FAQs about consultant pay in England

BMA | FAIRNESS FOR THE FRONTLINE

Dear member,

In March the BMA's Consultant Committee launched a new consultant-led campaign – Fairness for the Frontline – calling on the Government to recognise the significant pay erosion of consultant salaries over the past decade and demanding at least a 5% pay uplift for consultants in England.

This is against the backdrop of the Government's so-called "offer" of just a 1% pay rise this year in recognition of your work during the pandemic. This is nothing more than an insult. COVID-19 has taken a significant toll on frontline consultants. Working around the clock, under the most intense pressures and making life and death decisions has left consultants mentally and physically close to breaking point. And this is before the lockdown fully lifts and the thousands of patients who have had their treatment delayed will expect to be seen as soon as possible. The NHS will be expected to simply spring back to normal. I fear this will be impossible.

It is only right therefore, that consultants in England are recognised for their efforts properly, and that fairness is put back into their pay after years of cuts. More than any other group of healthcare workers, NHS consultants have been hit hardest by years of below inflationary pay "rises" from successive governments. In 2008/09, the estimated take-home pay for the average consultant in England was £67,752. Taking inflation (RPI) into account, the real-terms value of that figure was just £48,356 in 2019/20. That is a real decline in value of 28.6%.

It is not just our pay that is being cut. Our pensions too are coming under attack from Ministers who have chosen to freeze the pension lifetime allowance, which will potentially force more consultants to take early retirement – when we need them the most – as a result.

Already, more than 1,600 consultants have supported our campaign but the more members who add their voice, the stronger we are. This short booklet sets out in detail the derisory changes made to consultant pay and pensions in England, so you have all the facts. And I would urge you to visit https://www.bma.org.uk/pay-and-contracts/pay/fairness-for-the-frontline/demanding-a-pay-rise-for-nhs-consultants and add your name to the campaign.

Yours,

Rob Harwood,
Chair, BMA consultants committee

Question: Given the state of public finances, won't a few years of pay restraint have little impact on consultants?

Answer: The allocation of public spending reflects the priorities of the Government. Imposing pay restraint on doctors is a choice, in contrast to the eye-watering sums spent on the Test and Trace system.[1] It is true that public finances have suffered during the COVID-19 pandemic but, having endured severe pay restraint after the Government bailout of banks in 2008, consultants cannot be expected to suffer further pay cuts to subsidise the support given to other sectors whilst consultants risked their lives caring for patients during the pandemic.

The impact of pay restraint on consultants is cumulative and its effects compound over time. Worryingly, the impact is still felt in retirement. The majority of consultants still have a final salary link, hence a reduction in final salary pay will devalue the whole amount of accrued pension in the 1995/2008 schemes. For example, as a direct result of the pay restraint since 2008/09 and the increased employee pension contributions, a consultant who reached the top of the pay scale and turned 50 during 2010/11, will face an astonishing loss to pay and pension of around £650,000 over their lifetime. This figure does not include the increased costs incurred as a result to changes in pension taxation.

Around £650k – the amount of lost lifetime pay and pensions since 2008/09 as a result of pay restraint and increases to pension contributions for a single consultant

1 https://www.bma.org.uk/bma-media-centre/pac-report-lays-bare-huge-failings-of-test-and-trace-system-and-scandalous-waste-on-private-sector-says-bma

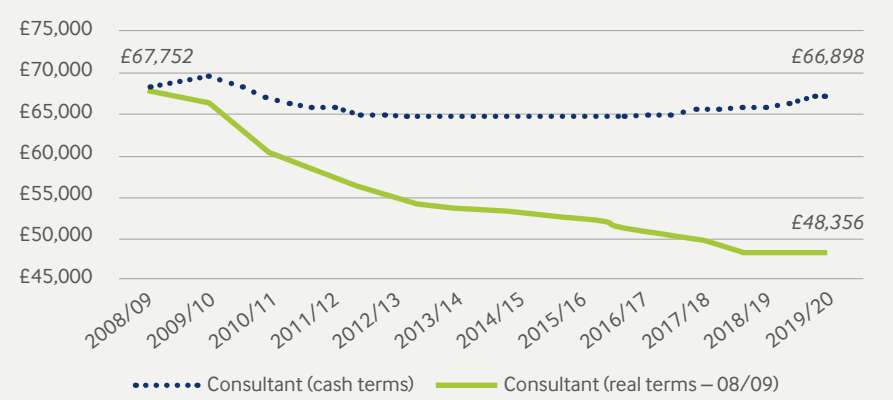
Question: I earn more now than I did in 2008/09; why is the BMA saying my pay has fallen by nearly 30%?

28.6% fall in real terms estimated take-home pay for the average consultant

Answer: Consultants have a complex contractual pay system with 8 incremental pay rises intended to reflect progressive expertise and increased value in the role. It takes 19 years to reach the top of the pay scale. The pay scale was originally constructed to work with a final salary pension scheme with a retirement age of 60. Incremental progression does not mitigate the necessity for the pay scale itself to be uplifted at least in line with inflation. Without these increases, the overall value of consultant pay will erode over time. Had consultant pay kept up with inflation (retail price index), the bottom of the consultant pay scale in 2019/20 would have been £101,549 and the top of the pay scale £136,909. This means that the current top and bottom of the 2020 payscales are £21k and £29k lower than they should be if consultants pay had kept up with inflation.

In addition to recurrent sub-inflationary pay awards, significant increases to pension contribution rates have further eroded consultant pay. To put this into context, the estimated take-home pay for the average consultant in England (accounting for tax and pension contribution changes) has declined in real value by 28.6% from 2008/09 to 2019/20. This figure does not account for the increased costs incurred through changes in pension taxation.

Figure 1: Real decline in value of estimated take-home pay for average consultant (England) using RPI



Source: BMA analysis of NHS Digital's NHS Staff Earnings Estimates

Question: All workers in the UK have suffered similar levels of pay restraint. Why should doctors be different?

40% increase in use of BMA mental health and well being support services over March, April and May 2020

Answer: The work of a consultant *is* different to other occupations. Consultant's work entails the unique responsibility for human life but also the unique added risks involved with being a medical practitioner, which were made all too apparent during the pandemic with doctors risking not only their lives but also the lives of their loved ones whilst caring for patients. The nature of what consultants are expected to do has significantly changed as a result of the pandemic but even before that, the increased demand on the NHS coupled with poor investment in infrastructure saw doctors working lives becoming markedly more challenging. Consultants have to respond to significant increases in workload, including more work outside of their 'standard' hours in addition to having to pick up work that would formerly have been covered by other team members in supporting roles.

Furthermore, while all doctors must study and train for an extended period this is particularly true for consultants who face exceptionally long and arduous training processes. Doctors also bear the ever-increasing cost of this training, including mandatory costs involved in college enrolment fees, examination costs, GMC fees, all of which have been steadily increasing above inflation. Many medical students are now graduating with student loans of up to £100,000 before embarking on many further years of training and additional expense.

Moreover, pay rises in the private sector have run ahead of the public sector for the vast majority of the last decade. While the pay freeze was in place across the public sector (2011/12), the private sector saw average rises around 2.5%, and the private sector continued to outpace the public sector – by at least double the public sector rate – during the ensuing period when the 1% public sector pay cap was in place (2013-17).

Indeed, in their 2020 report,[2] the Doctors and Dentist Review Body, identified that consultant median earnings were now "substantially lower" than comparator groups across the tax and accounting, legal and actuarial sectors, despite consultant pay being higher than these groups in 2009.

2 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902451/CCS0320352414-001_DDRB_2020_Web_Accessible.pdf

Question: Given the state of the UK finances, would the public support a pay rise for consultants?

60% of the UK public believe doctors should get a pay rise
75% of those believe the pay rise should be 3-5% or higher

The COVID-19 pandemic has shone a brighter light than ever on how important our doctors are to society and the unparalleled work they do. This has always been the case but repeated below inflation pay awards have not recognised this. Indeed, the Government's recent suggestion that a 1% (below inflation) pay rise was all that they could afford for NHS workers was met with fierce criticism. When asked, more than 60% of the general public believes that consultants should get a pay rise in recognition of the risks they have faced during the COVID-19 pandemic, with nearly three-quarters of those believing that such a rise should be 3-5% or more.[3]

Question: My workload is unmanageable, how will a pay rise address this?

40% of doctors in a recent NHS staff survey report being ill due to work-related stress
Nearly 60% of BMA members recently report higher than normal levels of exhaustion and fatigue

Answer: Poor working conditions – including chronic shortages, rota gaps, being pressured to work longer hours and more intensely than ever – are damaging to consultants emotional and physical wellbeing, as well as their morale and rates of retention. Effective pay cuts over time have only exacerbated this. Although more work is needed to improve workloads and conditions, we firmly believe that appropriate remuneration will help ensure that doctors feel more valued for the work they do. In addition, this could start to compensate for the personal sacrifices they make and help to recruit and retain consultants, which is vital to ensure we have enough doctors to provide the care that patients need.

3 https://www.bma.org.uk/bma-media-centre/public-say-doctors-deserve-more-as-bma-launches-pay-campaign-for-fairness-for-the-frontline

Question: Isn't my reduced pay offset by the very generous NHS pension?

43% overall lifetime earnings = total cost of pension at state pension age

Answer: The NHS pension scheme used to be a more generous benefit and it was a major recruitment incentive, including for doctors recruited from overseas. While in general it remains a valuable scheme, successive changes both to the scheme and to pension taxation have significantly reduced our pensions benefits. Consultants now typically pay 6 percentage points more in employee pension contributions than they did in 2012, despite this increase not resulting in any additional pension benefit. Furthermore, doctors are the hardest hit by the complex pensions taxation system and subject to individual financial advice, many consultants affected by the lifetime allowance and annual allowance may be left with no option but to opt out of the scheme, reduce the amount of work they do or consider voluntary early retirement.

Nearly threefold increase in voluntary early retirements amongst consultants since 2008

Modelling undertaken by the BMA and our actuarial partners has compared the cost of purchasing £1 of pension over the course of the working career for a foundation year 1 doctor starting in 2020 and working to state pension age and compared this with other NHS workers. Assuming they remain in the scheme throughout their career, the modelling demonstrates that the doctor will pay nearly 10 times more per £1 of pension than a band 2 Agenda for Change (AfC) worker. For the doctor, this equates to a gross cost of £11.45 for every £1 of pension (when normalised to a 40/80th final salary pension), compared to £1.66 for the AfC band 2 worker. Indeed, as a proportion of lifetime earnings, doctors pay a net rate of 43% of their earnings for their pension compared to 4.48% for a band 2 AfC worker.

Furthermore, if retiring at the age of 60, rather than receive a pension that is approximately half of final salary, the actuarily reduced pension is around 1/3rd of final salary.

As a result of increasing costs, final pension received is now around 1/3rd as a proportion of final salary as opposed to the previous 50% final salary pension