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BMA

Miranda Worthington
Department of Health and Social Care

Via email

07 January 2021

Dear Miranda

RE: Letter from the BMA addressing concerns regarding the proposed protections for NCEA award holders

Thank you for your letter of 5 November 2021 setting out the options as you see them resulting from the protection of NCEA award holders which is set out paragraph 25 of Schedule 30 of the 2003 terms and conditions of service document. In your letter, you suggest that the consequences of protecting the pay of those NCEA award holders should be either that the cost comes from the local or the national schemes and that would result in either reduced new LCEAs or NCEAs.

The BMA position is that the NCEA scheme should be properly funded to ensure that the costs of maintaining contractual entitlements of existing schemes do not impact on the launch of new local and national schemes. In particular, the funding of the local scheme is guaranteed in the terms and conditions of service. Whilst the national scheme is not covered to the same extent, it would be detrimental to the national awards to limit the spend on new awards in the way set out in your letter. NCEA funding was significantly cut a decade ago without any strong or clear justification. The BMA objected to this at the time and continues to do so. Reinstating these funds would solve the problems around protection and should considered. Modelling the impact would be a positive first step.

There are some specific issues regarding reversion which we need to put on record. Firstly, that any new scheme which has renewal mechanisms and which involves values which are lower than old CEAs at levels 7, 8 and 9 is unlikely to attract any applications. A pensionable award of a higher monetary value is always going to be worth more than a new NCEA.

Secondly, we have concerns about how the reversion and renewal process would work for NCEA award holders in relation to their pension. Moving from the current to the future NCEA system could result in an overall financial loss as a result of both a lower value award and losing pensionable pay which an individual may have paid significant Annual Allowance tax bills on. Whilst Schedule 30 provides for protection of the cash value, it does not cover the pensionable element. At a second renewal, there is no protection and the individual could lose all the pensionable benefit from holding the old NCEA on which they have paid contributions and potentially AA tax. This is unacceptable and would also result in a perverse incentive of driving individuals towards not renewing and attempting to move to a high LCEA through reversion.

For these reasons, we urge that the ACCEA and DHSC reconsider the funding mechanisms which will drive behaviours which surely are not the intention of the scheme. We will also be exploring the legal questions surrounding this, particularly in relation to pensionable pay. We encourage you to relaunch the scheme with the at least the original funding as the consequences of the unilateral removal of this and other unilateral changes made is the potential collapse of the national scheme.

I look forward to discussing with you in early January.

Yours sincerely,

Michael

Dr Mike Henley, Chair of the BMA Consultants Committee Negotiations Team, on behalf of the BMA Consultants Committee Negotiations Team