NHS Employers

NHS Employers' submission to the NHS Pay Review Body 2024/25

9 February 2024

Contents

Key messages

- Employers welcomed the publication of the NHS Long Term Workforce Plan (LTWP), which is a positive step forward in addressing the ways in which staff are recruited, trained and retained in the NHS. However, more clarity is required on sustainable longer-term funding commitments needed to deliver the priorities set out in the plan.

- Plans to develop a new and comprehensive workforce strategy for adult social care is also seen by employers as a positive step. However, like the LTWP, it will require significant government support and sustainable financial investment.

- Additional capital investment to address wider infrastructure and technology challenges will be essential and is crucial to help support and achieve the ambitious objectives set out in both plans.

- The NHS pay structure remains in line with the latest changes announced in the National Living Wage (NLW) rates of pay that will take effect from April 2024. Employers remain of the view that the position on entry-level pay in the NHS should be considered on a longer-term basis alongside the future trajectory of the NLW to ensure it remains competitive and sustainable and avoids the need for further temporary adjustments to be made.

- While employers support the principle of investment in the pay system for the benefit of all staff, there are several areas that require some targeted action:

    - Band 1 and band 2 unsocial hours premium anomalies. This relates to the position created by the implementation of consolidated pay changes in 2023/24, following successive years of targeted investment to support the pay of lower-banded staff.
    - Develop a sustainable plan for more appropriate pay increases to be received on promotion between the pay bands.
    - Ensure that graduate entry-level pay remains competitive within the wider labour market for graduate professions.
    - Consider the introduction of a consistent national set of pay arrangements to determine the future rate of pay for apprentices in the NHS.

- Employers continue to express their concerns around the need for the pay-setting process timetable to be adjusted, enabling a return to prompt implementation and a timelier payment of pay awards.

- Industrial action has had a profound impact on the delivery of NHS services, staff morale and staff wellbeing. The service continues to recover from this.

- We continue to report employer concerns about the lack of ability to monitor compliance with operational requirements or banding outcomes at either an integrated care system (ICS), regional or national level, which gives rise to some broader concern around the extent of unquantifiable equality risks operating across the service.

- The review work on nursing and midwifery national profiles is continuing. It has already noted that a considerable number of job descriptions have not been reviewed in recent years.

There are potentially out-of-date and inaccurate job descriptions, especially where additional duties have been taken on and/or work procedures have changed over time. Therefore, there is likely to be an increase in the number of requests to review job descriptions at an employer level. This will result in an increase in job matching panels being needed to provide the necessary assurances around correct banding outcomes.

- It is essential that the NHS remains competitive with other organisations and sectors in terms of offering competitive starting salaries as well as an enhanced benefits package, with staff fully understanding the overall value of the NHS total reward package. Employers are continuing to hear that staff want to feel recognised for the contribution they make in a meaningful way, placing greater emphasis on personal and peer-to-peer recognition schemes.

- The LTWP calls for further actions to modernise the NHS Pension Scheme. Introducing greater flexibility over the level of contributions members pay into the scheme, and the value of benefits they receive in return, is key to ensuring membership of the NHS Pension Scheme remains attractive and valuable to all NHS staff. Offering flexibility across the entire workforce makes the scheme a stronger tool for reward, recognition and retention. We would welcome conversations to explore the options around introducing greater flexibilities and how these could be implemented.

- The LTWP has a key focus on retention. The Institute for Fiscal Studies reviewed the key factors that influenced retention in the NHS, with some evidence pointing to staff experience such as staff engagement and health and wellbeing. Workload pressures on staff have also been highlighted as a key factor in staff saying they are more likely to leave. While pay is also a factor in why people leave their NHS career, to improve retention and achieve the goals set

out in the LTWP there needs to be more actions taken to improve staff experience. We have seen positive improvements in retention at an organisation level due to actions taken by employers. This is further highlighted in section 6 of our evidence report.

- The NHS has achieved the goal of 50,000 more nurses by March 2024 set in 2019. As of November 2023, there were 51,245 additional nurses compared to 2019.This was primarily achieved by international recruitment, as evidenced in the interim report that was conducted in 2022. Emphasis on global recruitment remains important and integral to the future growth of the healthcare workforce.

- It is essential that pay awards are fully funded across the whole of the health sector and not just provider trusts. The recent confirmation from the government to extend funding to social enterprise organisations, so that they were not financially disadvantaged in terms of agreements reached on NHS pay, is welcomed.

Informing our evidence

We welcome the opportunity to submit our evidence on behalf of NHS employers in England. We continue to value the role of the NHS Pay Review Body in bringing an independent and expert view on the full range of remuneration issues relating to employees covered by NHS terms and conditions of service.

Our evidence has been informed by a continuous cycle of engagement with a full range of NHS organisations about their priorities. We have:

- maintained regular contact with our policy board, which is made up of a cross-section of senior leaders from across the NHS
- engaged with the HR director networks, which are made up of senior NHS workforce leaders
- engaged with employers who are part of our reward and recognition; health and wellbeing; education and training; recruitment; terms and conditions of service; and staff experience networks
- held one-to-one conversations with employers across the country
- maintained regular contact with our NHS Confederation colleagues who run networks with a range of employers.

We act as a link between national policy and local systems, sharing intelligence and operating networks for trusts and other employers to

share successful strategies. We are part of the NHS Confederation, the membership organisation that brings together, supports and speaks on behalf of the whole healthcare system.

Our submission reflects the views of employers on the combined effect of the financial, economic and workforce challenges the NHS has faced. It considers how the LTWP, along with these challenges, may influence employers' decisions on pay and reward.

Recommendations

This section sets out the key priorities from our evidence submission that we would like the NHS Pay Review Body (NHS PRB) to consider when making their recommendations.

We ask that the NHS PRB consider the following actions:

1. Targeted approach to address the anomalies created by the implementation of consolidated pay changes in 2023/24 and successive years of investment in base-pay changes at this level, in relation to unsocial hours premiums at band 1 (closed) and band 2.
2. Begin a process of making necessary changes to set more appropriate gaps between pay bands to provide more meaningful pay incentives on promotion to base pay, starting with targeted action to address the gaps between band 6 and band 7 and band 7 and band 8a. Further structural reform is required across the whole system, but it is recognised by employers that this will need to be addressed over the longer term.
3. Additional targeted action at the entry point of band 5, supporting the LTWP attraction, recruitment and retention priorities by supporting new graduates across all roles and professions to come and work in the NHS.
4. Introduction of a consistent national set of pay arrangements to govern the rate of pay for apprentices in the NHS.
5. The commissioning of independent research to undertake a wider review of high-cost area supplement (HCAS)

arrangements, to provide the independent evidence base to inform decisions on future arrangements.

6. The timetable, in relation to the pay-setting process, is adjusted thereby enabling a return to prompt implementation and more timely payment of pay awards.

Finally, it is important to acknowledge that the recommendation made by the PRB regarding pay awards for non-medical staff in the NHS has implications for colleagues working in the independent, charitable and social enterprise sectors. This reflects the commissioning of NHS and public-health-funded services from providers in these sectors, particularly in primary care, community, mental health and public health.

Section 1 – Context setting

In this section we look at the current financial and economic context in which the NHS is operating and some of the ongoing and intense workforce challenges NHS employers are facing.

Economic

The Institute of Employment Studies (IES) labour market data for November 2023 shows a rise in unemployment and a fall in employment; the largest changes seen since autumn 2020. It is important to note that there has been a slight increase in economic inactivity, largely driven by a rise in the number of young people neither in employment nor in full-time education. With this number increasing to more than one million, this could be a sign that rising short-term unemployment is now beginning to feed through into longer-term unemployment.

This growth in economic inactivity is also being driven by more people being out of work due to long-term ill health. The data shows that this is now rising across all age groups and remains one of the biggest social and economic challenges that the labour market faces.

Using apprenticeships through wider reform of the levy and widening access to employment opportunities for young people, needs to be a

key focus for the NHS to help more of those who want work and the prospects of stable and secure employment.

The expectations of the workforce are also very different. The support they need will require the NHS to provide greater flexibility, access to meaningful employment opportunities, and a strong wellbeing offer. We welcome the support measures announced in the Autumn Statement 2023 to increase employment for people with long-term health conditions.

Current inflation figures stand at 4.2 per cent (as of December 2023), which is a fall of 0.5 per cent on the previous month. Latest ONS data shows annual growth in employees' average total earnings was 6.5 per cent in September to November 2023. This was down from 7.2 per cent from the previous three-month period. Regardless of a drop in wage growth, the fall in inflation means that real wages grew for the fifth month in a row, easing the pressure on disposable incomes. However, prices are still higher than they were 12 months ago and high prices across energy, fuel and food continue to impact on the personal and family budgets of NHS staff, as well as the communities that NHS trusts serve. The health and wellbeing impacts of the increased cost of living remains a significant cause of concern for employers.

The IES reports the following:

- Real-term pay is up by more than 1 per cent, which combined with a fall in the rate of inflation has seen pay growth rise at its strongest rate since the COVID-19 pandemic. That said, average pay is only now returning to pre-pandemic levels, which had only just recovered the ground lost since 2008. Regular pay is £5 per week higher than the peak reached during the 2008 recession, while total pay is £3 per week higher. The latter figure for total pay is also likely to drop back again, as the impact of one-off cost of living and arrears payments in the public sector end.

- The gap between public and private sector pay is also growing. It continues to be seen as an important driver in staff shortages and retention problems across public services.

- Vacancies have dropped back significantly in a range of private-sector-led industries (particularly service industries) but remain strong in the public sector. Compared with a year ago, vacancies in most private sector industries are down by 25-to-30 per cent. Despite this, NHS vacancies continue to be at historically high levels (NHS England reported over 121,000 (8.4 per cent) as of September 2023), which is impacting on productivity, patient experience and staff morale. This compares with nearly 106,000 vacancies, with a vacancy rate of 8.9 per cent five years previously in September 2018. The increase of nearly 15,000 vacancies, and yet a reduction in vacancies as a percentage of the whole workforce by 0.5 per cent, is indicative of how the NHS has grown over the period. This shows that in addition to vacancies created through a need to replace staff leaving, many of the vacancies are reflective of an increase in demand for new additional staff.

Financial

In the 2023 Autumn Statement, the government announced several funding commitments which will have an impact on the NHS health and care workforce:

- Employee National Insurance (NI) contributions will be cut from 12 to 10 per cent, with legislation being passed to introduce this from 6 January 2024. While this is a welcome saving, the freeze on personal tax thresholds until 2028 will result in a greater number of low-income workers having to pay basic rate income tax, which starts at earnings of £12,570. Those staff paying higher rates of income tax will also be affected, which wouldn't have been the case if personal tax allowance thresholds had been indexed and uprated in line with inflation. These freezes will also drive up the need to

increase pay rates for all staff groups to ensure staff don't suffer further detriment in their take-home pay. Employers would be keen to see the government change this policy position at the earliest opportunity.

- Employer National Insurance relief will be extended for employers of veterans for one year from April 2024.

- The National Living Wage will rise to £11.44 from April 2024 and will be extended to 21- and 22-year-olds for the first time. We cover this further in section 2 of our evidence.

- From April 2024, Universal Credit will increase by 6.7 per cent.

Capital spending and investment remains central to providing efficient and effective services to patients. The recent issues with reinforced autoclaved aerated concrete (RAAC) in healthcare settings highlight the impact that the lack of capital investment has had. A report by The King's Fund highlights that from 2014/15 to 2019/20, funds from capital budgets were transferred to support day-to-day spending and relieve the growing pressures in the NHS. This came at a cost, as some NHS buildings and equipment fell into increasing disrepair, with rising numbers of patients experiencing safety incidents caused by estate or infrastructure failures. Ensuring investment in capital in the NHS will boost productivity, support the NHS to get through its backlogs and ensure patients can access the best possible treatment and support.

The LTWP sets out ambitious plans to grow the NHS workforce over the medium to longer term. Planned increases to the size of the NHS workforce will require a competitive market position on pay to be in operation, which will provide real-terms increases (above inflation) to match and/or exceed expected earnings growth across the rest of the economy. While the plan is a welcome step forward in addressing some of the current workforce challenges faced in the NHS, employers want to see clear and longer-term funding commitments in place to support its implementation and delivery.

Workforce challenges

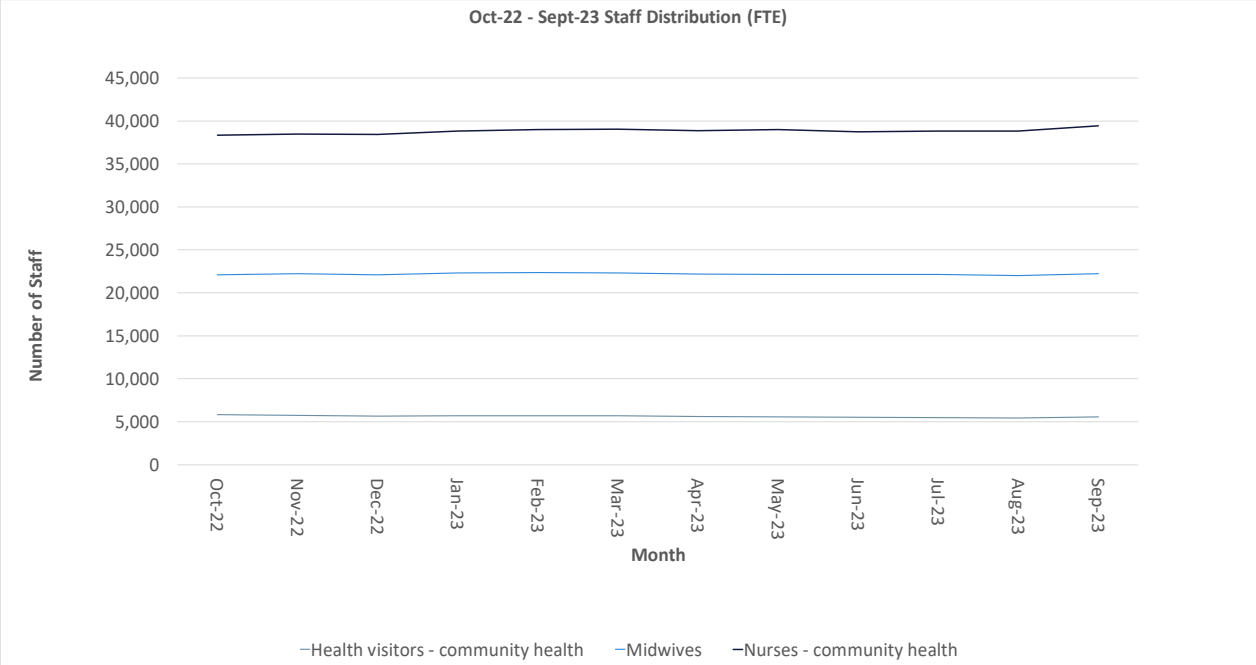
The Institute of Government has recently reviewed the staffing pressures in the NHS. It described retention as ‘worsening after the pandemic but improving’. The institute’s analysis highlights that despite greater numbers of staff being employed in the NHS than ever before, there is greater movement within the workforce.

The NHS has remained under severe pressure throughout 2023. Post-pandemic demand for services has continued to increase, there is evidence of greater acuity in admitted patients and the disruptive impact of industrial action has placed the service under severe operational strain.

In addition to demand, a continued reduction in workforce availability is felt by employers as a result of elevated levels of stress and pressure on staff. As of August 2023, total staff sickness absence was 4.9 per cent. This was slightly higher than earlier in the year (4.8 per cent), however data shows that these levels have decreased since the pandemic. Anxiety/stress/depression/other psychiatric illness was the most reported reason for sickness, accounting for 27.7 per cent of all sickness absence during this period. With the LTWP turning its focus to retention, employers need to continue to support staff wellbeing and workload pressures, which were cited within the main reasons staff want to leave the NHS.

Overall, staff numbers have increased due to the continuing success of international recruitment efforts by employers. As of September 2023, staff numbers increased by 5.6 per cent compared to September 2022. Despite this, the increase in staff has not kept pace with the rising demand of services. Staff numbers in mental health services have grown at much lower rates, despite significant increase in demand. A research report commissioned by the NHS Confederation’s Mental Health Network reports that since 2015 there has been an 11 per cent increase in the number of mental health nurses. This is only half the level of increase seen in children’s and adult nursing. Of the total number of vacancies across nursing, 30 per cent are accounted for by mental health trusts.

Community staff and midwifery numbers have remained stable, as shown in Figure *1*. The LTWP also has the ambition to increase recruitment from the local labour market, so that recruitment from international markets can reduce to between 9 and 10.5 per cent of the workforce (it is currently 25 per cent).



staff group	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23
Health visitors - community health	5,815	5,727	5,653	5,692	5,690	5,677	5,591	5,551	5,520	5,473	5,443	5,579
Midwives	22,113	22,230	22,108	22,323	22,342	22,308	22,172	22,127	22,149	22,122	22,013	22,212
Nurses - community health	38,361	38,469	38,433	38,815	39,020	39,067	38,880	38,998	38,742	38,822	38,849	39,436

Figure 1 - Changes in Workforce Numbers over 12-months between October 2022 and September 2023

Source: Midwives – NHS Workforce Statistics, September 2023 England and Organisation
Source: Community Health Staff – NHS Workforce Statistics October 2022 to September 2023

Vacancies have also fallen from their peak in 2022 and currently stand at 121,000. As of November 2023, the nursing vacancy rate has fallen from 10.8 to 10.3 per cent (42,000). Although this is a welcome fall, vacancy rates continue to be at historically high levels. Vacancies place severe pressure on staff and on NHS costs, as posts are often covered by agency staff.

There has been some improvement on retention, with a concerted focus on this area by ourselves, our members and NHS England. Turnover levels peaked at 12.8 per cent in 2022 and have fallen throughout 2023, now standing at 11.2 per cent. These levels are still higher than pre-pandemic levels, and members accept and support the focus in the LTWP on this area. The plan also has the ambition to return turnover levels to a pre-pandemic average of 7 to 8 per cent, which is a key planning assumption to support the overall workforce growth set out in the plan.

Industrial action

The current difficult employment relations climate has dominated much of 2023. The NHS has faced the most widespread and prolonged period of strike action in its history, with nurses, ambulance workers and allied health professionals all taking part in strike action between December 2022 and July 2023. In May 2023, the decision was taken by the NHS Staff Council to accept the pay offer made by the government to Agenda for Change (AfC) staff in England. Action by medical staff has continued through the summer and autumn and into 2024.

Industrial action has placed additional severe pressures – above existing challenging operational pressures - on the NHS and employers have reported challenges, in the following areas:

- Morale and relationships – Industrial action continues to have a negative effect on staff morale, with both staff and patients feeling the strain of the impact it has had. This has led to staff feeling severely burnt out and is reflected in the recent NHS Staff Survey results, which show that all measures relating to staff burnout rates remain high. Employers have also had to ask staff to take on additional work to cover for colleagues, impacting on the relationships between staff and managers.
- Impact on finances – Industrial action has cost the NHS over £1 billion. Employers have reported that a considerable proportion of their forecasted end-of-year deficit position will be because of the costs associated with managing industrial action. Employers have also reported that additional demand

and higher than planned levels of activity have led to an increase in the use of agency and bank staff to continue to keep services running where possible.

- Impact on services – Organisations are facing significant pressure across all aspects of NHS services because of ongoing disputes, including a lack of workforce availability/capacity and elective activity cancelled, which is coupled with high demand for services during the winter period.

In November 2023, NHS England published a letter to NHS leaders setting out how the health service should address the significant financial challenges they now face. Industrial action has led to a loss of both activity and finances, and organisations are required to make difficult decisions and trade-offs about the areas of patient care to deprioritise. The £800 million announced for systems is not new investment, posing a risk that the NHS will fall short of the full financial impact of industrial action.

NHS Pay Review Body process

Employers continue to raise their concerns about the impact of the delay on the pay award and the inability to implement pay changes from the effective date of 1 April each year.

The main points in our evidence to the NHS PRB last year remain unchanged in terms of the impact that the pay award being delayed has on employers and their workforce.

As part of the non-pay elements of the 2023/24 pay deal, we welcomed the government's review into the NHS pay-setting process. We recommend that the timetable in relation to the pay-setting process is adjusted, thereby enabling a return to prompt implementation and more timely payment of awards. It is concerning for employers that these commitments are not linked to appropriate actions being taken by the government on the timetable being operated for the pay round.

Section 2 - Pay under the NHS terms and conditions of service

Introduction

The NHS terms and conditions of service (NHS TCS), sees around 1.3 million staff employed in the NHS, with the terms also applied by charities, social enterprises and the independent sector. Figure *2* details how the workforce is distributed across the NHS TCS pay bands.

Band	Band 1	Band 2	Band 3	Band 4	Band 5	Band 6	Band 7	Band 8a	Band 8b	Band 8c	Band 8d	Band 9
Total FTE	1,823	174,586	169,862	118,976	228,446	213,985	141,956	54,620	21,516	10,879	5,411	2,846
% of Workforce	0.2%	15.2%	14.8%	10.4%	20.0%	18.7%	12.4%	4.8%	1.9%	1.0%	0.5%	0.2%

Figure 2 – Distribution of the NHS TCS workforce across the pay bands

Source: NHS Digital's July 2023 workforce statistics.

Following the three-year pay deal in 2018, NHS staff have received a combination of fixed percentage uplifts and differential pay awards. The most recent pay award for 2023/24 saw a 5 per cent consolidated pay uplift for all staff, plus further investment to uplift the band 1 spot rate and the entry point for band 2 to the top of band 2 (an increase of 10.4 per cent). This saw entry-level pay in the NHS increase to £11.45 per hour.

There has been limited action taken since the 2018 pay deal to address some of the unintended consequences that have arisen as part of the pay decisions. We welcome the supportive comments made by the NHS PRB in its latest report, on the priority issues brought forward by employers for these structural changes across the pay system to be targeted for future action. This year our evidence to the NHS PRB addresses the need for targeted action and investment across four employer strategic pay priority areas.

It is important to note the position of the devolved nations, who all have their own arrangements in terms of funding, workforce planning and differing policy priorities. Divergence from the single UK-wide set of NHS TCS continues, which has created further variation across the UK countries. This remains an issue for the NHS Staff Council, whose main responsibility is to maintain and oversee the entire NHS pay system. In the longer term, issues connected to divergence in pay and terms and conditions will need to be worked through, both in terms of the challenges it creates for individual country administrations and the future role of the NHS Staff Council.

A summary of the latest position in each of the devolved nations is set out below:

Scotland

Working hours – Scotland is moving forward with looking at reducing hours in the working week for AfC staff. The aim is to move to a 36-hour working week without the loss of earnings. This will be done within an agreed timescale taking account of matters including, but not limited to, service provisions, safe staffing levels, staff wellbeing, and costs. Implementation of any recommendations will be costed, fully resourced and will be reflected in local NHS board workforce plans and set out in future NHS Scotland health and social care workforce plans.

Job evaluation - All existing band 5 nursing job profiles/descriptions will be reviewed to determine if there are any inconsistencies in their application and if they are still fit for purpose. This will be undertaken in accordance with NHS Scotland's job evaluation policy, considering their equal pay obligations and responsibilities and with a commitment to ensuring banding outcomes reflect current job content.

Pay and reward –The current AfC system will be reviewed to develop a modern and responsive pay, progression and reward system that meets the needs of NHS Scotland and its staff. The review will consider the impact of pay awards on the existing AfC pay structure and advise on changes to incentivise promotion and regularise incremental progression to reward the development of skills in post. The review will also consider whether the existing arrangements for overtime and on call remain fit for purpose, given the way in which services are now provided since the introduction of AfC.

Wales

Job evaluation – Wales has agreed to review all job descriptions that are more than three years old. How far re-banding is backdated remains unknown, however this will have an impact in terms of the nursing and midwifery review outcomes and band 2 to 3 care support worker issues that England are facing.

Agency spend – Wales want to reduce its reliance on agency spend and increase the use of overtime and bank work.

Reduction in 36-hour week – Wales is exploring reducing hours in the working week for AfC staff, with the aim of moving to a 36-hour working week without loss of earnings.

Unsocial hours (USH) allowance – For a 12-month period starting 1 March 2023, USH was reinstated after one week's sickness absence. Monitoring of this additional change was undertaken in the context of relevant wider partnership discussions, for example around flexible

working. After 12 months there will be a formal review in partnership, with the expectation that the USH reinstatement after one week's sickness absence will be made the permanent position.

Pay progression – To support recruitment and pay progression, Wales is exploring having an additional spine point for higher bands where there is currently two points.

Northern Ireland

Given the political uncertainty and poor industrial relations position in Northern Ireland, healthcare workers are still in dispute over pay and working conditions. No further conversations have been had in relation to work regarding wider NHS TCS issues.

The impact of divergence between countries has a knock-on effect on the integrity and role of the UK-wide NHS Staff Council, whose remit is to maintain the entire AfC pay system.

We are now seeing not just variation between hourly rates of pay at each band within the pay structure, but also divergence on parts of the core terms and conditions, as described above.

Figure *3* shows a comparison of the levels of pay at each band between England, Scotland and Wales.

Band | Step	Hourly Rate							
	England		Wales			Scotland		
	Salary	Hourly Rate	Salary	Hourly Rate	% Diff to Eng.	Salary	Hourly Rate	% Diff to Eng.
1|Entry	£ 22,383	11.45	£ 22,720	11.62	1.5%	£ 23,240	11.89	3.8%
2|Entry	£ 22,383	11.45	£ 22,720	11.62	1.5%	£ 23,362	11.95	4.4%
2|Top	£ 22,383	11.45	£ 22,720	11.62	1.5%	£ 25,368	12.97	13.3%
3|Entry	£ 22,816	11.67	£ 23,159	11.84	1.5%	£ 25,468	13.02	11.6%
3|Top	£ 24,336	12.45	£ 24,701	12.63	1.5%	£ 27,486	14.06	12.9%
4|Entry	£ 25,147	12.86	£ 25,524	13.05	1.5%	£ 27,598	14.11	9.7%
4|Top	£ 27,596	14.11	£ 28,010	14.32	1.5%	£ 30,019	15.35	8.8%
5|Entry	£ 28,407	14.53	£ 28,834	14.75	1.5%	£ 30,229	15.46	6.4%
5|Intermediate	£ 30,639	15.67	£ 31,099	15.90	1.5%	£ 32,300	16.52	5.4%
5|Top	£ 34,581	17.69	£ 35,099	17.95	1.5%	£ 37,664	19.26	8.9%
6|Entry	£ 35,392	18.10	£ 35,922	18.37	1.5%	£ 37,831	19.35	6.9%
6|Intermediate	£ 37,350	19.10	£ 37,911	19.39	1.5%	£ 39,498	20.20	5.8%
6|Top	£ 42,618	21.80	£ 43,257	22.12	1.5%	£ 46,100	23.58	8.2%
7|Entry	£ 43,742	22.37	£ 44,398	22.71	1.5%	£ 46,244	23.65	5.7%
7|Intermediate	£ 45,996	23.52	£ 46,686	23.88	1.5%	£ 48,010	24.55	4.4%
7|Top	£ 50,056	25.60	£ 50,807	25.98	1.5%	£ 53,789	27.51	7.5%
8a|Entry	£ 50,952	26.06	£ 51,706	26.44	1.5%	£ 56,992	29.15	11.9%
8a|Top	£ 57,349	29.33	£ 58,210	29.77	1.5%	£ 61,522	31.46	7.3%
8b|Entry	£ 58,972	30.16	£ 59,857	30.61	1.5%	£ 67,285	34.41	14.1%
8b|Top	£ 68,525	35.04	£ 69,553	35.57	1.5%	£ 71,978	36.81	5.0%
8c|Entry	£ 70,417	36.01	£ 71,473	36.55	1.5%	£ 79,466	40.64	12.9%
8c|Top	£ 81,138	41.50	£ 82,355	42.12	1.5%	£ 85,181	43.56	5.0%
8d|Entry	£ 83,571	42.74	£ 84,825	43.38	1.5%	£ 94,345	48.25	12.9%
8d|Top	£ 96,376	49.29	£ 97,822	50.03	1.5%	£ 98,384	50.32	2.1%
9|Entry	£ 99,891	51.09	£ 101,390	51.85	1.5%	£111,595	57.07	11.7%
9|Top	£ 114,949	58.79	£ 116,673	59.67	1.5%	£116,428	59.54	1.3%

Figure 3 - Comparison of NHS hourly rates of pay in England, Wales and Scotland

The biggest variance can be seen between the hourly rate of pay at the entry point of band 8b, with Scotland paying 14 per cent more per hour than England (a difference in annual salary of £8,313). The second largest variance in basic pay occurs at the bottom end of the pay scale, with staff at the top of band 2 in England being paid 13.3 per cent less than in Scotland, which is the equivalent of £2,985 less per year. This is a potential risk factor for those border trusts and employers are continuing to monitor this position.

Entry-level pay and the labour market

Staff working in the lowest bands make up 15.4 per cent of the NHS workforce. Beyond the NHS, the general UK labour market remains highly competitive for entry-level roles in most sectors.

NHS entry-level pay remains competitive given the levels of investment it has seen over the last few years. The 2023/24 pay award was directed towards investing in consolidated headline pay uplifts as well as some targeted action focused on the lowest earning staff grades, albeit creating some unintended consequences around rates of pay on offer for working unsocial hours.

Wider market competition plays a significant factor driving recruitment and retention issues for those staff in entry-level roles, who can receive a higher level of base pay (hourly rate) in jobs that are less physical and emotionally demanding. We also know that employees who work in lower-paid roles continue to feel the effects of increased pressure due to the rising cost of living and general inflationary pressures. Achieving the maximum level of take-home pay will always be a top priority for staff working in lower-paid bands and employers continue to face challenges of losing staff to other sectors where hourly rates of pay on offer is sometimes greater. Other sectors, particularly retail and hospitality, have responded rapidly to the continued cost-of-living pressures, offering higher entry-level rates of pay. This is putting NHS organisations at a significant disadvantage when competing for staff within local labour markets.

We know through conversations with employers that online retailer Amazon is one of the NHS's main competitors for workers in band 2 in certain areas across the country. In October 2023, Amazon announced that it would increase its minimum salary for frontline operations employees as part of a £170 million investment, increasing the minimum starting salary to between £11.80 and £12.50 per hour, with further plans to increase to between £12.30 and £13 per hour, depending on location, as of April 2024. This is equivalent to the hourly rate of pay of someone working at the top of

band 3 in the NHS. While there has been significant investment made at the lower end of the pay system in the NHS, competition remains high, with other sectors continuing to respond more quickly to cost-of-living pressures to support their current and future workforce.

Comparisons of NHS hourly rates with other sectors of course ignores the significant value of the wider terms of employment offered to staff and the value of the NHS Pension Scheme, which all staff in the NHS have access to. While other sectors may offer access to personal pension schemes, it is estimated that it would be necessary to contribute three to four times as much to achieve the same level of income at retirement provided by the NHS Pension Scheme.

NHS staff also receive a number of wider benefits that boost total earnings and take-home pay. Additional payments such as overtime and unsocial hours premiums make up an important part of total earnings for staff, particularly those employed in the lower pay bands, and this needs to be considered when looking at basic pay rates. Figure *4* details the additional earnings of band 2 staff, by staff group. The mean additional earnings include all additional earnings, highlighting that band 2 staff have the potential to earn a significant proportion beyond their base pay. For example, an ambulance support worker at band 2 would earn an average base salary of £21,048 (2022/23). If they received the average level of additional earnings, they would be earning just over £25,500 annually.

Staff Group	Band 2 - 21/22		Band 2 - 22/23	
	Mean Additional Earnings	% of Mean Basic Pay	Mean Additional Earnings	% of Mean Basic Pay
Hotel, property & estates	£4,368	22%	£4,424	21%
Support to ambulance staff	£4,739	24%	£4,526	22%
Support to doctors, nurses & midwives	£3,731	19%	£3,845	18%

Figure 4 - Additional earnings of band 2 staff

National Living Wage (NLW) position

As set out in our 2023/24 evidence, the government mandated rises to the NLW to achieve its policy objective of reaching two-thirds of median earnings for those eligible for the NLW by 2024.

In November 2022, the government announced an increase to the NLW, effective from 1 April 2023. The hourly rate was raised to £10.42. To ensure the band 1 spot salary and the entry point of band 2 were compliant, the Department of Health and Social Care uplifted the hourly rate to £10.57.

In May 2023, the NHS Staff Council accepted the pay offer made by the government for AfC staff in England. This further investment saw entry-level pay in the NHS increase to £11.45 per hour. This compares favourably and is substantially higher (9.86 per cent) than the current NLW.

In November 2023, the government accepted the Low Pay Commissions (LPC) recommendation, which will see NLW increase from £10.42 to £11.44 per hour from April 2024. While the current pay rate at band 2 remains 1p per hour above the 2024 position, entry-level pay should be considered on a longer-term basis alongside the estimated future trajectory of the NLW to ensure it remains competitive, sustainable and avoids a repeat of temporary adjustments being made as in previous years.

To mitigate this, employers urge the government and the Office of Manpower Economics (OME) to expedite work to bring the NHS PRB timetable back into a position where pay awards can be implemented on time and on the effective date (1 April).

Real Living Wage (RLW)

Many employers in sectors outside of the NHS have become accredited RLW employers. Accreditation is a signed legal agreement of their

commitment to the RLW, which is currently £12 per hour (£13.15 per hour in London) as of October 2023 and an increase of 10 per cent on last year to reflect the ongoing cost-of-living crisis. Currently the rate of pay at the entry point of the NHS pay structure (£11.45 per hour) is set lower than the RLW.

Some NHS organisations have made the local decision to become RLW employers, including all NHS organisations in Wales and Scotland. All London NHS employers (trusts and integrated care boards) have also committed to the RLW. Organisations that pay on or above the RLW in England tend to be located in London, where HCAS payments are currently sufficient to take minimum rates above the London RLW threshold.

Across England, some NHS organisations are becoming RLW employers as they see this commitment as a suitable local action to take to enable them to address local labour market pressures around attraction, recruitment and retention of staff. The increase in pay usually takes the form of a local top-up payment, rather than a substantive increase to the national level of base pay, and represents an unfunded and unplanned cost pressure to these organisations. Employers in this position would prefer a national response and the associated financial support, linked to changes to national pay rates.

It is essential that the NHS can compete at this level within local labour markets. Employers have implemented several local initiatives to support the recruitment and retention of staff within the lower bands:

Pay/additional payments

- Some employers have reported that they are paying new starters higher rates that align to bands 3 or 4, to try and compete with the local labour market for entry-level roles. This has the potential to create competition between local trusts and reduces the relative value of the reward offer for those working in bands 3 and 4.

- The full value of the employment offer is being promoted as part of the attraction and recruitment process, with unsocial hours payments in particular being highlighted as a valuable additional benefit of the NHS TCS, and a significant part of the additional earnings potential for staff.

- Some trusts who are struggling to recruit lower-banded support worker roles are offering financial ‘golden hello’ incentives for individuals to join their organisation.

- Employers across the system have been reviewing their healthcare support worker job descriptions to ensure that these roles are banded correctly.

Recruitment

- One trust needed to recruit support workers for its specialised supported living service (SSLS), which supports around 90 adults with learning disabilities. To recruit to these roles the trust held a local, easily accessible, in-person event that was advertised through various social media channels as well as targeted advertisements on the radio.

Cost-of-living support

- Employers have a strong focus on supporting staff with the cost of living, particularly at the lower-banded roles. Good practice examples of this can be found on our website.

We have supported The Prince’s Trust health and social care programme to improve access for young people (aged 16-30) to entry-level roles and apprenticeships in the NHS, which concluded in June 2023. As of September 2023, there were 5,460 job offers and 4,525 starts, with support offered to over 14,000 young people. There are a number of resources on our website that show how organisations have widened the access and participation of young people in health through working with The Prince’s Trust.

Strategic pay priorities

Employers have considered what further action is needed, should there be additional investment by the government to support the 2024/25 pay award.

This section of our evidence highlights a number of targeted actions to support these employer priorities. The evidence aims to highlight and address the unintended consequences that previous pay awards have left on elements of the NHS pay structure and the challenges employers are experiencing from a recruitment and retention perspective.

Anomalies created by the implementation of consolidated pay changes in 2023/24 – band 1 and band 2 unsocial hours premiums

Our evidence from 2023/24 sets out the position of band 1, which has been closed to new entrants since 2018.

Employers have continued to support those staff in band 1 to develop the necessary skills, training and expertise to move into band 2 roles. However, since the 2023/24 pay award, the top of band 2 has the same value as band 1. Employers have told us that this has created a pay disincentive for closed band 1 staff who are not willing to move to band 2.

This is further compounded by a difference in unsocial hours payments, which sees staff on band 1 (closed) retain a higher percentage premium for any unsocial hours worked than those on band 2. The difference between unsocial hours rates across the bands provides a further disincentive for staff in band 1 working unsocial hours to move to band 2. Feedback from employers has indicated concerns that staff who previously moved from band 1 to band 2 following the 2018 pay deal feel aggrieved and are asking if they can return to band 1.

Figure 5 details the number of staff in bands 1 and 2 receiving unsocial hours premium payments, as detailed in Electronic Staff Record (ESR) September 2023.

Band	Basic Pay	FTE	Not in receipt of Unsocial Hours Payments		In receipt of Unsocial Hours Payments	
			FTE	% of Band	FTE	% of Band
Band 1	22,383	1,823	573	31%	1,250	69%
Band 2	22,383	174,586	75,388	43%	99,198	57%
Total		176,409	75,961	43%	100,448	57%

Figure 5 - Numbers and proportions of band 1 and 2 staff in receipt of unsocial hours payments

A greater proportion of band 1 (closed) staff are receiving a higher level of unsocial hour premium payment. To further illustrate the point, Figure 6 shows some examples of the financial difference between band 1 and band 2 staff who work unsocial hours during Saturdays and weekday evenings, and Sundays and public holidays.

			Saturdays and Weekday Evenings			Sundays and Public Holidays		
Band | Step	Basic Pay	Basic Pay Hourly Rate	Time + %	Hourly Rate	Step Differential	Time + %	Hourly Rate	Step Differential
1|Entry	£22,383	£11.45	47%	£16.83		94%	£22.21	
2|Entry	£22,383	£11.45	41%	£16.14	-£0.69	83%	£20.95	-£1.26
2|Top	£22,383	£11.45	41%	£16.14	£0.00	83%	£20.95	£0.00

Figure 6 – Comparison of unsocial hours hourly rates by band and step point.

The impact on organisations

As detailed in Figure 1, band 2 staff make up one of the largest parts of the workforce, which represents the crucial role they play in the delivery of NHS services. The unsocial hours issue at the bottom of the pay structure presents significant challenges around staff engagement, morale and fairness. A summary of the challenges it presents for employers is set out on the next page:

- Band 2 staff are at an unfair advantage, receiving less take-home pay than existing band 1 staff. While the risk of equal pay claims is thought to be low, it is important to note that the unsocial hours premium variation is being reported as feeling unfair. This occurs when staff at a lower band have higher total earnings while working the same shift patterns.
- Given the continued cost-of-living crisis, staff are concerned about their take-home pay. The group of staff suffering a detriment will look for jobs outside the NHS that offer more competitive rates of pay.
- There should be longer-term prospects for staff in the lowest-paid roles around pay and career progression, as they are the entry level into an NHS career for many.
- The principle of 'no detriment' in the 2018 deal in terms of unsocial hour differentials has now ended, as through pay step progression it is deemed no longer necessary. However, there is pressure to take action to enable employers to restore the differential between band 1 and band 2 take-home pay, especially for staff who have previously worked in the lower-banded but now higher-paid roles.
- Trusts rely heavily on their lower-banded employees to cover out-of-hours shifts paid for at enhanced rates. Some organisations are left in a challenging position where weekend rates of pay on offer for band 1 and 2 staff see them earning more than band 3. This presents a challenging position around the reluctance of band 3 supervisors to work weekend shifts as they are paid less.
- There are implications of both bands having the same basic pay in terms of pay protection for unsocial hour payments when moving from band 1 to band 2. Pay protection will continue until overall earnings exceed previous earnings at the band 1 level, therefore if this continues it will put band 1 at a financial advantage.
- When looking at the demographics of remaining band 1 staff, there are a higher number who sit in the over-50 age profile. This further presents a disincentive to move to band 2, with feedback from employers suggesting that this group of staff present a resistance to new training and development opportunities.

The same issue applies to other parts of the NHS pay structure. For example, between band 2 and 3, and bands 3 and the entry point of band 4, as detailed in Figure 7 and Figure 8. However, the greater difference in basic pay offsets the lower unsocial hours rate. This happened as an unintended consequence of the pay uplifts made in 2022/23, following successive years of targeted investment on the rates of pay for lower earning staff.

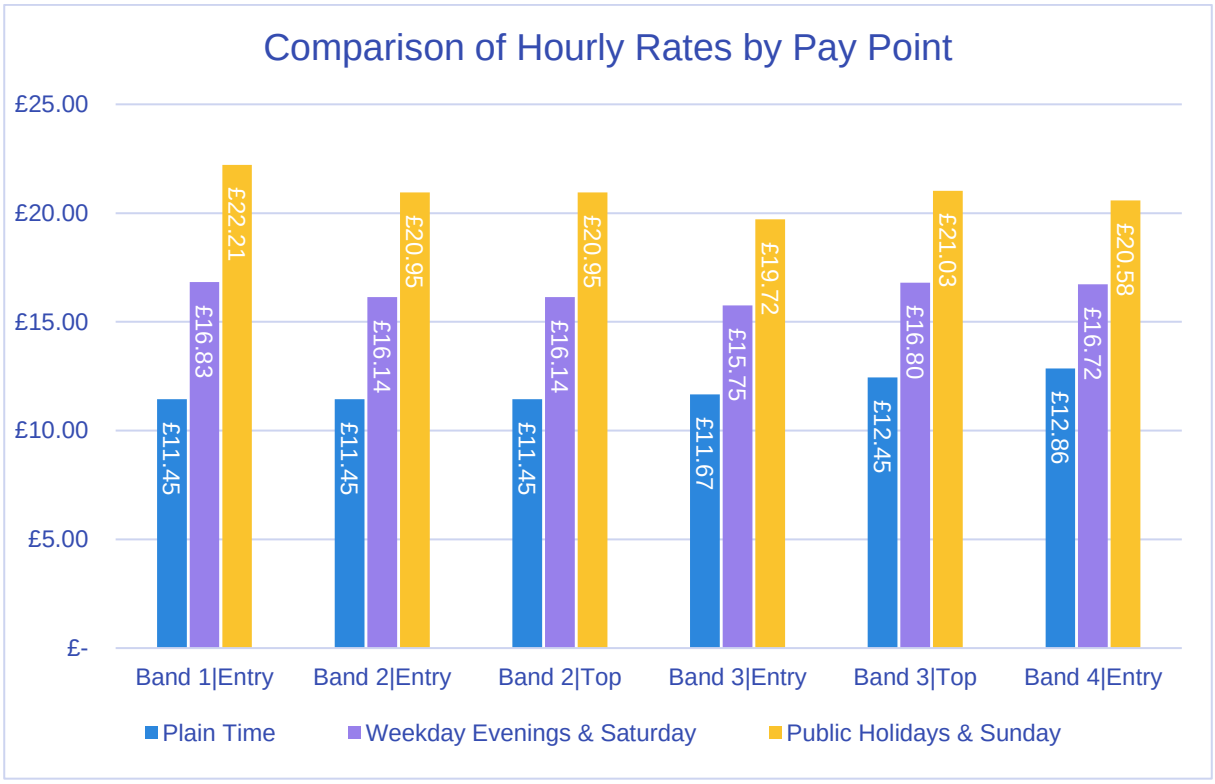


Figure 7 - Comparison of unsocial hours hourly rates for bands 1 to 4

			Saturdays and Weekday Evenings		Sundays and Public Holidays	
Band | Step	Basic Pay	Hourly Rate	Time + UHP %	Hourly Rate	Time + UHP %	Hourly Rate
1|Entry	£22,383	£11.45	47%	£16.83	94%	£22.21
2|Entry	£22,383	£11.45	41%	£16.14	83%	£20.95
2|Top	£22,383	£11.45	41%	£16.14	83%	£20.95
3|Entry	£22,816	£11.67	35%	£15.75	69%	£19.72
3|Top	£24,336	£12.45	35%	£16.80	69%	£21.03
4|Entry	£25,147	£12.86	30%	£16.72	60%	£20.58
4|Top	£27,596	£14.11	30%	£18.35	60%	£22.58
5|Entry	£28,407	£14.53	30%	£18.89	60%	£23.24
5|Intermediate	£30,639	£15.67	30%	£20.37	60%	£25.07
5|Top	£34,581	£17.69	30%	£22.99	60%	£28.30
6|Entry	£35,392	£18.10	30%	£23.53	60%	£28.96
6|Intermediate	£37,350	£19.10	30%	£24.83	60%	£30.56
6|Top	£42,618	£21.80	30%	£28.33	60%	£34.87
7|Entry	£43,742	£22.37	30%	£29.08	60%	£35.79
7|Intermediate	£45,996	£23.52	30%	£30.58	60%	£37.64
7|Top	£50,056	£25.60	30%	£33.28	60%	£40.96
8a|Entry	£50,952	£26.06	30%	£33.87	60%	£41.69
8a|Top	£57,349	£29.33	30%	£38.13	60%	£46.93
8b|Entry	£58,972	£30.16	30%	£39.21	60%	£48.25
8b|Top	£68,525	£35.04	30%	£45.56	60%	£56.07
8c|Entry	£70,417	£36.01	30%	£46.82	60%	£57.62
8c|Top	£81,138	£41.50	30%	£53.94	60%	£66.39
8d|Entry	£83,571	£42.74	30%	£55.56	60%	£68.38
8d|Top	£96,376	£49.29	30%	£64.07	60%	£78.86
9|Entry	£99,891	£51.09	30%	£66.41	60%	£81.74
9|Top	£114,949	£58.79	30%	£76.42	60%	£94.06

Figure 8- Comparison of unsocial hours hourly rates for NHS TCS

Recommendation

To address this issue, we recommend that the NHS PRB considers a targeted approach focusing on band 1 and 2 unsocial hours premiums in the first instance. We recommend to the PRB that over the longer term, unsocial hours payments across the whole pay structure are reviewed from a fairness and equity perspective. It is important to note that further recommendations for differentiated awards to the bottom of the pay scale may exacerbate this issue. We ask that the NHS PRB is mindful of this in considering its recommendations.

Pay incentives for promotion between pay bands

It is important that the NHS pay structure can offer appropriate pay incentives following a promotion that better recognise the additional responsibilities that are being taken on by staff when they move into a higher-banded role.

The size of the gaps between pay bands were reached in negotiation with employers and trade unions in the 2018 pay agreement. Whilst balancing several competing negotiating priorities, it was unaffordable to make these gaps any larger at the time. These gaps were seen as the best minimum differentials to operate to reflect the increases in responsibility when being promoted to the next pay bands using available funding. In 2018, employers and trade unions recognised that these pay gaps would need to be widened in the future and supported by further investment.

Figure 9 shows how the promotional gaps between pay bands have changed since 2020/21; the final year of the multi-year pay deal.

	20/21		21/22		22/23		23/24		%
Band	£	%	£	%	£	%	£	%	Movement
Band 2 to Band 3	400	2.1%	412	2.1%	412	1.9%	433	1.9%	-0.13%
Band 3 to Band 4	750	3.5%	772	3.5%	772	3.3%	811	3.3%	-0.21%
Band 4 to Band 5	750	3.1%	773	3.1%	773	2.9%	811	2.9%	-0.17%
Band 5 to Band 6	750	2.4%	772	2.4%	772	2.3%	811	2.3%	-0.10%
Band 6 to Band 7	1,000	2.6%	1,030	2.6%	1,071	2.6%	1,124	2.6%	0.00%
Band 7 to Band 8a	1,250	2.8%	1,287	2.8%	854	1.8%	896	1.8%	-1.02%
Band 8a to Band 8b	1,500	2.9%	1,545	2.9%	1,545	2.8%	1,623	2.8%	-0.07%
Band 8b to Band 8c	1,750	2.8%	1,802	2.8%	1,802	2.8%	1,892	2.8%	-0.06%
Band 8c to Band 8d	2,250	3.1%	2,318	3.1%	2,318	3.0%	2,433	3.0%	-0.06%
Band 8d to Band 9	3,250	3.7%	3,348	3.7%	3,348	3.6%	3,515	3.6%	-0.06%

Figure 9 - The changing of gaps between bands in £s and percentages between 2021/22 and 2023/24

In 2021/22 a pay award of 3 per cent to all staff was granted and in percentage terms, this maintained the size of the gaps between the pay bands.

In 2022/23 a differential pay award was implemented. This was a £1,400 consolidated uplift to full-time equivalent salaries, enhanced for the top of band 6 and band 7, and was equal to a 4 per cent uplift.

The consequence of the £1,400 flat amount, rather than the usual percentage award, meant that the gaps between most bands narrowed in percentage terms. The gap between band 7 and band 8a narrowed more severely, as band 7 received a pay increase of 4 per cent and the bottom of band 8a received £1,400, which was worth 3 per cent. This reduced the size of all the gaps, except the gap between band 6 and band 7, which stayed the same.

In 2023/24, the 5 per cent consolidated pay award uplift (agreed by negotiation), had no impact on the level of gaps between bands in percentage terms.

In base pay terms, having small gaps between the pay bands provides little financial incentive for staff to seek promotion, as the additional responsibility undertaken is often not deemed worth the relatively small uplift to base pay. Staff expect to receive a pay increase on promotion, but there are circumstances where the increase to basic pay is offset partially or entirely by a reduction to additional earnings, which are lost through progressing up to more senior positions. This is experienced by staff moving into more senior leadership and managerial roles and has an impact on the ability to recruit the best candidates for these jobs.

Employer priorities and impact

Employers retain concerns on the pay incentives available to staff on promotion between band 6 and band 7, and band 7 and band 8a.

Staff being promoted from band 7 and 8a experience the smallest basic pay increase (where considerable experience and qualifications are required), a loss of their overtime premium rate and a reduction in hours worked at the unsocial hours rate.

These three factors make it more likely for staff being promoted at this level to experience a reduction in pay than elsewhere in the pay scale and further supports what employers have told us about struggling to recruit staff into band 8a positions. In many cases, individuals at this level would stand to lose more in unsocial hours payments than they gain in basic pay uplifts, meaning that they see a net reduction in pay on promotion. This does not incentivise promotion opportunities at this level and results in staff staying at the top of their existing pay band, or moving jobs within different sectors where they would receive a higher level of base pay increase.

Employers have highlighted several further impacts that the pay system is having on organisations by not appropriately incentivising promotion:

- Difficulties recruiting into certain roles where there is little financial incentive to take on additional responsibility. Roles such as matrons and band 7 ward managers continue to be recurring examples provided by employers.

- Fewer members of the workforce seeking promotion opportunities at a higher level directly blocks promotion opportunities at lower levels.

- Staff can often feel stuck at the top of their pay band in terms of their current earnings profile if there is no appropriate financial incentive in base pay terms for promotion. This creates additional retention risks for employers across the pay system.

- Staff are leaving their organisation to get promoted to a higher band in another NHS organisation, where in many cases they

can negotiate a higher starting salary than would be possible if they stayed in their existing organisation. Employers are reporting that this is happening in bands 6 and above. This could create a situation where a new employee with less experience is potentially earning more than those who have been at an organisation for longer. This has some wider potential consequences including an impact on team morale.

- Gaps are left in important managerial and leadership roles that can have significant implications on wider teams and the delivery of services. Advanced and specialist roles are a central component in terms of the implementation of the LTWP, to achieve the changing future needs of the NHS. The potential earnings profile for these roles needs to be attractive and a lack of incentivisation and progression will pose risks to the success of new roles.

Recommendation

We recommend the NHS PRB considers a process of making necessary changes to the gaps between pay bands, starting with targeted action to address the gaps between band 6 and band 7 and band 7 and band 8a to address the pay incentive on promotion.

Employers have told us they want to see progress on creating larger gaps between all the pay bands, and further structural reform is needed across the whole system but it is recognised that this will need to be addressed over the longer term.

While it is the case that high rates of inflation and continued cost-of-living pressures are expected to require the majority of available pay investment to support headline pay award uplifts, we recommend that targeted investment is provided to begin progressing the changes required to address this issue.

Graduate entrant pay

20 per cent of the NHS workforce is made up of band 5 staff and is the level where all graduate professionals begin their NHS employment. The high concentration of the workforce in bands 5 (and also band 6) reflects the expert technical and professional requirements for roles in the NHS and the significant numbers of qualified staff that the NHS needs to employ. Ensuring the NHS offers competitive rates of pay and earnings progression for this group of staff remains vital when addressing the recruitment and retention issues at graduate entrant level.

It is important to understand the position on graduate pay across the wider public and private sector. In 2023, the median graduate starting salary on offer from the UK's leading employers stands at £33,500. This is an increase of £1,500 compared to the median salary paid to new graduates in 2022 and shows that graduate pay has risen by 11.7 per cent in the past two years. Furthermore, starting salaries for new teachers has risen to £30,000 to support the retention issues within the sector. To support with training costs, in certain subjects like science, maths, computing, languages and geography, students can access tax-free teaching bursaries, decreasing the likelihood of debt post-graduation and further enabling the profession to become more attractive and competitive within the graduate labour market. This makes NHS graduates unusual among public sector workers in having a starting salary of less than £30,000 and highlights that base pay and earnings progression is starting to drift from the competitive market position.

In terms of NHS investment, following the 2018 pay deal entry-level pay at band 5 was raised by 12.6 per cent, which is the biggest percentage uplift in comparison to all the other pay bands. As part of the 2023/24 pay deal, entry point band 5 was uplifted by 5 per cent taking the base salary to £28,407.

As referenced in our evidence to the NHS PRB last year, the NHS offers a number of enhancements at band 5 reflected in the total reward package, such as unsocial hours payments and discounted NHS Pension

Scheme contributions, which have a positive impact on take-home pay for some graduates. To illustrate this, based on data from NHS Data Warehouse, additional earnings can boost an NHS graduate's earnings by between 11 per cent and 46 per cent, depending on the profession. It is important to recognise that additional earnings are only a significant element for clinical roles and not the wider number of graduate roles that span the NHS. Therefore, additional payments of this nature are relatively unique to the NHS and should not be considered in isolation when making comparisons with graduate base pay across the wider labour market.

Employers have told us that while total reward goes some way in supporting attraction and recruitment initially, they are experiencing challenges with retaining staff as their careers progress, as the scope for earnings progression is limited. The lack of earnings progression particularly for those graduate professionals five-to-ten years post-graduation, highlights some underlying potential concerns related to staff retention. NHS pay ranges at bands 5 and 6 are 20 to 21 per cent wide, which is much narrower than those within private sector organisations. Pay decisions are normally taken and uplifts made for all staff, whereas some other sectors might have more frequent decision points to reflect the growing competence and/or flight risk of individuals.

As already highlighted, NHS graduate entry pay is broadly competitive within the market when additional earnings are taken into account. However, for a graduate that remains in band 5 or moves into band 6 on promotion or successful completion of their preceptorship, base pay does not always keep pace with the wider graduate professional market and alternative non-NHS career options can offer significantly better pay and/or career and earnings progression over time.

NHS organisations have undertaken significant international recruitment over the last four years, with these staff making up a large proportion of the registered workforce and bringing a range of positive benefits. With the NHS highly reliant on the global workforce, NHS pay must be competitive against both other UK employment sectors and other global health systems. Employers have started to see a trend in international

recruits, whereby band 5 nurses are moving overseas to countries like Australia with the draw being pay, not the climate or lifestyle. Having a competitive level of pay to attract and retain international staff is crucial to ensure that the gains made through international recruitment are not lost.

Pay cannot be seen as a standalone factor for the reason graduates want to join the NHS workforce. An NHS career is seen as much more than a job, and the nature of the work requires individuals to demonstrate a core set of values that align to patient care. However, for an individual deciding their future career pathway, the context that the NHS currently faces (including poor working conditions and the ongoing industrial action) seems less favourable to graduates where they could be offered a higher level of pay in exchange for better working conditions. This can be evidenced further by a recent report published by the Nuffield Trust, which showed that in the year to March 2022 there was a fall in the number of joiners to band 5, which is typically the pay band that new graduates join.

Recommendation

We recommend that the NHS PRB considers additional targeted action at the entry point of band 5 to support all professional groups. This would be over and above any headline pay award uplift made. We consider the recent position on teachers' starting rate of base pay to be an important benchmark for the NHS and wish to maintain a competitive rate of starting pay for newly qualified graduate entrants. This strongly supports the LTWP's attraction, recruitment and retention priorities by:

- attracting graduates from all different professions and specialisms to come and work in NHS, therefore supporting the plan's ambitions to grow the workforce and reduce vacancies
- supporting training attrition rates, decreasing the chance of losing skilled individuals if graduate pay is broadly competitive with wider market.
- helping to retaining the existing workforce if earnings potential is positive.

Figure *10* provides illustrative estimates of the potential cost of increasing the value of the band 5 entry point.

% Increase to Entry Point of Band 5	Band 5 Entry Point Basic Pay (£)	Estimated Additional Cost to Paybill (£m)	Additional Cost as a % of 23/24 Paybill
Baseline	£ 28,407	£ -	0.00%
2%	£ 28,975	£ 90	0.14%
3%	£ 29,259	£ 140	0.22%
4%	£ 29,543	£ 180	0.29%
5%	£ 29,827	£ 230	0.36%
6%	£ 30,111	£ 280	0.44%

Figure 10 - Cost estimates of increasing the value of the entry point of band 5
Source: NHS Employers cost estimates of increasing the entry point of band 5

Apprenticeship pay

Apprenticeships are integral to workforce planning and support employers to improve recruitment, retention and access to training and education. They help to develop a pipeline of skilled healthcare professionals, provide existing staff the opportunity to reskill and develop their careers and can support with addressing skills shortages and reform to support productivity in organisations.

Evidence from apprenticeship providers indicates low on-programme attrition of as little as 4 per cent and lower, and post-qualification retention of close to 100 per cent through this route. These are very favourable attrition rates when compared to some graduate programmes, such as nursing and radiography where the attrition rate was as high as 13 per cent. The LTWP's aim is to significantly increase apprenticeships to 22 per cent of clinical staff qualifying this way by 2031, highlighting that apprenticeships will become an even more integral role within the NHS workforce than before.

In 2020/21, the NHS had recruited 24,500 apprentices and had, in total, 1.6 per cent of employees starting apprenticeships. When comparing this number to staff within the different bands of the NHS TCS structure, this equates to the same number of staff at band 8b and band 9 combined.

Employers use the apprenticeship levy to support career development of registered professional to advanced practice level. It is important that clinical apprenticeships at level 6 and 7 are retained to enable the delivery of the LTWP and the reform that the plan requires to deliver on the productivity targets.

As part of the 2023 pay agreement, the government asked the NHS Staff Council to consider if there were any blocks within the current terms and conditions of service on encouraging existing NHS staff to move into apprenticeship roles. Engaging with employers revealed a strong appetite emerging for the development of a consistent national set of pay arrangements to determine the rate of pay for apprentices in the NHS.

Apprenticeship pay is not always determined by the NHS TCS pay system. The national minimum wage for an apprentice aged 16-to-18 is £5.28 per hour for the duration of the apprenticeship; for those aged 19 or over it is £5.28 per hour in the first year and then National Living Wage for subsequent years. Rates of pay for apprentices above this level is a local decision, and NHS organisations will pay different rates depending on local labour market conditions. For apprenticeships that are used as development opportunities for existing members of staff, pay is set at the rate of their current banded role or higher. There is currently a wider variation across the NHS in the way organisations pay apprentices, including using annex 21 of the NHS Terms and Conditions of Service Handbook; paying at one band lower than qualified role; or paid according to the evaluated grade. Our engagement with employers highlighted that they don't have an organisation-wide policy and there are multiple factors at play to determine the pay of different apprenticeship roles.

Employees have cited several reasons a national position on apprenticeship pay would be helpful, including the workforce challenges it would help to mitigate:

- It would provide a greater level of consistency, making apprenticeships more attractive to potential candidates.
- It promotes equity and fairness, ensuring that apprentices have access to a standard rate of pay while they learn and train.
- Apprenticeships have the potential to attract staff from a broad spectrum of diverse backgrounds, therefore appropriately paying all apprentices consistently and fairly provides a stronger base for attracting a much wider talent pool.
- An inconsistent approach leads to a wide interpretation of what can be offered to apprentices.
- It would reduce the administrative burden if employers did not have to deal with multiple rates of pay.
- It provides greater attraction to individuals from the local labour market, who are more likely to remain in the area of the organisation they join.

The NHS has an overcommitment of apprenticeship levy spend, receives transfers from other sectors and organisations, and still needs more funding to offer the level of apprenticeships required within the workforce. Incentive funding from NHS England also impacts on the number of apprentices that the NHS can support.

Employers are disappointed that a reform of the apprenticeship levy is still outstanding. We would ask that priority is given to further reform of the levy to provide additional funding for infrastructure development and ongoing and sustainable additional funding to

support backfill of healthcare apprentices who require significantly more than six hours per week off-the-job training.

Recommendation

We recommend that the NHS PRB considers the introduction of a consistent national set of pay arrangements to govern the rate of pay for apprentices in the NHS. Consideration will need to be given to the impacts on those organisations who have a local policy in place already and a transition to any new national arrangements being introduced.

Additional payments – variable elements of pay

In addition to basic pay, the NHS TCS includes provision for the following additional payments:

- Unsocial hours.
- Overtime.
- High-cost area supplements (HCAS).
- Recruitment and retention premia (RRP).

These payments are a significant and very important part of total earnings for many members of the NHS workforce. The relative importance of these additional earnings varies between individuals, with the highest reliance usually seen in band 6 ambulance staff where variable pay makes up to 44.2 per cent of total earnings on average. See Figure *11*.

Average of Additional Earnings as % of Basic Pay			
Staff Group	Band 5	Band 6	Band 7
Ambulance staff	43.9%	44.2%	38.3%
Central functions	11.9%	11.3%	10.1%
Hotel, property & estates	27.3%	19.8%	15.0%
Managers	12.9%	11.6%	9.9%
Midwives	25.8%	22.9%	17.5%
Nurses & health visitors	24.4%	18.1%	13.8%
Scientific, therapeutic & technical staff	16.2%	15.7%	13.2%
Support to ambulance staff	47.7%	34.0%	36.6%
Support to doctors, nurses & midwives	14.3%	12.9%	11.5%
Support to ST&T staff	12.9%	11.4%	12.5%

Figure 11 - Average additional earnings by staff group and band

Source: Estimates for 2023/24 based on data from NHS Data Warehouse

Additional payments in the NHS form a larger part of earnings compared to other sectors and apply to staff higher up the pay structure than in other sectors. In 2015 the NHS PRB recommended that these rates should be reviewed as part of the broader NHS TCS package. Although the pay structure has been renegotiated, these variable elements of pay have not. In this section of our evidence, we have highlighted the issues employers are facing with each element of variable pay and subsequent challenges in relation to the attraction, recruitment and retention of staff.

Unsocial hours payments

Unsocial hours payments in the NHS are additional compensations for staff working outside of traditional hours, which typically includes evenings, weekends and public holidays. All staff members under the NHS TCS are entitled to unsocial hours payments for time worked at evenings and weekends, as set out in paragraph 2.9 of the NHS TCS Handbook (for England).

Unsocial hours payments are pensionable, with the specific rates varying by band. Shown in Figure *12*, these payments are more generous in the lower pay bands and therefore represent a more

significant part of the total remuneration package, depending on their working patterns.

Pay band	All time on Saturday (midnight to midnight) and any weekday after 8pm and before 6am	All time on Sundays and public holidays (midnight to midnight)
1	Time plus 47%	Time plus 94%
2	Time plus 41%	Time plus 83%
3	Time plus 35%	Time plus 69%
4 – 9	Time plus 30%	Time plus 60%

Figure 12 - Unsocial hours premium rates by band

Source: NHS Employers' unsocial hours payments web page.

In section 2 of our evidence, we have described the main issue with unsocial hours payments at the bottom of the pay structure and have made recommendations to address this.

Overtime

Staff in bands 1 to 7 are eligible for overtime payments of time-and-a half, and double time on general public holidays, as set out in section 3 of the NHS TCS Handbook.

Employers are finding it increasingly difficult to get staff to agree to take on additional shifts, as we cover in our section on supporting staff experience and wellbeing. The level of pressure and burnout among staff remains high, and many members of the workforce are placing increased importance on their work-life balance.

This is further compounded by the impact of industrial action and high levels of sickness absence, creating a reliance on staff to cover the workforce gaps by taking on additional hours.

Incentivising existing staff to work more shifts is not a sustainable or long-term solution to address workforce shortages, and it is hoped that the delivery of the LTWP ambitions will mitigate the lack of workforce numbers and availability.

High-cost area supplements (HCAS)

HCAS are detailed in section 4 of the NHS TCS Handbook. These supplements to basic pay are currently applied to staff whose contractual work base is located in inner London, outer London or the fringe of London. The level of supplement varies between these three categories.

While this remains helpful for NHS organisations in terms of recruiting and retaining staff in these locations, the ongoing cost-of-living pressures limits its effectiveness. Employers continue to indicate that the current categorisation of HCAS payments does not reflect the cost-of-living pressures being experienced in the south in particular, but other areas of the country too. Some NHS HR director networks are undertaking their own research as to the impact of this. For example, trusts in the south east have recruited significantly from overseas but these staff then look to move elsewhere in the country due to the high cost of living across the south east.

In October 2023, the NHS Staff Council jointly agreed a framework for homeworking and agile/hybrid working. The agreement sets out the position that an employee's contractual base will continue to determine eligibility for HCAS payments, whether that is a work base or their home address. This is likely to be a factor when staff are considering their agile working arrangement. In addition, the trend towards greater agile and homeworking following the COVID-19 pandemic is impacting on trusts with sites that straddle the HCAS areas.

Recommendation

We recommend that the NHS PRB commissions independent research to undertake a wider review of HCAS arrangements, to inform an evidence base for any future negotiations. HCAS arrangements need to appropriately support the recruitment and retention of staff in regions and systems across the country where high cost-of-living pressures are experienced across all staff groups.

Recruitment and retention premia

Recruitment and retention premia (RRP) provide an addition to pay where market pressures would otherwise prevent employers from recruiting and retaining staff, as set out in section 5 of the NHS TCS Handbook. This could be for an individual post or could be awarded for a specific group of staff at either a local or a national level.

Employers are avoiding the use of RRP as a means of tackling difficulties in recruiting to particular staff groups as it remains challenging to get funding agreement locally for this. As a result, we are seeing and hearing anecdotal evidence of trusts inflating the bands of roles, which is putting at risk the integrity of the Job Evaluation Scheme.

Mileage rates

Section 17 and annex 12 of the NHS TCS Handbook outline the mechanism by which staff are reimbursed for use of their personal vehicle to enable them to perform their duties.

In accordance with the process, mileage reimbursement rates are reviewed twice a year to allow the latest costs to be incorporated into the calculation. As stated in annex 12, paragraphs 12 to 15 of the

handbook, the review in April looks at motoring costs such as fuel prices, road tax and insurance. In contrast, the November review only looks at fuel prices and specifically checks the average fuel price in the 12-month period ending in October.

The review from November 2022 resulted in an automatic change to the rates set out in the NHS TCS Handbook. This was due to the significant increase in fuel prices in 2022 and these prices being sustained at a high level for a number of months. From 1 January 2023, the current reimbursement rates are calculated at 59p per mile up to 3,500 miles a year (1 July to 30 June), then 24p per mile above 3,500 miles. The reviews based on fuel prices only since that point have not resulted in a further change in rates.

There has been much attention on this issue since the significant rise in fuel prices. On mileage rates, the current calculation used can no longer function, as the data it requires is no longer being published. The government has now accepted the need for a mandate for the NHS Staff Council to negotiate an alternative arrangement. At the time of writing our evidence, we are waiting for the final details of this mandate from the government.

Despite a lack of funding centrally being agreed, employers have continued to adjust reimbursement rates locally to support staff with the significant rise in fuel costs. An appropriate national position being reached is welcome by employers, however there is a risk that it might be difficult for employers to revert back to a nationally agreed position if the local reimbursement rates remain more favourable.

Section 3 – Non-pay elements of the 2023/24 NHS pay deal

As part of the NHS TCS pay settlement for 2023/24 and as a means of resolving the pay dispute with the NHS trade unions, a number of commitments were agreed between the government and the NHS Staff Council:

Support to nursing staff

The government wants to address some specific challenges around recruitment, retention and career development and will work with employers and trade unions to improve opportunities for nursing career progression.

Building a workforce for the future

The government has set out how this will be implemented via NHS England's LTWP. The plan ensures the NHS can recruit and retain the staff it needs in the future to meet the growing and changing health and wellbeing needs of patients.

This supports government's ambition to reduce reliance on agency workers and bring down agency spend as a proportion of NHS budgets. The government, employers and trade unions are committed to working in partnership to help deliver this aim. As part

of its 2023/24 work programme, the NHS Staff Council will consider the factors that are driving increasing rates of agency spend in the NHS, making recommendations on the practical measures that can be taken to reduce this.

To meet the growing and changing needs of patients and provide safe and high-quality care, an effective NHS needs clinical services such as nursing, midwifery, allied health professional and ambulance staff to have appropriate staffing levels. As part of the work to implement the LTWP, the government has asked NHS England to review the existing arrangements used to make sure that there are sufficient staff. This includes developing a national evidence-based policy framework building on existing safe staffing arrangements. The government is also looking at approaches taken in other parts of the UK, and relevant international comparators, to ensure this framework is informed by best practice. This will focus on key groups such as registered nurses, including both statutory and non-statutory models.

Career development and support

The government has heard the concerns on career development and progression for NHS staff. The government wants to address these issues and will work with employers and unions to improve career development in three ways:

1. Agree amendments to terms and conditions to ensure that existing NHS staff will not suffer a detriment to their basic pay when they undertake apprenticeships.

2. Improving support for newly qualified healthcare registrants, commissioning NHS England to review the support those transitioning from training into practice receive.

3. The NHS Staff Council is considering how the work to maintain and update national job profiles undertaken by the Job Evaluation Group can be applied fairly and appropriately to aid career development.

Pay-setting process

The government is committed to ensuring that the pay-setting process and the NHS PRB operates effectively. As part of this process, it will take the views of employers and trade unions into account and will:

- review the timing and appointment process for the NHS PRB
- look at ways for the NHS Staff Council to have greater input into NHS PRB
- identify ways to reduce the duplication of data on the NHS workforce and labour market provided by parties to the NHS PRB.

Tackling violence and aggression

The government has asked the existing groups, established in the NHS Social Partnership Forum work on violence reduction, to work with the health and wellbeing group of the NHS Staff Council to identify ways to tackle and reduce violence against NHS staff.

Pension abatement

In October 2022, the government extended the suspension of NHS pension abatement rules for special class status members. This extension is currently planned to run until March 2025. To support retention measures, the government's intention is to make this easement permanent, and will consult on this change shortly.

Cap for redundancy payments

The NHS Staff Council is considering the application of a cap to redundancy payments of £100,000 and over as part of the 2023/24 work programme.

Each of these workstreams are being led by either the Department of Health and Social Care (DHSC), NHS Staff Council or NHS England but with the involvement of each party along with other external stakeholders including ourselves and NHS Providers:

- Nursing career progression (DHSC).
- Pay-setting process (DHSC).
- A review of safe staffing guidance (NHS England).
- Support for newly qualified healthcare registrants (NHS England).
- Agency spend (NHS Staff Council).
- Apprenticeships (NHS Staff Council).
- Job evaluation consistency (NHS Staff Council).
- Reducing violence (NHS Staff Council in conjunction with the national Social Partnership Forum).
- Redundancy payments (NHS Staff Council).
- Pension abatement rules (DHSC).

An implementation programme board has been established to ensure appropriate governance arrangements are in place and to tackle any barriers and risks. This is jointly chaired by DHSC and the NHS Staff Council and meets bi-monthly. All task and finish groups are expected to have started meeting by December 2023. Feedback will be provided to the NHS Staff Council at each of its meetings.

Job evaluation task and finish group

We are very pleased to be supporting the 2023 pay agreement workstream looking at job evaluation. While in its early stages, the task and finish group has agreed to concentrate on five key areas:

1. Increasing awareness/knowledge about the Job Evaluation Scheme (JES), its purpose and its processes.

2. Examining capacity and resource requirements to operate the JES effectively.

3. Ensuring equity of access and consistency of outcomes locally and system wide.

4. Improving accountability and assurance locally, system wide and nationally.

5. Relooking at the scheme architecture, getting the processes fit for purpose now and in the future, including how best to use any digital tools that may be available.

This group is commissioned to complete its work by producing a report with recommendations by the end of August 2024.

Agency spend task and finish group

The NHS Staff Council is supporting the 2023 pay agreement workstream looking at reducing agency spend. This work is in its early stages and will be focused on exploring the key behaviours and drivers that influence agency spend and identify any measures available through the NHS terms and conditions that could help this.

This group is commissioned to complete its work by producing a report with recommendations by the end of August 2024.

Apprenticeships task and finish group

The mandate for this group is limited to looking at the changes necessary in the NHS TCS Handbook to ensure that existing staff do not suffer a detriment to their basic pay when they undertake an apprenticeship as part of agreed career development. The group will escalate other issues regarding apprentices, such as consideration of a national apprenticeship pay framework, to the NHS Staff Council as necessary. We discuss this further in our evidence in section 2.

Section 4 - Job evaluation and equal pay

The NHS Job Evaluation Scheme is the mechanism by which employers determine the pay banding of roles in a way that ensures equal pay for work of equal value, enabling them to meet their obligations as set out in the Equality Act (2010).

JES underpins the single unified AfC pay structure. It is essential that local employer and staff side partnership working arrangements operate and implement the scheme correctly, to ensure consistency of banding outcomes across the NHS and so minimise the risk of equal pay claims.

The NHS Staff Council has overall responsibility for the effective operation of the scheme nationally and delegates this work to its job evaluation sub-group (JEG).

Nursing and midwives national job profile review

In its last report, the NHS PRB made specific reference to the ongoing review of nursing and midwifery national job profiles and stated the expectation of it being concluded in a timely manner.

It is not expected at this point that the review of the national profiles will automatically result in revised (higher) bandings for nurses and midwives, but it has already noted in its initial evidence report (extract below) that a significant number of job descriptions have not been reviewed in recent years and are therefore potentially out of date and inaccurate, especially where, overtime and additional duties have been taken on. This means there is likely to be attention given at employer level requesting reviews of job descriptions, resulting in an increase in job matching panels being required, which may lead to banding changes.

This has already been seen, and continues to be problematic at local level, in the case of band 2 and band 3 clinical support worker roles. Our evidence to the NHS PRB last year outlined the details behind these local issues that employers needed to address.

This year has seen an increase in local activity and some local disputes around this matter, including strike action in some areas. Employers are concerned that this activity indicates the type of actions that will need to be taken around the nursing and midwifery roles when the revised national job profiles are published. We are continuing our work to encourage employers to start to prepare for this now, by ensuring that job descriptions are up to date and that service/operational models are working as needed and that clinical leaders are aware of and have signed off any changed expectations being made of staff at all pay bands.

Extract from the Job Evaluation Group's evidence report following the first phase investigations of the nursing and midwifery profile review:

Section 4 issues for noting that are out of the scope of the review.

During the consideration of the evidence submitted for this review, JEG has noted a number of issues of concern that fall outside the specific scope of the review but warrant reporting.

- Job descriptions (JD) - JEG has stated that it has received sufficient evidence at this stage to proceed with the review. However, it wishes to express its concern about the quality and currency of job descriptions being used throughout the service. Submissions from staff side highlighted the fact that job descriptions are not routinely kept under review and up to date. Some of the job information seen by the task and finish groups (TFG) have not been of adequate quality to provide the information needed for job evaluation purposes. To address these concerns, JEG recommends the NHS Staff Council advises that JDs should be reviewed as part of the annual appraisal process and that work should be undertaken to consider whether a standardised approach is beneficial for JE purposes. JEG notes with interest the commitments made in pay offers in Wales and Scotland.

- Equity of access to job evaluation processes – evidence submitted to this review has confirmed the anecdotal evidence JEG has received on multiple occasions indicating that there is less job evaluation activity at local level for lower banded roles. This may be because higher banded roles are likely to be more specialised or unique but could also indicate a reluctance to consider the banding of lower roles that are more prolific. For example, it is clear from the evidence that little matching of band 5 nursing roles takes places as opposed to bands 8a and above. Coupled with the above, this could be a result of reliance on existing job descriptions at recruitment and not taking the opportunity to review the currency of the job information regularly.

- Local application of the JES – again, information received by the review confirms anecdotal evidence of poor application of the scheme and misunderstandings about its processes and requirements. JEG will continue to work to raise awareness about the purpose of the scheme and will explore all opportunities to raise its profile.

- Local JE resource and capacity – linked to the above and given the attention this review is receiving amongst the workforce, JEG is concerned about employing organisations' capacity to undertake JE locally as requests for reviews are likely to increase across all occupational groupings not just nursing and midwifery. JEG has recently released guidance to the service that stresses the importance of building and maintaining capacity and resource for JE locally and intends to promote these messages again as the review progresses.

NHS Employers coordinates the NHS Staff Council endorsed training on the NHS JES and supports and supplements the guidance and advice published by the JEG. In addition to this work, we are seeking opportunities to engage with system leaders to look at options for streamlining processes and sharing resources across geographical areas. This must be done in a way that continues to mitigate the risk of equal pay claims, so helping organisations to understand that risk is also important. However, none of this can be done without recognition of the investment, not just financial, needed to ensure good practice and compliance with the JES requirements and the essential national and local infrastructure needed to operate the scheme as intended.

We have also set up a community of practice for local job evaluation leads to provide a forum for peer support, sharing experience and learning. The take up for this has been overwhelming, proving the need for investment in capacity and understanding and education on how the scheme is intended to operate.

We have previously reported employer concerns to the NHS PRB about the lack of ability to monitor compliance with operational requirements or banding outcomes at either an ICS, regional or national level, which gives rise to concern that there may be significant problems and equal pay risks throughout the service.

These concerns continue to be reinforced by the nature and level of enquiries that we receive; reports from staff-side colleagues; and reports from national trainers about local practices that are revealed while training practitioners.

We are pleased to be supporting the 2023 pay agreement workstream looking at specific job evaluation issues. More information about the work of the task and finish group is covered in section 3.

Section 5 – Total reward and pensions

Reward in the NHS

The total reward package will always remain a useful tool in helping overcome workforce challenges such as attraction, recruitment and retention by ensuring staff are recognised and valued for the work they do and the contribution they make.

Total reward in the NHS is inclusive of all financial provisions made to employees, including pay and access to the NHS Pension Scheme. However, it also includes several other benefit provisions for staff outside of pay, such as recognition schemes, flexible working opportunities, career progression and enhanced annual leave. We have a dedicated web page to support employers with understanding reward in the NHS.

Employers are using a variety of rewards and benefits to increase engagement with their staff to help ensure that they feel appreciated and valued; have good relationships with managers and colleagues; have trust in the organisation; can see opportunities for promotion; achieve a healthy work-life balance and feel job satisfaction.

The basic reward package for staff under the NHS TCS includes base pay as well as the provisions provided in the NHS TCS Handbook, including but not limited to:

- pay progression
- annual leave
- high-cost area supplements
- unsocial hours payments
- sickness absence payments
- leave and pay for new parents
- reimbursement of travel costs
- access to flexible working.

Many employers provide wider benefits above the basic reward package for their staff. We have heard examples of these in our reward and recognition network meetings, which bring together over 200 employers from across the NHS to share good practice.

Employers within the network report that their staff want to feel recognised for the work that they do, however they want to ensure that the recognition is meaningful and has purpose. For that reason, employers are prioritising ways in which they can value the contribution of their staff more regularly and are ensuring the method of recognition is personal. Organisations are offering pin badges, certificates and monetary awards for long-serving employees, along with events and award ceremonies. Strategically recognising staff in this way helps NHS organisations to retain the expertise of staff and makes them feel valued. We have published a number of resources on our website that showcases the different ways NHS organisations are rewarding and recognising their staff.

Cost-of-living pressures have continued to put greater emphasis on the importance of the total reward package in the NHS. Employers are trying to support staff by providing access to a greater variety of benefits. They include but are not limited to:

- home electronics salary sacrifice schemes
- onsite childcare providers
- transport season ticket loans
- long service recognition schemes
- local NHS discounts
- peer-to-peer recognition schemes and events
- subsidised meals on site
- access to financial education
- workplace savings schemes
- access to free will-writing services
- support with professional and personal development.

We have heard positive examples of employers communicating their wider benefits to staff. However, there is still lots of work to be done by employers to showcase the total reward package of working in the NHS. Many employers within the NHS are reporting that funding constraints, particularly around reward and recognition, are limiting their ability to expand on their initiatives. This has resulted in emphasis being placed on ensuring the benefits that are available to staff are communicated clearly and they are accessible to the entire workforce. Those with responsibility for reward and recognition within organisations are working to ensure their total reward offer is aligned

and accessible in one location, often enlisting the support of benefit platform providers.

With other organisations within the private sector offering competitive starting salaries and enhanced benefit offers, it is crucial that employers ensure staff know and understand the value of the total reward package the NHS offers.

Summary of the NHS Pension Scheme and opt-out data

The NHS Pension Scheme is one of the most generous in the UK and is the largest public service defined benefit scheme in Europe. The scheme remains a significant part of the total reward offer for NHS employees and a valuable tool for employers to use for recruitment and retention.

The scheme participation rate generally remains high: 1.4 million active scheme members pay pension contributions into the NHS Pension Scheme, accounting for 87 per cent of employees showing on the Electronic Staff Record (ESR) system as being eligible for membership of the pension scheme.

The number of employees joining the NHS Pension Scheme is 2.8 times greater than the number of employees leaving the scheme. However, there has been an increase in opt outs in the last financial year. The NHS Pension Scheme 2022/23 annual accounts show 64,780 members with deferred pension rights opted out, compared to 20,868 members in the previous NHS Pension Scheme. The two most highlighted opt-out reasons given are ‘affordability’ and ‘temporary opt out due to financial priorities”. It seems that some NHS staff are finding it difficult to prioritise paying into the pension scheme due to rising cost-of-living pressures.

The only membership flexibility the scheme offers is allowing members to opt in and out multiple times. Opt-out data suggests

some members use this method to manage their finances, but there is a danger that the majority will simply opt out and not return, meaning that they will be missing out on the benefits of the scheme.

Introducing flexibilities that enable individuals to have control over what level of their pay is pensionable would enable more affordable access and could ensure the NHS Pension Scheme remains a valuable benefit for everyone.

The NHS Pension Scheme offers additional valuable benefits such as life assurance, retirement flexibilities and ill-health retirement that are also lost if members choose to opt out. Our poster provides information to help employers raise awareness of these key benefits and to promote the overall value of the scheme to all parts of their workforce.

Pension communications

The importance of timely, clear and simple pension communications should not be underestimated. There is a danger that, without clear messaging and support, members will fail to understand and access the benefits the NHS Pension Scheme has to offer. Timing is also crucial to helping members make appropriate decisions and minimise later consequences. For example, members affected by the McCloud remedy will be offered choices via direct communications that may affect the value of their pension benefits and options when they come to retire. Receiving communications in good time will allow members time to consider their options and seek advice if needed before deciding.

It is important that all pension communications take into account that the average reading age of the UK population is age nine. Communications should be available in a range of formats that increase accessibility to all.

We understand that a lot of members shy away or ignore pension communications due to their complexity. This is not unique to the NHS Pension Scheme.

Our resources support employers to understand the basics of the scheme so they are able to promote its benefits to staff. We feel raising awareness through employers and encouraging pension conversations in NHS organisations is an effective way to support written pension communications to assist member understanding. However, not all NHS organisations have access to expert pension teams, and some find it difficult to provide robust pension support to staff. We encourage employers to signpost members to appropriate resources, such as the NHS Pensions online member hub, to access further information and more support personalised to their own pension.

At NHS Employers we endeavour to use clear, simple language and avoid complicated technical pension terms. We create resources for employers in a range of formats including web pages, detailed guidance, visual infographics and videos with animation and voiceovers.

We continue to influence pensions communications where possible and are working with NHS Pensions to create clear McCloud communications for members regarding their remedy period benefits. We have also worked closely with NHS Pensions to ensure our flexible retirement guidance aligns with advice on their website.

Flexible retirement

Following the championing of flexible working, many employees are considering how they can gradually adjust their working arrangements to achieve a smoother transition into retirement. This shift towards retiring flexibly breaks the traditional expectation that retirement means leaving the workplace and employment

permanently, or that full-time work should be replaced immediately with full-time retirement.

Our flexible retirement web page explains the options in more detail and provides examples to show how flexible retirement can support staff to retire in a way that suits their individual circumstances.

This year, existing flexible retirement options were extended to members of the 1995 Section:

- Partial retirement allows members to access from 20 to 100 per cent of their pension benefits while continuing to work in the NHS and continue contributing to the scheme.

- Members who retire and return may now rejoin the 2015 scheme to build up further pension benefits.

- The 16-hour rule was removed, allowing 1995 Section members to work without restrictions in the first month after returning from retirement, aiding capacity.

The changes have many benefits and support employees to work flexibly towards the end of their careers, achieve a healthy work-life balance, bridge the financial gap between taking their NHS pension and state pension benefits, and control their pension growth.

The options provide greater flexibility for employers to retain experienced staff for longer, aiding succession planning, workforce capacity and delivery of high-quality patient care. Experienced staff are also vital in supporting the development and supervision of apprentices and students. Supporting the health and wellbeing of employees approaching the end of their careers can also help to improve sickness absence rates and productivity, while reducing rates of stress, fatigue and burnout.

Our guidance supports employers to discuss the options with staff and develop effective flexible retirement policies to improve retention.

We continue to promote and raise awareness of all retirement flexibilities to help employers promote the benefits of the scheme and provide education support materials to use across all parts of their workforce. We have worked with the NHS Staff Council to align the AfC terms and conditions on flexible working to include flexible retirement and have produced guidance on the process. There is still more work to be done to encourage a cultural shift towards fully enabling flexible retirement. Given that partial retirement changes were introduced in October 2023, their impact on retention is not yet known but application figures from NHS Pensions show an early positive uptake and steady increase.

McCloud

The McCloud remedy is the process of removing the age discrimination from public service pension schemes, including the NHS Pension Scheme. The discrimination resulted from allowing older members to remain in their legacy scheme (1995/2008 Sections), rather than moving to the 2015 scheme when it was introduced. The different treatment of members, depending on their age, was found to be unlawful discrimination.

The McCloud remedy consists of two parts:

1. All active members of the NHS Pension Scheme were moved to the 2015 scheme on 1 April 2022.

2. To address the inequality that has already occurred, affected staff will be offered a choice about whether they would like to receive 1995/2008 Section benefits or 2015 scheme benefits for the period between 1 April 2015 and 31 March 2022 (referred to as the remedy period).

On 1 October 2023, pension regulations were introduced to facilitate part two. In a process known as ‘rollback’, members will automatically have the pension benefits that were built up during the

remedy period moved back from the 2015 scheme into the legacy 1995/2008 schemes. Rollback may cause some members to have new annual allowance (AA) charges, or changes to AA charges for the tax years in the remedy period. A new digital service provided by HMRC will allow members to manage their tax position for any under or overpayments incurred.

From April 2025, affected scheme members will receive annual remedial service statements showing the value of their pension benefits to date. The statement will include two sets of figures showing their membership for the remedy period in the 1995/2008 scheme, and in the 2015 scheme.

For some members, this may mean they can access benefits of a higher value from an earlier age. This change could mean that NHS staff are able to retire earlier than expected, without the need to return to work to supplement their pension income. Although employers can promote the various flexible retirement options available, the McCloud remedy could remove the incentive to continue working. A wider range of new flexibilities would further support employers to retain this important part of the NHS workforce.

Pension taxation

At the start of the year, rising inflation caused concern and increased the likelihood of AA and lifetime allowance (LA) tax charges for some scheme members. Employers reported staff taking early retirement, reducing their work commitments, and a reluctance to apply for promotions or take on additional work and responsibilities due to the impact of pension taxation. As a result, workforce capacity, service delivery and patient care concerns were raised.

Changes were announced in the Spring Budget and introduced from April 2023 to help to alleviate some of these pressures:

- The AA was increased from £40,000 to £60,000, making it more difficult to breach and resulting in lower tax charges for those who do.

- The tapered annual allowance affecting high earners was increased. Adjusted income was raised from £240,000 to £260,000, and the minimum tapered AA increased from £4,000 to £10,000.

- The legacy and reformed schemes were linked for the purposes of calculating AA, allowing members to offset negative real growth in the 1995/2008 scheme against positive real growth in the 2015 scheme.

- The LA was removed.

Our web page provides employers with further information on the changes and signposts to support for those who may still be affected by pension tax issues. Our NHS Pension Scheme annual allowance ready reckoner supported members to assess their annual allowance liability to help manage their tax position.

Prior to the changes, some employers had implemented local recycling policies. Eligible employees opt out of the NHS Pension Scheme and receive unused employer contributions as additional salary. This method allows staff who are likely to have pensions tax issues to manage their tax position without missing out on part of their total reward. Typically, eligibility was based on whether a member is likely to breach either of the AA or LA. Following the introduction of the Spring Budget changes, employers were encouraged to review this criteria in their local policies, but are still able to implement recycling for the few members still at risk of pension tax charges.

Separate to the Spring Budget, the Consumer Price Index (CPI) inflation figure used for the revaluation of benefits in the NHS Pension Scheme was aligned with that used in AA calculations from

the 2022/23 tax year. This change further mitigated the impact of AA on members.

The welcome changes have helped employers to retain staff who would otherwise have left the scheme, reduced their working commitments, or retired to avoid substantial tax charges. Pension tax changes coupled with partial retirement and retire-and-return options have brought greater flexibility to both members and employers, aiding retention.

Proposed April 2024 scheme regulation changes

The DHSC is consulting on the following proposals:

- Deliver phase 2 reform of member contributions.
- Increase the employer pension contribution rate from 20.68 per cent to 23.7 per cent in line with the results of the 2020 scheme valuation, to be centrally funded.
- Permanently remove abatement for special class status (SCS) members in line with the AfC pay deal for 2023 / 2024, which is currently suspended to 31 March 2025.
- Further miscellaneous amendments.

Proposed member contribution reform

Phase 1 reforms began in October 2022 and introduced changes to reduce the steepness of the contribution tiering, creating a flatter structure, considered to be appropriate for the 2015 CARE scheme, where all members get the same proportional benefits.

The following proposed changes aim to improve scheme member experience and reduce administrative burden for employers:

Implementation of phase 2 member contribution structure reform

The proposals aim to further reduce the range between the contribution percentage paid by the lowest and highest tiers. Members on the whole will move closer to paying the required 9.8 per cent yield, but lower earners will continue to benefit from a reduced rate in order to encourage participation. The decreased gaps between tiers lowers the impact of ‘cliff edges’ for members.

Futureproofing of the member contribution structure

Currently, thresholds are increased annually in line with the AfC pay award for England but the timescale between the announcement and uplifting tiers is challenging. This increases the risk of a temporary take-home pay reduction for members who move into a higher contribution tier as a result of receiving the pay award. The proposals aim to introduce a streamlined annual threshold uplift without the need for a statutory instrument each year.

Introduction of real-time re-banding

This intends to automate the process of updating member contribution rates for those with fluctuating pensionable pay that causes them to frequently cross tier boundaries. The change will ensure members pay a more accurate contribution rate that better reflects their pensionable pay, increasing fairness and consistency.

Changes to the pension ability of overtime up to whole time for members who work part time

The proposal will amend the definition of overtime in the 2015 regulations to match the flexibility in the 1995 and 2008 Sections, that allows additional hours to be pensionable up to whole-time equivalent.

Proposed amendments to partial retirement

The consultation sets out changes to regulations to make partial retirement more accessible for members by:

- allowing members of the 1995 Section who have breached the maximum service limits to access partial retirement

- allowing any overtime or additional hours worked by staff who have partially retired within the previous 12 months to be non-pensionable. Members will be able to meet the required 10 per cent reduction in pensionable pay without affecting their ability to continue working at 100 per cent capacity, benefiting both members and employers.

Scheme flexibilities

The LTWP calls for further ‘actions needed to modernise the NHS Pension Scheme’. We remain of the view that introducing greater flexibility over the level of contributions members pay into the scheme, and the value of benefits they receive in return, is key to ensuring the NHS Pension Scheme remains attractive and valuable to all NHS staff.

Allowing members to pay a lower level of contribution to the scheme for a proportionately lower pension in return, could help to encourage

more members to join the scheme (and stay in the scheme) and access a broader reward package from their employer. Increasing membership levels across the whole workforce makes the scheme a stronger tool for reward, recognition and retention.

We would welcome the opportunity to explore ways of combining flexible pension accrual with recycling unused employer contributions for all staff. We believe that a more flexible reward offer, one which enables staff to save towards their retirement while receiving support from their employer towards other more immediate financial priorities, would be attractive to both staff and employers.

Section 6 – Staff experience and wellbeing

Our evidence last year focused on the increased importance placed on supporting the health, wellbeing and experience of the workforce due to the cost-of-living crisis. Employers remain aware of the ongoing financial struggles being faced by many members of staff and continue to put in place a range of measures to support them.

Following the publication of the LTWP, the NHS now has a renewed focus on retention. The plan and our review of local activity has identified a set of retention actions that can have an impact at organisational level:

- An overall approach to retention rather than individual initiatives.
- Review of data to identify local trends, key challenge areas and areas of good practice and especially improving data on why people leave.
- Focus on improved organisational culture, staff experience and line manager support in challenging areas.

- Focused induction and preceptorship programmes.

- Staff engagement activity to understand causes of employees leaving and prevention factors including by use of stay conversations with individual staff. Such conversations are now in widespread use in the NHS and used successfully to inform retention approaches.

- Targeted support for higher-risk groups, such as through support and mentoring for early career staff and improved learning and development opportunities for all staff, for example for apprenticeships.

- Improvements in staff experience, especially opportunities for flexible working, health and wellbeing and tackling negative behaviours such as violence, bullying and harassment.

Trusts that have been able to implement these approaches, such as NHS England's People Promise exemplars and others, have made significant progress on reducing turnover.

We have also developed a new set of resources in this area to support accelerated progress. These include an information pack for boards that provides key facts, employer responses and resources for leaders to support strategic planning to retain the NHS workforce. Secondly, we have developed a briefing document, aimed at senior workforce leaders and HRDs which outlines key considerations and approaches to help review and refresh workplace strategy on staff retention.

The main factors affecting retention in the NHS

Over the past year, a number of studies have been published that gives us a more informed base to understand the links with other

factors affecting staff retention. This research has highlighted the importance of staff experience to retention. Poor staff experience can be a catalyst for staff to feel a desire to leave, whereas a positive workplace culture and experience can mitigate this and result in staff staying. The variations in turnover rates between trusts of similar types and between units within the same organisations.

In Autumn 2023, we gathered evidence on the range of initiatives that trusts have implemented to improve retention. These included:

- overall organisational and culture change programmes, for example at University Hospital Birmingham Trusts
- greater access to flexible working at United Lincolnshire Hospitals NHS Trust.
- enhanced understanding of reasons why staff leave, through stay conversations
- improved career development opportunities
- greater support for early career staff.

The Institute for Fiscal Studies has also reviewed the key factors that appeared to influence retention in the NHS. Many of these were demographic, related to staff group, type of trust, length of service and other staff characteristics. There was some evidence of impact from staff experience factors such as staff engagement and health and wellbeing.

Workload pressures on staff have been highlighted as a key factor in staff saying they are more likely to leave. Employees feel less able to provide the quality of care they aspire to, which negatively impacts on their health and wellbeing. Due to rising demand, the growth in staff numbers in recent years has not yet been sufficient to offset this.

There have recently been a number of large-scale studies on factors affecting the retention of NHS staff. One of the largest highlighted how multiple factors influence NHS labour force retention. Pay was found to influence satisfaction, which in turn affected retention. An increase in wages alone is unlikely to be enough to boost retention. The research argued that to improve retention and achieve the goals of the LTWP, there would need to be action on staff experience. This will include action on discrimination in our workplaces and tackling the misogyny and sexual misconduct experienced by women.

NHS England has provided support to organisations to improve retention through the People Promise Exemplar Programme. To date, 23 organisations have been supported to better understand their retention challenges and take action to address causes of staff leaving through improved staff experience. There is evidence of impact from this programme. NHS England's data indicates that leaver rates have improved faster than average in the NHS trusts that have been participating in the programme.

Cost of living

In our evidence to the NHS PRB last year we set out the main cost of living challenges for the NHS, and these challenges remain.

Employers continue to put in place many short-term solutions to support their staff such as hardship loans, vouchers, access to free food and drink, access to NHS discounts, and free sanitary products. Some examples of what employers are doing in this space are highlighted on our cost-of living-hub.

Pressure on staff

The workload pressures on staff are reflected in the 2022 NHS Staff Survey scores. Data for 2023 will be available in spring 2024. The 2022 data highlighted staff stress, with one-in-three staff describing

themselves as feeling burnout. These pressures are also reflected in high absence levels and the main causes of NHS absence are now mental health issues.

The Institute of Government's analysis demonstrates that the proportion of available staff days lost to illness increased during the pandemic and has remained high since then. In 2019/20, 4.46 per cent of days were lost to illness. This rose to 5.36 per cent in both 2021/22 and 2022/23.

Rising sickness absence levels, poor retention and a highly competitive labour market have been major contributors to staff shortages. While there are often financial and practical barriers to achieving optimum staffing levels, employers can work to boost retention, strengthen recruitment efforts and support those staff off work to return to the workplace.

Burnout can negatively impact employee wellbeing, affecting both mental and physical health, and often results in presenteeism and absenteeism. The financial cost of absenteeism and presenteeism can be detrimental to organisations. Burnout can also affect the quality of care provided to patients. Staff who have constant exposure to traumatic events associated with caring responsibilities, can often experience compassion fatigue.

Recognising burnout symptoms and providing the right support early on can help prevent problems from escalating and reduce the chances of staff absences. Mental Health UK outlines the strong relationship between burnout and poor mental health. It is therefore crucial to create a healthy and supportive working environment, where mental health conversations are encouraged and not stigmatised. Embedding compassion and support into organisational culture enables staff to seek help when they need it.

While there may be factors beyond control, such as increasing demands on the service, employers must act quickly and effectively to tackle burnout by facilitating a supportive, compassionate and

positive experience that prioritises the experience and wellbeing of our staff.

Our beating burnout in the NHS guidance intends to support leaders in the NHS, including health and wellbeing leads and managers, who all play an important role in beating staff burnout.

Staff engagement and morale

NHS Staff Survey scores for engagement and morale fell in the 2022 survey. This was driven by staff experience pressures and the rising dissatisfaction with pay. Satisfaction with pay is the metric that has seen the largest and most sustained decline in staff satisfaction across the NHS. It was down 10.6 per cent in 2022 compared to 2017, with only a quarter of NHS staff reporting being satisfied with their pay.

There were some improvements on other people management measures and work has continued to improve staff experience within the service. In particular to support health and wellbeing, staff engagement, staff recognition and freedom to speak up.

The National Quarterly Pulse Survey data for 2023 indicates staff engagement may have stabilised.

NHS leaver data

The Institute of Government has recently identified a range of issues with leaver data in the NHS and in particular identifying whether staff are leaving their individual employer or leaving the healthcare sector. Existing national ESR data on reasons why people leave is also incomplete. There are some clear challenges.

The King's Fund research in 2022, highlighted that the numbers of staff leaving the NHS remain historically high and that there was a

particular peak in leaver rates in the early stage of nursing staff careers. This has been confirmed by recent analysis by the Institute of Government, which identified that the leaving rate for nurses and health visitors aged under 25 has increased by 62 per cent, which is more than twice as much as the age group with the next highest increase. As such, this is one of the priorities of the groups for the non-pay elements of the 2023/24 pay award as highlighted in section 3 of this evidence.

Leaver data indicates that retirement remains as one of the most common causes of staff leaving the service. Following a peak in retirements during the pandemic, numbers have now stabilised at pre-pandemic levels. 7 per cent of all leavers between July and September 2023 left due to staff reaching retirement age. Retirement remains a key factor in staff leaving the NHS, underlining the need for employers to offer flexible retirement options to staff to keep them in post where possible. This is covered more in section 5 of our evidence.

Analysis of 2022 staff survey data, indicated that overall staff experience is a key driver of staff considering leaving and has shown a strong relationship with staff engagement levels. A recent published analysis identified a strong association with staff's confidence in an organisation's equality and diversity practice.

Health and wellbeing support

In our evidence to the NHS PRB last year, we set out the challenges faced and key developments achieved by employers in supporting the health and wellbeing of the NHS workforce.

Providing good work, a positive experience and supporting the health and wellbeing of staff continues to be a significant challenge for employers in the current context. However, this also drives the continued need for this to remain a priority to enable employers to retain our NHS workforce. Employers continue to explore and embed

a range of approaches to support staff, with a significant focus on mental health, psychological safety, burnout, financial wellbeing/cost of living, menopause, musculoskeletal support, flexible working, and the overall fundamentals of wellbeing at work: hydration, rest, and nutrition.

Lack of access to basic wellbeing needs such as hydration and sleep continues to be identified as a major concern for NHS staff wellbeing and patient safety.

We have a range of resources to support employers with these key issues, which are regularly updated in line with the latest evidence base and learning. Key resources include:

- guidance on supporting the wellbeing needs of NHS staff
- A good practice case study exploring how Dartford and Gravesham NHS trust streamlined its approach to health and wellbeing with occupational health and the wellbeing team to support the overall wellbeing of staff
- A good practice case study from Cambridge and Peterborough NHS Foundation Trust on how it created a rapid access mental health service to support staff
- A good practice case study on Sherwood Forest Hospitals NHS Foundation Trust's rest, rehydrate, refuel project, which aims to understand any barriers to employees accessing sufficient hydration, breaks and refreshment facilities.

Flexible working in the NHS

Flexible working supports staff to have a greater choice in where, when and how they work and should help them achieve a better work-life balance. One of the core commitments in the NHS People Promise is 'we work flexibly', emphasising that individuals should not have to compromise their family, friendships or personal interests for the sake of work. The LTWP calls for positive action on improving flexible working options as part of its priority on retention.

People are increasingly seeking roles that offer a good work-life balance. Flexible working will help the NHS remain an employer of choice, as well as acting as part of the solution in addressing the current workforce shortages in the NHS, by attracting new joiners, returnees and better retaining current staff. People require flexible working for a wide variety of reasons to achieve a better work-life balance and value having this choice. For some, it is necessary in order to be able to work at all.

Employers continue to embed and raise awareness of the section 33 provisions introduced to the NHS TCS Handbook in September 2021. These changes are designed to embed a positive culture of flexible working in the NHS, help support staff wellbeing and work-life balance, and critically retain valuable and experienced staff working in the NHS while attracting new staff from a wide talent pool.

We have worked in partnership with the NHS Staff Council's flexible working subgroup to develop a range of resources to support employers and line managers to explore, raise awareness and implement flexible working arrangements. These include myth-busting and typical scenarios.

What NHS organisations are doing to support staff to work flexibly

It has been two years since the NHS Staff Council, on behalf of NHS trade unions and employers, jointly agreed revisions to flexible working in the NHS TCS Handbook. Since then, the NHS has led the way in taking a proactive approach, surpassing statutory requirements and setting a new standard. We have collated a range of good practice examples from NHS organisations that have put initiatives in place to support their staff to work flexibly.

Section 7 – Workforce supply

50,000 nurses target

In 2019, the government set a target of employing 50,000 more nurses in the NHS by 2024/25. This well-publicised target indicated the importance of this staff group to the NHS workforce.

The NHS has achieved the government target of increasing net nurse numbers by 50,000 set in 2019. This has been achieved earlier than the target date of March 2024. The increase has been achieved by a mix of successful international recruitment, increased domestic supply and improved retention. A full evaluation of the 50,000 nurses programme is not expected until the official target date of March 2024, however data shown in the interim evaluation in 2022 shows that international recruitment was projected as the main source. This increase is welcome, and the LTWP sets out the requirement for further significant growth to meet healthcare needs. The planned growth by 2031/32 set out in the plan includes:

- 22 per cent of all clinical staff qualifying by apprenticeships
- increasing adult nursing training places to 38,000 a year
- increasing mental health nursing training places to 11,000 a year
- increasing learning disability nursing training places to 1,000 a year
- increasing health visitor training routes to over 1,300

- increasing district nurse training places to nearly 1,800
- doubling school nurse training places to over 650.

Employers have several local initiatives in place to help improve nursing recruitment:

- Employers continue to make good use of nurse degree apprenticeships and have welcomed the LTWP's ambition to significantly increase the numbers of apprenticeships. Organisations are generally seeing very low attrition rates from these programmes, with examples of some employers retaining 100 per cent of individuals going through the programme. Other trusts have used apprenticeships to increase nursing supply by more than 100 nurses per year and decreased agency spend. This compares to traditional university nurse degree programmes, where attrition is approximately 24 per cent nationally. However, employers remain very dependent on support for backfill and infrastructure costs to support apprenticeships in clinical roles, as they require up to 65 per cent off-the-job training to meet the educational requirements, which is significantly higher than the normal six hours per week for other apprenticeships.
- Preceptorships: following the 2023/24 pay award, the system is currently reviewing the process of preceptorship for all registered professionals. Evidence shows that for those who have an effective structured preceptorship programme, there is a positive impact on recruitment and retention.
- Many trusts offer traditional university students, BTEC/T Level students and/or A Level students, the opportunity to do their care certificate and join the organisation as a support worker on the bank. This enables these students to undertake shifts and earn money while working towards their registered profession and increases the likelihood of the trust retaining that individual.
- A system experiencing significant challenges to recruiting learning disability nurses collaborated with their local

university to deliver an MSc in learning disability nursing and advertised the opportunity internally. Those who held a relevant first degree, the required level of maths and English and clinical experience were welcome to apply. Their university fees were funded via the apprenticeship levy, and they received a salary during their learning. This was a successful initiative and all eight successful applicants have now taken up learning disability nurse roles within ICSs.

- Many employers have increased their focus on supporting professional development and providing very clear career pathways to retain staff, as they can see the opportunities available and it helps to maximise their earning power where possible. This in return helps to retain the employee.
- One trust introduced electronic self-rostering within its intensive care unit. This promoted roster fairness and offered staff greater flexibility and choice around shifts, which in turn has improved work-life balance and supported staff retention.
- Employers are promoting the flexible retirement options that can be facilitated by the NHS Pension Scheme to support staff to work for longer in a way that suits them as well as the employer. We have provided information and resources to support employers to do this.

Section 8 – Systems

ICB/ICS - One year on

An NHS Confederation report, based on the views of leaders across the country's ICSs in their first year as formal partnerships of health organisations, local authorities and other bodies, found these bodies were being held back from fully delivering improvements for their local communities because of underinvestment in workforce and capital.

Social care minister Helen Whately gave evidence to a Lords Committee on primary and community care integration in October 2023 and, in response to a question around the challenges for ICSs in delivering improvements, Ms Whately said: "Sometimes it's management bandwidth. People are trying to achieve a lot of different things with a lot of competing pressures. And as we look for accountability and answers to our questions… remember there are only so many people with only so much time."

It comes as the government has required ICBs to cut at least 30 per cent from their management cost budgets by 2025, forcing restructures that many ICBs have complained is a further draw on their time.

System focus on ‘one workforce’ and the importance of the social care workforce

The NHS Confederation’s report also identified issues around the lack of a social care workforce plan and the challenges this creates in terms of delivering services for the communities we serve.

It is therefore a welcome step that, on the back of its annual State of the Adult Social Care Sector and Workforce in England report, Skills for Care announced plans to develop a new and comprehensive workforce strategy for adult social care. Like the LTWP, this will need government support and investment.

The report, published in October 2023, covers the year from April 2022 to March 2023 and states there were some improvements in workforce capacity, largely driven by an increase in international recruitment. Improvements included more posts being filled, fewer vacancies and less turnover. We share concern that the recent changes to migration arrangements for social care will limit that progress.

The report also highlights ongoing trends for the sector, including 390,000 people leaving their jobs, with around a third of them leaving the sector altogether.

This year’s report gives brand new insight into what works when it comes to keeping people working in adult social care. It identifies five factors that are key to retaining staff:

1. Being paid more than the minimum wage.
2. Not being on a zero-hours contract.
3. Being able to work full time.
4. Being able to access training.
5. Having a relevant qualification.

When considering NHS TCS, there are several wider differentials over and above base pay, which mean social care staff will often

move sectors. This coupled with less demanding roles in the private sector, such as supermarkets, paying more continues to fuel the high turnover rate.

NHS Workforce Plan

From a system perspective the focus on new and different roles, as well as a shift back to more generalist roles, is seen as key to delivering transformation and services that will support people to live and age well. It is important that a pay system supports this focus.

As can be seen from this year's pay round, it is also essential that pay awards are fully funded across the whole of the health sector and not just provider trusts. Given the focus on 'one workforce', charitable, social enterprise and independent organisations delivering NHS services that are mirroring AfC, need to be factored into any funding model and this needs to be addressed up front and not as an afterthought.

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