

*From the Rt Hon Jeremy Hunt MP
Secretary of State for Health*



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Dear Mark,

NHS Pension Scheme

Thank you for your letter of 17 October, which outlined the BMA's concerns about the Government's approach to pension reform and enclosed your recent publication, which explained why the BMA feel that doctors are being unfairly treated. I note that you continue to argue against the increase in normal retirement age and the scale and pace of contribution increases. I am sure that these issues will be discussed during the passage of the Bill and that you will represent your views during that process in the normal way.

As far as the NHS is concerned, however, the numbers of staff aged over 60 are already steadily increasing and we have agreed to work together with NHS Employers and the NHS Trades Unions to meet this challenge through the Review of Working Longer. I am therefore pleased that the BMA is actively involved in that work.

You also raised specifically the issue of contribution rates in the NHS Pension Scheme (NHS PS) after 2015. I would like to assure you that while the NHS PS Proposed Final Agreement makes it clear that employee contributions will average 9.8% from 2015, we have not yet made any decisions about the tiering arrangements to deliver this. I can therefore confirm that we are looking for the NHS PS Governance Group of employers and Trade Unions to reach a consensus and make recommendations on this to the Department of Health. Moreover, we would expect these recommendations to be reached transparently, taking

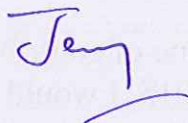
account of actuarial advice, and based on an agreed set of principles that is reasonable and fair to all staff.

You raised a number of issues that should be taken into account in framing these principles. In particular, you acknowledged the need to protect the low paid; recognise the impact of tax relief; and, take account of the fact that career average pensions deliver benefits more closely related to the contributions paid than a final salary pension. These seem reasonable but there are also other issues that will have to be considered, such as the number of high earners still in final salary arrangements, the treatment of part time workers, how to encourage participation in the scheme and so on. The final list of principles will therefore need to be discussed within the Governance Group on which the BMA is represented. However, I can assure you that it is my aim to reach an agreement that is seen as fair between different groups of members and that any proposals will of course be subject to equality impact analysis.

I understood that the discussions on post-2015 contribution rates were originally scheduled to take place early next year. However, I believe it would be helpful if they were brought forward. My officials will therefore arrange this. I therefore expect these discussions to begin very soon within the Governance Group. I believe this is the right forum given that the NHS Pension Scheme covers all NHS staff and any discussions need to involve the representatives of all staff groups.

I suggest that we wait to see the outcome of that process before deciding if a further meeting between us is necessary. In the meantime, may I say that it was good to meet you and that I very much hope that we will be able to work constructively together for the benefit of patients and staff.

Yours ever



JEREMY HUNT