

Local clinical excellence awards 2021-22

How to calculate the minimum funds for investment in local clinical excellence awards 2021-22

This briefing set out the steps employers need to take to ensure that they have calculated the necessary funds for investment across the four years covered by the interim arrangements from 2018/19 - 2021/22.

As set out in [schedule 30](#) of the terms and conditions of service for consultants - England (2003), the formula for calculating the minimum funds for investment in new local clinical excellence awards (LCEAs) each year between 1 April 2018 and 31 March 2022, (four annual award rounds) is:

number of eligible consultants x investment ratio x unit value of an award

Each element of the formula is dynamic:

- the number of eligible consultants in an organisation is unlikely to remain static year on year
- the investment ratio has been subject to change
- the unit value of an award has been updated following the Doctors' and Dentists' Review Body (DDRB) recommendations.

The funds for investment are cumulative over the period. The build-up in the level of investment awards over the four-year period reflects previous investment levels, as awards were paid on a consolidated basis until retirement. Under the schedule 30 arrangements, awards are time limited and non-consolidated, allowing for reinvestment of the released funds when the award ends. The released funds are then added to the investment funds for new LCEAs for the following year up to 2021/22.

Should there be any net underspend in previous calculations then these should be rectified during the 2021/22 award round, under an equal distribution approach, (see supporting [joint statement](#) (PDF)). Under no circumstance should employers retrospectively adjust the value of awards paid to individual consultants in previous years.

The arrangements from 1 April 2022, have yet to be agreed and will be communicated in due course.

Defining eligibility for funding calculation purposes

For the purposes of calculating the funds for investment in LCEA, eligible consultants should be defined as follows¹:

- Eligible consultants should have at least one year's service at consultant level and not hold an employer-based level 9, a national clinical excellence award or a distinction award.

There is no condition that requires these consultants to be on 2003 terms and conditions for calculation purposes. The exception to this is agency locum consultants, who should be excluded from the calculations and are not eligible to receive award funds.

¹ However, please note that the eligibility criteria for those consultants able to apply for and receive an award is distinct to the definition above that defines the minimum funds available.

Investment ratio

The investment ratio for the years, 1 April 2018 to 31 March 2022, for LCEAs rounds are specified below. The basis of calculation (headcount or full-time equivalent (FTE)) is shown.

Year	In year additional funding (Points per eligible consultant)	Total funding on new LCEAs each year (cumulative) (Points per eligible consultant for that year)
2018-2019	0.3 multiplied by headcount	0.3 multiplied by headcount
2019-2020	0.3 multiplied by headcount	0.6 multiplied by headcount
2020-2021	0.424 multiplied by headcount	1.024 multiplied by headcount
2021-2022	0.218 multiplied by FTE	(1.024 multiplied by headcount) + (0.218 multiplied by FTE)

The cumulative effect for 2021/22 is therefore (1.024 points multiplied by headcount) for the period to 2020/21 plus (0.218 points multiplied by FTE) for 2021/22.

As noted above, the cumulative build up in the level of investment over the four-year period reflects previous investment levels (prior to 2018), as awards were paid on a consolidated basis until retirement.

2021-22 award round investment calculation

1. Determine the number of eligible consultants (FTE) on 1 April 2021.
2. Determine the number of eligible consultants (headcount) on 1 April 2021.
3. Multiply the number of eligible consultants (FTE) by 0.218 (the points per FTE for 2021/22).
4. Multiply the number of eligible consultants (headcount) by 1.024 (the cumulative investment from previous years).
5. Add totals from points 3 and 4 together and multiply by the unit value of an award (£3,092). *
6. Add any net underspends against minimum investment value from previous years.
7. Deduct the cost of any time limited awards that remain in payment from the 2019 and 2020 award rounds (on-costs should be excluded).
8. Offer new awards, ensuring the total value of those awards is no less than the calculation above. **

* As set out in the [pay and conditions circular \(M&D\) 3/2021](#) (PDF).

** The 2021/22 LCEA round was again halted as a result of the COVID-19 pandemic, with the award money to be distributed equally among eligible consultants, with equal payments to be made in full to those working LTFT. See the [joint statement](#) (PDF) from NHS Employers, the British Medical Association (BMA) and HCSA.

Our [2018-21 LCEA guide](#) (PDF) provides advice and information that covers the investment calculations for 2018/19 – 2020/21, see Annex 1 and the supporting [FAQs](#). Please note that the investment ratios over this period have been updated as detailed in the table above.

Additional points to note

The interim arrangements for LCEAs were extended by one year, up to 31 March 2022. See the [joint statement](#) from NHS Employers, the BMA and HCSA.

Any net underspend carried over from previous award rounds (2018/19 – 2020/21) should be added to the investment funds in 2021/22.

The funding for reversions from existing national clinical excellence awards to existing LCEAs will be funded from outside the minimum investment requirements for the 2018 award round only. For subsequent years the funding for such reversions will be covered by the minimum investment funds.

No underspend should be carried forward into 2022/23. The tripartite negotiating group (NHS Employers, BMA and HCSA) are currently in the process of negotiating new LCEA arrangements from 1 April 2022 onwards.

It is recognised that the financial arrangements of LCEAs have been complex, and the intention is to simplify this in the new scheme to make it easier for employers to administer and demonstrate transparently, that investment obligations have been met. For 2022/23 it is suggested employers should ringfence the minimum investment ratio of 1.242 per eligible consultant (FTE) (using the current unit value of an award) and wait for further guidance.

Further information

NHS Employers' website: [LCEA arrangements](#).

NHS Employers' mailbox for any LCEA related queries:
doctorsanddentists@nhsemployers.org