# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE**  | **Impact of Tax and Pension Changes on NHS Delivery** |
| **DATE**  | **13 November 2019** |
| **BY** | **Vaughan Gething AM, Minister for Health and Social Services** |

Health bodies in Wales are regularly reporting that senior clinical staff are unwilling to take on additional work and sessions due to the potentially punitive tax liability. In certain circumstances this could lead to additional tax charges in excess of any additional income earned.

The relevant tax and pension scheme powers are not devolved. The Welsh Government cannot therefore change the underpinning arrangements which have caused this problem. I have reiterated my significant concerns over the application of Lifetime and Annual Allowances on senior clinical and non-clinical NHS staff. This issue is causing real damage to our NHS. I have made my view clear to the UK Government on a number of occasions over several months.

I had previously requested an urgent review of these arrangements in the context of increasing clinical and other workforce challenges in the NHS of all four UK nations. Hospital consultant staff within NHS Wales, as with other parts of the United Kingdom, have been affected by the changes made. This has meant that a number of senior consultants and anaesthetists have been unwilling to carry out additional work above their contracted hours as the additional work would trigger a tax liability.

This has led to some appointments and operations being delayed, with information provided by health boards to officials suggesting that between April and August 2019, over 2,000 outpatient, diagnostic, inpatient or daycase sessions have been lost affecting over 15,000 patients. Other areas impacted by the very real concern over the additional tax implications include:

* Senior clinical staff not putting themselves forward for additional responsibilities and clinical leadership roles such as Clinical Directors;
* Senior clinical staff bringing forward their planned retirement dates thereby, in times of material levels of vacancies, reducing clinical capacity in the NHS.

The full impact of these tax changes, particularly the Annual Allowances reduction and tapering, has yet to be fully felt on clinical services. The vast majority of consultants are only just becoming aware of the full impact via their financial advisors, the BMA, and wider press coverage and from amongst peers. NHS Employers Wales has recently published guidance on utilising local flexibilities within the NHS Pension arrangements. NHS organisations in Wales should appropriately use what flexibilities are available to them as soon as possible, as they are available for NHS organisations in England, while the UK Government is consulting on NHS Pension legislations changes and reviewing the impact of the Annual and Lifetime Allowances.

Our NHS staff do amazing lifesaving work every day. It is important that they are not penalised and that they are rewarded appropriately for the extra work they do which is above and beyond. This is especially important so that NHS Wales can continue to deliver over the winter months.