrease of 1 session and responsibility allowance). No longer agree to work locum on calls to cover consultant and registrar rota gaps”***

***“Not taken on any locum shifts, unable to commit to a planned service change in making our neonatal transport service a 24 hour service in stead of 12 (additional shifts would be on top of job plan, which would take me over the £110,000 threshold), even though I would like to. Not claimed some ad-hoc transport shifts out-of-hours.”***

The same number of respondents felt that paediatric services in their Trust or Health Board had been reduced because of pension related tax bills (55.0%, n=28). Many respondents refer to increased waiting times for patients and rota gaps as a result of the pension related tax bills. Some also note cancelled theatre sessions and low morale among colleagues:

*“There are several consultants in the team who are now reluctant to do any locum shifts, to cover sickness or other problems, and also to cover any problems on the tier 2 rota, which they were happily doing until this pension crisis. makes covering gaps or sickness very difficult.”*

*“Unsafe practices. Delayed and long waiting times. Poor morale”*

*“Reduced clinics resulting in increase in waiting list never seen before”*

*“Reduced specialty clinic. No extra oncalls on the rota. The gaps in the rota are difficult to cover as not willing to work more than contracted hours”*

*“Cancelled theatre sessions”*

### **Impact on decisions to retire**

The majority of respondents (75%, N=38) state that they are ‘somewhat likely’ or ‘very likely’ to retire earlier than they had planned, due to the possibility of incurring a pension related tax bill. One had already retired because of this possibility.

Only six respondents (11.8%) feel that they are unlikely to retire earlier than planned due to the possibility of being issued with a pension related tax bill.

## **Northern Ireland**

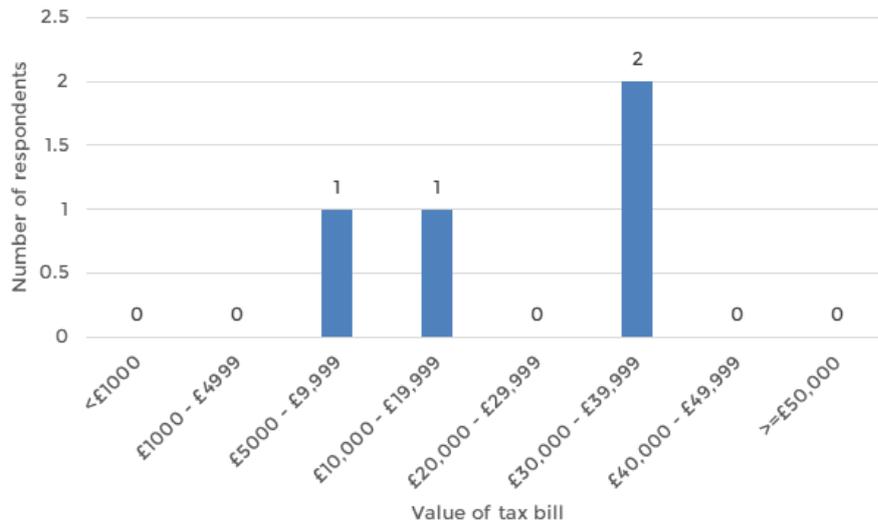
### **Tax bill liability and size**

22 members that work in Northern Ireland completed the survey. The majority (72.7%, n=16) have not been able to easily find out if they are liable for a pension-related tax bill.

Four respondents had been issued with a pension related tax bill. Each of these respondents chose to indicate the value of the bill: the most common size was £30,000 – 39,000 (n=2, Figure 5).

The minimum value of the four respondents’ tax bills is £75,000.

**Figure 5. The value of tax bills issued to 4 respondents in Northern Ireland.**



### Impact on services

Over half of the respondents from Northern Ireland (59.1%, n=13) stated that they have changed their work practice to avoid exceeding the annual allowance threshold. Respondents refer to refusing to take on extra work, including waiting list initiatives (WLI), and taking off in lieu (TOIL) rather than payment for locum shifts:

*“Refuse to do WLI clinics. Emergency cover on call - if needed I have done but not yet claimed. Awaiting trust decision re time of in lieu instead of payment. I would like to decrease sessions but there is no one to take on the work.”*

*“I pulled out of the pension scheme 3 years ago”*

*“I am no longer doing any additional work. This has impacted on reviewing patients as planned or doing any waiting list work.”*

A greater number of respondents (81.8%, n=18) feel that services in their Trust or Health Board have been reduced because of pension tax bills. Several state that clinic times have been cut, waiting times for patients have increased and colleagues are not taking on leadership roles:

*“Senior consultants are unwilling to do any extra work due to the potential tax bill. This is becoming an increasing patient safety issue especially when our middle tier rota has gaps.”*

*“I am the second consultant so far to reduce to 10pas. 3 more are likely to do so within this year. As we can not drop ward chief (paeds and nicu) cover the only thing that is really being cut is clinics. Already the wait time to first appointment has increased and will only get worse.”*

*“As above with consultants less likely to do ad hoc clinics waiting times will inevitably increase further still. This causing more stress in a profession with already high levels.”*

## Impact on decisions to retire

The vast majority of respondents (77.3%, n=17) stated that the possibility of incurring a pension related tax bill has made them either 'very likely' or 'somewhat likely' to retire earlier than they had planned.

No respondents felt that they were unlikely to retire earlier than originally planned to avoid a pension related tax bill.

## Appendix: Survey questions

### 1. How old are you? [multiple choice, tick one]

- a. <30 years
- b. 30-39 years
- c. 40-49 years
- d. 50-59 years
- e. 60+

### 2. Which country do you work in? [multiple choice, tick one]

- a. England
- b. Scotland
- c. Wales
- d. Northern Ireland

### 3. Have you been able to easily find out if you might be liable for a pension related tax bill? [multiple choice, tick one]

- a. Yes
- b. No
- c. Not sure/prefer not to say

### 4. Have you had a pension related tax bill due to exceeding the annual allowance? [multiple choice, tick one]

- a. Yes
  - i. [If yes:] What size was the tax bill? [multiple choice, tick one]:
    - 1. Prefer not to say
    - 2. < £1000
    - 3. £1000 - £4999
    - 4. £5000 - £9999
    - 5. £10000 - £19999
    - 6. £20000 - £29999
    - 7. £30000 - £39999
    - 8. £40000 - £49999
    - 9. >=£50000
- b. No

**5. Have you changed your work practice or job plan to avoid/reduce exceeding your annual allowance? [multiple choice, tick one]**

- a. Yes
  - i. [If yes:] Use this space to provide details of the changes you have made (optional) [free text box, max 250 words]
- b. No

**6. In your view, have paediatric services in your Trust/Health Board been reduced because of pension related tax bills? For example, consultants reducing clinics to lower the likelihood of them reaching the pension tax threshold and being issued with a tax bill.**

- a. Yes
  - i. [If yes:] Use this space to provide details of the service reductions that have occurred in your Trust/Health Board, and examples of impact on delivery of care for children (optional) [free text box, max 250 words]
- b. No
- c. Not sure/prefer not to say

**7. How likely is it that the possibility of incurring a tax bill on your pension growth will make you retire earlier than you had previously planned? [multiple choice, tick one]**

- a. Very likely
- b. Somewhat likely
- c. Somewhat unlikely
- d. Very unlikely
- e. I have already retired because of the possibility of incurring a tax bill
- f. I have already retired and my decision was not influenced by the possibility of incurring a tax bill.

**8. The RCPCH is greatly concerned about the impact of pension tax rules and is developing a network of members that have experience of this issue, to provide examples that we will use as part of our engagement with stakeholders. If you are happy to give more information in the future about your experience with pension related tax bills please give your email address below. [Free text box].**

