

Press Release - NHS Pay Modernisation in England: Agenda for Change

29 January 2009

According to a National Audit Office report, the NHS has successfully transferred 1.1 million NHS employees on to a new simplified pay system. Given the scale of the NHS this was a substantial task which the NHS, in partnership with the trade unions, achieved in a short timescale. There are some examples of NHS trusts using Agenda for Change to help introduce new roles. But the Department of Health did not put enough emphasis on getting trusts to develop these new ways of working to secure the full benefits from the new pay system, so the programme is not yet achieving the intended value for money.

Agenda for Change has reduced pay administration in the NHS. The single pay system has also simplified pay negotiations and made it easier to estimate staff costs and monitor budgets. The NAO estimates that for 2007-08 the £28 billion NHS pay bill is broadly similar to what it might have been if the programme had not been implemented, within a range of 0.6 per cent higher and 0.8 per cent lower.

The Department predicted that Agenda for Change would save at least £1.3 billion by 2008-09 and productivity would increase. It did not, however, put in place any central monitoring arrangements to show what impact the new contract has had on productivity. The only productivity measure available for the NHS as a whole shows that productivity continued to fall when Agenda for Change was introduced though the rate has since slowed.

A key element of Agenda for Change, the Knowledge and Skills Framework, which defines the skills needed for a certain role and provides a tool for reviewing their use in the workplace, has not yet been fully implemented by many trusts. Effective use of the Framework is fundamental to achieving the full benefits of Agenda for Change, but initial take-up was limited and the Framework had to be relaunched in 2007.

Tim Burr, head of the National Audit Office, said today:

"It was no mean feat transferring virtually all NHS staff on to a new pay system within a very constrained timeframe, and this element of Agenda for Change has been a success. On the other hand, the benefits that should have come with this new simpler system, such as more effective working, have not been wholly achieved. So the programme as a whole has further to go before it achieves the intended value for money for the taxpayer."