

NHS Employers' submission to the NHS Pay Review Body 2009/10

29 October 2008

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NHS Employers' key messages to the NHS Pay Review Body

- Employing organisations in the NHS continue to support the multi-year settlement on pay and conditions of service and wish to see it implemented in 2009/10 and 2010/11.
- NHS Employers do not consider that there is strong evidence available that suggests significant and material changes to the general position on recruitment and retention and the labour market as it affects the NHS. Recruitment and retention is generally stable and employers have not reported any particular labour market issues that would suggest further national pay action is needed. In general employers do not anticipate any difficulties during the period of the settlement.
- Whilst there is evidence of some problems with certain professional groups of staff, these shortages are not directly related to levels of pay. NHS Employers will continue to work with the Department of Health and Staff Side organisations to consider the particular issues relating to the supply of pharmacists.
- The multi-year settlement is a balanced package of pay and non pay issues that met interests of employers, staff and their representatives. Any changes to the uplifts previously agreed could, on affordability grounds, put at risk the implementation of the structural changes that were negotiated as part of the settlement.
- Employers consider the multi-year deal pay uplifts are set at an appropriate level that will enable NHS organisations to continue to compete in the labour market to recruit and retain the staff they need to deliver service targets.
- Evidence suggests that recruitment and retention will continue to be stable in the context of wider labour market developments and probable contractions in other employment sectors.
- The review clause requires significant evidence that there have been changes to recruitment and retention and the wider economic and labour market conditions.
- It is acknowledged that recent increases in inflation rates have an impact on the living standards of employees as well as imposing further financial pressures on employing organisations. However, it is our view that increases in inflation does not, in itself, meet the criteria needed to call for the NHS PRB to request a remit from the Secretary of State.
- NHS Employers recognise that the definitive sources of evidence on the wider economic context are issues for HM Treasury and the Health Departments.

Introduction

1. NHS Employers welcome the opportunity to make a submission to the NHS Pay Review Body (NHS PRB) on your revised terms of reference for 2009/10. Our submission reflects the views of employing organisations in England and has been endorsed by the NHS Employers Policy Board.
2. NHS Employers role and function are described in Annex A.

Background

3. It was agreed by the parties to the 2008 settlement that there should be an ongoing role for the pay review body. The revised terms of reference for the pay review body were reflected in Nic Greenfield's (Deputy Director General, Workforce Directorate, DH) letter of 27 August 2008 to Professor Morris.
4. The review body is asked to consider whether there is evidence that would justify reviewing the increases already agreed for 2009/2010 and 2010/2011. The review clause was agreed with all parties as follows:

The NHS PRB will continue to gather evidence throughout the period of this agreement. In the event that the NHS PRB receive and identify new evidence of a significant and material change in recruitment and retention and wider economic and labour market conditions, they may request a remit from the Secretary of State to review the increases set out in the agreement for 2009/10 and/or 2010/11

5. Therefore the scope of our submission is restricted to issues relevant to this and does not attempt to address wider workforce issues.
6. This submission is based on information and views collected from employers in the NHS, via a questionnaire, and through many hundreds of contacts with the NHS through our networks, reference groups, our own governance structure and dealing with queries and giving advice directly to the service.
7. In view of the change to your remit this year, our questionnaire asked only one general question relating to the provisions in the review clause. As follows:

Agenda for Change (i.e. staff other than doctors, dentists and certain very senior managers)

1. *The multi-year agreement includes the following clause:*

The NHS PRB will continue to gather evidence throughout the period of this agreement. In the event that the NHS PRB receive and identify new evidence of a significant and material change in recruitment and retention and wider economic and labour market conditions, they may request a remit from the Secretary of State to review the increases set out in this agreement for 2009/10 and 2010/11

This means that we need to continue to collect evidence from you on recruitment and retention to the NHS, for the NHS Pay Review Body to consider. Please provide your organisation's views.

8. Around a third of employers in the NHS in England responded and these were representative of the full range of employers, including NHS Foundation Trusts. The position set out in our submission has been endorsed by the NHS Employers Policy Board.

Employer reaction to the multi-year deal

9. NHS organisations were supportive of the multi-year settlement that was communicated to the NHS in England by our pay circular in June. In recent years employers have consistently told us that they were in favour of longer term pay agreements because these would help to create a climate of stability that assists with service and financial planning. For employees such agreements also remove the element of doubt about the level of forthcoming pay awards.
10. Whilst supportive of the multi-year settlement, a number of employers in the provider sector did raise some concerns about the affordability of the uplift for 2008/09 which was based upon the pay review body's recommendation. The pay uplift for 2008/09 is 2.75 per cent, whilst the assumption in the tariff was for a pay uplift of 2 per cent (which had been set prior to the completion of the review body cycle). This caused difficulties for a number of organisations who had to find additional funds which they diverted from other activity to fund the award. Trusts estimate that the additional costs will generally be between £800k and £1.5m according to the size of organisation.
11. The wider issue of concern, which has been highlighted by the pay uplift in 2008, is how to ensure that there is proper alignment between the process and timetable for setting the overall tariff price and those of significant component parts of tariff. In cases where it simply is not possible to align timetables satisfactorily there does need to be consideration of how compensatory adjustments can be made in future years.
12. Employers think that a real benefit of this multi-year arrangement is that this problem should not arise for the next two years and our expectation is that the tariff for 2009/10 and 2010/2011 to fully reflect the cost of the settlement. Unfunded pay increases inevitably mean finding cost savings elsewhere and potentially impact on patient services and local delivery of service targets.

The multi-year settlement - a balanced package

13. The multi-year settlement reached comprised of a balanced negotiated package of measures that included both pay and non-pay elements all of which were integral to the final settlement.
14. The pay elements included headline awards of:
- 2007/8 2.75%
 - 2008/9 2.4%
 - 2009/10 2.25%
15. In addition structural changes to the pay scales were agreed to be implemented in years 2 and 3. This involved:
- additional targeted action to support those at the bottom of the pay structure, including the abolition of the first pay point in Band 1 in 2008/09 and a flat rate increase for those staff up to pay point 14 in 2009/10.
 - action to support professional staff by increasing the value of the uplift to top pay band 5 (and band 6 overlap points) and a reduction in the length of pay band 5 by one point in

2009/10. These changes were accompanied by some re-spreading of pay points which delivered further additional increases to some staff in bands 5 and 6.

16. These changes resulted in the actual overall value of the award in years 2 and 3 to be 2.54 per cent and 2.5 per cent respectively.
17. In summary the package is worth up to 7.99 per cent over the three years:
 - all staff will get a minimum of 7.6 per cent over the three year period
 - there is additional pay for those staff on Band 1, Band 5 and the bottom points of Band 6, who will get up to 7.99 per cent
 - the removal of the bottom point of Band 1 in 2009 will increase the NHS minimum wage to £6.77 per hour, an increase of 5.8 per cent.
18. The non-pay elements of the package included:
 - a new revised agreement on trades union facilities and partnership working
 - a commitment of all parties to support the principles of the Improving Working Lives (IWL) initiative and to do further work in partnership to develop these
 - a joint commitment to support increases in the numbers of apprenticeships in the NHS.
19. In addition the parties as part of the agreed settlement agreed to future talks within the three year period on:
 - proposals to reduce the number of incremental pay points in some of the longer pay bands (starting with bands 6 and 7) that are affordable within the context of future pay awards
 - the trade unions claim for a reduction in the hours of the working week in the context of future talks between the parties on productivity improvements within the NHS.
20. Employers believe that the agreement is a good deal for staff and provides the NHS with known and affordable arrangements for pay during the period April 2008 to March 2011 allowing employers and staff organisations the space to continue working together in partnership to improve and modernise the NHS and patient care.
21. In addition to the negotiated changes, approaching 80 per cent of staff on the Agenda for Change contracts would also benefit from incremental pay rises averaging 3 per cent during 2009/10.

Review clause

22. The review body is required to consider whether there is "*new evidence of a significant and material change in recruitment and retention and wider economic and labour market conditions*" that would require a review of the increases already agreed.
23. NHS Employers have sought particular information from employing organisations on recruitment and retention. General feedback has suggested that employers consider that the recruitment and

retention position is generally stable, helped by the continued minimal rate of staff turnover in most areas and does not require any further national action.

24. Some employers have reported that there are problems with some professional groups but these tend to be influenced by local market factors. Employers in the main have not needed to use recruitment and retention premia to address recruitment difficulties.
25. This has been backed up by the NHS Information Centres vacancy survey. Albeit that the information is taken from a passed period, the general trend is going down and it shows that there is general stability. The survey for 2008, published on 28 August, confirms that three month vacancy rates have fallen every year since 2004 and in each of the key staff groups rates are now below 1.0 per cent:
 - in qualified nursing the vacancy rate is only 0.5 per cent, but within nursing the vacancy rate for midwives rose to 0.8 per cent from 0.5 per cent last year
 - Scientific technical and therapeutic careers show a falling trend over the last five years and vacancy rates now stand at 0.4 per cent. All the main groups within this area have shown falling rates for each year since 2005.
26. This reflects broadly the experience of local employers. The NHS continues to be seen as a desirable sector, after the creative and cultural and the broadcast, film and video industries sectors.
27. NHS Employers carried out a short consultation in March 2008 to ascertain which occupations employers were experiencing difficulty with in terms of recruitment and requested information relating to alternative approaches that had been implemented.
28. The results showed regional variations in a number of occupations with national trends being reported in areas such as theatre nursing and pharmacy. These specialties have subsequently been included on the Migration Advisory Committee shortage occupation recommended report (9 September 2008) to support employers with recruitment of shortage skills professions but with the proviso that they be reviewed in 6 months time.
29. Employers reported that remuneration was not necessarily a key factor to the shortage of these occupations but that there were other aspects such as workforce supply, for pharmacists in particular, and increased activity to meet the demands of national policy such as the 18 week RTT target.
30. The results from the 2007 NHS Staff Survey, published in April 2008 found that staff remain generally satisfied with their jobs despite the amount of change taking place across the NHS. This is partly due to satisfaction with the high levels of support that most staff get from their work colleagues, as well as satisfaction with the amount of responsibility they are given and the opportunities to use their skills.
31. NHS Employers is supporting the NHS in recruitment. NHS Jobs is the e-recruitment service for the NHS which is delivered to NHS Trusts by NHS Employers. After nearly four years of operation NHS jobs is now used by virtually all of the NHS as their primary source of candidate attraction. The service hosts over 150,000 adverts during the last twelve months, from over 650 NHS organisations.

Annex A

NHS Employers

Who are we:

1. NHS Employers is the arm of the NHS Confederation responsible for workforce and employment issues. It is the voice of NHS organisations in England and delivers a range of services to other UK countries in respect of the NHS.
2. Nationally, NHS Employers provides advice and support to employers and shares information and best practice in order to help the NHS provide better care for patients. The work of NHS Employers helps employers in the NHS to recruit, retain and develop the numbers and skill mix of staff required to deliver excellent services, treatment and care, while improving the working lives of staff working in the NHS. While part of the NHS Confederation, NHS Employers has its own distinct governance arrangements, directors and policy board. NHS Employers has four key roles:
 - negotiating on behalf of employers
 - representing employers
 - supporting employers
 - promoting the NHS as an employer of excellence.
3. Workforce and employment issues are of key importance to the overall strategy of the NHS and form an intrinsic part of wider service issues. NHS Employers was set up to ensure that the service itself drives the workforce agenda, and so Employers in the NHS drive the work of NHS Employers. We represent the views of employers within the NHS in England views, including Foundation Trust views, and act on their behalf in relation to:
 - pay and negotiations
 - planning the workforce
 - workforce productivity
 - employer of excellence
 - HR policy and practice
 - the workforce implications of system and structural reform.
4. The Department of Health remains responsible for developing policy standards for the health and social care workforce, setting the broad policy framework for the service within which NHS Employers operates.
5. NHS Employers also provides the 'machinery' for negotiations on a UK basis by way of a secretariat. The Department of Health in England may have an observer at pay negotiations while the devolved administrations each attend as negotiating members.

NHS Employers

supporting • promoting • representing

NHS Employers represents trusts in England on workforce issues and helps employers to ensure the NHS is a place where people want to work. The NHS workforce is at the heart of quality patient care and we believe that employers must drive the workforce agenda. We work with employers to reflect their views and act on their behalf in four priority areas:

- pay and negotiations
- recruitment and planning the workforce
- healthy and productive workplaces
- employment policy and practice.

NHS Employers is part of the NHS Confederation.

Contact us

For more information on how to become involved in our work, email getinvolved@nhsemployers.org

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The document is available in pdf format at www.nhsemployers.org/publications

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