NHS Pay Review Body
2020/21 pay round
Written evidence from NHS Providers

About NHS Providers

NHS Providers is the membership organisation for the NHS hospital, mental health, community and ambulance services that treat patients and service users in the NHS. We help those NHS trusts and foundation 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 all trusts in membership, collectively accounting for £84bn of annual expenditure and employing more than one million staff.

Our submission

We welcome the opportunity to submit evidence to the NHS Pay Review Body (NHS PRB), on behalf of NHS trusts and foundation trusts, to inform the 2020/21 pay round. For the purposes of this submission, we have drawn on several information sources, including:

- A survey of trust HR directors in December 2019
- National workforce data
- NHS providers 2019/20 NHS Pay Review Body written evidence

Remit

In his remit letter to the Pay Review Body, the Secretary of State for Health and Social Care confirmed that due to the implementation of the ongoing Agenda for Change (AfC) three year pay settlement, the government is not seeking recommendations on pay, and instead invites the NHS PRB to make observations on the implementation of the deal.

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1 In December 2019, NHS Providers ran an online survey of HR directors in NHS trusts and foundation trusts. Data is based on 57 responses, representing 25% of the provider sector, with all regions and trust types represented in the survey.

2 NHS Pay Review Body, 2019
We note that the PRB is invited to consider evidence on recruitment, retention and motivation, as well as the case for recruitment and retention premia, in particular for IT staff. Clearly, any oral evidence session will be able to take account of the impact of general election commitments affecting the NHS workforce.

Key messages

- There is evidence that since the implementation of the AfC three-year pay deal there has been a positive trend in NHS staff satisfaction with pay. Views among trust HR directors are mixed, with around a third agreeing that staff feel better paid than before the deal, and a minority disagreeing that this is the case. Trusts have reported some challenges around staff perceptions of the deal given some staff have received smaller pay rises than they had anticipated and others being worse off in real terms due to crossing pensions contribution thresholds.

- As a likely result of the complex range of factors which influence morale, recruitment and retention of staff, few HR directors felt that the deal has improved recruitment and retention in their trust. Trusts continue to raise recruitment and retention as a major operational challenge, and the impact of financial and operational pressures on the working lives of NHS staff means that an increase in pay is not perceived to have influenced significant improvement in morale, given these pressures remain.

- A minority of trusts continue to experience difficulties with the implementation of the pay award, largely related to the roll out of electronic staff records (ESR) and manual implementation of pay steps, and ongoing uncertainty around the continued funding arrangements for pay rises for staff working in local authority-commissioned services. As highlighted in our 2019/20 pay round evidence submission, resolution of this issue would enable trusts’ financial planning.

- While the right level of pay, including ensuring pay keeps pace with the cost of living, is an important part of maintaining a motivated and engaged workforce, trusts highlighted the need to consider the range of factors which influence the satisfaction of NHS staff, including access to training, workload, culture, and working conditions. Measures such as improving the use of technology in trusts, increasing wellbeing support available to staff, improved physical environment and more flexibility for staff to work across systems, were cited as having potential to contribute to increased productivity and retention.

- Following the general election, we look forward to seeing the full People Plan, which will aim to address the issues related to recruitment, retention and morale of NHS staff which underpin the effect of the AfC pay settlement. We also observe that it will be important to review the impact of proposals to reinstate the nursing bursary.

- Views on the need for recruitment and retention premia (RRPs), for IT staff in particular, were mixed. While some felt there was a need to support trusts to recruit to shortage specialties and those where trusts are in competition with the private sector, some HR directors felt that the policy could be divisive, create local competition, and be unhelpful given the widespread shortages across specialties and professions. We would recommend close consultation with trusts in any move to implement RRPs for particular groups of staff.
Implementation of the AfC Pay award 2018/19-2020/21

Impact of the pay deal on staff morale

The 2018 NHS staff survey demonstrated a 5% uplift in the number of staff reporting that they were satisfied with their pay, in the year following the announcement of the AfC pay settlement, with 36% reporting satisfaction with their pay compared to 31% in 2017.3

As the implementation of the pay settlement reaches its conclusion, our survey of trust HR directors found that around a third (31%) agreed that staff feel better paid as a result of the AfC deal, while 41% neither agree nor disagree that this is the case. A minority disagree that staff feel better paid (25%).

Trusts note that while there are wider challenges related to recruitment, retention and staff morale outside of pay, the lifting of pay restraint has been welcome and has alleviated the challenges associated with the cost of living rising faster than salaries.

However, trusts note that the impact on pay for different staff groups has been variable, with some groups receiving more significant pay rises than others. We recognise and welcome this policy decision to target the largest pay rises towards staff on the lowest salaries. However trusts report that in some cases this has created a situation in which some staff are waiting longer periods of time for pay increments, and moving to a higher band results in a smaller pay rise than prior to the deal, due to the restructuring of the bands. The complexity of the deal means that understanding among staff affected has been mixed, and satisfaction with the reality of the impact on their pay has in some cases been limited.

Other challenges arising in relation to staff satisfaction with pay include some staff receiving much smaller increases upon promotion. One trust leader noted that “staff do not feel it is worthwhile taking on additional responsibility of a new role. Challenges remain around staff reaching the top of their pay band and this resulting in a salary plateau. Coupled with the impact of moving to a higher pension contribution band, trusts report some staff being worse off in terms of take-home pay.

Impact on recruitment and retention

Beyond satisfaction with pay, the wider impact of the AfC deal including recruitment, retention and staff morale, attract a less favourable view among trust leaders. The majority of survey respondents (70%) neither agree nor disagree that the deal has helped recruitment and retention, with just 10% agreeing that this has been the case and trusts commenting that recruitment remains very challenging. Similarly, 14% agree that it has improved staff morale, and almost half (48%) have seen no discernible impact as a result.

of the pay award. In later sections we address the wider recruitment, retention and morale issues which interact with pay as factors contributing to workforce challenges in the NHS.

**General difficulties with implementation of the pay award**

In our 2019/20 submission to the PRB we highlighted implementation challenges related to communication about the pay deal to staff, an initial lack of clarity around the funding of the pay settlement, and delayed technical guidance from the national bodies to support implementation. We welcomed the announcement that the pay rises for AfC staff would be funded in full by the government.

A minority of trusts are still experiencing difficulties implementing aspects of the AfC deal (30%), but a majority are not (68%). Many of these difficulties relate to the roll out of self service electronic staff records (ESR), and the need for manual implementation of pay steps where ESR is not in place. Changes related to the closing of band 1 are also highlighted as an area where difficulties have arisen. One trust leader stated that “some of the arrangements when staff are promoted and move off transitional arrangements onto the new scales cause difficulties. It will settle down once transition is completed”.

Our 2019/20 submission also raised reports of some staff receiving a smaller pay increase than anticipated and being worse off than before the new agreement, due to crossing a higher pension contribution threshold, given that pension contribution bands have not been recalibrated to the new pay scales. Trusts are clear that this remains an ongoing concern, and indeed it may become more of a problem as staff reach the end of the pay deal and thus the highest level of pay over the three years of the deal. The impact of this on staff morale and engagement among those affected appears more significant, based on feedback received from trusts this year.

At the beginning of the implementation of the pay deal there was uncertainty about funding for pay rises for AfC staff working in local authority commissioned and funded services. The pledge for funding to be provided in 2019/20 was welcome, however a lack of commitment to long term funding arrangements for these staff has led to considerable uncertainty, with just 2% of trust leaders feeling confident of receiving funding next year to cover AfC pay rises for staff in these services in spite of the uplift to the public health grant announced in the most recent spending review. No respondents were confident of receiving funding for 2020/21 and beyond. We are concerned that ongoing uncertainty will undermine staff morale, and make it difficult for providers and their commissioners alike to plan services effectively for the communities they serve.

**The effect of linking pay progression to mandatory appraisals**

Two fifths (40%) of HR directors told us that the link between pay progression and mandatory appraisals had not been effective, with 24% saying it had been effective, and 36% saying they did not know. A

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5 Ibid.
number of trusts told us that it is still too early to determine the effect of the link between appraisals and pay progression, with many still in the process of aligning appraisals and pay progression, and expecting to see the impact next year. Others have not seen an impact as they had already undertaken work to link the two and say they already have a high rate of completion of appraisals.

Additionally, for staff at the top of their grade, the link between appraisals and pay progression may be less likely to generate an increase in appraisal completion for this group.

Wider issues affecting recruitment, retention and morale

In order to fully recognise the position of staff pay within the complex wider context of NHS recruitment, retention and staff satisfaction, it is important to consider the other workforce challenges in the NHS and the broad range of factors influencing the experience of staff working in the NHS and their decision to join or remain in the NHS workforce.

The sustainability of the NHS in the future depends on its ability to recruit and retain highly qualified staff in numbers sufficient to fill the gaps which threaten services. The full NHS people plan, expected in early 2020, will set out measures to make the NHS the best place to work, and to increase numbers of staff through a set of measures aiming to address the variety of issues contributing to workforce shortages.

Pay is just one part of the package offered to NHS staff. While it is essential to wellbeing and morale for pay to keep up with the cost of living and be set at a level which ensures staff feel valued, progress on these wider measures remains an important part of supporting both the success of the pay deal in improving the satisfaction of NHS staff and making the NHS a better place to work.

Workforce pressures

As of the end of Q4 2018/19, there are around 100,000 vacancies in the NHS (8.1% vacancy rate), of which around 40,000 are unfilled nursing posts, amounting to a vacancy rate of 11.1%. The gap between supply and demand for staff has been growing for some time, and analysis by the Nuffield Trust, Health Foundation and the King’s Fund estimates the number of vacancies could grow to as many as 250,000 by 2030 as a changing population’s healthcare needs rise faster than the NHS can recruit the staff needed to meet demand.

The overall effect of these workforce pressures on staff is to make their roles more pressurised, stressful and challenging. The NHS relies on the additional efforts of staff going above and beyond their day to day roles and responsibilities to sustain the level of services people need. However as time passes, trusts are increasingly struggling to keep pace with demand and it is becoming clear that staff are no longer able to

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6 NHS Improvement quarterly performance statistics – 2018/19Q4

keep giving more of their time and effort to fill the gaps left by workforce shortages. This is evident in deteriorating A&E performance and growing waiting lists for elective care.

Therefore, while pay is an important element of supporting workforce growth, including encouraging people to join the NHS workforce and supporting current staff to remain in their jobs, just 14% of HR directors agreed that the AIFC deal had improved staff morale. A majority (64%) of HR directors surveyed felt that enhanced support for staff mental health and wellbeing would enable greater workforce productivity in their trust. Trusts remain highly concerned about recruitment and retention and consistently raise it as a key challenge in maintaining sustainable services.

Meeting pledges to increase the size of the workforce relies on a combination of newly trained staff joining the NHS, reduced attrition of the existing workforce, staff who have left the NHS returning to an NHS career, and recruitment of staff from overseas.

The uncertain political climate has added to the challenges trusts face in recruiting enough staff, with proposals for new immigration policy and the ongoing uncertainty around Brexit leading to a drop in the number of staff joining the NHS from overseas. It remains unclear how the NHS workforce will be impacted by any new immigration legislation in the long term, however it is essential that the NHS can respond dynamically to workforce fluctuations and shortages through international recruitment, especially in the interim period before new measures to grow the domestic workforce take effect over the coming years.

For example, it will take three years or more before students commencing clinical courses in nursing, medicine or other allied health professions qualify and are able to join the NHS workforce. The loss of experienced nurses currently outpaces the rate at which newly qualified nurses join the workforce, demonstrating the need to maintain ongoing international recruitment of staff.

System working and primary care networks

Trust leaders have raised concerns about the impact of system working on recruitment and retention in their trust. In particular, the commitment of primary care networks to recruit a number of additional clinical roles to support GPs, including physiotherapists, community pharmacists and paramedics, all of which are key roles in trusts.

This level of concern is in part due to the overall impact of a limited supply of staff being recruited across a wider range of settings on retention of staff in trusts, with the attractive prospect of flexible and sociable working hours being a particular draw for staff. Some ambulance trusts are concerned about the risk of losing up to 50% of their paramedic workforce to PCNs. Community trusts are also particularly affected given the makeup of their workforce and the services they provide.

It has also been noted anecdotally by trusts that primary care networks have more flexibility than trusts to recruit staff on higher rates of pay, with PCNs in some areas recruiting newly qualified (band 5) paramedics into band 7 and 8 roles. This has the potential to create an additional degree of competition within
Recruitment and retention premia

Support for targeting of pay awards and recruitment and retention premia for IT staff was mixed among HR directors who gave feedback to our survey. While 51% were in favour of RRP§s for IT staff, 28% were not, and 21% didn’t know. Two thirds (66%) said that they found recruiting IT staff difficult, and among those who support the use of RRP for IT staff, respondents noted that loss of staff to the private sector is a challenge in this area.

However, some felt that the evidence for RRP for IT staff needs to be stronger, noting that certain groups of IT staff are more challenging to recruit than others, and that it is these groups where RRPs would be most valuable. However in a complex market and with a high level of variation between the needs of individual trusts, for example where trusts may be undertaking large IT implementation projects, a nationally set RRP may lead to unhelpful competition between trusts locally and drive up costs. Some also felt it would be divisive, given that there are shortages of staff across clinical and non-clinical roles.

Given this mixed feedback we would suggest that it is important that any implementation of RRP for staff groups be undertaken in close consultation with the provider sector.

Funding and reform for training and CPD

While the role of pay in supporting trusts to grow a skilled and engaged workforce is significant, there are a number of other measures which trusts feel are priority areas for funding or reform given the need to increase the pipeline of staff coming into the NHS through various training routes:

- 98% of respondents said additional financial support for students was very important (67%) or important (31%)
- 90% said that increased funding for CPD was very important (48%) or important (41%)
- 93% said that improved funding for clinical placements was very important (42%) or important (51%)
- 93% said that more flexibility for the use of the apprenticeship levy was very important (76%) or important (17%)

Training and apprenticeships are a high priority for trusts as the existing pool of staff available is not sufficient to fill the number of posts available. A large majority of trusts (79%) named a greater use of staff in ‘new roles’ including nursing associates and physician associates as a factor which would enable greater workforce productivity within their trust. Growing the workforce through training new staff both via traditional courses and new pathways such as apprenticeships is vital. Attrition on nursing degree courses
remains high, at around 24%, with many citing financial pressures as a reason for leaving their course.\textsuperscript{8} We note that the government has proposed to reinstate the nursing bursary and we welcome this in anticipation that this may contribute, among other measures, to both a reduction in the attrition rate of nursing courses as well as reverse the trend of declining rates of applications to courses.

In particular, trusts have highlighted challenges with the way the apprenticeship levy is administered, including the lack of flexibility to spend levy funding on backfill for supervision or the supernumerary status of apprentices. This increases the net cost of training an apprentice beyond the point at which it is affordable for trusts to employ the number of apprentices they could otherwise fund with the levy.

Cuts to CPD funding over a number of years have impacted upon morale among NHS staff, in particular nurses. The recent announcement of personal training budgets to be introduced for nurses is welcome, however there is a need for a long term solution to CPD and training budgets and we remain hopeful that this will be addressed by the People Plan and the comprehensive spending review in 2020.

Further information

We would be pleased to supply any further supplementary information and respond to questions from the NHS Pay Review Body, and welcome the opportunity to discuss the evidence further in an oral evidence session.

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