NHS Pay Review Body
2018/19 pay round
Written evidence from NHS Providers

About NHS Providers

NHS Providers is the membership organisation and trade association for the NHS hospital, mental health, community and ambulance services that treat patients and service users in the NHS. We help those NHS foundation trusts and trusts to deliver high-quality, patient-focused care by enabling them to learn from each other, acting as their public voice and helping shape the system in which they operate.

NHS Providers has 98% of all trusts in membership, collectively accounting for £74 billion of annual expenditure and employing more than one million staff.

Our submission

We welcome the opportunity to submit evidence to the Pay Review Body, on behalf of NHS trusts and foundation trusts to inform the 2018/19 pay round. For the purposes of this submission, we have drawn on two key information sources:

- A survey of HR Directors in November 2017. We received responses from 64 member trusts, 28% of the sector. The survey results are in Annex A.
- Our report, There for us: a better future for the NHS workforce, from November 2017. In this we drew on qualitative and quantitative evidence about the key workforce challenges facing the sector and provided recommendations for how the government and national bodies could start to address these.

Key messages

- Workforce now surpasses the financial challenge facing the provider sector. In a recent survey of trust leaders, two thirds (66%) of provider trust chairs and chief executives reported that workforce is the most pressing challenge to delivering high-quality healthcare at their trust.

- Staff must be appropriately and fairly rewarded. This will support recruitment and retention and help create a motivated workforce. We welcome the government’s commitment in the November 2017 budget to fund an end to pay restraint for Agenda for Change staff, subject to successful negotiations on reform of Agenda for Change. We await an update on these negotiations.
• It is essential that there be a clear and credible process for the funding for any pay award to reach provider trusts, recognising that the government has committed to providing new funding to implement this, in addition to the £1.6bn already announced in the November 2017 budget for 2018/19.

• Over two-fifths of HR Directors (44%) suggest a 3% pay award would be required to support recruitment and retention of staff and just under a third (30%) consider 2% would be required. While we recognise the pay award is subject to negotiations between NHS Employers and unions, and the recommendation of the pay review body, the range of 2-3% would appear a useful starting point for discussions.

• In a scenario where the pay review bodies recommend a pay award greater than 1%, a majority of HR Directors supported this (61%). Trusts suggested that the lowest paid staff, closely followed by those groups with the most difficult recruitment and retention, should be prioritised as part of any national targeting. However, if targeting is pursued, we need to recognise the scale of the communications and engagement task that this presents.

• The need for a more strategic and coherent approach to workforce strategy, planning, and policy remains a priority. We have welcomed the government’s recent publication of a draft health and care national workforce strategy consultation document, which proposes a constructive start to addressing the workforce challenges facing the sector. The draft strategy helpfully provides a ten year time frame, recognising that the reforms required to address the workforce challenges facing the NHS will require a longer term horizon.

Pay remit for 2018/19

The government remit letter to the NHS Pay Review Body (NHS PRB) has made clear that its November 2017 budget commitment to fund an end to pay restraint is tied to talks to reform Agenda for Change between NHS Employers and unions. It is asked that the unions obtain mandates to negotiate a multi-year agreement.

We note that the government has said that, “Any agreed deal would need to be one that gives valued staff a fair pay rise alongside improving recruitment and retention and developing reforms which better reflect modern working practices, service needs and fairness for employees.”

We also note that while the government says the negotiations “do not prejudice” the role of the NHS PRB, it expects that the NHS PRB’s recommendations will “be informed by the outcome of talks with the Agenda for Change trade unions”.

Following the outcome of the November 2017 budget, the government “is committing to funding pay awards for NHS staff on the Agenda for Change contract that are agreed as part of a pay deal to improve productivity in the NHS, and is justified on recruitment and retention grounds.”
Our views on the 2018/19 pay award

Workforce is the top concern for NHS trusts across the country, with staffing challenges now as pressing as the financial challenge.

Pay restraint is one of a range of factors impacting recruitment, retention and staff morale in the health service. This is confirmed in a recent survey of trust leaders, which found that pay and reward is now one of the three biggest challenges for recruitment and retention in the NHS, according to chairs and chief executives: 93% cited staff supply shortages, 60% work pressure, and 38% pay and reward.¹

NHS pay has not kept pace with the wider economy and inflation. For example, the Health Foundation reports that between 2008/09 and 2015/16 the basic pay of NHS staff has fallen by 6% in real terms². For 2017, the Office of Budget Responsibility’s inflation estimates are 2.7%, when measured by consumer price index (CPI), and 3.6%, when measured by retail price index (RPI)³, whereas staff received a pay award for 2017/18 of 1% in line with the government’s public sector pay policy.

As one trust leader put it, “The NHS is significantly dependent on the ‘heroic’ efforts of clinical and non-clinical colleagues in responding to increasing service demand within an environment of ever-challenging financial constraints (including pay/reward controls) that compromises work/life balance, learning and development and overall job satisfaction”⁴.

However, we recognise that pay and reward can only be one part of the solution. For example, staff could be given an above inflation pay rise for 2018/19 but, in the absence of action to address the work pressures staff face and long running staff shortages, trusts would most likely continue to struggle to have the workforce they need.

At the same time, improving pay and reward without additional funding could exacerbate the deep financial challenges already facing the sector. It is therefore welcome that the government committed to fund an end to pay restraint for Agenda for Change staff in its November 2017 budget, subject to successful negotiations on reform of Agenda for Change.

¹ NHS Providers (November 2017), https://nhsproviders.org/a-better-future-for-the-nhs-workforce
³ http://budgetresponsibility.org.uk/faq/where-can-i-find-your-latest-forecasts/ [accessed 13 December 2017]
⁴ Ibid
Setting an appropriate pay award

We asked HR Directors what pay award they think is needed to support the recruitment and retention of Agenda for Change staff at their trust, 44% of those who responded suggested 3% and 30% suggested 2%.5

While we recognise the pay award is subject to negotiations between NHS Employers and unions, and the recommendation of the pay review body, the range of 2-3% would appear a useful starting point for discussions.

In previous years we have stressed that the affordability of any pay award depends on the extent to which it is fully funded through national and local contracts. Since it will be very unlikely for national and local contracts for 2018/19 to take account of the pay award at this late stage in the planning process, it is essential that there be a clear and credible process for how the funding of any pay award reaches provider trusts. We would urge that the NHS PRB give consideration to this in its recommendations.

Targeting of the pay award

Last year we suggested to the NHSPRB that a national decision should not be made about targeting a 1% pay award. We argued that in the industrial relations climate at the time, it would have proved divisive and would not have taken account of differing local recruitment challenges.

In a scenario of a pay award greater than 1%, there is arguably more scope to target the pay award and so we have sought to explore this.

When we asked HR directors whether, if the pay award is greater than 1%, they would support nationally agreed targeting of part of the pay award for Agenda for Change staff, 61% of those who responded answered yes and 33% no.

In a scenario where a targeted pay award for Agenda for Change staff is nationally agreed, HR Directors suggested that the lowest paid staff, closely followed by those groups with the most difficult recruitment and retention, should be prioritised. Comments from HR directors reveal that in part there is a recognition that a 2018/19 pay award may need to be targeted at the lowest paid staff to ensure the NHS continues to comply with the national living wage.

The most common reason from HR directors for opposing targeting was concern about the message it would send to staff who received less than the average pay award and the potential for industrial action. If

5 Survey of NHS Providers member trust HR directors undertaken during November/December 2017. 64 responses were received from HR directors across 28% of provider trusts.
targeting is pursued, we need to recognise the scale of the communications and engagement task that this presents.

Any targeting of the pay award would need to follow careful consideration of all costs and benefits, be based on robust and up-to-date data, and be clearly placed in the context of other mechanisms such as recruitment and retention premia.

Our assessment of the other workforce pressures facing the NHS

Pay and reward needs to be viewed alongside the other workforce challenges facing the sector.

In November 2017, we published a report, There for us: a better future for the NHS workforce6. The report was informed by a survey of provider trust chairs and chief executives7.

Two thirds (66%) of provider trust chairs and chief executives told us that workforce is the most pressing challenge to delivering high-quality healthcare at their trust.

Recruitment

The “shortfall data” provided by HEE to the NHS PRB last year demonstrates that some staff groups have significant shortfalls – most strikingly in nursing.

There are also notable variations across the country. London and the south east have the highest shortfalls across all staff groups except in the category of other qualified staff. Trusts in and around the capital tell us that the high cost of living, particularly housing, is a barrier to recruiting and retaining staff and that the current high cost area supplements do not mitigate for this.

It is unfortunate that “shortfall data” are not made public on a more regular and timely basis to enable a shared understanding of workforce recruitment challenges and informed debate about how to address them. The data submitted by HEE to the NHS PRB last year is arguably still the most comprehensive and authoritative available and yet it is now more than two years old.

Retention

National data on retention shows that across staff groups there is a common trend of rising leaver rates from 2010/11 to 2015/16. This is summarised in figure 1 below.

6 NHS Providers (November 2017), https://nhsproviders.org/a-better-future-for-the-nhs-workforce
7 Survey of NHS Providers member trust chairs and chief executives undertaken 17-20 October 2017. 149 responses were received from leaders across 51% of all provider trusts.
Figure 1 - NHS leaver rates by staff group between 2010/11 and 2015/16

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<tr>
<td>Nurses and health visitors</td>
<td>8.6%</td>
<td>10.1%</td>
<td>9.7%</td>
<td>9.5%</td>
<td>10.1%</td>
<td>10.4%</td>
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<tr>
<td>Midwives</td>
<td>7.4%</td>
<td>8.0%</td>
<td>8.4%</td>
<td>8.7%</td>
<td>9.5%</td>
<td>10.0%</td>
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<tr>
<td>Ambulance staff</td>
<td>4.8%</td>
<td>5.0%</td>
<td>6.0%</td>
<td>6.8%</td>
<td>7.4%</td>
<td>7.6%</td>
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<td>Scientific, therapeutic, and technical staff</td>
<td>9.3%</td>
<td>11.2%</td>
<td>10.7%</td>
<td>10.3%</td>
<td>11.1%</td>
<td>11.2%</td>
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<tr>
<td>Support to clinical staff</td>
<td>10.6%</td>
<td>12.3%</td>
<td>10.6%</td>
<td>10.5%</td>
<td>11.1%</td>
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Publically available leaver data does not, however, distinguish between staff who leave one NHS organisation to work in another and those who leave the NHS altogether. It also does not support breakdown by region, though the Health Foundation has done analysis using a bespoke cut of data from NHS Digital which demonstrates significant variation across England and concludes that “there is great scope to improve retention”.

Limitations of the publically available data on retention hamper efforts to develop a shared understanding of workforce challenges and how to address them.

Provider trusts have had a sustained focus on making their organisations great places to work. NHS Employers has a programme to support trusts to improve retention and has recently launched a new toolkit. NHS Improvement is also running a programme to improve retention, including a series of “retention masterclasses”.

Staff experience

Between 2012 and 2016 the NHS Staff Survey shows an increase in the proportion of staff who would recommend their organisation as a place to work from 55% to 60%, reflecting provider trusts’ focus on making themselves great places to work and better engagement with staff. There remains much more for provider trusts to do, notably tackling bullying and adapting the employment offer for new generations of staff with different expectations of the workplace.

At the same time, there are critical factors affecting staff experience which are largely outside of provider trusts’ control, notably the work pressure created by the fundamental mismatch between what the NHS is being asked to do and the resources made available, cuts to workforce development budgets, and the impact of seven years of pay restraint.

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11 NHS Providers (November 2017), [https://nhsproviders.org/a-better-future-for-the-nhs-workforce](https://nhsproviders.org/a-better-future-for-the-nhs-workforce)
Between 2012 and 2016 the NHS Staff Survey shows an increase in the proportion of staff who worked extra unpaid hours from 57% to 59%\(^2\). Similarly data from NHS Digital shows that “work-life balance” is now the fastest growing reason for voluntary resignations of NHS staff. It may be reasonable to ask staff to occasionally work extra hours, but to ask them to do regularly do so as at present is not sustainable.

NHS Employers analysis of the staff retention programme it delivered with provider trusts has found career development and ongoing training were key reasons for staff choosing to stay in or leave their jobs. Yet the workforce development funding (often used for continual professional development) distributed among trusts by HEE has been cut. In 2015 it was £205m; this year it is £83m\(^3\). The cuts reflect reductions to HEE’s own budget. These have left a funding gap that provider trusts are unable to fill given the pressure on their finances.

While the November 2017 budget provided welcome additional funds for the NHS, it was unfortunately less than the NHS needs to deal with rising demand, fully recover performance targets, consistently maintain high quality patient care, and meet the NHS’s capital requirements\(^4\). This means that although additional funding will be available for a pay award for agenda for change staff, the overall settlement means that the persistent pressure which NHS staff are operating under is unlikely to change in the immediate term.

**NHS national workforce strategy**

Last year we told the NHS PRB that there was a need for a more strategic and coherent approach to workforce policy, including workforce planning.

This remains a priority issue. 90% of provider trust chairs and chief executives have told us they are “worried” or “very worried” about the Department of Health and its arms length bodies approach to workforce strategy, planning, and policy\(^5\). This is deeply concerning. As one trust leader put it, “Sustainable staffing is the greatest challenge facing my organisation. I have no real sense that the scale of the challenge is truly understood nationally.”

We set out in our report *There for us: a better future for the NHS workforce* what we think needs to happen to support provider trusts to recruit and retain the staff they need to deliver high quality care for patients.

\(^2\) NHS Providers (November 2017), https://nhsproviders.org/a-better-future-for-the-nhs-workforce
\(^3\) https://www.nursingtimes.net/news/workforce/exclusive-funding-for-training-vital-for-nurse-retention/7021415.article [accessed 14 December 2017]
\(^5\) NHS Providers (November 2017), https://nhsproviders.org/a-better-future-for-the-nhs-workforce
We have welcomed the government’s recent publication of a draft health and care national workforce strategy consultation document\textsuperscript{16}, \textit{Facing the facts, shaping the future}\textsuperscript{17}. This is a vital opportunity for the Department of Health and its arm’s length bodies to face up to the scale of the workforce challenge facing provider trusts and the wider NHS and care sectors, and adopt a coherent and credible approach which supports organisations to recruit and retain the staff they need. The draft strategy helpfully provides a ten year time frame, recognising that the reforms required to address the workforce challenges facing the NHS will require a longer term horizon.

We will be responding to the consultation that is now underway. The final strategy must make clear who takes ultimate responsibility for what at the national level and recognise the roles of provider trusts as employers. The system will need to fully work through the wide ranging actions and responses which will be now required, including being clear on the funding available to implement these.

**Further information**

We would be pleased to respond to supplementary questions from the NHS Pay Review Body and would welcome the opportunity to discuss our evidence further at an oral evidence session.

Contact: Paul Myatt, Policy advisor – workforce, paul.myatt@nhsproviders.org.

\textsuperscript{16} As the national workforce strategy consultation document was published on 13 December 2017 we have not been able to include a more developed response in our written evidence to the NHS PRB. We would welcome the chance to discuss this further with the NHS PRB at an oral evidence session.

Annex A – summary of trust HR directors survey results

NHS Providers survey results – November 2017

In November 2017 NHS Providers surveyed HR Directors/Leads at member trusts to understand their views on the 2018/19 pay award. We received responses from 64 NHS trusts and foundation trusts – 28% of all NHS secondary care providers in England. All trust types and regions were represented in the survey responses. The following responses were received with regard to Agenda for Change staff.

Q. What pay award do you think is needed to support the recruitment and retention of Agenda for Change staff at your trust?

The largest proportion of respondents (44%) think a pay award of 3% is needed to support recruitment and retention of Agenda for Change staff at their trust.

Q. If the pay award is greater than 1%, would you support nationally agreed targeting of part of the pay award for Agenda for Change staff?

61% of respondents would support targeting of a pay award for Agenda for Change staff, while a third would not.

Q. If part of the pay award for Agenda for Change staff had to be targeted by national agreement, please rank the following criteria for targeting.

The staff group prioritised by most respondents was lowest paid staff (weighted ranking 267) closely followed by those groups with the most difficult recruitment and retention (weighted ranking 252).